AN INVESTIGATION OF THE EFFECTS OF TOP MANAGEMENT TEAM CHARACTERISTICS ON THE PERFORMANCE OF MUNICIPAL COUNCILS IN KENYA
(A Survey of Municipal Councils In Nyeri County)

PATRICK G. KINYUA
D53/NYI/PT/23175/2010

A RESEARCH PROJECT REPORT SUBMITTED TO THE SCHOOL OF BUSINESS OF KENYATTA UNIVERSITY IN PARTIAL FULFILMENT OF THE REQUIREMENT FOR THE AWARD OF A MASTERS DEGREE IN BUSINESS ADMINISTRATION (STRATEGIC MANAGEMENT OPTION)

MAY, 2012
DECLARATION

This is my original work and it has not been presented in this or any other university for academic award whatsoever.

SIGN----------------------------------- DATE--26/5/2012--

PATRICK G KINYUA
D53/NYI/PT/23175/2010

This report has been submitted for examination with my approval as University supervisor

SIGN----------------------------------- DATE--21/05/2012--

NAME: Ms. ANN WAMBUI MUCHEMI
Lecturer, Department of Business Administration
School of Business
Kenyatta University

The submission of this project is authorized by the chairman, Department of Business Administration of Kenyatta University.

SIGN----------------------------------- DATE--

Mr. S.K. Bett
Chairman, Business Administration Department,
School of Business,
Kenyatta University
I would like to appreciate the love and strength of the almighty God that has enabled me pursue my studies and encouraged me all through. My sincere gratitude goes to Kenyatta University for giving me the opportunity to pursue my studies and fulfill my dream, not forgetting the university lecturers for their guidance and support in my studies. Special gratitude goes to my Supervisor for her unrelenting effort in assisting me through this project. I also extend my sincere gratitude to my family and fellow colleagues for their encouragement and support even when things got tough, making my studies more enjoyable and enriching.
The purpose of this study was to analyze the effects of top management team characteristics on the performance of municipal councils. The target population was 50 top and middle level managers at the Municipal Councils in Nyeri County. The researcher gave a background of the study, its purpose, objectives and the research questions. The researcher also recognized the work done by other researchers through reference to their literature, reference to recent studies or publications on the effects of top management team characteristics, justification of the study, conceptual framework and operational framework. Finally, the methodology that was used in carrying out the research was outlined. A descriptive cross sectional survey was carried out to establish the effects of top management team characteristics on the performance of municipal councils. 50 members of the municipal councils top management team were interviewed using a structured questionnaire. The means of data collection, analysis and presentation was also highlighted. Additional data was retrieved from files and reports in custody of the council. The study found that 68% of the respondents in the study were male with the women making up only 32% of the study population. All the respondents' agreed that the size of the top management team mattered and the major reason given for this was the influence of the level of interpersonal relations. The experience of the top level management was found to have influence on the performance of organizations especially with regards to the functional field. The researcher concluded that the country still has a long way to go with regards to achieving gender equality. The researcher also concluded that more and more people were embracing education. Among others the researcher recommended that more research should be carried out to determine what between small and big size management teams produce the best results.
# TABLE OF CONTENTS

Declaration ................................................................................................................................. ii
Dedication ................................................................................................................................ iii
Acknowledgement .................................................................................................................... iv
Abstract ..................................................................................................................................... v
Table of Contents ..................................................................................................................... vi
List of tables ............................................................................................................................... x
List of figures .............................................................................................................................. xi

## CHAPTER ONE .......................................................................................................................... 1
1.0 Overview ........................................................................................................................................ 1
1.1 Background Information ........................................................................................................... 1
1.2 Problem Statement ................................................................................................................... 4
1.3 Objectives of the Study ............................................................................................................. 5
   1.3.1 General Objective ............................................................................................................. 5
   1.3.2 Specific Objectives ......................................................................................................... 5
1.4 Research Questions .................................................................................................................... 5
1.5 Significance of the Study .......................................................................................................... 6
   1.5.1 Municipal Councils ........................................................................................................ 6
   1.5.2 Other Organizations ..................................................................................................... 6
   1.5.3 Other researchers .......................................................................................................... 6
1.6 Scope of the Study .................................................................................................................... 6
1.7 Limitations of the Study ......................................................................................................... 6
1.8 Assumptions of the study ....................................................................................................... 7

## CHAPTER TWO .......................................................................................................................... 8
2.0 Introduction .............................................................................................................................. 8
2.1 Theoretical Review ................................................................................................................ 8
   2.1.1 Overview ....................................................................................................................... 8
   2.1.2 Upper Echelon Theory (1984) .................................................................................... 9
2.2 Top Management Teams Characteristics ............................................................................ 10
   2.2.1 Demographic Characteristics ...................................................................................... 10
<table>
<thead>
<tr>
<th>Chapter Title</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>2.2.2 Cognitive Factors</td>
<td>12</td>
</tr>
<tr>
<td>2.2.3 Demographic Factors</td>
<td>13</td>
</tr>
<tr>
<td>2.2.4 Size of Top Management Team</td>
<td>13</td>
</tr>
<tr>
<td>2.2.5 Experience of Top Management Team</td>
<td>14</td>
</tr>
<tr>
<td>2.3 Corporate Performance and Its Measurement</td>
<td>14</td>
</tr>
<tr>
<td>2.4 Empirical Literature</td>
<td>16</td>
</tr>
<tr>
<td>2.5 Conceptual framework</td>
<td>18</td>
</tr>
<tr>
<td>CHAPTER THREE</td>
<td>20</td>
</tr>
<tr>
<td>3.0 Introduction</td>
<td>20</td>
</tr>
<tr>
<td>3.1 Research Design</td>
<td>20</td>
</tr>
<tr>
<td>3.2 Target Population</td>
<td>20</td>
</tr>
<tr>
<td>3.3 Data Collection, Instruments and Procedure</td>
<td>21</td>
</tr>
<tr>
<td>3.4 Data Analysis</td>
<td>22</td>
</tr>
<tr>
<td>3.5 Data Presentation</td>
<td>22</td>
</tr>
<tr>
<td>3.6 Ethical issues</td>
<td>22</td>
</tr>
<tr>
<td>CHAPTER FOUR</td>
<td>23</td>
</tr>
<tr>
<td>4.0 Overview</td>
<td>23</td>
</tr>
<tr>
<td>4.1 Gender</td>
<td>23</td>
</tr>
<tr>
<td>4.2 Age</td>
<td>24</td>
</tr>
<tr>
<td>4.3 Education</td>
<td>25</td>
</tr>
<tr>
<td>4.4 Area of specialization</td>
<td>26</td>
</tr>
<tr>
<td>4.5 Position Held</td>
<td>27</td>
</tr>
<tr>
<td>4.6 Duration of service</td>
<td>28</td>
</tr>
<tr>
<td>4.7 Involvement of Top level managers in decision making</td>
<td>29</td>
</tr>
<tr>
<td>4.8 Influence of demographic factors on the performance of organizations</td>
<td>30</td>
</tr>
<tr>
<td>4.9 Influence of cognitive factors</td>
<td>31</td>
</tr>
<tr>
<td>4.1.0 Influence of experience on organization performance</td>
<td>32</td>
</tr>
<tr>
<td>4.1.1 Influence on the size of the TMT on organizational performance</td>
<td>33</td>
</tr>
<tr>
<td>CHAPTER FIVE</td>
<td>34</td>
</tr>
<tr>
<td>5.0 Overview</td>
<td>34</td>
</tr>
<tr>
<td>5.1 Summary of major findings</td>
<td>34</td>
</tr>
</tbody>
</table>
5.2 Conclusions ................................................................. 35
5.3 Recommendations ..................................................... 36
References ......................................................................... 37
APPENDICES ..................................................................... 41
Appendix I: Introduction-letter ......................................... 42
Appendix II: Questionnaire ................................................ 43
Appendix III: List of municipal Councils In Nyeri County ...... 49
DEDICATION

This work is dedicated to my beloved parents whose values of decency, dignity and hard work
ever ceased to amaze and inspire me. Their kindness, patience and understanding have taught me
to be strong and to always strive for excellence. My sincere gratitude goes to them for their
courage and faith in me. Their unwavering support and guidance have been instrumental in
shaping the person I am today. I am truly grateful for their love and sacrifices.

