THE INFLUENCE OF BOARD HETEROGENEITY ON CORPORATE LEVEL STRATEGY CHOICES FOR DEPOSIT TAKING SAVINGS AND CREDIT COOPERATIVES (SACCOS) IN NAIROBI

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DECLARATION

I declare that this work has not been previously submitted and approved for the award of a degree by this or any other University. To the best of my knowledge and belief, the thesis contains no material previously published or written by another person except where due reference is made in the thesis itself.

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ABSTRACT

Strategists and researchers agree that corporate level strategies are important for organizations to gain a sustainable advantage or maintain their operations at a given level as a going concern. Such strategies are also critical in responding to changes in the operating environment. The objective of this research was to determine the influence of age, industrial background and gender heterogeneity of boards on corporate level strategy choices among 44 DT SACCOs (Deposit taking savings and credit cooperative organization) in Nairobi. The research adopted the upper echelon theory as the foundational theory. The research applied a descriptive research design where structured questionnaires with closed questions focusing on various aspects of board composition and strategic choices undertaken in the last five years were issued to the respondents between February and March 2024. The target population of the study was 44 respondents comprised of DT SACCO CEOs from all the DT SACCOs under study. A census technique was applied since the population size was small, thereby not requiring any sampling. The data collected was entered and coded into SPSS version 29.0. The data was then be analyzed to establish descriptive statistics while inferential statistics were established through Spearman's correlation analysis and regression analysis. The results of the regression analysis indicated that board gender heterogeneity had a strong positive influence on the corporate level strategy choices. The results also showed that heterogeneity in the age of the board members had a strong positive influence on the choice of corporate level strategies. The research found that the influence of industrial background heterogeneity on corporate growth strategy choices was insignificant. The study underscores the need for members of DT SACCOs to consider the implication of board demographic characteristics on corporate level strategy choices while voting for representatives. It also contributes to the existing body of literature by demonstrating the independent and interactive effects of board heterogeneity and their influence on the choices of corporate level strategies. The study also recommends that future studies focusing on other factors such as firm characteristics and macroeconomic variables would be resourceful in enriching literature and policy. These would also contribute in addressing the limitations of this study.

Table of Contents

LIST OF TABLES

LIST OF FIGURES

LIST OF ABBREVIATIONS

CSR-Corporate Social Responsibility

DT-SACCOs- Deposit taking Savings and Credit Cooperative Societies

MSEs- Medium and Small Enterprises

NACOSTI- National Commission for Science, Technology and Innovation

ROA-Return on Assets

ROE-Return on Equity

SACCOs- Savings and Credit Cooperative Societies

SASRA- Sacco Societies Regulatory Authority

SWOT- Strengths, Weaknesses, Opportunities and Threats

TMT-Top Management Team

UET-Upper Echelon Theory

DEFINITION OF TERMS

Corporate level strategy is a multi-faceted company plan that leaders use as a blueprint to achieve specific goals (Feldman, 2020).

Product growth strategy a strategy in which the firm focuses on the development of entirely new products, making different variants of an existing product or offering different qualities of the existing products. The goal is normally to rely on the product to attract and retain customers (Heiens, 2010).

Market growth strategy is whereby the firm seeks to expand its market through aspects such as market penetration, establishment of new distribution channels, geographical diversification, etc (Heiens, 2010).

Competitive advantage refers to what gives a firm a competitive edge over its rivals, thereby enabling it to attract more customers and enhance market share (Feldman, 2020).

SACCO is a financial cooperative society owned by members. The aim of these institutions is to pool member savings and utilize the funds to offer affordable credit to the members (SACCO Societies Act 2008).

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DEDICATION

This thesis is dedicated to my beloved brother Paul for providing me with the precious gift of education. I also dedicate it to my beloved sister and mum who spoke life to this journey at the blink of collapsing. Your support was not in vain.

CHAPTER ONE

INTRODUCTION

1.1 Background to the study

1.1.1   Board heterogeneity

The board is the governing body of a SACCO as mandated by the SACCO societies Act of 2008. These unlike in other institutions are elected by members to enhance oversight on their behalf. By the close of the year 2022, DT-SACCO boards had a total of 1550 serving members. The male board members accounted for 80.45% while the female members accounted for 19.55%. As noted by the SASRA supervision report of 2022, the proportion of female representation in the boards was still far below the recommended constitutional threshold (SASRA, 2022). The regulator therefore recommended for affirmative action by individual SACCOs to work towards attaining the recommended threshold. Other aspects of diversity have also remained unattended to in SACCO boards. Despite most of the members across age groups attaining the minimum age required to be elected into the boards, the representation still remains largely skewed. The foundation of most of the SACCOs based on a dominant membership has also drawn most of their representation from a single industrial background, thereby presenting a gap in this aspect of diversity (SASRA, 2022).

Past studies on board heterogeneity have focused on its impacts on several thematic areas with the main one being financial performance. The results from these studies have remained inconclusive. This has been partially because of the measure of diversity used, nature of the firm or geographical location of the firm (Khatib et al, 2021). For instance, in the studies on impact of board diversity on performance, most studies have relied on gender as the measure of diversity. García-Meca et al. (2015) studied the impact of board nationality and gender diversity and found positive implications of board gender diversity on performance of banks in the UK, Canada, Germany, France, Netherlands, USA, Spain, Italy and Sweden. Pathan and Faff (2013) used gender as a measure of diversity and arrived at similar conclusions for banks in the United States. However, the impact of gender was found to decline after the 2008 financial crisis, pointing to the implication of macroeconomic factors on the relationship.

In contrast to the findings in Europe and the United States, studies in other jurisdictions have arrived at a different conclusion on the relationship between board gender diversity and performance of financial institutions. Mohammad et al. (2018) established that the presence of women in the board did not have influence on bank performance in Jordan. These findings were similar to those of Ahmad and Alshbie (2016) who studied the impact of board gender diversity in the same country and found no impact, mainly because Women in Jordan business market came from non-business backgrounds. The findings of the study not only serve to show conflicting results based on geographical differences but also the criticality of studying the professional background of board members and understanding their interactive and independent effects. Rafinda et al. (2018) studied the influence of board gender diversity on financial performance of Indian banks and arrived at similar conclusion with other studies outside Europe and USA that female directors do not have an impact on performance. Ozatac (2011) failed to detect any significant relationship between board gender diversity and performance of banks in Turkey while Dinu and Bunea (2017) detected an insignificant direct relationship between board gender diversity and financial performance in Romanian banks.

In Africa, studies on the impact of board diversity and its implications have remained relatively few. Onuorah et al. (2019) studied the impact of board experience diversity on performance of Nigerian banks. The findings indicated that board diversity has a significant positive relationship to financial performance. Adeabah et al. (2019) arrived at a similar conclusion after studying the influence of board gender diversity on bank efficiency in Ghana. However, the findings only held when the board of nine members had two female members. In a bid to seal the knowledge gap of Geographical disparities, Adusei (2019) conducted a study on the impact of board gender diversity on the technical efficiency of microfinance institutions in 64 countries across the world. The study also addressed a key concern on this study on whether institution size matters. The findings of the study revealed that board gender diversity negatively affects the technical efficiency of a firm. The interactive effects of board gender diversity with firm size were positive.

The previous studies have therefore advanced the literature on board diversity studies globally and enhanced the understanding of the implication on various aspects of the firm. However, as Zattoni et al. (2023) note, the inconsistencies in the current studies call for a study in to board diversity antecedents to understand the influence of board diversity on firm attributes. It is also notable that

though with conflicting findings, past studies have focused on board gender diversity and left out other aspects of diversity such as age and industrial experience which are equally important as represented in the Upper Echelon Theory. Besides, it is also evident that the focus has mostly been on financial performance, clearly leaving out aspects of strategic orientation of the firm. Strategic orientation studies would be crucial especially for firms to determine board compositions based on desired results. The previous studies have also focused on the independent effects of board diversity without focus on the interactive effects. As established in Ahmad and Alshbie (2016), interactive effects of some board attributes yield different results as compared to when those attributes are studied independently.

Previous studies have also focused on Banks to represent financial institutions whereas it has been made clear in Adusei (2019) that the size and nature of a firm matters in determining the influence of board diversity. Some financial institutions like SACCOs have democratically elected board members who represent shareholders who are still to a great extent customers of the firm. To these, board diversity could occasion different results. This study therefore sought to seal the gaps in current literature by studying the independent and interactive correlation between board diversity characteristics of gender, age, industrial experience and corporate level strategy choices in SACCOs.

1.1.2 Corporate level strategies adopted by SACCOs and other financial institutions

Corporate level strategies assist financial institutions to choose new strategy positions that consequently increase the value of the firm. They are therefore essential for the sustainability of the firm. Financial institutions earn their revenues from the total deposits received and amount of credits extended (Kumar, 2014). However, the number of these institutions have grown over time thereby giving customers a wide range of offerings to choose from. This therefore underscores the criticality of corporate strategies chosen by these institutions to gain and sustain a competitive advantage.

Increase in the number of entrants alone is not the only reason for the adoption of corporate level strategies by financial institutions. The global financial crisis of 2008 made financial institutions turn their focus that had been previously on incremental growth to survival (Kumar, 2014). Many financial institutions had to adopt measures such as restructuring and deleveraging of their books of accounts. Financial institutions therefore got a new understanding that growth is not the only

corporate strategy that can be adopted. This led to the appreciation of retrenchment as a strategy especially in hard economic times.

The global crisis also expanded the discussion into what factors influence the choice of corporate level strategies by financial institutions. It led to the appreciation of the fact that both Macro and Micro business environments have almost equal influences on the strategy adopted by a firm (Kumar, 2014). These macro and micro business environment shifts have seen financial institutions such as banks and SACCOs adopt activities such as community marketing, product bundling, teller referrals and enhanced customer experiences aimed at customer retention. This has led to the diversification of product offerings.

Banks and Microfinance institutions have been more effective in formulation and implementation of corporate level strategies as compared to SACCOs. This has been attributed to several reasons such as the financial capabilities, scope of operations among other reasons (Wangila, 2017). However, it is statistically clear that SACCOs attract a substantive proportion of the population and questions still remain on why they have been slow in adoption of corporate level strategies. Despite the challenges in adoption and implementation of corporate level strategies in SACCOs, several steps in their product development and customer services have borne manifestations of the traditional corporate level strategies.

SACCOs have popularly adopted product diversification, adoption of new technologies, geographical diversification and redefinition of goals and objectives. This has been witnessed by a shift from the traditional offerings of deposit and credit services to more products such as investment opportunities, mortgages and other offerings. Technological adoption has also been witnessed whereby SACCOs have joined the race to adoption of digital banking platforms, use of USSD and other forms of digital banking (Kariri, 2019). However, the major challenge in this is the slow adoption by the SACCOs as this is happening way after most of the financial institutions already adopted these technologies. SACCOs are therefore not able to enjoy the full benefits of these new innovations and technological advancements.

Geographical diversification has also been significantly adopted in SACCOs, though slow as compared to other financial institutions like banks and MFIs. However, slow diversification has been seen whereby SACCOs are increasing their efforts to open up branches in new locations away from their traditional locations (Kariri, 2019). However, only a few SACCOs have been able to

have a national presence as most of them prefer operating within familiar territories within which they were conceived. Mergers and consolidations have not been popular with SACCOs in Kenya despite calls from the regulator to do so.

1.1.3   Overview of Saccos in Kenya

SACCOs globally are formed to bring together members with a common interest. This has led to rise of SACCOs in different industries and social settings (Taylor, 1983). Some of the uniting factors in SACCOs include occupation, faith and economic activity. However, most SACCOs later grow to accommodate members outside this common interest for as long as they abide by the by-laws set by the specific SACCO.

According to data from the World Council of Credit Unions, Kenya was featured in the top ten list out of the 118 member countries. This ranking was done based on the shares and deposits, loan book, number of financial cooperatives and credit unions as well as the asset base of the SACCOs in the member states. Based on membership, Kenya was the 6th with approximately 10 million members (WCCU, 2022). The USA led in the list with more than 130 million members, followed by India and Philippines ranking a distant third.

Based on SACCO penetration, Kenya had a penetration rate of 30.42% which was above the global average penetration rate of 12.69%. Kenya ranked the 9th in terms of the loans advanced to members with an estimated loan offering of $ 9 billion.

In the African continent member states, Kenya topped the savings and shares metric with $16 billion with most African countries not attaining a $ 1 billion mark. The same applied for the asset base where Kenyan SACCOs had a collective asset base of more than 20 billion dollars with no other African country reaching the one-billion-dollar mark (WCCU, 2022). However, Kenya ranked fourth in terms of penetration levels. This represents a great opportunity since it shows that there is still a huge capacity for the SACCOs to reach the rest of the population.

Kenya ranked third in the number of financial cooperatives and credit unions with Ethiopia and Nepal leading. This represented an interesting trend especially with the penetration level in mind. Countries with a high volume of penetration and membership had way fewer SACCOs as compared to those with a low level of penetration and membership (WCCU, 2022). This explains

why authorities like SASRA have previously advised the SACCOs in Kenya to consider consolidation and amalgamation.

Kenya had a total of 176-DT-SACCOs by December 2022 holding a total asset base of Ksh.763.50 billion. The total deposits in the deposit taking SACCOs as at 2022 amounted to Ksh.620.45 billion while the gross loans amounted to Ksh.680.35 billion (SASRA, 2022). The total membership for the DT-SACCOs stood at 5.96 million people, which was a consistent increase from the previous years. This was a great indicator of the growth potential of the sector.

