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TMT Characteristics and Organizational Performance in a Regulatory Setting in Kenya

Joseph O. Oketch, PhD¹, James M. Kilika, PhD², Godfrey M. Kinyua, PhD³

¹Department of Business Administration, Kenyatta University. Email: jseph.oketch@gmail.com

²Department of Business Administration, Kenyatta University. Email: jefkinyua@gmail.com

³Department of Business Administration, Kenyatta University. Email: jmkilika@gmail.com

Abstract

Some previous studies in organizational performance have illustrated that top management team (TMT) characteristics have the ability to lead to more practical strategic decisions, better creativity, value adding innovations and to assist organizations to engage with diverse stakeholders that in effect positively impact on organizational performance. The specific objectives of the study were; to determine the effect of top management team demographic characteristics, to examine the effect of top management team psychological characteristics and to assess the effect of top management team cognitive characteristics on organizational performance of the independent regulatory agencies in Kenya. To achieve these objectives, the study adopted descriptive cross-sectional research design. The target population of the study was all the twenty-three independent regulatory agencies currently existing in Kenya. Due to the uniqueness of each independent regulatory agency and the distinct roles played by each top management team member in their organization, the study adopted a census survey of all the top management team members in all the twenty- three independent regulatory agencies in order to capture the required information. Primary data was gathered using structured questionnaire administered through drop and pick later method. Descriptive statistics was then used to summarize the survey data into percentages, frequencies, means and standard deviations. Inferential statistics employed regression analysis to test hypotheses and draw conclusions. The findings of the study showed that there is no significant effect of top management team demographic characteristics on organizational performance. The findings further showed that top management team psychological characteristics significantly affect organizational performance. Lastly, the findings established that top management team cognitive characteristics significantly affect organizational performance. The study recommends that the recruitment process of TMTs should include psychological and cognitive characteristics as requirements apart from the normal demographic characteristics requirements mostly in use.

Keywords: Top Management Team Characteristics, Independent Regulatory Agencies, Organizational Performance

1.0. Introduction

There has been growing concern amongst strategic management researchers and practitioners alike to endeavour to understand reasons that lead to some organizations achieving superior organizational outcomes than others even

if they are operating in the same or similar business environments (Ogollah, Bolo & Ogutu, 2011). Some previous studies in organizational performance have illustrated that top management team (TMT) characteristics have the ability to lead to more practical strategic decisions, better creativity, value adding innovations and to assist their organizations to engage with their diverse stakeholders that in effect positively impact on their organizational performance (Mutuku, K'Obonyo, & Awino, 2013). The upper echelons theory posits that in considering internal and external factors of the organization in their strategic decision making processes, top management teams (TMTs) act as filtering mechanisms, interpreting the data through their own cognitive bases and values. Thus, the top management team members' education, functional backgrounds, age, gender, psychological traits, and work experience are important, as these characteristics are the primary influencers of each individual's cognitive standing, values and biases (Raes, Heijltjes, Glunk & Roe, 2012). According to Cannella, Park and Lee (2008), the belief that TMT characteristics significantly affect organizational performance is widespread among strategic management scholars and practitioners while previous studies on the subject have yielded inconsistent results. Some previous researches have reported positive relationships (Norburn & Birley, 1988; Eisenhardt & Schoonhoven, 1990), while others have depicted negative relationships (Simons, Pelled, & Smith, 1999) and others showing no relationship (West & Schwenk, 1996).

Top Management Team (TMT) members are the highest-ranking officials in any organization. The titles of the TMT members however vary from one organization to another depending on the nature of business, scope of operation, organizational culture and ownership of the organizations among other factors. The common titles however among the TMTs are chairman/chairperson, president, chief executive officer, managing director, executive directors, and executive vice presidents among others. These positions are responsible for their entire organizations or departments, divisions and units within the organizations (Oketch & Kilika, 2017). Top management teams translate policies formulated by the board of directors of their organizations into goals, objectives, strategies and projects or programs meant to steer their organizations to success in both the present and the future. They make decisions that affect critical processes within their organizations and therefore navigate these organizations to either successes or failures (Pearce & Robinson, 2011).

Top management team characteristics refer to unique personal traits ascribed to members of the TMT that are either inborn or acquired, noticeable or perceptible. They are predictors of the worth of the TMT members in carrying out their tasks and managing their organizations (Oketch, Kilika & Kinyua, 2020). Previous scholars have grouped top management team characteristics into three categories namely, demographic characteristics, cognitive characteristics and psychological characteristics (Kasomi, 2015). Demographic characteristics are the observable or readily detectable features such as age, gender, education level, functional backgrounds and tenure. Psychological characteristics refer to subjective attributes such as personality traits and personal attitudes and beliefs such as self-esteem, self-efficacy, locus of control, emotional stability, task specific self-efficacy, optimism and resilience. Cognitive characteristics are associated with the ability of the TMT member to learn, remember, problem-solve and pay attention as they carry out their organizational tasks (Kinuu, 2014).