I wish to express my deepest appreciation to my teachers, mentors, and peers who have
inspired me with their knowledge, wisdom, and support. Their dedication and commitment
to their profession have been a source of great motivation for me.

Finally, I would like to thank my family and friends for their continuous support and
encouragement throughout this journey. Without their love and understanding, this work
would not have been possible.

iii
ABBREVIATIONS AND ACRONYMS

Gok  Government of Kenya

TMT  Top Management Team
LIST OF TABLES

Table 4.1 Gender distribution ................................................................. 32
Table 4.2 Age .......................................................................................... 33
Table 4.5 Position held ................................................................. 35
Figure 4.6 Duration of service .......................................................... 36
Table 4.7 Involvement of Top level managers in decision making ........ 37
Table 4.8 Influence of demographic factors ..................................... 38
Table 4.9 Influence of cognitive factors ............................................ 39
Table 4.10 Influence of experience .................................................... 40
Table 4.11 Influence of the size of the TMT ................................. 41
LIST OF FIGURES

Figure 2.5 Conceptual Framework .................................................................................. 28
Figure 4.3 Education ......................................................................................................... 33
Figure 4.4 Area of specialization ...................................................................................... 34
Figure 4.6 Duration of service ......................................................................................... 36
CHAPTER ONE

INTRODUCTION

1.0 Overview

This chapter contains the background, statement of the problem, purpose, objectives, research questions, and significance of the study, scope, limitations, assumptions and definition of terms.

1.1 Background Information

Over the past 20 years, growing evidence has indicated that top managers affect organizational performance (Carpenter et al. 2004; Certo et al., 2006). Upper echelons theory (Hambrick et al., 1984) suggests that senior executives serve as an interface that helps an alignment between organization and its environment, and thus their decisions and actions are likely to impact the organization. In the face of a given situation, no two executives will identify the same opportunity and option for their firm in that their values, experiences, and other human aspect of top managers affect their strategic decision making. Consequently, if we examine why firms do the things they do, it will not be avoidable to scrutinize the people at the top (Hambrick et al., 1984).

The challenges faced by top managers is to process many, complex, and often ambiguous stimuli when making strategic decisions under high uncertainty (Starbuck et al., 1988). This is precisely the reason why the strategist must pay close attention to the top management. The notion that the characteristics of senior management, or the upper echelon of an organization, can influence the decisions made and practices adopted by an organization dates back to early upper echelon theory (Hambrick et al., 1984). Hambrick and Mason argued that managers’ characteristics (demographic) influence the decisions that they make and therefore the actions adopted by the organizations that they lead. They suggest that this occurs because demographic characteristics are associated with the many cognitive bases, values, and perceptions that influence the decision making of managers. Admittedly, to a large extent, diversity enhances greater creativity, innovativeness and quality decision making and could create greater competitiveness (Hambrick, 1996). Top management in the Municipal councils are not an exception. The characteristics of
the top management in the Municipal councils are likely to have an effect on the performance of
the same.

The Kenyan constitution chapter 265 provided for the establishment of the local government.
This was an act of Parliament that provided for the establishment of authorities for local
government, to define their functions and to provide for matters connected therewith. Local
authorities in Kenya are the bodies controlling local governance. Kenya has four classes of local
authorities which are the city councils, municipal councils, town councils and county councils.
Currently there are three authorities with city status which are Nairobi, the national capital,
Mombasa and Kisumu. Municipalities and towns are other forms of urban authorities and are
generally named after their central town. County councils are essentially rural. Each district has a
maximum of one county council, such that they cover all areas not taken up by urban authorities.
County councils are usually named after their respective districts, which often bear the same
name as the district capital. Local authorities usually differ from divisional and constituency
boundaries used by the state administration (Kenyan Constitution, 2011).

Local authority administration consists of a mayor, town clerk and councilors. The number of
councilors depends on population and area of each authority and they are elected by the public
during the Kenya general elections held every five years or by-elections held in between.
Authorities are divided into wards and each ward elects only one councilor. Wards have often
common boundaries with administrative locations. Compared to many other countries, local
authorities in Kenya are weak and are shadowed by state run administration. However, during
the international Afri-cities summit held in Nairobi September 2006, the Kenyan president Mwai
Kibaki promised to strengthen local authorities, which he has since done through the
implementation of the new constitution. Municipal councils over the years have been dogged by
many malpractices and are often referred to as dens of corruption. This has in turn made most
municipal councils not to perform as expected and most of them lag behind even in terms of
developments.

The political setting in the country has not favored the municipal councils also and in fact has
made them worse, this being through the politicizing of the top mayoral position of the councils.
Politicians want the top bosses of municipal councils to be politically aligned to their political
parties and such a win is often regarded as a thumbs up to them and is always a way of exercising their strength. The municipal councils in Kenya are regulated by the local government act and the act gives guidelines of how they are supposed to be regulated.

Municipal councils have existed for quite a number of years from the colonial period when they were referred to as district councils and municipal councils in Nyeri County are not an exception. They developed from the district councils to become municipal councils through a gazette notice number 61 of 1971. This was as a result of the country gaining independence and the constitution put in place that provided guidelines on the formation of municipal councils. An act of parliament that provided for the establishment of authorities for local government and defined their functions was put in place under chapter 265 of the Kenyan constitution. The principal statute governing the system of local government in the country is Cap 265 of the laws of Kenya (Constitution of Kenya, 2011).

The history of Nyeri Town goes back to the beginning of the 20th century. At the turn of the century, the area where the built-up area of Nyeri town stands was in fact the large part of an uninhabited forested area. The town began from military activity. A trading caravan had been ambushed, as a result of which military expedition was sent from Naivasha, through the Nyandarua Mountains, commanded by Colonel Meinertzhagen, another by M/S Barlow, and also Hinde and Hested came up from Fort Hall now referred to as Muranga. Meinertzhagen reached the base of Nyeri Hill on 4th December 1902 and found Hinde camped there. The location was considered better placed for defense and easy to obtain provisions (Nyeri District’s Report, 2011).

On 15th May 1911, Nyeri was gazetted as a Township, comprising an area of one mile (1.6km) radius from the flag post of what is now the District Commissioner’s office. The year after, the Town became the administrative capital of Nyeri District and also the Headquarters of the Central Province of the East Africa Protectorate. Nyeri town fully became a municipality in May 1971, when the first Mayor was elected. Nyeri was elevated to Municipal Council in 1971 through a Gazette Notice No. 61 of 1971 covering an area of about 72sq. km (Nyeri Municipal Council, 2011).
1.2 Problem Statement

Business today is facing an increasingly competitive and changing environment. To perform well amidst growing competition, greater efficiency is required. To cope well with change, firms must be more adaptive. For over two decades, organization theorists have sought the optimal structural response to these two conflicting environmental demands. Yet surprisingly little attention has been paid to those responsible for formulating strategic and structural responses, the senior management. An exception to this tendency is the work of Hambrick et al (1984), who argue persuasively for the study of top management groups and goes on to present a series of propositions linking group characteristics with performance and other dependent variables.

Municipal councils are charged with a number of responsibilities such as garbage collection, provision of health services, collection of parking fees and other rates, maintenance of the sewerage system amongst others. It’s evident that some municipal councils perform better than others and according to Child, (1972), Top Management Team in a firm (including the Municipal councils), has substantial discretion in determining the future strategic contour of the firm. This proposal accepts the Hambrick and Mason challenge and attempts to fill the gap they identify. Specifically it sets out to test the effects of top management on organizational performance.

Researchers have investigated the link between characteristics in top management team and the behavior of firms such as organizational innovation (Bantel and Jackson, 1989), strategic planning (Wiersema and Bantel, 1992), and firm performance (Michael and Hambrick, 1992) amongst others. Despite the large number of studies on top management teams characteristics, however, research has yielded inconsistent results, and the question of whether characteristics in top management team is advantageous for companies still remains open (canella et al, 2008). The findings of empirical studies on the effects of top management team characteristics on corporate performance, range from positive (carpenter, 2002), through non significant (Ferrier, 2001), to negative (Michael and Hambrick, 1992). Thus, the empirical results are extremely complex and inconclusive (Naranjo–Gil et al, 2007), which necessitates more theoretical and empirical research.
1.3 Objectives of the Study

The study was guided by the following objectives.