1.1.4. Deposit taking SACCOs in Nairobi

There were 44 deposit taking SACCOs Nairobi as of December 2022. These differed in their characteristics and corporate governance structures. Nairobi houses headquarters to some of the major SACCOs in Kenya besides having membership representation from all backgrounds in the country. Since membership and structure for SACCOs vary across the institutions, board attributes also vary and therefore made it a better representative sample as it brought out all the desired attributes under study. The position of the city as a regional economic hub exposes the SACCOs to stiff local and regional competition that makes them more responsive in their strategic orientation.

1.2 Statement of the problem

The 2021 SASRA supervision report clearly highlighted the need for SACCOs to rethink their corporate level strategies to deal with competition and enhance their sustainability. The expectation was that possible mergers and consolidations would help deal with competition from banks and microfinance institutions which had already absorbed that as part of their corporate strategy. The report noted the existence of too many small SACCOs that accounted for a very small market share. There were 49 SACCOs in the agriculture Sector which controlled less than 10% of the total assets and deposits in the SACCO subsector. Additionally, there were more than 107 private-based SACCOs that had a portfolio of less than 13% of the total wealth in the subsector (SASRA, 2021). The revenues generated by these SACCOs were noted to be quite low, thereby affecting their stability. To gain competitive advantage, the authority advised the SACCOS to consider mergers and consolidations to enjoy economies of scale and a stronger capital base.

The SACCO Societies Act bestows the mandate of investment and expansion decisions in SACCOs on the board. As Agwu (2023) revealed, the boards in organizations should not only

concentrate on the compliance and regulation functions but should be actively involved in the development and execution of strategies within the organization. Supervision reports within SACCOs also reveal absence of diversity in the composition of the boards. As noted in the 2022 supervision report, women formed less than 20% of the board members, way below the constitutional recommended threshold (SASRA, 2022). The reports have also revealed imbalance in age and experience diversity whereby most of the SACCOs have their boards skewed towards an aging population and dominated by the underlying industrial experience of the members. It is therefore significant to address the link between board diversity and corporate level strategy choices to establish whether a more diverse board would represent a different set of corporate level strategy choices that would grant the SACCOs a competitive advantage over established financial institutions such as banks.

Past studies on board diversity and strategic orientation of firms have pointed to the existence of a relationship between top management team characteristics and organizational outcomes (Shuying & Shuijuan, 2017; Woo, 2019; Delgado-Piña et al, 2020). However, the studies appear to disagree on the direction of the relationship with some establishing a positive relationship between some aspects of diversity and organizational outcomes (Tulung & Ramdani, 2016) while others established no relationship between the two study variables (Alazzani et al, 2017). The differences in the findings have been mainly occasioned by contextual differences in the studies as well as the conceptualization of various aspects of diversity. Additionally, the studies focused on the CEO as the unit of analysis, against the assumption of the upper echelon theory in which they are anchored which argues that understanding the multi-faceted nature of corporate governance requires the analysis of all the corporate executives and not only the CEO (Hambrick & Mason, 1984). The past studies have also bordered on limited liability companies and public institutions which are distinct in their objective, ownership structure and criteria of selection of board members compared to SACCOs.

This study therefore sought to establish the influence of board heterogeneity and corporate level strategy choices for DT SACCOs in Nairobi. By focusing on the board as a whole and not a specific member of the top management team, the study sought to unravel the relationships between the study variables by addressing the independent and interactive effects of board heterogeneity on corporate level strategy choices, thereby sealing the current empirical gaps. The findings will be

critical in guiding SACCO members and policy makes to understand the implication of board demographic characteristics on the strategic direction of the SACCO. The findings will also be fundamental in extending the understanding of the relationship between the study variables among researchers and scholars.

1.2 Objectives of the study

1.2.1 General objective

The general objective of this study was to determine the influence of board heterogeneity on corporate level strategy choices of DT SACCOS in Nairobi.

1.2.2 Specific objectives

  i. To determine the influence of board gender heterogeneity on corporate level strategy choices in SACCOs.

 ii. To determine the influence of board industrial background heterogeneity on corporate level strategy choices in SACCOs.

iii. To determine the influence of board members' age heterogeneity on corporate level strategy choices in SACCOs.

1.3 Research questions

1.3.1 Broad research question

What is the influence of board heterogeneity on corporate level strategies for DT SACCOs in Nairobi?

1.3.2 Specific research questions

  i. What is the influence of board gender heterogeneity on corporate level strategy choices in SACCOs?

 ii. What is the influence of board industrial background heterogeneity on corporate level strategy choices in SACCOs?

iii. What is the influence of board members' age heterogeneity on corporate level strategy choices in SACCOs?

1.4 Scope of the study

The study was conducted in Kenya's SACCO sector with a key focus on the deposit taking SACCOs as listed by the SACCO Societies Regulatory Authority (SASRA) as at December 2022.

The research was conducted for the 44 DT SACCOs in Nairobi due to convenience in data collection and the fact that most large SACCOs are head-quartered in Nairobi. Data collection was conducted between February and March 2024 using questionnaires issued to the 44 CEOs representing the 44 DT SACCOs in Nairobi. Census sampling technique was used since the study population was small. The study did not include non-deposit taking SACCOs or SACCOs outside Nairobi.

1.6 Significance of the study

The study is beneficial to managers, members and strategy developers of SACCOs. This is because it grants them a new perception of the factors that should be considered in the selection of their top management teams to meet the SACCO's mission. This will ensure that SACCOs only select those members that will stand the highest chances to influence its strategy towards the intended direction, thereby avoiding the implications of poor strategy selection which have led to collapse and poor reputation for some SACCOs. The SACCO members also benefit since through the findings they will be able to make better choices especially when voting for leaders of the board.

Regulators and policy makers also benefit from the findings of this study since they understand the key areas to look out for in analyzing the strategic choices of SACCOs, their viability and whether they will serve to the benefit of the members. The findings also help in the development of policies and regulations in areas of audit and project evaluation for SACCOs.

The findings of this study also guide future scholars and researchers who may want to explore the area of strategy selection, formulation and implementation in SACCOs. The findings also contribute to theory development in this area by adding into the existing body of knowledge.

1.7 Chapter summary

The chapter has laid a background to the current study, clearly providing statistical and empirical evidence of the existence of the research problem based on practice and empirical gaps based on current body of literature. The chapter has also outlined the study objectives and research questions, the context and scope of the study.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

The purpose of this chapter is to explain the theoretical foundation of the study as well as explore past studies that have been conducted in the current research area. This will be critical in conceptualizing the relationship between variables, exploring the various methods used as well as the gaps from the past studies. This chapter will explain the theoretical foundation, empirical review, research gap, the conceptual framework and a summary of the whole chapter. The chapter explores past studies in the area of corporate level strategies and possible factors influencing the choice of those strategies.

2.2 Theoretical Foundation

This section provides a theoretical foundation of the research. The Upper Echelon Theory (UET) was adopted as the foundational theory of the study as it sufficiently discusses the aspects of top management team characteristics and the expected managerial outcomes as well as the moderating variables in the relationship.

2.2.1 The Upper Echelon Theory

This theory was proposed by Hambrick and Mason in 1984 in their conceptual framework which argued that organizations are a reflection of their top management (Hiebl, 2014). The theory is anchored on two major arguments: first, that the decisions made by the senior management are as a result of their understanding of reality and secondly, that this understanding is based on their ethical conduct, cognitive processes, personality traits and beliefs. Further evolution of the theory has led to two additional assumptions (Hambrick & Mason, 1984). First, the understanding of the multifaceted nature of corporate governance has led to the assumption that analysis of all the corporate executives as opposed to only the CEO can enhance the understanding of strategic decisions and processes. Secondly, the theory assumes that the social demographic features of top management teams can represent their cognitive schema to a significant extent (Hambrick & Mason, 1984).

The demographic features suggested by the theory included age, group characteristics, functional background, career experience, social economic background and the level of education. After a

stream of further empirical studies and refinements, the theory incorporated two moderators. These are the executive job demands and the managerial discretion. The two were introduced to enhance the theory by giving it some predictive power and mitigate the opposing views on the impacts of TMTs on organizational outcomes. One conflicting view was from Hannan and Freeman, 1977 and DiMaggio and Powell, 1983 who introduced population ecology and new institutional theory respectively. The two argued that TMTs did not have significant influence on organizational outcomes because of organizational inertia. Instead, organizations are heavily influenced by external forces and held back by various conventions and norms.

Hambrick and Finkelstein (2007) argued that the two views were valid under some conditions. These conditions introduced the two moderating variables. Managerial discretion exists where there are no constraints and there exists various alternatives to reach a given end. Discretion therefore comes from environmental conditions such as industrial growth and internal organizational factors such as having a weak board. It also emanates from personal factors of the executives themselves e.g., tolerance towards this uncertainty.

Introduction of managerial discretion as a moderating variable meant that the theory offered good predictions for managerial outcomes for as long as there is a significant level of managerial discretion. The greater the discretion the more the influence of TMT characteristics on managerial outcomes and vice versa. Executive job demand was introduced later as a moderating variable. This was out of the fact that TMTs differ heavily in terms of their workloads and pressure at work. The theory therefore perceived job demands as emanating from three major factors which are task challenges, pressure to perform and strong personal desire to attain maximum performance. According to the theory, TMTs working under conditions of high job demands were forced to resolve to mental shortcuts or processes they had seen previously work. Therefore, their strategic choices were a reflection of their dispositions and backgrounds. On the other hand, those with less job demands had the latitude to be more comprehensive and analytical, thereby meaning that their choices will greatly reflect the objective conditions at hand.

In addition to the two moderating variables, its proponents have extended the discussion with further discretions. Two major extensions of the theory stood out. These are the power distribution within the TMTs and behavioral integration within the TMTs. Finkelstein (1992) argued that TMT characteristics would have a stronger influence on the managerial outcomes when different power

amounts among the members of the top management teams were accounted for. For example, he argued that acquisitions were higher for firms whose TMTs comprised of a majority of members with a finance background. When weights were added to account for how much power these executives bore within the TMTs, the outcomes were manifested more significantly.

Hambrick later introduced the concept of behavioral integration after the realization that many top management teams had a few team characteristics. Instead, most TMTs had what he perceived as semiautonomous members who engaged in bilateral relations with the CEO without regard for each other and no team dynamics. The concept was a build up to the research findings of the positive implication of behavioral integration on organizational performance. Therefore, TMTs with more in depth behavioral integration were likely to make decisions that were more independent from their individual characteristics as compared to those with less behavioral integration.

The introduction of behavioral integration had implications on the predictive capacity of UET. This is because this capability was dependent on the depth of behavioral integration. If there was no this sort of integration in TMTs, then there was no point in studying their collective characteristics since each was acting as an autonomous body. Therefore, TMT characteristics would not be appropriate predictors of managerial decisions without this integration. This concept was further enriched by Jackson (1992) who suggested that in absence of the suggested integration, it would be critical for researchers to analyze the subgroups responsible for given types of decisions and then use their features as a basis to predict managerial outcomes. However, taking this sort of approach would require firsthand information about the involvement of various subgroups and their members in making certain decisions.

The introduction of the subgroup's aspect by Jackson (1992) opened a new frontier for UET research. The ability to study TMTs not as a whole but in its totality through constituent subgroups would increase the predictive capacity of the theory. The study of the interaction and overlapping aspects of these subgroups would further enhance the understanding of TMT's decision-making criteria. However, Hambrick (2007) had reservations about this concept since it would annul the whole sense of having a "team". He however proposed that this could be done as a research topic on its own in addition to studies on the structure of TMTs to have a complete picture of their processes and composition.

This study sought to extend the conversation by extending UET studies to the board as opposed to foundational literature that focused on the management to represent the top management teams. Besides the characteristics of age, experience and gender as covered in the upper echelon theory, this study addressed the independent as well as the interactive effects of the three aspects of board heterogeneity and their correlation with corporate level strategy choices.

2.3 Empirical Literature Review

This section conducts a review of local and international empirical studies furthering discussions on the upper echelon theory, top management team characteristics and their implications on strategic decision making. The section shall discuss the three variables under review which are board gender heterogeneity, board members' age heterogeneity and board members' industrial experience heterogeneity. In addressing the board member's age heterogeneity, this section shall review prior studies on the influence of age of top management team members on organizational outcomes. The discussion on board members' gender shall be directed towards prior studies on the influence of the gender of top management team's gender heterogeneity on organizational outcomes. The same shall be applied for the heterogeneity in teams of board members' industrial experience. The upper echelon theory discussed in the previous section has clearly demonstrated that top management team characteristics have an influence on organizational outcomes. It is therefore expected that based on this theory, the identified dimensions of top management characteristics shall have an influence on corporate strategy choice which is an organizational outcome.

2.3.1 Board members' age and strategic choices in firms

The Upper Echelon Theory identified age as one of the top management teams' characteristics that could influence organizational outcomes. Further empirical studies in UET have sought to establish the relationship of TMT age diversity and organizational outcomes with most studies addressing its relationship with strategic choices, sustainability and performance. This subsection addresses the various outcomes from past empirical studies along the set thematic areas.

Past empirical studies seem to agree that age is a key determinant of strategic choices for firms. Shuying and Shuijuan (2017) investigated the impact of TMT age diversity on company innovation moderated by the nature of ownership. The results showed that TMT age diversity affected a firm's ability to innovate regardless of the nature of ownership of the firm. The moderating role of nature

of ownership in this case was not significant. Similar findings were arrived at by Adhikari (2021) in the investigation into the influence of TMT age on working capital management. Results revealed that age had a significant impact on working capital management as older executives were observed to invest more in working capital and took longer to liquidate their stock. They were also observed to be paying suppliers sooner as compared to the younger executives.