Superior organizational performance is the most sought after outcome by all organizations be they public, private, national or multi-national, profit or non-profit organizations (Oketch, Kilika & Kinyua, 2020). However, the definition of organizational performance remains to be a prickly subject among strategic management circles with various scholars and practitioners defining organizational performance differently (Kasomi, 2015). Javier (2002) while contributing to the subject defined organizational performance in terms of economic, efficient and effective utilization of organizational resources in its activities. This is closer to what Daft (2000), suggested by postulating organizational performance to be the capacity of the organization to realize its objectives and attain its goals through utilizing its assets in a proficient and appropriate way. Ricardo and Wade (2001), in their argument viewed organizational performance as the capability of an organization to maximize on its strengths while overcoming its weakness and to neutralize its threats while taking advantage of opportunities in order to achieve its objectives and goals.

Independent regulatory agencies in Kenya are a special category of state corporations with oversight role over their sectors or sub-sectors. They license operators, set prices where necessary, protect consumers, enforce compliance to licence conditions and market rules, enforce standards as well as codes of practice for their particular

industry. They are meant to spur growth and improve services to consumers or end-users of the services in their particular industries. Currently there are twenty three (23) independent regulatory agencies in Kenya although there are plans to merge some of them so as to make them more efficient and effective. The management of the independent regulatory agencies in Kenya is bestowed on their board of directors and top management teams. Selection and identification of the top management teams with the requisite characteristics for each regulatory agency has been identified as an aspect that affects their performance (PTRP, 2013). Previous studies on performance of state corporations in Kenya have identified that some top management teams are deficient of appropriate talents that can enable implementation of suitable strategic management practices that could positively influence the performance of their organizations. Some of the top management teams have also been associated with failure of their organizations to align themselves to their ever changing and demanding business environments (Mkalama, 2014). The variation in the performance of the independent regulatory agencies have also been attributed to several other factors like; utilization of resources, poor identification of stakeholders and their needs, lack of sufficient resources, in appropriate organization structures and weak corporate governance structures (Ongeti, 2014).

2.0. Statement of the Problem

The task of managing independent regulatory agencies in Kenya is vested in their board of directors and the top management teams. The selection and identification of the board of directors and the TMTs with the right characteristics for each specific independent regulatory agency has been identified as one of the factors that influence their performance (PTRP, 2013). Some board of directors and TMTs of the independent regulatory agencies have been argued to lack appropriate characteristics to support implementation of requisite strategic management practices to positively propel their regulatory agencies to the desired superior organizational performance. TMT characteristics have been linked to the failure of the regulatory agencies to align themselves to their dynamic business environments (Mkalama, 2014). Factors such as utilization of resources, poor identification of stakeholders and their needs, lack of sufficient resources, inappropriate organization structures and weak corporate governance structures have also been identified to affect the performance of the independent regulatory agencies in Kenya (Ongeti, 2014). Most state corporations are implementers of government projects aimed at enhancing service delivery to the citizens. On their part, the independent regulatory agencies are expected to provide oversight over their sectors or sub-sectors so as to spur growth in the infrastructure or markets, improve quality of services to consumers and prevent exploitation of the consumers as well as safeguarding private investor interests by setting climate for sustainable prices for the services. (Jamison & Berg, 2008). Several studies in Kenya have targeted state corporations in general without bringing out the unique attribute of the independent regulatory agencies (Mkalama, 2014; Ongeti, 2014; Kasomi, 2015; Njoroge, 2015).

Previous studies focusing on the effect of TMT characteristics on organizational performance have generated conflicting and inconclusive results. Some of these studies have reported positive significant effect of TMT characteristics on organizational performance while others have reported negative relationships and others showing no relationships. Several scholars have also pointed out the fact that, there is still insufficient studies conducted on the connotation between TMT characteristics and organizational performance. Other studies have highlighted methodological errors, misperception and irregularities in the conceptualization of the concept of the top management teams (Wasike, Ambula & Kariuki, 2016). In addressing these identified gaps, the current study adopted both inward and outward looking measurements of organizational performance to better understand their efficiencies and effectiveness in resource utilization as the independent regulatory agencies exercise their mandates of playing oversight roles in their respective sectors or sub-sectors. The purpose of the study was to investigate the effect of TMT characteristics on the performance of public sector organizations in the regulatory setting in Kenya. The specific objectives of the study were to; determine the effect of top management team demographic characteristics on the organizational performance, examine the effect of top management team psychological characteristics on the organizational performance and assess the effect of top management team cognitive characteristics on the organizational performance of the independent regulatory agencies in Kenya.