1.3.1 General Objective

The general objective of the study was to establish the effects of top management team characteristics on the performance of municipal councils.

1.3.2 Specific Objectives

The specific objectives of the study were:

i. To investigate the effects of demographic factors of top management on the performance of municipal councils.

ii. To determine the effects of cognitive factors of top management on the performance of municipal councils.

iii. To determine the effects of size of top management on the performance of municipal councils.

iv. To determine the effects of experience of top management on the performance of municipal councils.

1.4 Research Questions

The research begged to answer the following research questions;

i. What are the effects of demographic factors of top management on the performance of municipal councils?

ii. What are the effects of cognitive factors of top management on the performance of municipal councils?

iii. How does the size of top management affect the performance of municipal councils?

iv. How does the experience of top management affect the performance of municipal councils?
1.5 Significance of the Study

The researcher hoped that the findings of the study would be useful in the following areas.

1.5.1 Municipal Councils

The councils will be able to understand the effects of top management team on the performance of organizations. This will influence the recruitment process of the Top Management Team.

1.5.2 Other Organizations

Other business organizations will also benefit from this study by understanding how their top management teams affect their performance.

1.5.3 Other researchers

The research will also be used as a point of reference by future researchers undertaking a study in similar areas.

1.6 Scope of the Study

The study was limited to the factors influencing decision making in organizations with a bias on the influence of demographic and cognitive factors, size of the management team as well as the role of experience in organizational performance.

1.7 Limitations of the Study

The researcher did not have enough time to conduct the study since he had a busy schedule at his work place. To overcome this, the researcher sought permission from his employer in order to have time to conduct the research. The researcher was also faced with lack of cooperation by the respondents who were not willing to answer the questions for fear of disclosure of confidential information. To overcome this, the researcher approached the management of Municipal Councils in Nyeri County with an introduction letter from the university to make them understand that the research was for academic purposes only.
1.8 Assumptions of the study

In undertaking the study, the researcher assumed that:

a) The respondents would answer all questions accurately without exaggerations.

b) That all questionnaires distributed would be properly filled and returned in good time for the researcher to compile his report.

c) The findings of the study would be a true reflection of the effects of top management team on the performance of organizations.
CHAPTER TWO

LITERATURE REVIEW

2.0 Introduction

This chapter highlights the literature of the previous studies to be covered quoting important contributors to the issues related to the study. The researcher will provide divergent views that are critical to some who raised various versions related to the issues being investigated.

2.1 Theoretical Review

The researcher reviewed some literature on the theoretical framework for decision making in modern organizations.

2.1.1 Overview

Amongst the various aspects of literature available, different comprehensive models of top management team and their relationship have been advanced. These models illustrate various facets of top management team composition, decision making and context which are some of the variables important for this study. These models include Gladstein’s Model, Gist, Locke and Taylor’s Model, Cohen’s model and the Upper Echelon Theory. The theory most relevant to this study is the Upper Echelon Theory. Throughout the 20th and 21st century, prominent scholars have considered that managerial leadership has substantial impacts on an organization (Andrews, 1971; Barnard, 1938; Selznick, 1957) However; effects of leadership on organization have been inconsistent among scholars in organization theory. Particularly, these viewpoints have followed two research streams. One is strategic choice school (Child, 1972) in which leaders have a substantial impact on organizational performance. At other end, criticism school claims that leaders are constrained by their environment more than the power their strategic choice has (Hannan et al, 1989).

Strategic choice theorists contend that leaders have enormous impacts on organizational performance, by deciding on strategy and structure (Child, 1972). Similarly, Jensen and Meckling (1976) said that since organizational leaders seek to personal interest, leader's
concerns affect organizations which in turn lead to organizational performance. On that ground, strategic choice school claims that idiosyncratic strategic choice, which is employed by leaders, has greater impact on strategy, structure and organizational performance.

On the other hand, criticism school states that both the internal and external force impose constraints on leaders. Because these constraints induce inertial forces, leaders are alienated from having effect on the firms. Population ecologist (e.g., Hannan & Freeman, 1989) argues that internal and external environment cause organizational inertia which prevents appropriate organizational changes. As a result, individual managers do not matter to explain the difference of organizational characteristics. Furthermore, institutionalized forces stimulate organizational isomorphism and, consequently, hinder organizational change (DiMaggio & Powell, 1983; Meyer & Rowan, 1977).

2.1.2 Upper Echelon Theory (1984)

This was the first model to embark on the study of the top management teams. Hambrick and Mason (1984) developed this model as a framework for research on top managers. Specifically they emphasized the importance of individual top manager's characteristics, within the context of organization on various measures of organizational performance. The model has four main parts. This include the objective situation (can either be internal or external), psychological (values and cognitive base) and observable (age, educational and group characteristics), strategic choices (product innovation, financial leverage and acquisitions), and performance (relates primarily to organizations performance such as growth and profitability). Upper echelons theory builds on the idea of the dominant coalition (Cyert and March, 1963) to propose that executives influence organizational performance through the decisions they make (Hambrick and Mason, 1984). Upper echelons theory suggests that executives will make decisions that are consistent with their cognitive base (Hambrick and Mason, 1984) or orientation (Finkelstein and Hambrick, 1996), which consists of two elements: psychological characteristics (including values, cognitive models, and other personality factors) and observable experiences.

A fundamental principle of upper echelons theory is that observable experiences (demographic measures) are systematically related to the psychological and cognitive elements of executive orientation. Upper echelons research employs the use of observable demographic characteristics
as proxy measures of executive orientation. Executive orientation works through a perceptual or filtering process that results in what is called managerial perceptions (Hambrick et al, 1984) or construed reality (Finklestein et al 1996). Managerial perceptions, in turn, influence strategic choices and executive actions.

2.2 Top Management Teams Characteristics

According to upper-echelon theory (Hambrick and Mason, 1984; Boeker, 1997; Knight et al., 1999), top management team (TMT) characteristics have important impacts on organizational outcomes because top executives are empowered to make strategic decisions for organizations. Since top executives make decisions consistent with their cognition, which is in part a function of the values and the experiences they commonly share, their experiences and values may be associated with organizational outcomes and their firm's performance. There are a number of characteristics of top management and these have been discussed below and they have been linked to their effect on organizations performance. The assumption this proposal makes is that the demographic characteristics of an individual will influence his or her cognitive abilities.

2.2.1 Demographic Characteristics

A number of demographic characteristics are likely to affect the performance of organizations:

2.2.1.1 Age of Team Members

The association between the age of top executives and organizational characteristics has not been the subject of many studies, but the few that exist yield strikingly consistent results. Managerial youth appears to be associated with corporate growth (Child, 1974, Hart & Mellons, 1970). A related finding of these studies is that volatility of sales and earnings also is associated with managerial youth. So, what emerges is a picture of youthful managers attempting the novel, the unprecedented, taking risks. There are several reasons to expect younger managers to bring better cognitive resources to decision-making tasks. First, some cognitive abilities seem to diminish with age, including learning ability, reasoning, and memory (Botwinick, 1977; Burke and Light, 1981). Secondly, younger managers are likely to have received their education more recently than older managers, so their technical knowledge should be superior. Thirdly, younger
managers have been found to have more favorable attitudes towards risk-taking (Vroom and Pahl, 1971). Younger people tend to be more willing to take risks than older ones.

2.2.1.2 Age Heterogeneity

Age cohorts are likely to differ in their attitudes, values and perspectives for two reasons. A major reason is that different age cohorts experience different social, political, and economic environments and events, which have a fundamental role in shaping attitudes and values. In addition, perspectives change as a function of the developmental process of ageing (Elder, 1975). Assuming that diversity of attitudes and values facilitates group creativity, teams composed of members of diverse ages should be more innovative. However, differences in values and attitudes could result in conflicts that hinder the development of team cohesiveness (Pfeffer, 1983). People in teams would tend to associate on the basis of age similarity given that people of the same age (relative to people from different age brackets) tend to have more in common with each other with respect to norms, values, experiences, and topics of conversation (Bantel & Jackson, 1989; Tsui, Egan, & O’Reilly, 1992; Wagner, Pfeffer, & O’Reilly, 1984). People of similar ages in work teams tend to communicate more frequently on technical matters (Zenger & Lawrence, 1989). In teams containing people from different age categories, people of different ages may categorize each other on the basis of age stereotypes, and this categorization may contribute to conflict within the team (Pelled, Eisenhardt, & Xin, 1999). Thus, the greater the age heterogeneity of the team, the greater the social fragmentation we might expect.