The desire by older CEOs to invest more in working capital is possible an indication of their risk appetite and attitude towards investment (Orens & Reheu, 2013). The older CEOs especially those with experience in a single industry prefer cash holdings for precautionary motive and are less concerned about the speculative motive of holding cash. The findings are critical in revealing the importance of industrial experience as a moderating variable in the relationship. In contrast, younger CEOs have been observed to be more active and aggressive in undertaking bolder investments leading to growth through acquisitions (Li et al, 2017). The study further disclosed the growth preference of older CEOs who prefer building new plants instead of acquisitions. The results of these studies are consistent with Qi et al (2018) where results revealed that age is significantly associated with a firm's choice of earnings management.

Age has also been found to play an intervening role in UET studies. Heyden et al (2017) studied the moderating role of age in moderating the relationship between other TMT characteristics and research and development intensity in firms. The results revealed that TMT tenure and age played a significant role in moderating the relationship between CEO dispositions and the rate of adoption and appreciation of research and development activities. TMT age plays a similar role in the relationship between a firm's internationalization and the innovation level (Wrede & Dauth, 2020). A firms' internationalization has a positive effect on its innovativeness especially when the firm is headed by a younger CEO. The study opened a new path in TMT studies where focus was laid on the CEO not as a determinant of the strategic direction but as a facilitator.

UET empirical studies have extended beyond studies of strategic orientation to the impacts of TMT characteristics on performance. Zhang (2017) studied the impact of TMT characteristics on firm performance and agglomeration economies. The results revealed age and not CEO's education helped firms realize the potential benefits of agglomeration. The rationale behind this could be possibly attributed to the experience that comes with age, making it possible for older CEOs to lead the firms into realizing the benefits. This advantage of age could be possible countered by the

older CEO's risk aversion tendencies (Saeed & Ziaulhaq, 2019). Due to the aversive nature, older CEOs avoid risky ventures and are unable to process the information necessary to make internationalization decisions, leading to poor international performance in comparison to the younger CEOs. Similar conclusions were arrived at by Ali et al (2022) where the age of CEOs was found to have a significant positive relation with firm performance in Pakistan.

Past studies have also focused on firm-based impacts of age on performance holding the hypothesis that the impact will differ based on the nature of the firm. Belenzon et al (2019) studied the impact of age on performance in closely held firms in Western European countries. The results indicated that as CEOs grew older, the firm experienced lower investment rates, sales growth and profits. The study however concurred with past studies that the firms led by older CEOs still stood higher chances of survival as a result of lower risk appetites. Regional financial development was found to play an intervening role in the relationship.

A similar case would apply in SMEs led by older entrepreneurs whereby the chances of going into bankruptcy are low as a result of the lower risk appetite (Mayr, 2021). Acar (2016) arrived at the same conclusions in the study of the impact of TMT age on the performance of SMEs in Turkey. The findings indicated that higher levels of age separation led to higher levels of performance. Similar findings have been established in the relationship between age heterogeneity in TMTs and performance of technology start-ups in China (Zhang & Wang, 2017). This relationship was found to be moderated by the value creation of business models, pointing to the possibility of the relationship being context based.

Besides focusing on TMTs and CEOs, a few UET studies have focused on impacts of board diversity on firm performance. Hassan and Marimuthu (2016) studied the impact of board diversity on firm value for Malaysian firms. The findings reveled a significant positive relationship between the age profile of directors and firm value. Similar findings were established by Ferrero-Ferrero (2015) in the study on the impact of age diversity on corporate performance of European listed firms. The findings revealed that age diversity defined in the study as generational diversity has a positive impact on corporate performance. This was attributed to the wealth of information possessed by such a team.

Further studies on age in TMTs have focused on the impact of age diversity on corporate social and environmental sustainability. Findings have yielded conflicting results on the correlation

between age and outcomes. Kumar and Paraskevas (2018) studied the impact of TMTs in supply chain management on the adoption of a proactive environmental strategy. The results revealed a positive relationship between an aging TMT and a proactive environmental strategy. This was argued to be as a result of the experience and relationships possessed by aging TMTs. Lee et al (2018) investigated the impact of CEO observable characteristics on CSR in the hospitality industry. The findings contradicted those of Kumar and Paraskevas (2018) by indicating that younger and long tenured CEOs performed more CSR activities.

Shahab et al (2020) examined the impact of CEO attributes on environmental & sustainable performance and environmental reporting. The results revealed that young CEOs take actions that had a negative impact on sustainable and environmental performance of the firm as compared to their older counterparts. Tran & Pham (2020) arrived at inconclusive relationship between CEO age and environmental performance of SMEs in Vietnam. The conflicting findings in studies on the relationship between age and environmental sustainability and corporate social responsibility call for more empirical studies to develop conclusive findings.

The empirical studies reviewed in this sub-section have covered various aspects of organizational outcomes affected by age. These include strategic orientation, performance and environmental & CSR activities. The studies seem to agree that age has a significant relationship with all the three aspects of organizational outcomes. However, only a few studies have focused on age diversity of boards and its impact on corporate strategy choices of firms. Most of the studies have focused on the CEO as the unit of analysis for TMTs, ignoring the impact of the broader team and the board. This calls for further studies that will incorporate the broader context to come up with more comprehensive results.

2.3.2 Industry background and strategic choices in firms

Various empirical studies have sought to establish the correlation between TMT's prior experience and organizational outcomes along three themes: performance, sustainability and CSR and strategic choices. The studies have yielded conflicting results on the relationship between the two variables, leading to further exploration as scholars seek to mend the empirical conflict gap. Abatecola and Cristofaro (2016) argued that studies around organizational heterogeneity should not be about executive's homogeneity but on aspects of heterogeneity. The study conducted on Italian firms revealed that the homogenous characteristics of members of the top management team

have no impact on organizational outcomes. Further, heterogenous characteristics, specifically the functional background had a significant implication on organizational outcomes.

In a bid to resolve the ambiguity in UET studies, moderating variables such as structural, vertical & horizontal and reward interdependence have been identified (Hambrick et al, 2015). These and other moderators have been found to enhance precision in UET studies. Delgado-García (2010) assessed the moderating role of CEO's affective traits in UET studies on strategic choices. The findings revealed that strategic conformity of CEOs played a mediating role in the relationship between CEO negative traits and firm performance. The inclusion of the aspect of interdependence in TMT heterogeneity studies converges with (Shavit, 2016) where emphasis on the ability of heterogeneity to address interdependencies was introduced. However, many UET empirical studies are yet to incorporate this aspect in research.

In studies pertaining TMT's previous experience and its implication on performance, empirical studies seem to agree that diversity in experience of top management teams promotes positive performance. Woo (2019) investigated the impact of multiorganizational CEO experience on performance of acquisitions in US manufacturing industries. The findings revealed that multiorganizational experience of CEO's promoted the performance of acquisitions, particularly diversified acquisitions as opposed to related acquisitions. The study laid emphasis on the importance of specificity regarding the performance aspect under study. A similar conclusion was reached by Lockmer (2014) in the study on the impact of outsider CEO on employee commitment and firm performance. The study used the term outsider CEO to refer to externally sourced CEO. The findings were that outsider CEOs had a positive impact on organizational performance and employees' commitment. The two studies demonstrated the importance of defining the nature of experience being studied, whether it's based on the number of years of practice or multiorganizational.

The concept of CEO newness and its use to represent external CEOs or CEOs who have not previously held the position was further investigated by Weng and Lin (2014). The study sought to establish its impact on strategic changes. The findings revealed that new CEOs were more likely to implement strategic changes. The relationship is affected by the moderating effect of the strategic distance between the previous firm that the CEO served and the current firm as well as the similarities between the two firms. Similar findings were arrived at by who established that

externally recruited CFOs had a higher likelihood of adopting ERP systems as compared to internally recruited CFOs (Hiebl et al, 2017).

The concept has at times been referred to as insider vs outsider CEO to stand for externally and internally recruited CEOs respectively (Zhu et al, 2020). The findings revealed that new insider CEOs make less strategic changes as compared to new outsider CEOs. The relationship is intervened by prior board experience whereby new insider CEOs with prior board experience in the nominating firm make less strategic changes as compared to those with prior board experience in other firms. The relationship between newness and strategic changes could be further affected by the tenure of the TMT (Williams et al, 2017). New CEOs with prior experience outside the appointing firm's industry are able to contribute to strategic growth only when the tenure of the existing TMT is long.

The inquiry into the nature of experience and its impact on TMT studies was furthered by Hamori and Koyuncu (2015) where the impact of CEO experience on the performance of 2005 corporations in the USA was studied. The results brought out a different view of CEO experience whereby experience was viewed as the span in which one had been a CEO within or without the organization. The results indicated that CEO experience negatively affected performance whereby organizations with CEOs who had previously occupied CEO positions experienced negative post-succession performance compared to CEOs without prior experience in the position. Zhang and Wang (2017) arrived at a different conclusion on the general impact of CEO experience on performance whereby findings revealed that CEO experience and educational background had a negative correlation with performance of technology start-ups in China. The study revealed an additional critical aspect in TMT studies on experience, the context. Based on the context or industry under study, the impact could vary.

Empirical UET studies have also sought to determine whether TMT prior experience has a relationship with the choice of strategies adopted by firms. Filbien and Chikh (2011) studied the relationship between acquisitions and CEO prior experience. The findings revealed that CEO prior experience listen to the market which enhances the soundness of their acquisition decisions. The study also addressed the moderating role of CEO board connectedness in the relationship. Similar conclusions were arrived at by Ali et al (2022) in the study of CEO attributes and their impact on investment decisions. The findings were that CEO career experience had implications on

investment decisions and their success. The results also revealed the mediating role of investment decisions on the relationship between CEO attributes and firm performance, thereby augmenting the findings from studies of UET and performance that the presence of a moderating variable yields better results.

The relationship between TMT experience heterogeneity and strategic choices has been found to be further dependent on the nature of the industry. The influence of prior experience on firms' ability to innovate is seen more in state-owned banks while the same is insignificant in non-state-owned banks (Shuying & Shuijuan). From the research, the significance and direction of the relationship will in some part be determined by the nature of ownership of the firm. This therefore makes the ownership structure a critical aspect to consider in UET studies. CEO prior experience also determines the cash holding behavior of firms, thereby determining their initiative to invest and take risks (Orens & Reheul, 2013). The study also established that CEOs with experience in a single industry hold cash mainly for precautionary motive as compared to speculative motives. This therefore means that they will have less investment and risk appetite and more focused on a stability strategy.

The understanding of different forms in which experience may be manifested in UET studies has resulted in more studies on the subject with scholars being more precise about the nature of the experience and its implication on choice of strategy. Ma and Zhao (2022) studied the impact of TMT heterogeneity on enterprise innovation for listed companies in China. The nature of experience under study was functional experience and industrial experience. The results revealed the positive relationship between functional experience heterogeneity and innovation quality while industrial experience heterogeneity portrayed a negative relationship. This relationship is mediated by enterprise partner diversity and technological participation.

The introduction of moderators in the relationship was further supported by Zhu and Chen (2015) in a study to establish the impact of prior board experience on corporate strategy in Fortune 500 companies. The findings revealed that CEO narcissism played an intervening role in the relationship whereby narcissist CEOs resisted the influence of the board by choosing strategies that are opposite of what the experience of the board of directors would suggest. This meant that the organizational outcomes observed were not subject to board heterogeneity but CEO's

personality. UET studies therefore need to consider this aspect which aligns with the foundational theory where managerial discretion is considered a major moderator.

TMT characteristics have been found to influence other strategic choices of the firm including internationalization and its IPO timing. Yang et al (2011) explored the impacts of CEO characteristics on a firm's IPO timing for companies in the US software industry. The findings revealed that CEO prior executive experience had a significant impact on a firm's time to IPO. Mohr and Batsakis (2019) arrived at a similar conclusion in the study on the effect of TMT experience on the pace of internationalization of firms. The results established a U curved shape relationship between the two variables, moderated by competitive pressure in the industry. The study could not confirm the moderating role of geographical scope and product diversification.

Prior experience in some UET relationships has been found to play a moderating role (Heyden et al, 2017). In the study to establish the relationship between TMT characteristics and level of innovation, the findings revealed that prior experience plays a moderating role in the relationship between age and R&D intensity. Bernstein et al (2016) studied the moderating role of effective boards in the relationship between CEO tenure and positive and negative organizational change. The findings revealed that board performance mediates the relationship between the two variables.

As seen above, some empirical studies seem to agree with the UET that TMT characteristics have an impact on the strategic orientation of the firm. Other studies suggest that the impact can only be clear after incorporation of moderating variables while other findings indicate that the relationship is based on contextual factors like the nature of the industry and the size of the firm. Other studies have established no relationship between TMT characteristics and strategic orientation of the firm. Papadakis (2006) investigated the extent to which CEOs of firms shaped the strategic decision-making process in Greece. The results suggested that the broader firm context was more influential than the CEO in decision making. The personality characteristics of the CEO did not appear to have any significant influence in the strategic decision-making process. Johan and Handika (2017) drew similar conclusions in the study on the effects of TMT characteristics on successful turnaround strategy for Indonesian firms. the results suggested that there was no relationship that existed between CEO characteristics and strategic orientation of firms.

Several studies have also focused on the impact of TMT's prior experience on environmental sustainability and governance. Shahab et al (2020) studied the impact of CEO characteristics on environmental performance and reporting in Chinese firms. The study broke down the CEO experience into three: research experience, financial experience and foreign exposure. The results suggested that all types of experience under study had a positive impact on environmental sustainability and reporting. Zappalà (2020) arrived at a different conclusion in the study on the extent to which CEO prior experience and expertise influenced ESG policies in 50 biggest companies in USA and UK. The findings suggested that CEO prior social and environmental expertise had no positive correlation with ESG index of companies.