The contribution of the findings is that in investigating the effect of TMT demographic characteristics on organizational performance, it is best while done at the individual attributes like age, gender, tenure, educational

and functional backgrounds as some of these attributes may have opposing effects on organizational performance. The findings could also be influenced by the context of the study and the conceptualization of the variables. The current study findings lastly contribute in explaining why there has been inconsistencies in previous research findings on the influence of TMT characteristics on organizational performance. The contribution of the current study findings is that in investigating the influence of TMT characteristics on organizational performance, it is important to include other categories of TMT characteristics like TMT psychological characteristics and TMT cognitive characteristics.

Another contribution of the study is in using validated constructs to reduce inclusive and conflicting study findings. Lastly the findings contribute to the upper echelons theory by giving empirical evidence that TMTs in organizations make decisions that are consistent with their background characteristics and that those decisions have significant positive influence on their organizational performance. The findings of the current study also contribute to the resource based view theory by giving empirical evidence that organizational outcomes are contingent on what the TMTs decide to do with their organizations' capabilities and that TMT cognitive characteristics are part of the resources any organization possess that can create competitive advantage. Lastly, the fact that 30.9% of organizational performance is explained by TMT demographic, psychological and cognitive characteristics with a moderately strong positive correlation evident by coefficient of 0.567 is another proof that while studying organizational performance, TMT characteristics should not be ignored.

3.0. Literature Review

TMT demographic characteristics such as age, education, functional background, tenure (Carpenter, 2002) and gender representation (Dezso & Ross, 2012); TMT psychological characteristics such as self-esteem, general self-efficacy, optimism, emotional stability, task specific self-efficacy, resilience and locus of control (Kinuu, 2014); and TMT cognitive characteristics such as problem solving, attention, memory and learning (Bouquet, Morrison & Birkinshaw, 2003) have been singled out as the main predictors of how the TMTs influence performance of their organizations. The study of TMT demographic and TMT psychological characteristics in this study was underpinned on the upper echelons theory advocated by Hambrick and Mason (1984). According to Hansen, Perry and Reese (2004), how an organization utilizes its resources is as equally important as the resources it possesses. They argued that mere possession of capabilities does not create superior organizational performance, what matters most is how the TMTs utilize the organizations' capabilities toward attainment of agreed upon objectives and goals. The study of TMT cognitive characteristics in this study was underpinned on the resource based view theory (RBV) advocated by Wernerfelt (1984) and Barney (1991), as the TMT cognitive characteristics are viewed in the study as part of the organizations' resources.

According to Njoroge (2015), organizational performance measurements must take into account the extent to which the organization satisfies its stakeholders' expectations and focuses on building closer stakeholder relationships as the stakeholders who form part of organizational environment have a legitimate claim and expectations on the organization's mission or reason for existence. This is consistent with arguments drawn from proponents of corporate governance that states that management policies should effectively address the interests of not only the environmental factors but also the diverse stakeholders. This is rooted in the multi-faceted view of organizational performance and supports Richard, Devinney, Yip and Johnson (2009) exertion that different stakeholders view organizational performance differently and that the mission of an organization are as divergent as the stakeholders. The study of organizational performance was therefore underpinned on the stakeholder theory (Freeman, 1994)

Previous studies carried out on the influence of TMT demographic characteristics on organizational performance in the Kenyan context have yielded conflicting results. Mutuku (2012), found out that TMT demographic diversity negatively affected performance of commercial banks in Kenya. This was because TMT diversity had a negative correlation with the factors making up the four perspectives of organization performance under study namely, financial, customer, internal business processes, and learning and growth. Awino (2013), while studying the effect of top management team diversity, quality decisions and organizational performance in the service industry in

Kenya, found that diversity in TMT tenure had a significant positive influence on the quality of decisions made by the TMTs which ultimately resulted into superior organizational performance. Mkalama (2014), argued that for organizations to benefit from diversity in their top management teams, they must have combination of the right demographics characteristics to enable them properly interpret the situations in their external environments and make appropriate strategies for sustained competitive advantage. The study therefore concluded that age significantly affected organizational performance positively while gender significantly affected organizational performance adversely. These conclusions are consistent with those of Muchemi (2013), who investigated the influence of TMT diversity on performance of commercial banks in Kenya and found that as gender, ethnic and tenure diversity increased, organizational performance decreased hence the three forms of diversities significantly affected organizational performance negatively.