2.2.1.3 Level of Education

An individual’s level of formal education reflects cognitive abilities and qualities. The highest levels of formal education are associated with a high ability to process information and to discriminate between a wide variety of alternatives. Educated individuals are more likely to tolerate ambiguity and to show themselves to be more able in complex situations (Dollinger, 1985). Furthermore, the highest levels of education tend to be associated with receptivity to innovation (Becker 1970; Kimberly and Evanisko 1981; Rogers and Shoemaker 1971). In short, it is to be expected that individuals with higher levels of education are more likely to adopt entrepreneurial behavior.
2.2.1.4 Ethnic and Gender Diversity

The bases upon which people can choose similar things to others are, of course, many (Williams & O’Reilly, 1998). Among the most salient bases of social interaction in organizational settings is ethnicity and gender (Ibarra, 1992; McGuire). The theoretical explanations on which much of this work resides are social identity and social categorization theory (Tajfel & Turner, 1986) and similarity attraction theory (Byrne, 1971). According to social identity and self categorization theory, individuals classify themselves and others into social categories using highly salient characteristics such as age, sex, and race (Tajfel & Turner, 1986). To maintain a positive social identity, individuals seek to maximize inter group distinctiveness and see out-group (dissimilar) members as less attractive (Tajfel & Turner, 1986). Consequently, individuals of the same sex (Ibarra, 1992) and same race (Lincoln & Miller, 1979) are more likely to associate with one another and interact more frequently. Indeed, demographic similarity increases the frequency (Ibarra, 1992) and quality of interaction (Tsui & O’Reilly, 1989) between individuals and has been associated with higher levels of trust (Jehn & Mannix, 2001; Jehn et al., 1999; Pelled, 1996).

2.2.2 Cognitive Factors

Cognitive diversity is defined in terms of differences in beliefs and preferences held by upper-echelon executives within a firm. More specifically, cognitive diversity refers to variation in beliefs concerning cause and effect relationships and variation in preferences concerning various goals for the organization (Miller, 1990). Cognitive diversity includes knowledge, education, values, perception, affection and personality characteristics (Maznevski, 1994; Milliken and Martins, 1996; Pelled, 1996; Boeker, 1997; Watson et al., 1998; Peterson, 2000; Timmerman, 2000).

Such variation underlies differences in perspectives that tend to endure through time. Recent research on group problem solving clearly demonstrates that cognitive resources are a key determinant of group performance (Yetton and Bottger, 1983) resulting in either negative outcomes or positive outcomes. Cognitive diversity may result in positive outcomes since when solving complex, non- routine problems, the presence of people with differing points of view ensures consideration of a larger set of problems and a larger set of alternative potential solutions. The need to reconcile dissimilar solutions stimulates effective group discussion,
prevents 'group-think', and leads to high quality and original decisions (Ghiselli and Lodahl, 1958; et al). However, cognitive diversity may result in negative outcomes since diversity often implies disagreement over strongly held preferences and beliefs that will not be compromised.

2.2.3 Demographic Factors

Demographic diversity includes variables such as age, gender, ethnic background, tenure, functional background, religion, race and education amongst others. The advantages of using demographic variables include their objectivity, parsimony, comprehensiveness, logical coherence, predictive power, and testability (Hambrick and Mason, 1984; Pfeffer, 1983). Previous studies show that team demography influences team processes, such as social integration and communication, and these processes in turn affect organizational strategy and outcome. Specifically, the profiles of the TMT influence the selection of competitive fields and the patterns of actions and responses in the chosen fields.

2.2.4 Size of Top Management

The size of the top management team also appears likely to be a factor in determining the level of the agreement among TMT members. As a group grows larger it increases the likelihood that a dissenting opinion will find a sympathetic ear (Nemeth, 1986). When that happens, the group may break into politicized subgroups, and the resulting behavior of self-interested subgroups can be dysfunctional for the overall group (Guzzo, 1986). In addition, as the size of a group increases, communication among group members typically declines. This, in turn, reduces the level of agreement (Thomas and Fink, 1963) and this is likely to reduce the productivity of the group.

It has long been argued that organizational size affects nature of a firm's strategic decision-making process (Mintzberg, 1973). In addition, evidence suggests that size also has an impact, albeit indirect, on the level of TMT agreement about the nature of that process. As organizations grow they tend to create increasingly differentiated and specialized subunits (Tushman and Romanelli, 1985). And as members participate in those subunits, they often acquire differing perceptions of organizational attributes (Weick, 1979), such as the comprehensiveness of their firm's strategic decision process (Schwenk, 1984). Therefore, increased organizational size
decreases the likelihood that members of the TMT will share common perceptions of important characteristics of their firm's strategic decision process.

2.2.5 Experience of Top Management Team

Hambrick and Mason (1984) suggest that managers make different strategic decisions based on their experiences in different functional areas. Hence, it is hypothesized that individuals adopting entrepreneurial strategies have experience in the areas of marketing, research and development (R&D), as these functional areas are more oriented to change and innovation than other areas. By contrast, managers using conservative strategies are expected to have greater experience in the areas of finance and production, given these areas' relative stability and emphasis on efficiency (Mehra, Kilduff, & Brass, 1998).

Whereas the average age of team members might affect the level of cognitive ability in a group, the average organizational tenure of team members is more likely to affect their attitudes toward innovation. More tenured executives may have more psychological commitment to the organizational status quo (Alutto and Hrebiniak, 1975; Staw and Ross, 1980; Stevens, Beyer and Trice, 1978) and to organizational values (Schmidt and Posner, 1983). Consequently, change, which is an inherent part of innovation, may be resisted. In addition, long tenure within the same organization may result in insulation and a narrowing of one's perspective (Katz, 1981, and Pfeffer, 1983). Therefore, as the average organizational tenure of TMT members increases, we would expect them to increasingly share a common perception of their firm's strategic decision process.

2.3 Corporate Performance and Its Measurement

Market competition for customers, inputs, and capital make organizational performance essential to the survival and success of the modern business. Measuring it is essential in allowing researchers and managers to evaluate the specific actions of firms and managers, where firms stand against their rivals, and how firms evolve and perform over time (Sabina, 2009). According to upper-echelon theory (Hambrick and Mason, 1984; Boeker, 1997; Knight et al., 1999), top management team (TMT) characteristics have important impacts on organizational outcomes because top executives are empowered to make strategic decisions for organizations.
Studies on the top echelons and their relationship with performance have used various variables to measure performance. Pengel et al, 2000 measured the performance of each airline by each firm's load factor. Load factor is defined as the proportion of an aircraft's seating capacity that is actually sold or used, determined by dividing revenue passenger miles by available seat miles.

Load factor is conventionally used as an efficiency measure directly associated with firm profitability. Entrialgo, (2002 ) opted to use a subjective marker of the results, calculated as a weighted average of the manager's satisfaction in different performance markers which included economic and financial profitability and growth, the weighting being the relative importance conceded to each of these markers in relation to the sum of the importance given to the three markers. Fredrickson et al, (1997) measured performance in terms of Return on assets (ROA), defined as net income before extraordinary items divided by total assets, was used as the measure of firm performance. ROA is a common measure used in numerous studies of strategic decision processes and TMT characteristics (Kim, Hwang and Burgers, 1989), and it has been shown to be highly correlated with other performance measures such as Return on Equity and Return on Investment. Other commonly used methods of measuring organizational performance in the top management include assets growth, market share, share price earnings per share and sales revenue.
2.4 Empirical Literature

According to Sniezek and Buckley (2005), a number of the decision making studies have focused on an individual decision making or groups whose members’ roles are undifferentiated. Nevertheless, because role differentiations can be observed in organization, group members will begin to decide members’ roles that regulate the timing, nature, and level of their participation in the decision process (Sniezek & Buckley, 2006). Hence, decision making will not be made in either an individual or a group. As a result, Sniezek and Buckley’s (2005) “judge-adviser model” of decision making consists of one or more person who formulate, judge or recommend alternatives and communicate to the person in the role of decision making.