The empirical studies in this subsection have focused on the role of TMT's prior experience on firm performance, strategic orientation and environmental sustainability. The findings of these studies are conflicting on whether TMT characteristics have an impact on all these aspects and the direction of the relationship in case any is established. It is evident that these differences emanate from the contextual differences arising from industrial variations, ownership and other intervening and moderating variables that future UET studies have to take into account. Additionally, most of the empirical studies seem to focus on the CEO as a representation of TMTs. This has given them a narrow view of the influence of TMT characteristics on organizational outcomes. This calls for application of a broader aspect of TMTs to understand the interactive effects of TMT characteristics. Lastly, the empirical studies are mostly skewed towards performance outcomes and less on corporate strategy orientation, calling for more research in that line.

2.3.3 Gender and strategic choices in firms

The Upper Echelon Theory was among the earliest theoretical foundations to suggest a relationship between gender and managerial outcomes. Although this was not explicitly stated, the theory as discussed in the previous section concluded that managerial outcomes are partly determined by top management team characteristics. Successive empirical studies have sought to expand this knowledge by looking at various demographic characteristics and their impact on managerial outcomes. Gender has been among the aspects under study.

Current empirical studies on EUT have focused and three major outcomes that gender has influenced managerial outcomes. These are firm performance, strategic choices and sustainability. The studies have sought to explain the role of gender in influencing these outcomes both as an

independent variable and as an intervening variable. They have also sought to determine the intervening and moderating variables that affect the relationship. Delgado-Piña et al (2020) studied the productivity effects of TMT gender diversity on Spanish Banks. The results indicated that the presence of women in the board had a trickle-down effect on firms' productivity. Similar findings were reported by Tulung and Ramdani (2016) in the study of the correlation between TMT characteristics and performance in Bank Pembangunan Daerah (BPD) in Indonesia. The study established positive correlation between TMT gender diversity and all performance measures used including ROE, ROA, CAR, NIM, BOPO, RDR and NPL.

Moreno-Gómez et al (2018) investigated the impact of TMT gender diversity on Colombian publicly owned firms. The scope of the study accommodated both top management positions and boards to confirm the existence of a positive relationship between TMT gender diversity and business performance. The study also revealed the role played by performance metrics in displaying the relationship in the two levels, indicating that the relationship at board level was more profound when return on equity was used to measure performance while at top management level it was more profound where return on assets was used as a measure of performance.

The criticality of the measure of performance used in the study of the impact of gender was further demonstrated by Bogdan (2022) in establishing the influence of board's gender diversity on performance. The study used various measures of performance including ROI, ROA and SOL to confirm a positive relationship between gender diversity and financial performance of firms listed in the Bucharest Stock Exchange. A statistically significant impact was only observed where SOL was used as a measure. The findings contradicted Tulung and Ramdani (2016) which established a significant positive relation using all financial performance measures. The findings contributed to the existing literature on UET by emphasizing on the role of a moderator variable in the interaction between gender diversity and financial performance whereby the directors' disclosure index was used as the moderating variable.

The existence of a moderating variable in the relationship between TMT gender diversity and productivity was also studied by Ali and Mohannak (2018) where the moderating effect of board gender diversity was observed. The findings revealed that the positive effect of TMT gender diversity on productivity was much stronger in firms with gender diverse boards. The interaction is also influenced by the size of a firm and nature of activities where large internationalized firms

which are not product diversified experienced a significant positive relationship between the variables (Kaczmareka & Nyuur, 2022). The study pointed to the importance of taking into account the nature of the activities of the firm and the Board size in UET studies.

Zulvinaa and Adharianib (2019) examined the effect of gender among top executives on firm value among Indonesian firms. The results showed a positive correlation between firms with female CEOs and the firm's value. However, only 4% of the CEOs under study were women. The results showed that gender alone does not have an effect on the firm's value, thereby disputing previous findings that gender had a positive effect on firm's value. This variation could be explained by difference in the methodology used to establish a firm's value whereby previous studies used profitability measures of value while the study used Tobin's Q measure of corporate value. The study was also more precise in its isolation of the role of gender as a lone player in influencing the value of the firm.

Marimuthu et al (2015) examined the impact of the TMT demographic diversity on firm performance using panel data approach of 60 top listed firms in Malaysia. Utilizing Tobin's Q measure of financial performance, the findings indicated that demographic diversity at the board had no correlation with market value. This not only supported the findings of Zulvinaa and Adharianib (2019) but also shed light on the importance of future UET studies to be precise on the organizational level under study, whether it's the managerial level or the board level. The conflicting findings were further supported by Chen and Hassan (2021) in the investigation of the relationship between TMT's gender diversity and firm performance. The results revealed a negative relationship between participation of female executives and firm performance of growth enterprises markets' listed companies in China.

The UET empirical studies on TMT gender diversity have also explored the correlation with strategic choices and risk. Bao et al (2014) studied the correlation between the presence of women in top management teams and the risk of lawsuits. The findings established a positive correlation between boards with more women and the risk of lawsuits with board tenure being the intervening variable. The perspective of risk being firm-based points to the fact that the analysis of a firm's vulnerability to risks will be based on the individual nature of the firm and the industry. Achuor (2021) studied the impact of gender diversity on firm risk using the standard deviation of the monthly stock returns to represent the level of risk. The results revealed a negative relationship

between the proportion of women on the board and stock return volatility, thereby indicating that inclusion of more women in boards led to improvement of financial stability of firms. The results contradicted those of Ting et al (2015) which painted women as greater risk takers than men. The study concluded that women CEOs and those serving a long term were greater risk takers, pointing to the possibility of higher stock return volatility.

Gender sensitivity in TMTs and its correlation with strategic choices away from risk appetites has been a topic of several empirical studies. Awa et al (2011) investigated the impact of gender sensitivity on the extent of adoption if IT for SMEs in Nigeria. The results disclosed that most of the TMT characteristics including gender sensitivity had a significantly strong predictive power on IT adoption for the firms under study. A similar conclusion was established in the study of the effect of TMT characteristics on earnings management, specifically for troubled non-listed Nigerian firms (Taleatu et al, 2020). The results showed that there was a significant positive relation between CFO's gender and higher earnings management. However, the study did not go further to demonstrate correlation between TMT gender diversity and earnings management.

Post & Boone (2022) sought to shed light on what happens in firms once women are incorporated into TMTs. Besides finding a positive correlation between more women in TMTs and change orientation, the study explained that the positive changes were as a result of shifts in top management teams' cognitions which caused an increased attention to research and development. The findings differed with prior studies on correlation between women in leadership and risk taking (Ting et al, 2015) whereby they concluded that women were less risk takers. The aspect of gender diversity and strategic choices has been furthered to incorporate internationalization (Lee & Moon, 2016). The research explored the demographic determinants of internationalization of restaurants in USA with findings pointing to a negative relationship between CEO gender and internationalization. The results confirmed UET suggestion that TMT characteristics had an implication on strategic outcomes but differed with empirical studies on account of women and risk taking.

The role of moderating variables in the relationship between TMT's gender diversity and organizational outcomes has been critical in attempting to mediate the conflicting empirical research findings. Richard et al (2019) studied the role of TMT gender diversity in fostering strategic change for high tech firms. the results found that TMT educational background diversity

and industrial factors such as inter-organizational formation of strategic alliances positively moderated the relationship. A similar conclusion on the criticality of a moderating variable was arrived at by Richard et al (2013) in establishing the impact of gender and racial diversity on financial performance of firms. The results revealed that in absence of a moderating variable, gender diversity had no impact on management and firm performance. Introducing participative strategy making aspects to the relationship revealed a positive relationship with high PSM and a negative relationship with low PSM. Similar research findings were arrived at by Tang et al (2021). The study revealed the mediating effect of psychological safety and how that effect can be moderated by firm slack. The study made a unique consideration of TMT composition by looking at gender diversity for men and women in a balanced way as opposed to other studies that were female focused in looking at TMT gender diversity.

In the wake of environmental and social consciousness, the issue of environmental and social sustainability has gained traction. UET studies have therefore incorporated this aspect in empirical studies seeking to establish whether TMT characteristics have an influence in the adoption of social and environmental sustainability initiatives. Nadeem et al (2020) studied the influence of board gender diversity on environmental innovation among US listed firms. The results showed a significant positive relationship between the two variables whereby the relationship was much stronger in firms operating in environmentally sensitive industries as well as less profitable firms. The findings pointed to the importance of moderating variables around the business environment both internally and externally. A similar conclusion was arrived at by Naveed et al (2023) whereby the results confirmed the existence of a positive relationship anchored on fulfillment of predefined industry-based conditions. This was symmetrical to the findings of (Wu et al, 2022) where a multiteam approach to UET study was adopted. The results aligned with other studies in demonstrating the existence of a significant positive relationship between gender diversity in both top management teams and the board of directors and green innovation.

The moderating effect of TMT and board gender diversity in line with social and environmental sustainability has been addressed in several studies. Orazalin et al (2020) explored the moderating role of gender diversity in the relationship between corporate social responsibility and environmental performance. The findings established a positive relationship between CSR and environmental performance, which is negatively moderated by the effect of board gender diversity.

Lestari and Soewarno (2023) took a different approach in establishing the relationship, whereby the moderating role of green innovation on the relationship between TMT gender diversity and firm value was studied. The findings reveled the existence of a positive relationship between the two variables mediated by green innovation. This was symmetrical to prior studies on board gender diversity and firm value. Alazzani et al (2017) explored the impact of board gender diversity on social and environmental performance in Malaysian firms. The results confirmed various studies on the positive impact of board gender diversity on social performance. However, the findings revealed no association between board gender diversity and environmental performance. This was contradictory to other studies on the relationship between the variables.

Empirical literature review in this thematic area has revealed key areas of interest for scholars in the study of the role of TMT gender diversity in influencing the organizational outcomes. These areas include sustainability, performance and strategic choices. The findings have yielded conflicting results of the existence of a relationship and its direction. Scholars have attempted to account for these variations by indicating that they stem from differences in metrics in case of performance, methodology, moderating variables and other internal and external environmental factors. This has underscored the importance of analyzing the moderating role that the business environmental could play in influencing the relationship as well as assessing the right measurement metrics. Secondly, studies in this area have mostly focused on existence of women in top management teams to explain the influence of gender diversity instead of addressing gender balance as a whole. This has left the issue open to study as it is still impossible to tell whether the participation of women was measured by the existence of a woman CEO, one or several women in the board, etc.

2.4 Summary of literature and research gaps

Literature review conducted in this chapter revealed research gaps that this study revealed some key conceptual, contextual and empirical gaps. Diversity has been studied as a general concept at times used interchangeably with heterogeneity without clearly defining the construct under study. Besides, past studies have focused on a few aspects of heterogeneity with only a few studying the independent and interaction effects of these aspects. The studies also appear to focus on the CEO characteristics in the study of TMTs, ignoring the existence of other members of the team who are critical in the making of strategic decisions. The existing empirical studies have also mainly

focused on three major aspects of organizational outcomes: organizational performance, strategic orientation and CSR & environmental sustainability with only a few focusing on corporate strategy choices such as product growth and market growth. Lastly, past studies on diversity of TMTs have focused mostly on companies and a few on public corporations. Only a few have focused on TMTs diversity and its impact on SACCOs. The results from this sector could vary based on two aspects. First, SACCOs aim at achieving certain social economic objectives which have to be balanced unlike the other sectors. Secondly, the members (shareholders) of a SACCO mostly double up as the customers thereby posing challenges in the making of corporate strategy decisions (Anania, 2015). The table below summarizes those gaps.

Table 2.1 Summary of Literature and Research Gaps

Author	Title	Findings	Research Gaps	Current Study
Moreno-Gómez et al (2018)	Impact of TMT gender diversity on Colombian publicly owned firms	Gender diversity has a positive impact on performance of publicly owned firms	Conceptual-the study focuses on diversity and not heterogeneity.	Heterogeneity and the role of board gender constitution in making strategic choices in firms
Zhang (2017)	Impact of TMT characteristics on firm performance and agglomeration economies	Age but not prior experience helped firms realize potential benefits	Empirical conflict-study differed with other similar studies	Studies both age and prior experience to establish the correlation
Li (2011)	Career Concerns and the Busy Life of the Young CEO	Younger CEOs pursue more active and bold investment decisions	Methodological-The study focuses on the CEO as unit of analysis	Focuses on the entire board as unit of analysis

Tran and Pham (2020)	Effect of CEO age on environmental performance	There was no relationship between the two attributes	Empirical conflict-study differed with other similar studies on age	Seeks to ascertain the relationship between the two variables
Belenzon (2019)	CEO's age and the performance of closely held firms	Younger CEOs pursue more investments leading to high sales growth and higher profitability. Older CEO's strategies have higher chances of survival.	Contextual-The study focuses on closely held firms which are shareholder owned	Focuses on SACCOs which are member owned
Zattoni (2019)	To what extent are CEO's expertise, experience and commitment able to influence ESG policies	Highly experienced CEOs have higher ESG ratings for their companies	Methodological-The study focuses on the CEO as unit of analysis	Focuses on the entire board as unit of analysis
Heyden (2015)	innovating beyond the horizon: CEO career horizon, top management composition, and R&D intensity	CEO prior experience correlates with a firm's strategic choices	Methodological-The study focuses on the CEO as unit of analysis	Focuses on the entire board as unit of analysis

2.5 Conceptual framework

This is a representation of the relationship between the dependent and independent variables as shown in figure 2.1. The framework shows that age, industry background and gender constitution of the boards all have the capacity to determine the corporate level strategy choice of a SACCO. The corporate level strategy selected can either be a product growth strategy, market growth strategy or a mixed growth strategy (Heiens, 2010). The research seeks to determine the correlation among the factors and the corporate level strategies chosen by DT SACCOs in Nairobi.