Other studies focusing on the effect of TMT cognitive characteristics on organizational performance have looked at the influence of attributes such as attention, perception, problem solving and information processing. The researchers have argued that perception and attention endeavour to explore the TMTs' abilities to select information for processing while problem solving look into their capacities to use the information to arrive at suitable solutions (Anderson, 1990). TMT cognitive diversity enables the top management teams to have high chances of generating varied information and possibility to have different perspectives on the problem from which to analyze situations facing their organization in greater depths. This will hence result in more insightful decisions and greater capability to solve prevailing problems leading to superior organizational performance (Simons, 1995).

According to Bouquet, Morrison and Birkinshaw (2003), at the individual TMT member level, attention comprise releasing information handling aptitude, time and effort to undertake the work activities. They stressed that the limited resource is not information but the time and attention that top management team can assign to search, sort-out, and interpret evidence in the organizations' business environment. The study findings showed that to avoid information overload, TMTs often decide to ignore some aspects of the situations they encounter that they feel may not be good for the success of their organizations. The study thus concluded that TMTs are often selective in their decision making and problem solving, and that they can only accomplish limited things at a time from the information recorded in their memory and presented by the business environment which in turn effect the performance of their organizations.

Strategic management researchers exploring the role of TMT psychological characteristics have argued that TMT psychological characteristics have the potential to significantly affect organizational performance ((Luthans & Youssef, 2007; Cameron, Dutton, & Quinn, 2003). These scholars have argued that inquiry into the influence of TMT psychological characteristics on organizational performance should start by examining the process by which traits affect behaviours and outcomes, and their impact on situational factors (Barrick, Mount & Judge, 2001). These previous researchers have also asserted that psychological resource theories can be utilized to expound on employees' motivation to acquire, maintain, and build capabilities essential for achieving superior organizational performance. In particular , they have argued that a person's motivation and selections can be elucidated by psychological characteristics or traits like efficacy, hope, optimism and resilience that create higher order capabilities that in turn drive individual performance (Hobfoll, 2002; Wright & Hobfoll, 2004).

The literature reviewed revealed conceptual and contextual gaps that the current study purposed to address. First, most of the studies focusing on the effect of TMT characteristics have tended to focus only on TMT demographic characteristics. Second, most of the previous studies have focused on TMT demographics, psychological and cognitive characteristics individually rather than studying their combined effect. Lastly, most of the studies in Kenya focusing on the effect of TMT characteristics on performance in the public sector setting have generalized on the state corporations. The current study therefore focused on the combined effect of TMT demographic, TMT psychological and TMT cognitive characteristics as well as being specific to independent regulatory agencies as a unique category of state corporations.

The study operationalized TMT demographic characteristics in terms of age, education, functional background, tenure (Carpenter, 2002) and gender representation (Dezso & Ross, 2012). Likewise the study operationalized TMT psychological characteristics in terms of self-esteem, general self-efficacy, optimism, emotional stability,

task specific self-efficacy, resilience and locus of control (Kinuu, 2014). TMT cognitive characteristics was operationalized in terms of problem solving, attention, memory and learning (Bouquet, Morrison & Birkinshaw, 2003). Lastly the study operationalized organizational performance in terms of effectiveness, efficiency, relevance and financial viability (Muraga, 2015). The study thus conceptualized a relationship between TMT characteristics (demographic, psychological and cognitive) and organizational performance as revealed by reviewed literature. In the conceptual model below (figure 1), TMT characteristics is the independent variable while organizational performance is the dependent variable.