In a similar vein, Robert (2003) proposed a “stable core and dynamic periphery model” at the level of strategic decision making. He argues that the firm’s dominant coalition is fluid, typically consisting of a “stable core group” combined with a “dynamic periphery” i.e. a changing set of individuals who work together closely with the core group to address particular strategic challenge (Roberto, 2003). Similarly, “CEO-Adviser model” (Arendt, Priem & Ndfor, 2005) is also relied on CEO-adviser relationship in strategic decision making. Given those argument, we expect that top managers have differential adviser network or participants, who may or may not be senior hierarchical managers, regardless of their length of tenure (Roberto, 2007). Furthermore, we expect differential adviser network affects strategy persistence.

Short-tenured top managers attempt to learn how they are influential in organizational performance. As tenure increases, top managers acquire affluent knowledge of the firm and environment (Hambrick & Fukutomi, 2006) and are hung up on their knowledge. Hence, long-tenured top managers feel less need to experiment with tactics (Miller, 1991). Finally, at the end of long tenures, many top managers become “stale in the saddle” (Miller, 1991): they become rigid of their paradigm and compel the firm to antiquated strategy (Henderson et al, 2006; Walsh, 1995). In short, top managers in the beginning of their tenure struggle to learn, and then top managers’ competencies increase through the learning progresses. When leaders stay long enough, they culminate in complacency and organizational performance decline.
Although prior upper echelons theory has focused only on CEO or Top Management Team factors (i.e., TMT’s demographic factors), it would be reasonable to expect that top managers may have an adviser network to deal with strategic decision making and an adviser who may or may not be senior hierarchical managers (Roberto, 2003). Since the strategic decision making entails uncertainties (Carpenter & Fredrickson, 2001), a decision maker may rely on information provided by another individuals (Sniezek & Van Swol, 2001). At the strategic decision making, the decision making involvement is the form of advice and consultation between top managers and advisers (Robert, 2003).

Top managers seeking different information depends on the length of their tenure. That is, short-tenured top managers tend to acquire knowledge from a diverse set of information sources (Hambrick & Fukutomi, 1991), while long-tenured top managers are apt to receive more filtered information (Hambrick & Fukutomi, 1991). This implies the differences of adviser network between short-tenured and long-tenured top managers in strategic decision making. Therefore, we can expect that because of the top managers’ complacency and convince of existing knowledge, long-tenured top managers relatively have narrow adviser network characteristics or restricted participants and inertly gather information in strategic decision making than short-tenured top managers. Thus, Long-tenured top managers relatively have narrow adviser network characteristics or restricted participants and inertly gather information in strategic decision making than do short-tenured top managers.

The complexity of strategic decision making forces the involvement of many participants who possess different information and expertise (Arendt, Priem & Ndfor, 2005; Roberto, 2003). The diversity of information and perception improves strategic capacity in terms of different perceptions of the environment and the diverse range of possible strategic option (Jarzabkowski & Searle, 2004). On the top of that, heterogeneousness in a decision making group allows top managers to access new knowledge (Kraatz, 1998) and generate novel ideas (Granovetter, 1983). However, Garg, Walters and Priem (2003) pointed out that top managers tend to acquire information or knowledge from individuals who hold relevant knowledge of sources of core competence for their firm. Therefore, if strategic decision making involvement is restricted to some specific individuals, they may rely on a dominant logic (Prahalad & Bettis, 1986), which in turn leads to “competency trap” (Levitt & March, 1988) or “success trap”(Levinthal & March, 1988).
In other words, top managers may become less open to new experience or learning and are less prepared for strategic change. Similarly, Miller & Shamsie (2001) indicated that the more top managers learn business, the less they feel the need to explore (March, 1991).

As above discussion reviled, long-tenured top managers tend to relatively have narrower adviser network characteristics and inertly gather information in strategic decision making. Hence, we can predict that top managers’ tenures affect adviser network or participants’ characteristics, which are associated with learning as well as strategic change. In sum, the diversity of advisers or participants and aggressiveness of information seeking in strategic decision making drive in part explorative learning and strategic change (Miller & Shamsie, 2001). On the other hand, narrow adviser network as well as restricted participants and inert information seeking cause in part exploitative learning and strategy persistence (Levinthal & March, 1996).

Short-tenured top managers’ diverse adviser network characteristics and aggressiveness of information gathering in strategic decision making will trigger explorative learning as well as strategic change. Long-tenured top managers’ narrow adviser network characteristics and inertly gathering information in strategic decision making will trigger exploitative learning as well as strategy persistence.

2.5 Conceptual framework

From the empirical review, the researcher established that the studies which have sought to establish the effects of top management team on the performance of organizations are few and more research work need to be done in this area. It is this research gap that the researcher intends to fill.
From the above figure, the dependent variable is Corporate Performance and the independent variables include the demographic factors, cognitive factors, size of Top Management Team and the experience of the TMT. The relationship between the dependent and the independent variable is likely to be intervened by the environmental factors.
CHAPTER THREE

RESEARCH METHODOLOGY

3.0 Introduction

This chapter highlights the research methodology that was used to meet the objectives of the study. It includes the research design, the target population as well as the sample size and sampling technique, data collection, analysis and presentation.

3.1 Research Design

The research design adopted was a census descriptive research. Descriptive research is a scientific method of investigation in which data is collected and analyzed in order to describe current conditions, term of the relationships concerning a problem. (Robson, 2002).

3.2 Target Population

Population is an entire group of individuals, events or objects having a common observable characteristic (Mugenda, 1999). A target population is that population to which a researcher wants to generalize the results of a study (Mugenda, 1999). The target population was therefore the 50 top management team officers at the Municipal Councils in Nyeri County. A census study was conducted.
### Table 3.2: Target Population

<table>
<thead>
<tr>
<th>Officer</th>
<th>Municipal Councils in Nyeri County</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mayor</td>
<td>1</td>
</tr>
<tr>
<td>Deputy Mayor</td>
<td>1</td>
</tr>
<tr>
<td>Town Clerk</td>
<td>6</td>
</tr>
<tr>
<td>Deputy Town Clerk</td>
<td>6</td>
</tr>
<tr>
<td>Town Treasurer</td>
<td>6</td>
</tr>
<tr>
<td>Deputy Town Treasurer</td>
<td>6</td>
</tr>
<tr>
<td>Senior Internal Auditor</td>
<td>6</td>
</tr>
<tr>
<td>Principal Administrative Officer</td>
<td>6</td>
</tr>
<tr>
<td>Town Engineer</td>
<td>6</td>
</tr>
<tr>
<td>Works Officer</td>
<td>6</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>50</strong></td>
</tr>
</tbody>
</table>

Source: (Nyeri Municipal Council, 2012)

#### 3.3 Data Collection, Instruments and Procedure

Data was collected from primary and secondary sources. Primary data was collected directly from the respondents while secondary data was retrieved from documented reports of the Municipal Councils. Primary Data was collected through questionnaires. The Questionnaires contained both close ended and open ended questions. Questionnaires are easy to administer i.e. in hard copies or electronically, are less expensive and do not take a lot of time. The questionnaires were administered using drop and later pick method.
3.4 Data Analysis

Data collected was both qualitative and quantitative. Qualitative data was analysed using content analysis while quantitative data was analysed using descriptive statistics. Mugenda (1999) defines descriptive statistics as indices that describe a given sample; these include measures of central tendency (mean, mode & median).

3.5 Data Presentation

Quantitative data was presented using graphs, pie charts and tables, while qualitative data was presented using narratives.

3.6 Ethical issues

Consent from respondents was sought and the purpose of the study explained. The data collected would be used for research purposes only and will be kept confidential.
CHAPTER FOUR
DATA ANALYSIS AND DISCUSSION

4.0 Overview
This chapter presents the findings from analysis of data collected and discussion on the same. Quantitative data was analyzed using frequencies means and percentages and presented using tables, graphs and charts for easy yet effective communication.

A: Demographic Profile

4.1 Gender
The researcher sought to establish the gender of the respondents.

Figure 4.1 Gender distribution

![Gender Distribution Graph](Image)

Source (Author, 2012)

Figure 4.1 reveals that 68% of the respondents in the study were male with the women making up only 32% of the study population.