Figure 2.1 Conceptual Framework

Board gender heterogeneity
- Male skewed
- Balanced
- Female skewed

Board Industrial background heterogeneity
- SACCO's dominant industry
- Mixed industrial background

Board members' age heterogeneity
- Below 55
- Balanced
- Above 55

Corporate level strategy choices
- Product growth
- Market growth
- Mixed growth
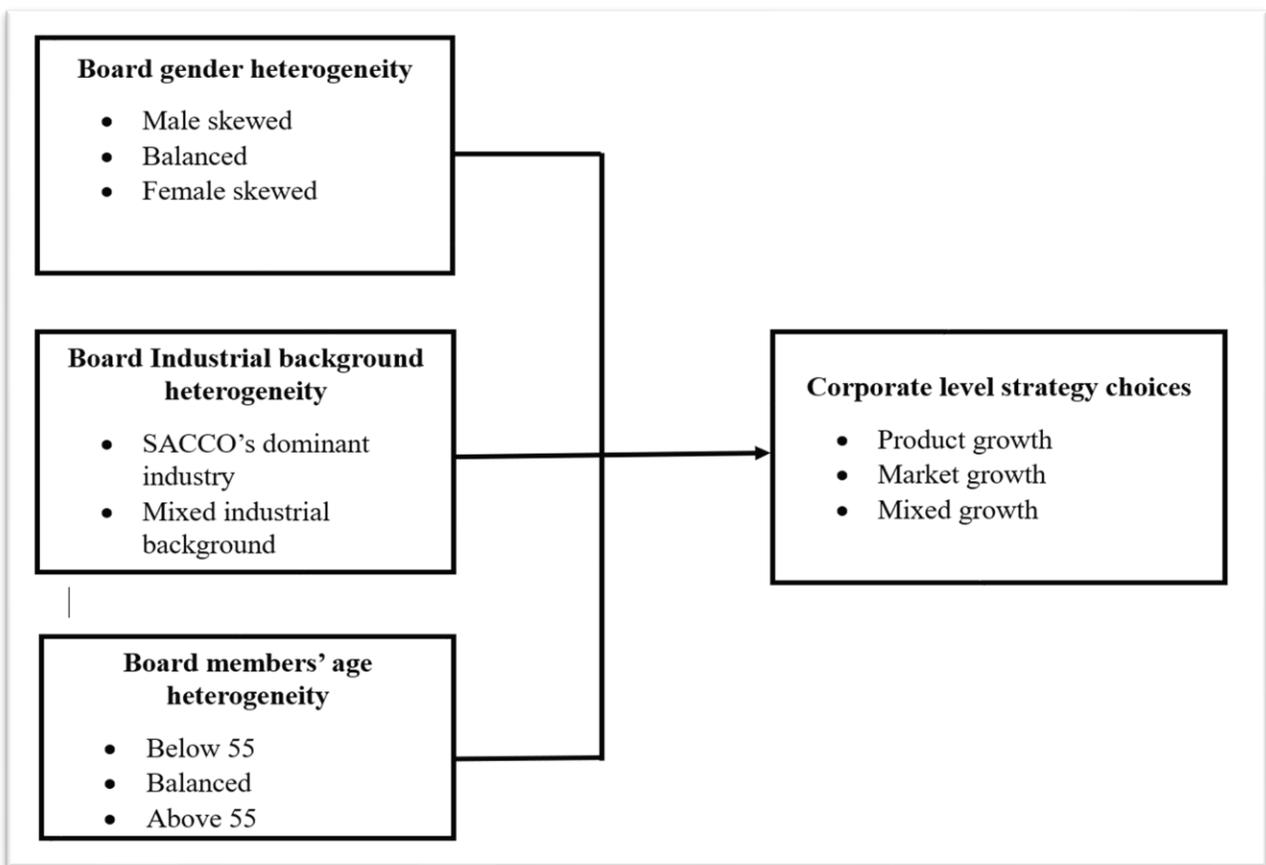
Source: Current researcher

Table 2.2. Operationalization of variables

Variable	Measurement (Ratio)	Data collection tool	Data Analysis	Supporting literature
Gender heterogeneity	Male skewed Balanced Female skewed	Questionnaire	Correlation analysis	(Moreno-Gomez et al. 2018)
Industrial experience heterogeneity	Dominant industry Mixed experiences	Questionnaire	Correlation analysis	(Woo, 2019)
Age Heterogeneity	Below 55 Mixed Above 55	Questionnaire	Correlation analysis	Saeed & Ziaulhaq (2019)
Corporate level strategy choices	Product growth Market growth	Questionnaire	Correlation analysis	(Heiens,2010)

Source: Current researcher

2.6 Summary of the chapter

The chapter conducted a literature review of the foundational theories around strategy analysis and possible strategy determinants as well as critiques of those theories. The chapter also conducted a review of the empirical studies carried out around the Upper Echelon Theory and the findings. The chapter also identified the research gaps and provided a conceptual framework to represent the relationships between variables.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter shall present the research design, target population, sampling frame, sampling techniques and instruments, data collection procedures, pilot tests, data processing and analysis. This will be crucial in ensuring that the methods applied lead to the attainment of the intended objectives of the study.

3.2 Research philosophy

Philosophy in research refers to the basic world view or belief system that guides the research (Bauer, 2016). It represents the basic assumptions of why the researcher is undertaking the investigation, the features of the object under investigation and the best methodology for examination. The research philosophies are pragmatism, positivism, critical realism and constructivism. The positivist view is founded on the belief that there is an objective way to understand the social world (Bauer, 2016). The researcher in this case assumes that social phenomena exist independent of the actors. The research philosophy is empirical and quantitative in its nature and used to generate facts from the sample that are useful in drawing inferences about a population.

In the positivist world view, determinism is key whereby the assumption is that for any given phenomenon, the causes determine the results. Researches that adopt positivist approach start by gathering and presentation of theoretical underpinnings and then proceed to data collection for use in proving or disapproving the theories (Bauer, 2016). Ontologically, positivism assumes that data is solely responsible for shaping knowledge beyond any other judgement. It is therefore based on the belief that there is only one reality though its conceptualization could be imperfect due to limitations of the human participants. Therefore, the conclusions of reality end up being probabilistic. This study adopted the positivist view as it relied on quantitative data to determine the existence of correlation between the study variables.

3.3 Research design

Bauer (2016) described a research design as a masterplan that specifies the data collection and analysis methods and procedures. It therefore acts as a framework aimed at guiding the data

collection and analysis function. A good research design is objective, reliable, adequate, valid and generalizable.

A descriptive research design seeks to establish the relationship between two or more variables in a population. This design is critical in determining the prevalence, relationship among variables and prediction of events based on the current data and knowledge (Curtis et al, 2015). A descriptive research design is defined as one that seeks to describe a phenomenon and its features (Nassaji, 2015). The study is more concerned with the question of what and not how or why certain phenomenon exist. The study therefore exploits various quantitative data analysis techniques such as use of averages, frequencies, percentages and other statistical analysis tools that can be used to explain relationships. A descriptive research design was used in this study as it sought to explain relationship between variables in all the 44 DT SACCOs in Nairobi at a single point in time.

3.4 Target Population

This refers to the whole group of objects under study (Bauer, 2016). The target population for this study was CEOs in the 44-deposit taking SACCOs in Nairobi (SASRA, 2022). Census technique was used whereby a total of 44 respondents were surveyed.

3.5 Sampling frame

This refers to the list of items in the population under study. It defines a set of elements from which a population sample is selected (Bauer, 2016). The sampling frame of this research was the list of licensed DT SACCOs within Nairobi as provided for by SASRA in 2022. Sampling for the study was not conducted since the target population small, therefore leading to application of the census technique. The analysis unit was the SACCO CEOs since they are involved in strategic decision making at the board level as well as day to day running of the SACCO and therefore have full information of the possible determinants in making strategic decisions.

3.6 Data collection procedures and instruments

3.6.1 Data collection instruments

This study used questionnaires for collection of primary data. Structured questionnaires with quantitative closed questions focusing on various aspects of board composition and strategic choices undertaken in the last five years were applied. The questionnaire was divided into six sections. Section A covered the demographic information of the respondents while section B

covered the organizational profile of the respondents. Section C covered the board age heterogeneity, section D covered the board gender heterogeneity, section E covered the board prior experience heterogeneity and section F covered the corporate level strategies adopted by the SACCO. Appendix I provides the questionnaire that was used.

3.6.2 Data collection instruments and procedure

The study only relied on primary data which was collected through administration of structured questionnaires. Similar studies that have applied this method include Adusei (2019), Achour (2021) and Buse (2016). A questionnaire containing six sections was employed on the 44 CEOs representing the 44-deposit taking SACCOs under study. Before the administration of the data collection instrument, the respondents were assured of confidentiality and anonymity of their responses. All the questionnaires were self-administered through utilization of the drop and pick later method as well as emailing of the Google forms between February and March 2024. All of the questions in the tool were quantitative in nature, majorly focusing on board demographics and the demographics of the respondents as well as the corporate level strategy choices of the SACCO. The questionnaire items were developed from the existing literature while performing some modifications to suit the study context.

3.7 Data analysis and presentation

After data collection, the data was cleaned to eliminate inconsistencies and deal with any missing values through imputation. After data cleaning, the data was coded and analyzed using SPSS version 29. Data analysis took place in two levels where the first level dealt with descriptive statistics while the second one focused on inferential statistics. The aim of descriptive statistics was to summarize the distributions and describe a set of data factors within the study. The analysis was therefore useful in profiling the respondents. Descriptive statistics was carried out by obtaining the means, frequencies and standard deviations and the results displayed in tables. Descriptive statistics was also useful in exploring through the data to establish patterns and relationships which may not have been readily apparent in inferential statistics.

The nature and magnitude of the relationships between the variables was conducted through inferential analysis. The aim of the study was to establish the influence of the variables in the study and therefore, Spearman's rank correlation method which specifies the direction and strength of a relationship without assuming normality was used. The Spearman's correlation coefficient was

used to determine the direction and strength of the relationship while the statistical significance was checked using the P-value. A correlation coefficient of >+/-0.5 was deemed as strong while P values of ≤ 0.05 demonstrated statistical significance. Regression analysis was used to establish the causal relationship between the study variables. The regression model was as follows:

$$Y = \alpha + \beta_1 G + \beta_2 B + \beta_3 A + \varepsilon$$

Where:

α = the constant

β_1 β_2 and β_3= regression coefficients

G = Gender heterogeneity

B = Industrial background heterogeneity

A= Age heterogeneity

ε = Error term

3.8 Research quality

The quality of the research was gauged via a pilot study. This refers to a study undertaken before the main study (Fraser et al, 2018). The aim of the pilot study was to establish whether the data collection tool would serve the intended purpose. This included testing whether the questions in the questionnaire were sufficient to answer the research questions and their reliability. The test was conducted on 4 managers randomly selected. This represented 10% of the sample size. The respondents for the pilot study did not participate in the final study.

3.8.1 Validity of the research instrument

This refers to the extent to which the research outcomes represent the true findings if the same instrument was to be applied on similar individuals outside the study (Taherdoost, 2016). The major types of validity are consent, criterion, face and construct. The main types of validity include; face validity, content, construct and criterion validity. Face validity measures the extent to which the measure is related to the specific construct in the eyes of non-experts. Face validity evaluates if the questionnaire is feasible, readable, has consistency of style and if it uses clear language (Taherdoost, 2016). Content validity evaluates if the items in the instrument reflect the

content and if it has included all the desirable items leaving out the undesirable ones. Construct validity tests if the ideas were translated into functioning and operating reality. Finally, criterion validity examines the extent to which a measure is related to an outcome. This study relied on both content validity and face validity to establish the validity of the research instrument. This was measured by discussing the questionnaire with experts in the field of strategy and operations involving SACCOs. The variables in the tool were found to be valid indicators of the constructs that they were intended to measure.

3.8.2 Reliability of the research instrument

This is concerned with the extent to which the research instrument is able to measure a phenomenon and provide stable and consistent results (Taherdoost, 2016). It is also concerned with the repeatability of the results where a measuring instrument is considered to be reliable if it produces the same results on a repeated test under similar conditions. This study adopted the test-retest reliability test whereby reliability of the tool is measured through administration of the same questionnaire to a similar sample at different times (Sürücü & Maslakçi, 2020). It is suggested that the interval period between the two tests should be neither too short, nor too long to ensure accuracy of the results. An interval period of 1-2 weeks is therefore suggested. A high correlation between the two test results indicates high reliability. For this test, the tool administered during the pilot study was then issued to the same group after one week. A correlation coefficient of above 0.80 was deemed within the acceptable range. The results are shown below:

Table 3.1 Test-retest reliability test

		Results
Gender heterogeneity	Spearman's correlation	0.962
	Sig.(2-tailed)	0.001
Industrial experience heterogeneity	Spearman's correlation	0.901
	Sig.(2-tailed)	0.001
Age heterogeneity	Spearman's correlation	0.876
	Sig.(2-tailed)	0.001

Strategy choices	Spearman's correlation	0.957
	Sig.(2-tailed)	0.001

The above results indicate a Spearman's correlations of above 0.80. The data collection tool therefore met the reliability test.

3.9 Diagnostic tests

Diagnostic tests were performed to ensure that the right analysis method was applied without violation of assumptions. The tests conducted under this study were normality, linearity and autocorrelation tests.

3.9.1 Normality test

Normality test was conducted via Shapiro Wilk and Kolmogorov-Smirnov test to ensure that the data is fit for use in parametric tests and determine the correlation analysis test to be applied. The results are indicated below:

Table 3.2 Shapiro-Wilk Test for Normality

Normality tests

	Kolmogorov-Smirnov			Shapiro-Wilk		
	Statistic	df	Sig	Statistic	df	Sig
Gender heterogeneity	0.338	31	<0.001	0.781	31	<0.001
Experience heterogeneity	0.286	31	<0.001	0.603	31	<0.001
Age heterogeneity	0.279	31	<0.001	0.779	31	<0.001
Market growth	0.463	31	<0.001	0.548	31	<0.001
Product growth	0.482	31	<0.001	0.509	31	<0.001

Source: Primary Data

As observed, the data did not follow a normal distribution curve since the p values were all <0.05, Spearman's correlation test was then picked as the most suitable test as it does not assume normality.