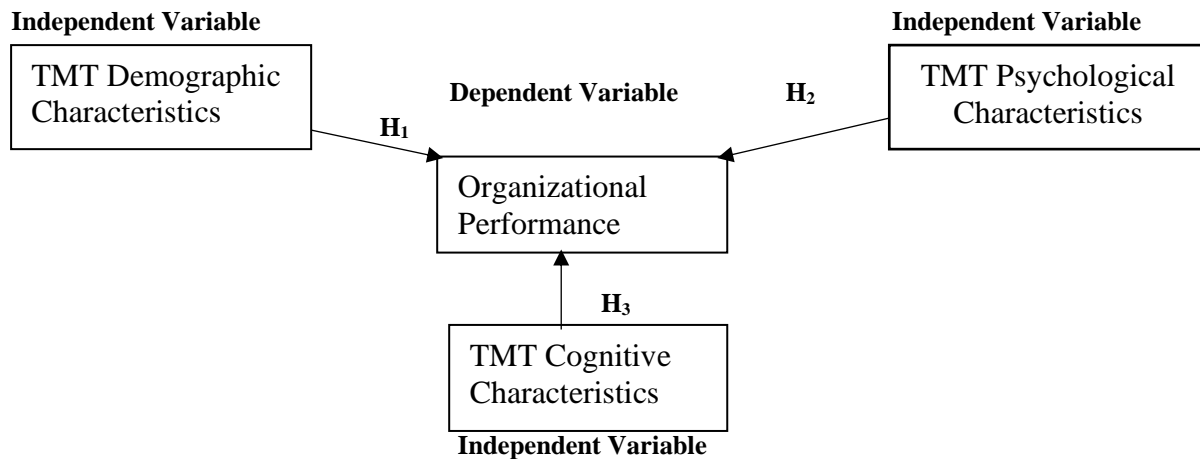


Figure 1: Conceptual Framework

Based on the logic presented in the conceptual framework, the authors proposed that TMT characteristics would affect performance of the independent regulatory agencies in Kenya. Specifically, the study proposed that:

Hypothesis H₁: Top management team demographic characteristics has a significant effect on the organizational performance of the independent regulatory agencies in Kenya.

Hypothesis H₂: Top management team psychological characteristics has a significant effect on the organizational performance of the independent regulatory agencies in Kenya.

Hypothesis H₃: Top management team cognitive characteristics have a significant effect on the organizational performance of the independent regulatory agencies in Kenya.

4.0. Research Methodology

The study adopted positivist research philosophy since it delved to look at what causes the particular relationships and what the effects of these relationship are. Positivism philosophy favours quantitative methods where considerable amount of data is gathered for analysis (Muchemi, 2013). Positivist philosophy was also considered appropriate for the study as the researchers were independent of the phenomena being investigated and the properties of the occurrences under study were objectively measured (Mugenda & Mugenda, 2003). The study used a cross-sectional survey design because cross-sectional surveys enable collection of data across a large number of organizations at one point in time for analysis. In a cross-sectional survey research design, the desired data for each variable in the study can be collected from the entire population or a section of it to help test the research hypotheses (Njoroge, 2015). Other researchers like Mkalama (2014), Muchemi (2013), Ongeti (2014) and Kasomi (2015) while trying to test hypotheses and draw conclusions in similar studies have also used cross-sectional survey design successfully.

The study context was the independent regulatory agencies in Kenya. According to the presidential task force on parastatal reforms (PTPR) of 2013, Kenya had a total of one hundred and seventy-eight (178) state corporations spread across eighteen (18) government ministries as at 30th June 2013, out of which twenty three (23) were independent regulatory agencies (GoK, 2013). The unit of analysis for this study was the twenty-three (23) independent regulatory agencies while the unit of observation was two hundred and thirty two (232) TMTs spread across the twenty three (23) independent regulatory agencies in Kenya. The researcher used a census of all the 232

TMTs from all the independent regulatory agency as each was considered to have unique information relating to how the characteristics of the TMTs affected performance of their independent regulatory agencies.

Primary data was collected using structured questionnaire comprising of closed ended questions. The questionnaire was developed in line with the objectives and hypotheses of the study and guided by the literature review as well as theories underpinning the various study variables. Data on the variables were measured using a five point Likert scale ranging from “not at all” (1) to “to a very large extent” (5). The positive responses were validated, edited for completeness and consistency upon receipt in order to prepare them for statistical analysis. Descriptive and inferential statistics were then used to analyze the prepared data. Multiple regressions was used to establish the effect of TMT characteristics on organizational performance. The descriptive statistics included frequencies, Cronbach’s alpha, measures of central tendency and standard deviation of the variables. Diagnostic tests of normality, multi-collinearity and homoscedasticity were carried out on the study data. The results confirmed that there were no violation of the assumptions of linear regression analysis that could result in biased estimates or over/under confident estimates of the precision of regression coefficients and untrustworthy confidence levels and significance tests (Chatterjee & Hadi, 2012). The inferential statistics included regression model summary, ANOVA and regression coefficients of the independent variables. The hypotheses were tested at 0.05 significance level ($\alpha=0.05$), hence where the calculated p value was less than 0.05, the model was established to be statistically significant and the study failed to reject the null hypothesis but where the calculated p value was greater than 0.05, the model was established to be statistically insignificant and the study rejected the null hypothesis.

5.0. Research Findings

5.1. Respondents Characteristics

The researchers distributed 232 questionnaires, out of which 166 were responded to positively representing an overall response rate of 71.6%. The respondents were from 19 independent regulatory agencies out of the targeted 23, representing 82.6% involvement of the independent regulatory agencies in Kenya in the study. Similar previous studies conducted in the Kenyan context by Muchemi (2013) and Muraga (2015) had comparable response rates of 72.5% and 72.1% respectively. According to Mugenda and Mugenda (2003), 50% response rate is considered adequate, 60% good and above 70% very good. Very good response rates yield results that can be better inferred to a population (Awino, 2011). Therefore, the study response rate was adjudged to be very good and appropriate. The respondent’s characteristics were as shown in table 1.