These findings reflect the gender balance in the Kenyan institutions as well as elected office. Most of the elected officials in Kenya are men; for example, the current legislature boasts the highest number of female MPs in the country's history: 18. However, this amounts to just 8.1% of legislators. However this is bound to change with the dawn of a new constitution which stipulates that no more than two-thirds of appointments should be of one gender (GOK, 2010).
4.2 Age

The researcher sought to establish the age distribution of the respondents.

Table 4.2 Age

<table>
<thead>
<tr>
<th>Age group</th>
<th>N</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>20-29</td>
<td>3</td>
<td>6%</td>
</tr>
<tr>
<td>30-39</td>
<td>16</td>
<td>32%</td>
</tr>
<tr>
<td>40-49</td>
<td>16</td>
<td>32%</td>
</tr>
<tr>
<td>50-59</td>
<td>11</td>
<td>22%</td>
</tr>
<tr>
<td>60+</td>
<td>4</td>
<td>8%</td>
</tr>
<tr>
<td>Total</td>
<td>50</td>
<td>100%</td>
</tr>
</tbody>
</table>

Source (Author, 2012)

As can be seen from the table above, majority of the respondents were aged over 30 years, with those aged between 30 and 39 years accounting to 32% an equal number was aged between 40 and 49 years while 30% were aged over 50 years. Just like women in government, the youth is also a marginalized group. The word youth is used to refer to someone aged between 18 and 35 years (DFID, 2010). The youth find themselves locked out from many opportunities in a country ridden with negative ethnicity and corruption. There is also a cultural factor where the electorate does not believe in young people. As a result you find majority of the elected leaders as well as those in high offices are the senior citizens.
4.3 Education

The researcher sought to establish the effects of education level of the respondents.

Figure 4.3 Education

Figure 4.3 show that 92% of the study respondents had received higher education; only 6% had secondary education as their highest level of education.

Education has come a long way in Kenya. More and more people are appreciating the role of education in development, education of the girl child has also picked up. Increasing number of people is seeking higher education. The new constitution stipulates that people seeking elected office will have to have a certificate from an institution of higher education.
4.4 Area of specialization

The researcher sought to establish the area of specialization of the respondents.

Figure 4.4 Area of specialization

![Graph showing area of specialization]

Source (author, 2012)

Finance/accounting was the most popular area of specialization among the top management team officers at the Nyeri Municipal Council. Arts, IT and engineering came in second and third at 14% and 12% a piece. 10% specialized in marketing.
B: Public Service

4.5 Position Held

The researcher sought to establish the effects of position held of top management team on the performance of organizations.

Table 4.5 Position held

<table>
<thead>
<tr>
<th>Position</th>
<th>N</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mayor</td>
<td>1</td>
<td>2%</td>
</tr>
<tr>
<td>Deputy mayor</td>
<td>1</td>
<td>2%</td>
</tr>
<tr>
<td>Town clerk</td>
<td>6</td>
<td>12%</td>
</tr>
<tr>
<td>Deputy town clerk</td>
<td>6</td>
<td>12%</td>
</tr>
<tr>
<td>Town treasurer</td>
<td>6</td>
<td>12%</td>
</tr>
<tr>
<td>Deputy town treasurer</td>
<td>6</td>
<td>12%</td>
</tr>
<tr>
<td>Senior internal auditor</td>
<td>6</td>
<td>12%</td>
</tr>
<tr>
<td>Principal administrative officer</td>
<td>6</td>
<td>12%</td>
</tr>
<tr>
<td>Town engineer</td>
<td>6</td>
<td>12%</td>
</tr>
<tr>
<td>Works officer</td>
<td>6</td>
<td>12%</td>
</tr>
<tr>
<td>Total</td>
<td>50</td>
<td>100%</td>
</tr>
</tbody>
</table>

Source (Author, 2012)

The distribution of the respondents was fairly representative as can be seen in table 4.5. The study interviewed respondents from engineer, treasurer as well as auditor’s offices in equal share i.e 12%. The rest are as tabulated above.
4.6 Duration of service

The researcher sought to establish the duration of service of the respondents.

Figure 4.6 Duration of service

Only 8% of the respondents had been in service for less than an year. 34% had been holding their positions for between 1 and 5 years while 32% had been in the service for 6 to 10 years. 26% had been working in their positions for over 10 years.

Existing literature has revealed that the length of tenure of top level management determines their decision making quality ultimately defining the organization’s performance. According to Hambrick and Fukutomi (2006) short-tenured top managers attempt to learn how they are influential in organizational performance. As tenure increases, top managers acquire affluent knowledge of the firm and environment and are hung up on their knowledge. Hence, long-tenured top managers feel less need to experiment with tactics.
C: Decision Making

4.7 Involvement of Top level managers in decision making

The researcher sought to establish the level of involvement of top level managers in decision making.

Table 4.7 Involvement of Top level managers in decision making

<table>
<thead>
<tr>
<th></th>
<th>Toa very great extent</th>
<th>Toa great extent</th>
<th>Not sure</th>
<th>To a small extent</th>
<th>Not at all</th>
</tr>
</thead>
<tbody>
<tr>
<td>Involved in all decisions</td>
<td>54%</td>
<td>28%</td>
<td>0</td>
<td>16%</td>
<td>2%</td>
</tr>
<tr>
<td>Involved in some decisions</td>
<td>30%</td>
<td>50%</td>
<td>0</td>
<td>16%</td>
<td>4%</td>
</tr>
<tr>
<td>Involvement depends on the strengths of the issue at hand</td>
<td>64%</td>
<td>28%</td>
<td>0</td>
<td>6%</td>
<td>2%</td>
</tr>
<tr>
<td>Involvement depends on the expertise required</td>
<td>8%</td>
<td>43%</td>
<td>1%</td>
<td>46%</td>
<td>2%</td>
</tr>
<tr>
<td>Some are always involved whereas others are involved according to the issue at hand</td>
<td>58%</td>
<td>30%</td>
<td>0</td>
<td>12%</td>
<td>0%</td>
</tr>
</tbody>
</table>

Source (Author, 2012)

Table 4.7 reveals that the involvement of the top level managers in decision making at the Nyeri Municipal Council was high. According to 82% of the respondents, the top level management was involved in all decisions with 54% saying this was to a great extent. However, 50% felt that the management was only involved in some decisions. 64% felt that involvement depended on the strength of the issue at hand. Whether the involvement depended on the expertise required was inconclusive as 46% said that this occurred to a small extent while 43% said the same occurred to a large extent. 88% said that some members of the top level management were always involved whereas others were involved time to time depending on the issue at hand; 58% said this was to a very large extent.
4.8 Influence of demographic factors on the performance of organizations

The researcher sought to establish the influence of demographic factors on the performance of organizations.

Table 4.8 Influence of demographic factors

<table>
<thead>
<tr>
<th></th>
<th>To a very great extent</th>
<th>To a great extent</th>
<th>Not sure</th>
<th>To a small extent</th>
<th>Not at all</th>
</tr>
</thead>
<tbody>
<tr>
<td>Age</td>
<td>32%</td>
<td>36%</td>
<td>0</td>
<td>26%</td>
<td>6%</td>
</tr>
<tr>
<td>Education level</td>
<td>48%</td>
<td>36%</td>
<td>0</td>
<td>16%</td>
<td>0</td>
</tr>
<tr>
<td>Education institution</td>
<td>28%</td>
<td>12%</td>
<td>0</td>
<td>32%</td>
<td>28%</td>
</tr>
<tr>
<td>Race</td>
<td>20%</td>
<td>14%</td>
<td>0</td>
<td>28%</td>
<td>38%</td>
</tr>
<tr>
<td>Ethnicity</td>
<td>20%</td>
<td>20%</td>
<td>2%</td>
<td>24%</td>
<td>34%</td>
</tr>
<tr>
<td>Gender</td>
<td>30%</td>
<td>18%</td>
<td>2%</td>
<td>24%</td>
<td>26%</td>
</tr>
</tbody>
</table>

Source (author, 2012)

The tabulation shows that 78% of the respondents were of the opinion that age influenced organizational performance with 36% saying the influence was to a great extent. 84% said that educational level influenced performance of organizations with 48% saying the influence was to a very large extent. Only 40% thought that the education institution one passed through was relevant, 32% said the influence was small while 28% there was no influence. 40% said that ethnicity influenced performance while 68% did not see any influence. 2% were not sure. 72% said that gender influence performance with 30% saying this was to a very large extent, 18% to a large extent and 24% to a small extent. 26% said gender did not have any influence on the performance.