3.9.2 Test for monotonic relationship

Apart from the assumption of dealing with ordinal or ratio data, Spearman's correlation test also assumes a monotonic relationship between variables (Sedgwick, 2014). All linear relationships are

monotonic (Schober et al, 2018). Therefore, the data was tested for linearity to establish the existence of a monotonic relationship. The results are tabulated below:

Table 3.3 Linearity Test (ANOVA test)

Variables	F	Sig
Gender Heterogeneity	0.180^P 0.234^M	0.675^P 0.633^M
Experience heterogeneity	0.009^P 0.281^M	0.924^P 0.601^M
Age heterogeneity	0.005^P 0.307^M	0.945^P 0.584^M

P. Product growth strategies

M. Market growth strategies

Source: Primary Data

The results of the linearity test as shown in table 3.3 above showed that all readings were above 0.05, thereby confirming the existence of a linear relationship between the predictor variables and the corporate strategies under study. Since the relationship was linear, it was hence concluded to be monotonic.

3.10 Ethical considerations

Ethics refer to the behavior or code of conduct expected to be upheld by the researcher. Research ethical considerations emphasize the need to observe voluntary consent, withdrawal liberty and protection from mental and physical harm (Hasan et al, 2021). Due care was given to strict adherence of research procedures more so those dealing with human subjects. As the research involved human participants, caution was taken to see to it that they were not negatively affected in any manner and the research was not carried out for personal gain. Research permit was sought prior to research study. Thus, approval was sought from Strathmore University and NACOSTI before carrying out the actual research. Throughout the process of research, the following ethical issues were observed: confidentiality and anonymity, voluntary participation and fairness on the respondents. If any respondent was uncomfortable participating in the research, they were allowed to quit. The data collected was treated with utmost confidentiality and was only be used for research purposes.

3.11 Chapter Summary

This chapter has discussed the underlying research philosophy of the study, adopted design, target population, sampling, data collection methods and procedures. It has also discussed the data analysis and presentation approaches applied as well as the research, validity, and reliability tests. The chapter has also addressed the diagnostic tests carried out for non-parametric data and the ethical considerations in data collection, analysis and reporting.

CHAPTER FOUR

PRESENTATION AND ANALYSIS OF RESEARCH FINDINGS

4.1 Introduction

The main aim of this study was to establish the influence of board heterogeneity on corporate level strategy choices (product growth or market growth) for deposit taking SACCOs in Nairobi. The aspects of board heterogeneity under study were gender, industrial experience and age. This chapter presents the findings on the descriptive statistics by presenting the findings on the response rate, demographic profiles, means, standard deviations and frequency distributions. The chapter also provides inferential statistics in terms of correlation and analysis which was the hallmark of the study. The data was collected using a questionnaire and the responses coded into a ratio scale for comparative and correlational analysis.

4.2 Response rate

The study conducted a survey of 44 deposit taking SACCOs in Nairobi licensed by the SACCO Societies Regulatory Authority (SASRA) year 2022. The study period was between February and March 2023. The questionnaires were self-administered to CEOs of all the 44 licensed deposit taking SACCOs. The response rate is tabulated below:

Table 4.1 Response rate

Response Rate	Frequency	Percentage
Returned	31	70.45
Unreturned	13	29.55
Total	44	100

Source: Primary Data

Table 4.1 above shows that 44 questionnaires administered to 44 CEOs representing each DT SACCO in Nairobi. Out of the 44, 31 responses were received, representing 70.45% while 13 responses representing 29.55% were not received. Fowler (2013) suggests that a 70% response rate is sufficient for analysis and drawing of inferences. The response rate was therefore found fit to proceed with statistical analysis.

4.3 Demographics profiles of respondents

The research targeted 44 CEOs of deposit taking saccos in Nairobi. The aim of issuing the questionnaires was to gather primary data for use in the study. The first section of the tool asked the respondents to provide demographic statistics which would aid in formulation of demographic profiles for the study. These are represented in the subsections under this section.

4.3.1 Gender of the respondents

The study required participants to indicate their gender. The results are represented below:

Table 4.2 Gender of respondents

Gender	Frequency	Percentage
Male	26	83.9%
Female	5	16.1%
Total	31	100

Source: Primary Data

The results above indicate that 83.9% of the respondents were men while women formed 16.1% of the respondents. This indicates that men dominate the CEO positions in deposit taking SACCOs in Nairobi.

4.3.2 Age of the respondents

The respondents were asked to indicate their age gaps within the classes provided. The results are illustrated below;

Table 4.3 Age of respondents

Age	Frequency	Percentage
31-40	1	3.2
41-50	15	48.4
Above 50	15	48.4
Total	31	100

Source: Primary Data

The findings indicate that a sizeable number of respondents were distributed between ages 40-50 and above 50 years with both classes controlling 48.4% of the respondents. Only one respondent, representing 3.2% was below the age of 40 years. The results therefore demonstrate that young

people are under-represented in CEO positions in DT SACCOs in Nairobi. This could be as a result of experience requirements that come with the position, thereby locking out young people.

4.3.3 Highest Level of education

The survey also requested the respondents to indicate their highest level of education between undergraduate and postgraduate. The results are indicated below:

Table 4.4 Level of education

Level	Frequency	Percentage
Undergraduate	9	29
Post graduate	22	71
Total	31	100

Source: Primary Data

The results above indicate that sizeable majority of the SACCO CEOs represented by 71% had pursued post-graduate studies with only 29% holding an undergraduate degree as the highest level of education.

4.3.4 Work experience in the position

The study requested the respondents to indicate the number of years they had served in the CEO position. This was categorized in ranges between less than 10 years, 11-20 years and 21-30 years. The results are tabulated below:

Table 4.5 Work experience of the respondents

Work experience	Frequency	Percentage
10 years and below	20	64.5
11-20 years	9	29
21-30 years	2	6.5
Total	31	100

Source: Primary Data

The results above indicate that majority of the respondents had an experience of 10 years or less serving as CEOs. 29% of the CEOs had between 11 and 20 years of experience while only 6.5% had more than 20 years serving in that capacity. Long managerial tenures have been associated with a higher amount of discretion and vice versa.

4.4 Corporate Level strategy choices in DT SACCOs

This section addresses the corporate level strategy choices adopted by SACCOs and classified into either market growth or product growth strategies as applied in (Heiens, 2010). The descriptive statistics for the two classifications are shown below:

Table 4.6 Frequency distribution for corporate level strategy choices

Strategy choice	Frequency	Percent
Market growth strategies	6	19.4
Product growth strategies	9	29
Mixed growth strategies	16	51.6

Source: Primary Data

From the above frequency table, it is evident that most of the DT SACCOs in Nairobi, represented by 51.6% adopted mixed corporate level strategy choices. This means in undertaking their strategic choices, the SACCOs chose both product and market growth strategies. 29% of the SACCOs undertook product growth strategies while 19.4% undertook market growth strategies. This represents a preference for SACCOs to both reach new markets while at the same time expanding their product base to retain current customers.

4.5 Board heterogeneity in DT SACCOs

Descriptive statistics for gender, experience and age heterogeneity were computed in the following sections:

4.5.1 Descriptive statistics for board gender heterogeneity

Descriptive statistics for board gender heterogeneity were computed and tabulated as follows:

Table 4.7 Descriptive statistics for board gender heterogeneity

Board heterogeneity	N	%	Median	Mean	Standard deviation
Male Skewed	21	67.8	6	7	1.354
Heterogenous	7	22.6	5	5	1.153
Female skewed	3	9.6	5	6	1.116
Total	31	100			

Source: Primary Data

The results show that majority of the SACCOs had male skewed boards which represented 67.8% of the total respondents. The male skewed boards had a mean of 7, meaning that on average, a male skewed board had seven members out of the possible 9 board members. The standard deviation was close to one representing only a slight deviation from the mean. The results also demonstrated that heterogenous boards represented 22.6% of the respondents with a mean of 5 and a standard deviation of 1.153. Lastly, there were only 3 female skewed boards, representing 9.6% of the respondents and a mean of 6. This meant that on average, female skewed boards had a representation of 6 women out of the possible 9.

4.5.2 Descriptive statistics for board industrial background heterogeneity

The study also computed descriptive statistics for board industrial background heterogeneity. Here, respondents were classified as being either drawn from the dominant industry within the SACCO or from mixed experiences representing both the dominant industry and outside industrial experiences. The results are represented in the table below:

Table 4.8 Descriptive statistics for board industrial background heterogeneity

Board heterogeneity	N	%	Median	Mean	Standard deviation
Dominant industry	24	77.4	9	8	1.515
Mixed experiences	7	22.6	5	5	1.326
Total	31	100			

Source: Primary data

The above results demonstrate that most of the SACCOs surveyed had board members drawn from the SACCO's dominant industry, represented by 77.4%. On average, 8 out of the possible 9 members in these boards were drawn from the dominant industry from which the SACCO drew its membership. The results also show that 22.6% of the SACCOs had their members drawn from mixed industries where on average, 5 out of the 9 members were from different industries. The results show that in general, industrial experience diversity in DT SACCOs in Nairobi was still low. A standard deviation of around 1 across all categories indicated a slight deviation from the mean.

4.5.3 Descriptive statistics for board age heterogeneity

Lastly, the study computed descriptive statistics for board age heterogeneity whereby respondents were classified as being either below 55, mixed or above the age of 55. The results obtained were as follows:

Table 4.9 Descriptive statistics for board age heterogeneity

Board heterogeneity	N	%	Median	Mean	Standard deviation
Below 55	22	70.97	6	7	1.354
Mixed	5	16.13	5	5	1.153
Above 55	4	12.90	5	6	1.116
Total	31	100			

Source: Primary data

The above results indicated that majority of the SACCOs surveyed had board members below the age of 55, representing 70.97 of the total board members. On average, 7 out of 9 members in boards within this matrix were below the age of 55. The results also show that 16.13% of the SACCOs surveyed had mixed boards with members drawn from both below and above the age of 55. The results also showed that 12.9% of the SACCOs surveyed had on average 6 of their board members above the age of 55. A standard deviation of around one across all categories indicates a low deviation from the mean.

4.6 Correlation analysis

The research sough to determine the correlation between board heterogeneity and corporate strategy choices of DT SACCOs in Nairobi. The study sought to establish whether there were significant relationships between age, gender and experience heterogeneity and corporate level strategy choices of DT SACCOs in Nairobi. Spearman's rank correlation was applied to measure the degree of association through an assessment of both the direction and the strength of the relationship. Spearman's correlation analysis was fit for the study as it applied ordinal data that did not follow a normal distribution. Spearman's correlation coefficients range from -1 to +1 whereby negative values indicate an inverse association while positive values indicate a positive

association. Specifically. Spearman's coefficient <0.3 indicates a weak correlation, coefficient >0.3<0.5 indicates a moderate correlation while coefficient >0.5 indicates a strong correlation. Lastly, Spearman's correlation = 0 indicates that there is no correlation between the variables under study (Schober et al, 2018).

A ratio scale was used to establish gender heterogeneity whereby a ratio difference of 1 was accepted to represent a heterogenous board since most boards were comprised of odd numbers. The results of the correlation analysis are represented in the table below:

Table 4.10 Correlation analysis for board heterogeneity and corporate level strategy choices

	Gender heterogeneity	
Product Growth	Spearman's correlation	.944*
	Sig.(2-tailed)	0.00
Market growth	Spearman's correlation	-.944*
	Sig.(2-tailed)	0.00
	Industrial Experience heterogeneity	
Product growth	Spearman's correlation	-0.302
	Sig.(2-tailed)	0.430
Market growth	Spearman's correlation	0.302
	Sig.(2-tailed)	0.430
	Age of board members' heterogeneity	
Product growth	Spearman's correlation	0.882*
	Sig.(2-tailed)	0.04
Market growth	Spearman's correlation	0.882*
	Sig.(2-tailed)	0.04

Source: Primary Data

The results above indicate that there is a strong positive correlation between gender heterogenous boards and product growth choices represented by a correlation of 0.944 at 99% level of significance. There is also a significant strong negative correlation between gender heterogeneous boards and market growth strategy choices for SACCOs. The results also show that there is an insignificant but positive relationship between industrial experience heterogeneity in boards and market growth strategy choice. Lastly, the results show that there is a strong positive correlation between board age heterogeneity and mixed corporate level strategy choices. This is supported by

a correlation of 0.882 between board age heterogeneity and both product and market growth strategy choices at 95% confidence level.

4.7 Regression analysis

This section presents the results of the regression analysis. The analysis is critical in assessing the causal relationship between the study variables as demonstrated in the conceptual framework. The research had three objectives, translating to three research questions which this section shall seek to answer through both simple and multiple regression to establish their statistical significance. The study sought to establish the influence of board heterogeneity on corporate level strategy choices of DT SACCOs in Nairobi. Specifically, the study sought to establish the influence of board gender, industrial experience and age of board members on corporate level strategy choices.

Therefore, regression analysis for each variable was conducted before carrying out overall regression for model formulation and prediction. This was also important to understand the independent variables that had most influence on the dependent variable and the statistical significance of the relationship.