Table 1: Respondents’ Characteristics

Category	Number	Percentage
Designation		
CEO	10	6.0
Director/GM	45	27.1
Head of Department	84	50.6
Deputy Head of Department	1	0.6
Head of Section	24	14.5
Others	2	1.2
Total	166	100
Gender		
Male	115	69.2
Female	51	30.8
Total	116	100
Age		
30 and Below	1	0.6
31 - 35	5	3.0
36 - 40	9	5.4
41 - 45	47	28.3
46 - 50	65	39.2
51 - 55	34	20.5

Above 55	5	3.0
Total	116	100
Education		
Bachelors	19	11.4
Masters	131	79.0
PhD	16	9.6
Total	166	100
Tenure		
0 - 5	82	49.4
6 - 10	66	39.8
11 - 15	14	8.4
16 - 20	1	0.6
Over 20	3	1.8
Total	166	100
Functional Area		
Support	101	60.8
Technical	65	39.2
Total	166	100.0

The statistics in table 1 show that majority of the respondents were heads of departments at 50.6% (84) followed by directors/general managers at 27.1% (45), heads of sections at 14.5% (24), CEOs at 6.0% (10), others at 1.2% (2) and lastly deputy heads of departments at 0.6% (1). The findings in table 1 therefore demonstrated that all of the respondents were CEOs and those directly reporting to them as the top management team was conceptualized in the study. The summarized statistics presented in table 1 further show that the respondents were not fairly distributed across gender. There were more male respondents at 69.2% (115) than female respondents at 30.8% (51). For age distribution of the respondents, majority were in the age bracket 46-50 at 39.2% (65) followed by 41-45 at 28.3% (47), 51-55 at 20.5% (34), 36-40 at 5.4% (9), a tie of 31-35 and above 55 at 3% (5), and lastly 30 and below at 0.6% (1). Concerning the highest level of education, majority of the respondents had master's degrees at 79% (131), followed by bachelor's degrees at 11.4% (19) and PhD at 9.6% (16). On the functional area of the respondents, support functions which had many departments had majority of the respondents at 60.8% (101) while technical departments that had few departments had 39.2% (65).

5.2. The Variable Characteristics

The descriptive statistics of the study variables comprising of the number of items used to measure the variables, Cronbach's alpha (α), aggregate mean score and aggregate standard deviation are as shown in table 2.

Table 2: Descriptive Characteristics

Variable	No. of Items	(α) Score	Aggregate Mean	Aggregate Std Dev.
TMT Demographic Characteristics	16	0.859	3.684	0.867
TMT Cognitive Characteristics	9	0.944	4.175	0.745
TMT Psychological Characteristics	24	0.867	4.570	0.430
Organizational Performance	28	0.949	4.190	0.787

The descriptive statistics presented in table 2 show that the Cronbach's alpha was 0.859 for demographic characteristics, 0.867 for psychological characteristics, 0.944 for cognitive characteristics and 0.949 for organizational performance that were all greater than the threshold Cronbach's alpha value of 0.7 adopted by the study, thus the research instrument passed internally consistency test. The overall aggregate mean score for demographic characteristics was 3.684 that indicates that the respondents on average agreed to a moderate extent that the attributes of the demographic characteristics applied to their independent regulatory agencies while the standard deviation of 0.867 indicates that there were considerable variations within and among the independent regulatory agencies. The overall aggregate mean score for psychological characteristics was 4.175 with a standard deviation of 0.745 that indicates that on average the respondents agreed to a large extent with the attributes under

psychological characteristics as pertains to their job performance in their current roles while the standard deviation indicates that the responses for psychological characteristics were more clustered around the mean scores than were the scores for demographic characteristics. The overall aggregate mean score for cognitive characteristics was 4.57 with a standard deviation of 0.430 that indicates that on average the respondents agreed to a large extent with the attributes under cognitive characteristics as pertains to their job performance in their current roles while the standard deviation indicates that the responses for cognitive characteristics were more clustered around the mean scores than were the scores for both demographic characteristics and psychological characteristics. Lastly, the overall aggregate mean score for organizational performance was 4.190 that indicates that the respondents agreed to a large extent that the attributes of organizational performance applied to their state regulatory agencies while the standard deviation of 0.877 indicates that there were considerable variations within and among the independent regulatory agencies.