Previous studies show that team demography influences team processes, such as social integration and communication, and these processes in turn affect organizational strategy and outcome. Specifically, the profiles of the TMT influence the selection of competitive fields and the patterns of actions and responses in the chosen fields Hambrick (1984). The association between the age of top executives and organizational characteristics has not been the subject of
many studies, but the few that exist yield strikingly consistent results; managerial youth appears to be associated with corporate growth (Hart & Mellons, 1970).

According to Ibarra (1992), Among the most salient bases of social interaction in organizational settings is ethnicity and gender Consequently, individuals of the same sex (Ibarra, 1992) and same race (Lincoln & Miller, 1979) are more likely to associate with one another and interact more frequently. On the issue of education, an individual’s level of formal education reflects cognitive abilities and qualities. The highest levels of formal education are associated with a high ability to process information and to discriminate between a wide variety of alternatives. Educated individuals are more likely to tolerate ambiguity and to show themselves to be more able in complex situations (Dollinger, 1985).

4.9 Influence of cognitive factors

The researcher sought to establish the influence of cognitive factors of top management team on the performance of organizations.

Table 4.9 influence of cognitive factors

<table>
<thead>
<tr>
<th>Factor</th>
<th>To a very great extent</th>
<th>To a great extent</th>
<th>Not sure</th>
<th>To a small extent</th>
<th>Not at all</th>
</tr>
</thead>
<tbody>
<tr>
<td>Values</td>
<td>48%</td>
<td>28%</td>
<td>0</td>
<td>22%</td>
<td>2%</td>
</tr>
<tr>
<td>Perception</td>
<td>46%</td>
<td>42%</td>
<td>0</td>
<td>12%</td>
<td>0</td>
</tr>
<tr>
<td>Education</td>
<td>58%</td>
<td>32%</td>
<td>0</td>
<td>8%</td>
<td>2%</td>
</tr>
<tr>
<td>Knowledge</td>
<td>62%</td>
<td>26%</td>
<td>0</td>
<td>12%</td>
<td>0</td>
</tr>
<tr>
<td>Attitude</td>
<td>50%</td>
<td>32%</td>
<td>0</td>
<td>18%</td>
<td>0</td>
</tr>
</tbody>
</table>

Source (author, 2012)

Table 4.9 reveals that majority of the respondents were of the opinion that cognitive factors influenced performance of organizations to a large extent. The same table shows that 76% felt that values influenced performance to a great extent, 88% felt that perceptions influence performance to a great extent. 90% were of the same opinion regarding the influence of education, 92% on knowledge, and 82% on attitude.
According to Timmerman (2000) cognitive diversity includes knowledge, education, values, perception, affection and personality characteristics. Such variation underlies differences in perspectives that tend to endure through time. Recent research on group problem solving clearly demonstrates that cognitive resources are a key determinant of group performance (Yetton and Bottger, 1983) resulting in either negative outcomes or positive outcomes. Cognitive diversity may result in positive outcomes since when solving complex, non-routine problems, the presence of people with differing points of view ensures consideration of a larger set of problems and a larger set of alternative potential solutions.

4.1.0 Influence of experience on organization performance.

The researcher sought to establish the influence of experience of top management team on the performance of organizations.

Table 4.1.0 Influence of experience

<table>
<thead>
<tr>
<th>Source (Author, 2012)</th>
</tr>
</thead>
<tbody>
<tr>
<td>To a very great extent</td>
</tr>
<tr>
<td>Functional field</td>
</tr>
<tr>
<td>Number of years in the organization</td>
</tr>
<tr>
<td>Number of years in the current position</td>
</tr>
<tr>
<td>Other positions previously held in the organization</td>
</tr>
</tbody>
</table>

The table above shows that 82% felt that the functional field influenced performance, 76%, 68% and 56% felt that number of years in the organization, number of years in current position and other positions previously respectively held influenced performance. Making decisions in any field requires experience. As the old saying goes, experience is the best teacher. Hambrick and Mason (1984) suggest that managers make different strategic decisions based on their experiences in different functional areas. Hence, it is hypothesized that individuals adopting entrepreneurial strategies have experience in the areas of marketing and research and development (R&D), as these functional areas are more oriented to change and innovation than other areas. By contrast, managers using conservative strategies are expected to have greater experience in the areas of finance and production, given these areas’ relative stability and emphasis on efficiency (Mehra, Kilduff, & Brass, 1998).
4.1.1 Influence on the size of the TMT on organizational performance

The researcher sought to establish the influence of size of top management team on organizational performance.

Table 4.1.1 Influence of the size of the TMT

<table>
<thead>
<tr>
<th></th>
<th>To a very great extent</th>
<th>To a great extent</th>
<th>Not sure</th>
<th>To a small extent</th>
<th>Not at all</th>
</tr>
</thead>
<tbody>
<tr>
<td>Large size</td>
<td>38%</td>
<td>26%</td>
<td>0</td>
<td>32%</td>
<td>4%</td>
</tr>
<tr>
<td>Small size</td>
<td>22%</td>
<td>44%</td>
<td>32%</td>
<td>2%</td>
<td>0%</td>
</tr>
<tr>
<td>Level of interpersonal relations</td>
<td>74%</td>
<td>24%</td>
<td>0</td>
<td>2%</td>
<td>0%</td>
</tr>
<tr>
<td>Level of communication</td>
<td>72%</td>
<td>22%</td>
<td>0</td>
<td>6%</td>
<td>0%</td>
</tr>
</tbody>
</table>

Source (author, 2012)

The table above shows that 64% felt that a large size of the TMT influenced organizational performance to a great extent on the other hand 66% felt that a small TMT also influenced organizational performance. A staggering 98% felt that the level of interpersonal relations influenced organizational performance to a great extent while 94% felt the same about the influence level of communication.

The size of the top management team also appears likely to be a factor in determining the level of the agreement among TMT members. According to (Nemeth, 1986) as a group grows larger it increases the likelihood that a dissenting opinion will find a sympathetic ear. In addition, as the size of a group increases, communication among group members typically declines. This, in turn, reduces the level of agreement and this is likely to reduce the productivity of the group. As members participate in those subunits, they often acquire differing perceptions of organizational attributes (Weick, 1979), such as the comprehensiveness of their firm's strategic decision process (Schwenk, 1984). Therefore, increased organizational size decreases the likelihood that members of the TMT will share common perceptions of important characteristics of their firm's strategic decision process.
CHAPTER FIVE
SUMMARY OF FINDINGS, CONCLUSIONS AND RECOMMENDATIONS

5.0 Overview
This chapter presents the final findings, conclusions and recommendations made from data analysis. The findings were derived from the data captured from the respondents using the questionnaire. The conclusions were drawn from the findings in line with the specific objectives of the study. From the outcome and the output of the study, some important recommendations were developed in relation to what was covered.

5.1 Summary of major findings
The study found out that the top management team characteristics actually has an effect on the performance of any organization.

Research question one: What are the effects of demographic factors of top management on the performance of municipal councils? From the research findings, 68% of the respondents in the study were male with the women making up only 32% of the study population. The general outlook was that gender has an effect in the performance with men making up the better managers since they make decisions based on facts not feelings. Majority of the respondents were aged over 30 years with 30% of them being over 50 years and 92% of the study respondents had graduated from a college or university with Finance/accounting being the most popular area of specialization. Education level being at 84% and the age factor being at 67% were the demographic factors found to have the most influence on organizational performance.

Research question two: What are the effects of cognitive factors of top management on the performance of municipal councils? All the cognitive factors were found out to have an influence on performance but education was found to have the greatest effect with at 90%, followed by knowledge at (88%) and then attitudes and perception at (88%). The study showed that educated managers are able to manage organizations well and this is greatly influenced also by the level of experience that they have on the job that they do.

Research question three: How does the size of top management affect the performance of municipal councils? All the respondents' agreed that the size of the top management team
mattered and the major reason given for this was the influence of the level of interpersonal relations.