4.7.1 Regression analysis for board gender heterogeneity

The research sought to determine the influence of board gender heterogeneity on the choice of corporate level strategy. Board gender heterogeneity was measured by the ratio of male to female board members whereby a ratio of 1:1 or near was acceptable. The results are shown below:

Table 4.11 Regression analysis for board gender heterogeneity

Model summary				
Model	R	R square	Adjusted R square	Std. Error of the Estimate
Gender heterogeneity	.944	.891	.864	.030
ANOVA				
	Sum of Squares	Df	Mean Square	F	Sig.
Regression	.030	1	.029	32.667	.005
Residual	.003	4	.000		
Total	.033	5			

Regression coefficients					
	Coefficients	Standard Error	B	T	P-value
(Constant)	1.100	.327		3.365	.02
Gender heterogeneity	.636	.111	.515	5.715	.004

a. Dependent variable: Corporate level strategy choices

b. Independent variable: Gender heterogeneity

Source: Primary data

The results above show that the coefficient for determination (R^2 =.891). This shows that board gender heterogeneity explains 89.1% of the corporate strategy choices with other factors of the model explaining 10.1%. An F value of 32.667 and a P value of 0.005 which is less than the threshold of 0.05 shows that there is a significant relationship between board gender heterogeneity and corporate level strategy choices. The regression coefficient results show that a unit increase towards board gender heterogeneity influences the choice of a corporate level strategy by 0.636.

From the above results, the regression model for the influence of board gender heterogeneity on corporate level strategy choices can be summarized as follows:

Y= 1.1 + 0.636G; where Y= choice of corporate level strategy, G= Gender heterogeneity

4.7.2 Regression analysis for industrial background heterogeneity

Regression analysis to establish the influence of board industrial experience heterogeneity on corporate level strategy choices was also conducted. The analysis used the ratio of members drawn from the SACCO's dominant industrial background to those drawn from other industries whereby a ratio of 1:1 or close was accepted. The results are presented in the table below:

Table 4.12 Regression analysis for industrial background heterogeneity

Model summary				
Model	R	R square	Adjusted R square	Std. Error of the Estimate
Industrial background heterogeneity	.302	.091	.087	.697
ANOVA				

	Sum of Squares	Df	Mean Square	F	Sig.
Regression	.341	1	.341	0.702	.429
Residual	3.399	7	.485		
Total	3.74	8			
Regression coefficients					
	Coefficients	Standard Error	B	T	P-value
(Constant)	1.497	.534		2.804	.026
Industrial background heterogeneity	.305	.163	.142	0.838	.429

    a.   Dependent variable: Corporate level strategy choices

    b.   Independent variable: Industrial background heterogeneity

Source: Primary data

The results above show that the coefficient for determination (R^2 =.091). This shows that board industrial background heterogeneity explains 9.1% of the corporate strategy choices with other factors of the model explaining 90.9%. An F value of 0.702 and a P value of 0.429 which is above the threshold of 0.05 shows that there is an insignificant but positive relationship between board industrial background heterogeneity and corporate level strategy choices. The regression coefficient results show that a unit increase towards board industrial background heterogeneity influences the choice of a corporate level strategy by 0.305.

From the above results, the regression model for the influence of board industrial background heterogeneity on corporate level strategy choices can be summarized as follows:

Y= 1.497 + 0.305B; where Y= choice of corporate level strategy, B= Industrial background heterogeneity.

4.7.3 Regression analysis for age of board members heterogeneity

The study also sought to determine the influence of the age of board members heterogeneity on corporate level strategy choices. As with the other variables, a ration scale was used to establish board age heterogeneity whereby a scale of near 1:1 was acceptable. The results of the regression analysis are summarized below:

Table 4.13 Regression analysis for age of board members heterogeneity

Model summary				
Model	R	R square	Adjusted R square	Std. Error of the Estimate
Age heterogeneity	.881	.778	.703	.022
ANOVA					
	Sum of Squares	Df	Mean Square	F	Sig.
Regression	.005	1	.005	10.490	.005
Residual	.001	3	.000		
Total	.006	4			
Regression coefficients					
	Coefficients	Standard Error	B	T	P-value
(Constant)	.823	.327		2.167	.000
Age heterogeneity	.425	.111	.319	3.239	.05

a. Dependent variable: Corporate level strategy choices

b. Independent variable: Age heterogeneity

Source: Primary data

The results above show that the coefficient for determination (R^2 =.778). This shows that board age heterogeneity explains 77.8% with other factors of the model explaining 22.2%. An F value of 10.490 and a P value of 0.005 which is below the threshold of 0.05 shows that there is a strong positive relationship between board age heterogeneity and corporate level strategy choices. The regression coefficient results show that a unit increase towards board age heterogeneity influences the choice of a corporate level strategy by 0.425.

From the above results, the regression model for the influence of board age heterogeneity on corporate level strategy choices can be summarized as follows:

Y= 0.823 + 0.425A; where Y= choice of corporate level strategy, A= Age heterogeneity

4.8 Joint influence of board gender, industrial background and age heterogeneity on corporate level strategy choices

The general objective of this study was to establish the influence of the three aspects of board heterogeneity on corporate level strategy choices for DT SACCOs in Nairobi. It was therefore important to conduct an overall regression analysis for the three predictor variables whereby corporate strategy choices was the dependent variable while board gender, industrial background and age heterogeneity were the predictor variables. The joint effect was established using multiple regression. The results are shown in the table below:

Table 4.14 Joint influence of board gender, industrial background and age heterogeneity on corporate level strategy choices

Model summary				
Model	**R**	**R square**	**Adjusted R square**	**Std. Error of the Estimate**
Board heterogeneity	.602	.362	.341	.355
ANOVA				
	Sum of Squares	**Df**	**Mean Square**	**F**	**Sig.**
Regression	5.909	3	1.969	15.556	.000
Residual	1.519	12	0.126		
Total	7.429	15			
Regression coefficients					
	Coefficients	**Standard Error**	**B**	**T**	**P-value**
(Constant)	1.234	.506		6.004	.000
Gender heterogeneity	.941	.217	.426	4.337	.000
Industrial Background heterogeneity	.009	.435	.342	0.021	.983
Age heterogeneity	.127	.513	.311	0.249	.007

Source: Primary data

The three predictor variables were found to explain corporate level strategy choices by 36.2% represented by and R square of 0.362. This means that variations in corporate level choices are jointly by 36.2% accounted for by gender heterogeneity, industrial background heterogeneity and age heterogeneity while other variables not covered in this study account for 63.8%. An R value of .602 indicates that there is a strong positive correlation between the predictor variables and the corporate level strategy choices of DT SACCOs in Nairobi. A regression coefficient of 0.941 for gender heterogeneity shows that a unit shift of board composition towards heterogeneity influences the choice of a corporate level strategy by 0.941 while that of age heterogeneity shows that a unit shift towards heterogeneity influences the choice of corporate level strategy by 0.127. P values of less than 0.05 for gender and age heterogeneity show that the two variables are good predictors of corporate level strategy choices while industrial background was found to be statistically insignificant. The resulting regression model can be represented as follows:

$Y = 1.234 + 0.941G + 0.009B + 0.127A + 0.506$:

Where;

Y = Corporate level strategy choices for DT SACCOs

G = Board gender heterogeneity

B = Board industrial background heterogeneity

A = Board age heterogeneity

4.9 Chapter summary

This chapter presented findings on the respondent characteristics by providing results of both descriptive and inferential statistics. These will provide a foundation for the interpretation and discussion in the coming chapters in a bid to answer the research questions.

CHAPTER FIVE

DISCUSSION, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

The previous chapter discussed the main empirical findings of the study. This chapter contains the discussion, conclusions and recommendations of the study in line with the objectives and research questions as set out in chapter one.

5.2 Discussion of the findings

The primary objective of the research was to establish the influence of board heterogeneity on corporate level strategy choices of deposit taking SACCOs in Nairobi. Specifically, the study focused on three aspects of board heterogeneity: age, gender and industrial background. The research found a strong positive influence of board gender heterogeneity on corporate level strategy choices. The research also found a strong positive influence of board age heterogeneity on corporate level strategy choices for DT SACCOs in Nairobi. Lastly, the study established that the relationship between industrial background heterogeneity and corporate level strategy choices was insignificant.

5.2.1 Influence of board gender heterogeneity on corporate level strategy choices

The study conducted regression analysis of heterogeneous boards and corporate level strategy choices. The results demonstrated existence of a strong positive relationship between heterogenous boards and corporate level strategy choices.

Therefore, the results revealed that board gender heterogeneity has a strong causal relationship with the choice of corporate level strategy. The results generally support existing literature on the existence of an influence of gender heterogeneity on organizational outcomes (Delgado-Pina, 2020; Tulung & Ramdani, 2016). Further, the results aligned with the findings of Bao et al (2014) which established that gender diversity in top management teams has an influence on the choice of corporate level strategies in firms. However, the results contradicted the findings of Zulvinaa & Adharianib (2019) and Marimuthu et al (2015) which showed that gender alone has no correlation with strategic orientations of the firm.

The findings aligned with the current literature in demonstrating that different genders had different strategic orientations. Bao et al (2014) established the existence of a positive correlation

between boards with more women and the risk of law suits. Achuor (2021) demonstrated the existence of a negative correlation between boards with more women and risk-taking tendencies. These studies therefore presented men as greater risk takers as compared to women. Following the same line of argument, it is therefore clear that based on the gender that dominates the top management teams, strategic orientations will take a given path. As explained by Post & Boone (2022), these differences are as a result of shifts in the cognitive schemas of the top management teams with the incorporation of members of a different gender. This therefore explains why heterogeneous boards adopted a single strategic choice.

The study findings also align with the upper echelon theory in its foundational argument that top management team characteristics influence managerial outcomes. As explained in the theory, the choices made by top management teams are a representation of their cognitive schemas (Hambrick and Mason, 1984).

5.2.2 Influence of industrial background heterogeneity on corporate level strategy choices

The results showed a positive but insignificant relationship between board industrial background heterogeneity. Statistical insignificance is generally associated with occurrences being by chance and not causation (Albajes-Eizagirre, 2019). Statistical insignificance has been previously found to arise from either a small number of observations or the impact being too negligible to be captured (Albajes-Eizagirre, 2019). In this study the focus was on 44 DT SACCOs in Nairobi with 31 returned questionnaires. As indicated in the descriptive statistics, only 7 out of the 31 SACCOs had board members drawn from mixed industrial backgrounds. This could therefore account for the statistical insignificance.

The study findings are consistent with the upper echelon theory that prior experience of top management teams has an influence on organizational outcomes. As explained in the theory, one of the key reasons for that state is that decisions by the top management teams arise from their understanding of reality, cognitive processes, ethical conduct and personal beliefs. These are all influenced by one's industrial experience which to an extent influences the cognitive processes, understanding of reality and assumptions (Hambrick & Mason, 1984)

The results also align with empirical study findings that top management team characteristics have an influence on organizational outcomes (Woo, 2019; Lockmer, 2014; Zhu et al, 2020). The results also associate with those of Williams et al (2017) in the exploration of whether prior outside

experience has an implication on strategic orientation of CEOs. The results were that CEOs with outsider experience brought more strategic changes to the firms. The current study has shown that boards with members drawn from different industrial backgrounds preferred market growth strategies while those drawn from homogenous backgrounds preferred product growth strategies. These findings contrasted those of Abatecola & Cristofaro (2016) which revealed that homogenous characteristics of members of the top management teams had no impact on organizational outcomes. As observed, homogenous industrial experience of board members yielded a different corporate strategy choice as compared to that of heterogenous boards.

5.2.3 Influence of board age heterogeneity on corporate level strategy choices

The study results showed a strong positive influence of board heterogeneity on corporate level strategy choices. From the results, it is evident that board age heterogeneity has a causal effect on corporate level strategy choices. This aligns with the foundational arguments of the upper echelon theory that: first, decisions made by senior management are a representation of their understanding of reality and second, that their understanding is based on their cognitive processes, ethical conduct, beliefs and personal traits (Hambrick & Mason, 1984).

The strategic choices of boards across ages could be possibly associated with risk appetites across generations as revealed by Orens and Reheu (2013) whereby older CEOs preferred high cash holdings and less bolder investments as compared to their young counterparts. These findings were further affirmed by Li et al (2017) whereby young CEOs were found to be more aggressive in undertaking bolder investments that led to growth through acquisitions. Similar findings were also revealed by Saeed and Ziaulhaq (2019) whereby the study concluded that older CEOs were risk averse. This therefore explains why boards with most of their members above the age of 55 preferred product growth strategies which are less risky compared to market growth strategies. The interactive aspects of board age did not have any implication on corporate strategy choices. The study results revealed that boards with members from different age groups eventually opted for a mix of product growth and market growth strategies. Unlike age and industrial background which were observed to arrive at a consensus of product growth and market growth strategies respectively, heterogenous boards in terms of age still opted for mixed choices, clearly maintaining the choices of different age groups.

5.3 Conclusion

The study sought to establish the influence of board heterogeneity on corporate level strategy choices (product growth and market growth) for DT SACCOs in Nairobi. The study specifically focused on board gender, industrial background and age and their independent as well as joint influence on the corporate level strategy choices.

The study concluded that there is a positive influence of gender heterogenous boards on corporate level strategy choices. This meant that as boards shift towards gender heterogeneity, their choice of either product growth or market growth strategies heavily shifted. The research also concluded that the influence of board industrial experience heterogeneity on corporate level strategy choices was insignificant.

Lastly, the study concluded that board age heterogeneity had a strong positive influence on the choice of corporate level strategy. The findings validated the upper echelon theory by demonstrating that top management team characteristics had an association with organization outcomes.

5.4 Contribution of the study

This research contributes to the empirical implications of the upper echelon theory. The study has filled the existing empirical conflict gap, conceptual and contextual gaps in understanding the relationship between the study variables (board gender, age and industrial experience heterogeneity and corporate level strategy choices). This research has not only proven the applicability of the upper echelon theory but also the role of context. As observed, implications of top management characteristics may differ based on various contextual factors including nature of ownership and the mission of the firm.