5.3. Test of Hypotheses

The results of the multivariate regression analysis comprising of the model summary, ANNOVA and coefficients of the variables are presented in table 3.

Table 3: Effect of Top Management Team Characteristics on Organizational Performance of Independent Regulatory Agencies

Model Summary						
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson	
1	.567 ^a	.322	.309	.37492	1.988	
ANOVA						
Model		Sum of Squares	df	Mean Square	F	Sig.
Regression		10.815	3	3.605	25.646	.000 ^b
Residual		22.771	162	.141		
Total		33.586	165			
Coefficients						
Model	Unstandardized Coefficients		Standardized Coefficients		t	Sig.
	β	Std. Error	Beta			
(Constant)	1.035	.370			2.793	.006
Demographic characteristics	.148	.086	.132		1.726	.086
Psychological characteristics	.379	.081	.363		4.694	.000
Cognitive characteristics	.222	.091	.192		2.437	.016

The statistics in table 3 show that the correlation coefficient (R) is 0.567 which indicates a moderately strong positive correlation between TMT characteristics and organizational performance. The adjusted R square (Adjusted R²) value is 0.309, indicating that 30.9% of variation in performance of the independent regulatory agencies in Kenya is explained by TMT characteristics. The remaining 69.1% of the variation in performance of the independent regulatory agencies in Kenya is explained by other factors not included in the empirical model of the study. The results further show that the F statistic is 25.646 with a p value of 0.000. This is an indication that the regression model is significant. The summarized statistics in table 3 further show a standardized beta coefficient for TMT demographic characteristics of 0.132 and calculated p value of 0.086 that indicates that at 0.05 significance level, TMT demographic characteristics had no significant effect on organizational performance of the independent regulatory agencies in Kenya. The standardized beta coefficient for TMT psychological characteristics of 0.363 and significance p value of 0.000 indicates that at 0.05 significance level, TMT psychological characteristics had a significant positive effect on organizational performance of the independent regulatory agencies in Kenya. Likewise the standardized beta coefficient for TMT cognitive characteristics of 0.192 and significance p-value of 0.016 indicates that at 0.05 significance level, TMT cognitive characteristics had

a significant positive effect on organizational performance of the independent regulatory agencies in Kenya. Thus hypotheses two and three for the study are supported while hypothesis one is not.

6.0. Discussion of Findings

The findings of this study can be explained by the descriptive statistics, results from previous researchers and, the upper echelons theory and the resource based view theory. The findings on hypothesis one indicated that TMT demographic characteristics does not have any significant statistical effect on organizational performance. The findings of the study are consistent with previous research findings that indicated that some studies reported significant positive effects of age diversity on team and company performance (Kilduff, Angelmar & Mehra, 2000), others reported no significant effects (Bunderson & Sutcliffe, 2002) while others reported significant negative effects of age diversity on team processes and performance (Leonard, Levine & Joshi, 2004). The descriptive statistics indicates that according to the respondents, age and tenure were perceived to affect organizational performance to a lesser extent as compared to educational level and functional backgrounds. The descriptive statistics also show that there was a dominance of particular categories in the demographic characteristics like in gender; male were majority at 69.2%, in education; masters' degrees were a majority at 78.4% and in tenure; those between 0-5 years were a majority at 49.4%. These could have tilted the findings in favour of the perspectives of the dominant categories. The findings of the study are also consistent with Kasomi (2015) who concluded that the influence of diversity in top management teams on organizational performance of state corporations in Kenya was not statistically significant at 95 percent confidence level. He found that age, education level and functional backgrounds had negative coefficients while gender and tenure had positive coefficients. This meant age, education level and functional background diversities had negative effects on performance of the state corporations while tenure and gender diversity had positive effects hence making the overall effect of TMT demographic diversity insignificant. Mkalama (2014) also found that top management demographics had a weak positive relationship with performance of state corporations in Kenya by explaining only 5 percent variation in the performance. She however on the contrary found out that age, educational level, functional backgrounds and tenure diversities had positive effects on organizational performance while gender diversity had negative effect on organizational performance of the state corporations in Kenya.

The study findings on hypothesis one however contradict upper echelon theory that posits that top management teams in organizations make decisions that are consistent with their background characteristics and that those decisions positively influence the performance of their organizations. From the upper echelon theory postulates, tenure of TMTs is linked to experience that come with superior individual performance, educational level is viewed to generate better diagnosis of the problems, age is viewed to bring maturity in handling situations, functional backgrounds is viewed to bring special expertise in the operational situations and gender diversity is viewed to bring different perspectives of situations that is necessary for superior organizational performance. From the descriptive statistics of the current study, it is evident that the male gender was dominant in the TMTs of the independent regulatory agencies in Kenya. Also masters' degrees was dominant in educational level, 0-5 years was dominant in the tenure and those above 46 years of age were the majority in the study respondents. This clearly shows that there was no fair distribution of the respondents that could have affected the study findings.