**Research question four:** How does the experience of top management affect the performance of municipal councils? The experience of the top level management was found to have a major influence on the performance of organizations especially with regards to the functional field.

5.2 Conclusions
In light of the findings, the researcher made the following conclusions.
The country still has a long way to go with regards to achieving gender equality. The fruits of policies and programs aimed at women empowerment are yet to be realized. As the study found, majority of the employees at the municipal council were male. The same case applies to the youth. While the country decries major youth unemployment elected offices and major office appointments still go to the elderly. This is a setback in economic development as literature reviewed suggests that organizations which have achieved the most have had youth as an integral part of the top level management.

Education was found to have high influence both as a demographic factor and a cognitive factor. This reveals the paradigm shift in the African society’s view of education: more and more people have agreed to embrace education; something which was not the case two decades ago. This has been brought about by the population bloom, high cost of life coupled with competition in the job market. On the same beat, Size of the top level management matters because on one hand crowded management team brings with it a lot of conflicting interests while on the other hand a small management is disadvantaged when it comes to diversity of input which has been shown to be influential to organizational performance.

Experience is important in any field and research has shown that experienced managers influence performance. However, despite the experience exhibited by the management of the municipal councils in Nyeri County, the resulting performance is not a testament.
5.3 Recommendations

From the research study, a number of recommendations were drawn based on the findings and the conclusions of the study.

Policy formulators and policy implementers have to do more to improve women empowerment in trying to achieve gender balance especially when it comes to elected office and public appointments.

Education and age factors have been found to have a direct impact in the performance of any organization and thus should be put in as some of the important characteristics to consider when hiring the top management team members.

More research should be carried out to determine what between small and big size management teams produce the best results.
REFERENCES

Awino Zachary Bolo, Martin Ogutu (2011): *Diversity in the top management teams and effects on corporate performance*, Department of Business Administration, School of Business - University of Nairobi, Nairobi-Kenya

Aldrich, Howard (1979): 'Organizations and Environments'. Prentice-Hall, Englewood Cliffs, NJ,


Byrne, Donald (1961): 'Interpersonal attraction as a function of affiliation need and attitude similarity', *Human Relations*.


Lussier & Achua (2007): Effective Leadership, 3rd edition, Thomson South-Western

Marios I. Katsioloudes (2006): Strategic Management- Global Cultural Perspectives for Profit and Non-Profit organizations


APPENDICES

Appendix I: Introduction Letter

Dear Sir/Madam,

This research is the effect of the management team characteristics on the performance of organizations. As a study of municipal councils in Nyeri County.

You are kindly requested to participate in this research by filling in the questionnaire enclosed.

The data collected is for academic purposes only and all information will remain confidential.

Thank you.

[Signature]

Patrick O. Kimini

Appendix II: Questionnaire

Appendix III: List of Municipal Councils In Nyeri County
Appendix I: Introduction letter

All respondents

5TH APRIL 2012

PATRICK G. KINYUA
P.O.Box 2064-10100
NYERI.
TEL: 0722553863

Dear Sir/Madam,

RE: RESEARCH ON THE EFFECTS OF TOP MANAGEMENT TEAM CHARACTERISTICS ON THE PERFORMANCE OF ORGANIZATIONS (A CASE STUDY OF MUNICIPAL COUNCILS IN NYERI COUNTY)

I am an MBA student at Kenyatta University College (Nyeri campus) undertaking a research on the above issue.

I do humbly request you to assist me in this research by filling in the questionnaire attached. This research is for academic purposes only and all information received will be treated with confidentiality.

Thank you in advance

Yours sincerely,

PATRICK G. KINYUA
Appendix II

QUESTIONNAIRE

SECTION ONE: BACKGROUND INFORMATION

Please kindly respond to the questions by ticking in the boxes or writing your response in the spaces provided.

1. Position held in the Municipal Council
   a) Mayor
   b) Deputy Mayor
   c) Town Clerk
   d) Deputy Town Clerk
   e) Town Treasurer
   f) Deputy Town Treasurer
   g) Senior Internal Auditor
   h) Principal Administrative Officer
   i) Town Engineer
   j) Works officer

2. Age
   a) 20 – 29yrs
   b) 30 – 39yrs
   c) 40 – 49yrs
   d) 50 – 59yrs
   e) 60yrs +

3. Gender
   Male
   Female
4. Level of education
   a) University
   b) College
   c) Secondary
   d) Primary
   e) Others

5. What is your Area of Specialization/Study?
   a) Finance/Accounting
   b) Human Resource Management
   c) Strategic Management
   d) Marketing
   e) Entrepreneurship
   f) Information Technology
   g) Arts
   h) Engineering
   i) Others

6. For how long have you been serving in the top management team?
   a) Less than 1 year
   b) Between 1-5 years
   c) Between 6-10 years
   d) Above 10 years
7. To what extent are the identified top level managers (question one above) involved in decision making (Tick appropriately)

<table>
<thead>
<tr>
<th>Factor</th>
<th>To a very great extent</th>
<th>To a great extent</th>
<th>Not sure</th>
<th>To a small extent</th>
<th>Not at all</th>
</tr>
</thead>
<tbody>
<tr>
<td>Involved in all the decisions</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Involved in some decisions</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Involvement depends on the strengths of the issue at hand</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Involvement depends on the expertise required</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Some are always involved whereas others are involved according to the issue at hand</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
SECTION B: EFFECT OF DEMOGRAPHIC FACTORS ON PERFORMANCE OF ORGANIZATIONS

To what extent do you think that the following factors related to demographic factors influence the performance of organizations, where 1=To a very great extent, 2=To a great extent, 3=Not Sure, 4=To a small extent, 5=Not at all

<table>
<thead>
<tr>
<th>Factor</th>
<th>To a very great extent</th>
<th>To a great extent</th>
<th>Not sure</th>
<th>To a small extent</th>
<th>Not at all</th>
</tr>
</thead>
<tbody>
<tr>
<td>Age</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Education level</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Education Institution attended</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Race</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ethnicity</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Gender</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

SECTION C: EFFECT OF COGNITIVE FACTORS ON PERFORMANCE OF ORGANIZATIONS

To what extent do you think that the following factors related to cognitive factors influence the performance of organizations, where 1=To a very great extent, 2=To a great extent, 3=Not Sure, 4=To a small extent, 5=Not at all

<table>
<thead>
<tr>
<th>Factor</th>
<th>To a very great extent</th>
<th>To a great extent</th>
<th>Not sure</th>
<th>To a small extent</th>
<th>Not at all</th>
</tr>
</thead>
<tbody>
<tr>
<td>Values</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Perception</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Education</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Knowledge</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Attitude</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
SECTION D: EFFECT OF EXPERIENCE ON PERFORMANCE OF ORGANIZATIONS

To what extent do you think that the following factors related to experience influence the performance of organizations, where 1=To a very great extent, 2=To a great extent, 3=Not Sure, 4=To a small extent, 5=Not at all

<table>
<thead>
<tr>
<th>Factor</th>
<th>To a very great extent</th>
<th>To a great extent</th>
<th>Not sure</th>
<th>To a small extent</th>
<th>Not at all</th>
</tr>
</thead>
<tbody>
<tr>
<td>Functional field</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Number of years in the organization</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Number of years in the current position</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other positions previously held in the organization</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
SECTION E: EFFECT OF THE SIZE OF TMT ON PERFORMANCE OF ORGANIZATIONS

To what extent do you think that the following factors related size of TMT influence the performance of organizations, where 1=To a very great extent, 2=To a great extent, 3=Not Sure, 4=To a small extent, 5=Not at all

<table>
<thead>
<tr>
<th>Factor</th>
<th>To a very great extent</th>
<th>To a great extent</th>
<th>Not sure</th>
<th>To a small extent</th>
<th>Not at all</th>
</tr>
</thead>
<tbody>
<tr>
<td>Large size</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Small size</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Level of interpersonal relations</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Level of communication in the TMT</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Appendix III: List of Municipal Councils in Nyeri County

1. Nyeri Municipal Council
2. Karatina Municipal Council
3. Mukurweini Municipal Council
4. Othaya Municipal Council
5. Chaka Municipal Council
6. Mweiga Municipal Council