The study further contributes to the existing body of empirical knowledge. As previously observed, most of the studies bordering on heterogeneity focused on CEOs as units of analysis. However, this study has focused on the board to understand the independent and interactive effects of board heterogeneity. The results have shown the relationship between the two variables with the independent and interactive effects being clearly demonstrated. This forms a foundation for further studies that will incorporate top management teams as the unit of analysis and incorporation of other related variables.

Lastly, the study contributes to in depth understanding by stakeholders in the financial sector on the implication of board heterogeneity on corporate level strategy choices. With this understanding, stakeholders will be in a position to make deliberate choices of board members who will steer the SACCOs to their preferred choices of corporate level strategies, taking into consideration the vision and mission of the SACCO.

5.5 Limitations of the study

Despite providing critical insights boosting theoretical underpinnings and empirical literature around board heterogeneity and corporate level strategy choices, the research is not without limitations. First, the study focused on only three aspects of board heterogeneity (gender, industrial experience and age). There are many other demographic aspects of boards that would possibly have a correlation with corporate strategy choices. Additionally, the study grouped the corporate level strategies into either product growth or market growth strategies. The results in future studies would offer more precision if they further broke down the corporate level strategies.

Secondly, the study focused on the relationship between board heterogeneity and corporate level strategy choices. The study would have been more robust by not only focusing on heterogeneity but also the influence of other factors especially firm characteristics and macro-economic variables that would also influence the choice of corporate level strategies. Lastly, the study relied on quantitative data to derive answers to the research questions. The findings would have been more robust with incorporation of qualitative aspects to understand the process of decision making in boardrooms.

5.6 Recommendations

The study results suggest that board heterogeneity has an influence on corporate level strategy choices of DT SACCOs. The choice between product growth strategies and market growth strategies is affected by the demographic characteristics of the board among them being age and gender. The study therefore recommends that SACCO members take into consideration demographic characteristics of potential board members and assess whether they align with the intended corporate strategy choices of the SACCO. This calls for them to go beyond popularity of an aspiring candidate to assessing the expected outlook of the board in general and how such will imply on the corporate strategy choices.

The study also recommends policy makers to develop sensitization policies for SACCOs to ensure that members are sensitized on aspects such as implication of board heterogeneity on the strategic orientation of the SACCO. This is because in the end, the choice lies with the members as boards of SACCOs are democratically elected. Sensitization will ensure that members elect only those members that they have observed to align with the intended strategic direction of the SACCO.

The study also recommends that researchers and scholars consider advancing UET studies by focusing on other factors not covered in this research and their implication on corporate level strategies of SACCOs. Besides, researchers can also consider conducting the research in other contexts, and studying the causation influences of top management team characteristics. This will not only lead to advancement of the theory but also its applicability in different contexts.

5.7 Research areas for further studies

The research focused on the influence of board heterogeneity on corporate level strategy choices for DT SACCOs in Nairobi. Specifically, the study focused on the influence of board gender, industrial experience and age heterogeneity on corporate level strategy choices (product growth and market growth). The study recommends further studies to incorporate other aspects beyond board heterogeneity. These include firm characteristics and macro-economic variables. The studies could also focus on the moderating effects of aspects such as behavioral integration, power distribution and managerial discretion on the relationship between board heterogeneity and corporate level strategy choices.

Lastly, the study recommends future studies to apply mixed methods in understanding the correlation between board diversity and corporate level strategy choices. This is because such will augment the findings of quantitative design by explaining board decision making processes and further understanding of the interactive effects and the role of other moderating and independent variables.

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Appendices

Appendix I: Introduction letter

Ole Sangale Rd, Madaraka Estate,
P.O Box 59857 00200, Nairobi, Kenya.
Cell: +254 703 414/6/7, Twitter: @SBSKenya
Email: info@sbs.ac.ke or visit www.sbs.strathmore.edu

Strathmore
UNIVERSITY
BUSINESS SCHOOL

15th February 2024

To Whom It May Concern,

RE: FACILITATION OF RESEARCH – PETER NJOORA

This is to introduce Muthoni, Peter Njoora who is a Master of Commerce (MCOM) Student at Strathmore University Business School, admission number MCOM/152304. As part of our MCOM Programme, Peter is expected to do applied research and undertake a project. This is in partial fulfilment of the requirements of the MCOM course. To this effect, Peter would like to request appropriate data from your organization.

Peter is undertaking a research paper on **"Correlation between Board Heterogeneity and Corporate Level Strategy Choices for Deposit-taking SACCOs in Nairobi."** The information obtained shall be treated confidentially and shall be used for academic purposes only.

Our MCOM Programme seeks to establish links with industry, and one of these ways is by directing our research to areas that would be of direct use to industry. We would be glad to share our findings with you after the research, and we trust that you will find them of great interest and of practical value to your organization.

We appreciate your support and shall be willing to provide any further information if required.

Yours sincerely,

Njoki Kiagiri
Manager – Graduate Programmes
Strathmore University Business School.

Strathmore Business School is a Proud member of:

Association of African Business Schools — AABS

AACSB

EFMD

Appendix II: Ethical review approval

Strathmore
UNIVERSITY

14ᵗʰ February 2024

Mr Muthoni Peter,
peter.muthoni@strathmore.edu

Dear Mr Muthoni,

RE: Correlation between Board Heterogeneity and Corporate Level Strategy Choices for Deposit taking SACCOs in Nairobi

This is to inform you that SU-ISERC has reviewed and **approved** your above **SU-masters** research proposal. Your application reference number is **SU-ISERC1967/24**. The approval period is from **14ᵗʰ February 2024 to 13ᵗʰ February 2025.**
This approval is subject to compliance with the following requirements:

i. Only approved documents including (informed consents, study instruments, MTA) will be used.
ii. All changes including (amendments, deviations, and violations) are submitted for review and approval by SU-ISERC.
iii. Death and life-threatening problems and serious adverse events or unexpected adverse events whether related or unrelated to the study must be reported to SU-ISERC within 72 hours of notification.
iv. Any changes anticipated or otherwise that may increase the risks or affected safety or welfare of study participants and others or affect the integrity of the research must be reported to SU-ISERC within 72 hours.
v. Clearance for the export of biological specimens must be obtained from relevant institutions.
vi. Submission of a request for renewal of approval at least 60 days prior to the expiry of the approval period. Attach a comprehensive progress report to support the renewal.
vii. Submission of an executive summary report within 90 days of completion of the study to SU-ISERC.

Before commencing your study, you will be expected to obtain a research license from National Commission for Science, Technology, and Innovation (NACOSTI) https://research-portal.nacosti.go.ke/ and obtain other clearances needed.

Yours sincerely,

Mr Ambrose Rachier,
Chairperson; SU-ISERC

STRATHMORE UNIVERSITY INSTITUTIONAL
SCIENTIFIC AND ETHICAL REVIEW COMMITTEE
(SU-ISERC)
14-Feb-2024
Email:ethicsreview@strathmore.edu
P.O BOX 59857-00200
NAIROBI-KENYA

Ole Sangale Rd, Madaraka Estate. PO Box 59857-00200, Nairobi, Kenya. Tel +254 (0)703 034000
Email admissions@strathmore.edu www.strathmore.edu

Appendix III: NACOSTI Permit

REPUBLIC OF KENYA

NATIONAL COMMISSION FOR SCIENCE, TECHNOLOGY & INNOVATION

Ref No: 973981

Date of Issue: 19/February/2024

RESEARCH LICENSE

This is to Certify that Mr.. PETER NJOORA MUTHONI of Strathmore University, has been licensed to conduct research as per the provision of the Science, Technology and Innovation Act, 2013 (Rev.2014) in Nairobi on the topic: Correlation between board heterogeneity and corporate level strategy choices for deposit taking Saccos in Nairobi for the period ending : 19/February/2025.

License No: NACOSTI/P/24/33294

973981
Applicant Identification Number

Director General
NATIONAL COMMISSION FOR
SCIENCE,TECHNOLOGY &
INNOVATION

Verification QR Code

NOTE: This is a computer generated License. To verify the authenticity of this document,
Scan the QR Code using QR scanner application.

See overleaf for conditions

72

Appendix IV: Research questionnaire for managers/CEOs

This questionnaire is meant to collect information on the influence of Board heterogeneity on corporate level strategy choices for DT SACCOs in Nairobi, Kenya. Data collected from this tool will be used purely for academic purposes and utmost confidentiality is assured.

SECTION A: DEMOGRAPHIC INFORMATION

1. Please indicate your gender:

 (a) Male () (b) Female ()

2. What is your highest level of education?

 (a) Bachelor's degree () (b) Master's degree () (c) PhD ()

3. Please indicate your age bracket:

 (a) Less than 30years () (b) 31 - 40years ()

 (c) 41 – 50years () (d) Above 50 years ()

5. How long have you worked in this position in this SACCO?

(a) Less than 10years

 (b) 11 to 20years

 (c) 21 to 30years

(d) Over 30years

SECTION B: ORGANIZATION PROFILE

1. Name of SACCO.

2. Year of establishment.

6. Size (Number of Branches).

7. Size (Number of Employees/Personnel).

5. Size (Asset base).

SECTION C: BOARD AGE HETEROGENEITY

1. Indicate how many of your board members fall below the following age gaps:

Age gap	Number of members
18-35	
40-55	
Above 55	

SECTION D: GENDER

Indicate how many of your board members are:

Male	Female

SECTION E: INDUSTRIAL EXPERIENCE

1. Indicate how many of your board members have been drawn from the following sectors:

SACCO's dominant industry	**Other industries**

SECTION F: CORPORATE LEVEL STRATEGIES

1. a. In the last 5 years, has your SACCO embarked on any corporate growth strategy?

Yes [ ]   No [ ]

   b. If yes to a) above, please select the nature of the growth strategy adopted from the list:

Corporate Growth strategy	**Tick if adopted**

Product diversification	
Geographical diversification	
Mergers and acquisitions	
Strategic alliances	
Investments outside banking and finance industry	

2. Please indicate any other corporate level strategies undertaken by your SACCO in the last 5 years

Appendix V: Research frame

SACCO Name	SACCO Name
1. Acumen Sacco Society Ltd	26. Nafaka Sacco Society Ltd
2. Afya Sacco Society Ltd	27. Nation Sacco Society Ltd
3. Airports Sacco Society Ltd	28. Nssf Sacco Society Ltd
4. Ardhi Sacco Society Ltd	29. Nyati Sacco Society Ltd
5. Asili Sacco Society Ltd	30. Safaricom Sacco Society Ltd
6. Chai Sacco Society Ltd	31. Sheria Sacco Society Ltd
7. Chuna Sacco Society Ltd	32. Shirika Sacco Society Ltd
8. Comoco Sacco Society Ltd	33. Shoppers Sacco Society Ltd
9. Defence Sacco Society Ltd	34. Stima Sacco Society Ltd
10. Elimu Sacco Society Ltd	35. Taqwa Sacco Society Ltd
11. Fundilima Sacco Society Ltd	36. Tembo Sacco Society Ltd
12. Harambee Sacco Society Ltd	37. Ufanisi Sacco Society Ltd
13. Hazina Sacco Society Ltd	38. Ukristo Na Ufanisi Wa Anglicana Sacco Society Ltd
14. Jamii Sacco Society Ltd	
15. Kenpipe Sacco Society Ltd	39. Ukulima Saco Society Ltd
16. Kenversity Sacco Society Ltd	40. Unaitas Sacco Society Ltd
17. Kenya Bankers Sacco Society Ltd	41. United Nations Sacco Society Ltd
18. Kenya Police Sacco Society Ltd	42. Wana – Anga Sacco Society Ltd
19. Kingdom Sacco Society Ltd	43. Wanandege Sacco Society Ltd
20. Magereza Sacco Society Ltd	44. Waumini Sacco Society Ltd
21. Maisha Bora Sacco Society Ltd	
22. Metropolitan National Sacco Society Ltd	
23. Mwalimu National Sacco Society Ltd	
24. Mwito Sacco Society Ltd	
25. Nacico Sacco Society Ltd	

Source: SASRA 2022 licensed Deposit taking SACCOs 2022

https://www.sasra.go.ke/licensed-dt-saccos/

Appendix VI: Research workplan

Objective	Activity	Timeline	Output
Proposal defense	Defended the proposal	October 2023	Defended proposal
Defense corrections	Proposal corrections done and shared with supervisor	November 2023	Final corrected and approved draft
Ethical Approval	Application for ethical approval after supervisor's approval	January 2024	Ethical approval
Introduction letter and NACOSTI permit	Apply for NACOSTI permit and prepare an introduction letter	February 2024	Permit and introductory letter
Data collection	Send out questionnaires	February & March 2024	Questionnaires issued to respondents
Filling of questionnaires	Give respondents time to fill the tool	February & March 2024	Filled Questionnaires
Collection/consolidation of responses	Collect the filled questionnaires and consolidate online responses	March 2024	Consolidated responses
Data Analysis	Analysis of responses	April 2024	Data analysis
Report writing	Draft chapter 4&5	April 2024	Chapter 4&5

Sharing of draft with supervisor	Share Thesis draft with supervisor	May 2024	Draft shared
Amendments	Work on amendments from supervisor	May 2024	Corrections done
Sharing amended report	Share amended report with supervisor	May 2024	Amended report shared
Seminar defense	Defend the final thesis	May 2024	Done
Oral defense	Do oral defense	May 2024	Done

Appendix VII: Research budget

Activity	Estimated cost
NACOSTI Permit	1,000
Data collection	10,000
Miscellaneous costs	5,000
Total	**16,000**