The findings on hypothesis two showed a positive significant effect of TMT psychological characteristics on performance. The findings of the current study are consistent with the findings of Kinuu (2014) that TMT psychological characteristics had a significant effect on efficient and effective performance of companies listed in Nairobi Securities Exchange. The findings are also consistent with Luthans and Youssef (2007), and Cameron, Dutton and Quinn (2003) that positive psychological characteristics of the workforce (TMTs and other employees) have the potential to enrich organizations by increasing individual and organizational effectiveness. The findings for TMT psychological characteristics also supports the postulates of the upper echelon theory that top management teams in organizations make decisions that are consistent with their background characteristics and that those decisions positively influence the performance of their organizations. The descriptive statistics of the study for TMT psychological characteristics indicated that except for emotional stability and optimism, all the sub-variables under TMT psychological characteristics had aggregate means scores greater than 4.0, with the

overall aggregate mean score for TMT psychological characteristics being 4.175. This showed that the respondents agreed to a large extent that the attributes of the study under TMT psychological characteristics applied to their independent regulatory agencies.

The findings on hypothesis three also showed a positive significant effect of TMT cognitive characteristics on performance. The findings of the current study are consistent with the study by Bromiley and Rau (2016), who argued that cognitive approach explicitly addresses information processing like problem framing and perceptions of industry that are key determining factors of organizational performance. The approach believes that understanding the cognitive underpinning of decisions will give insights into TMTs' effects on strategy process and organizational performance. They argued that the influence of TMT cognitive characteristics on organizational performance looks at the consequences of a few closely related concepts such as attention, perception, cognition, and information processing. The findings of the current study are also consistent with the resource based view theory that postulates that TMT cognitive characteristics plays a central role in capability development and deployment (Benner & Tripsas, 2012). According to Hansen, Perry and Reese (2004), what a firm does with its resources is as important as which resources it possesses. The implication is that the mere possession of capabilities does not affect organizational performance. Outcomes are contingent on what the TMTs decide to do with their organizations' capabilities. The descriptive statistics of the study showed that TMT cognitive characteristics had the highest mean scores, with the overall aggregate mean score of 4.57 which was higher than for TMT demographic (3.684) and TMT psychological characteristics (4.175). This showed that the respondents agreed to a large extent with the attributes measured under TMT cognitive characteristics more than the attributes measured under both TMT demographic and TMT psychological characteristics.

7.0. Conclusions and Recommendations

From the findings of the study reported, the research makes three conclusions. First, that the respondents on average agreed to a moderate extent that the attributes of the TMT demographic characteristics applied to their independent regulatory agencies, that on average the respondents agreed to a large extent with the attributes under TMT psychological characteristics as pertains to their job performance in their current roles in their independent regulatory agencies, and that on average the respondents agreed to a large extent with the attributes under TMT cognitive characteristics as pertains to their job performance in their current roles in their independent regulatory agencies. Secondly, that the findings of the study may be explained by the fact that some attributes of top management team demographic characteristics have positive influence on organizational performance while others have negative influence on organizational performance hence the overall influence could either be significant or insignificant depending on the attributes included in the study. Lastly, that TMT psychological characteristics and TMT cognitive characteristics significantly affects organizational performance positively.

Based on the results and the findings that TMT characteristics have a great influence on organizational performance, the study therefore recommends that the recruitment process of TMT for the independent regulatory agencies and other governmental agencies should integrate ways of selecting candidates with appropriate psychological and cognitive characteristics for the jobs. This is because these TMT characteristics are better predictors of how the TMTs will influence the performance of their organizations than the traditional demographic characteristics used in most recruitment processes.

The context of the study was Kenyan independent regulatory agencies. Future research could be done not to replicate this study but instead compare the influence of TMT characteristics on performance of Kenyan independent regulatory agencies with those of public companies quoted at the Nairobi Securities Exchange or other sectors of the economy to check whether the findings will be the same. Future research work could also be done in other non-commercial state corporations and public benefit organizations. Also the same study could be replicated but a different context could be used. Similar research could also be carried out by bringing in other TMT demographic characteristics like, ethnicity, culture, religion as well as other mediating and moderating variables. This will help in explaining how wider perspectives of TMT demographic diversity affect performance

of the various organizations and build the body of knowledge further through investigating other mediating and moderating variables. This will expand the scope of the findings and level of generalization.

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