Influence of Perceptions of Transparency on Organizational Strategy Implementation, A Case of the Kenya Forest Services.

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Abstract: Perceptions of ethical standards in organizations are coming under scrutiny and there has been an increasing interest in the relationship between perceptions of ethical leadership and organizational strategy implementation. This study therefore sought to establish the influence of perceptions of transparency on strategy implementation. The employees of Kenya Forest Services was involved and census study of 86 employees was adopted. The study adopted a descriptive survey design. Primary data was collected via structured questionnaires using the “drop and pick” method. The data was analyzed using both descriptive & inferential statistical measures. Descriptive statistics included: frequencies, percentages, mean scores and standard deviations. Inferential statistics namely; regression and correlation analysis were employed to determine the relationship between the independent and dependent variables under study. Perceptions of ethical leadership were found to influence organization strategy implementation. The study found perceptions of leadership style to be the most significant factor that positively affected strategy implementation. This was followed by perceptions of equity that had a moderate effect on strategy implementation. Perceptions of transparency was found to affect strategy implementation positively and was the third most influencing factor. The study found that perceptions of ethical leadership can be harnessed to improve strategy implementation through change management, improving employees’ performance, enhancing organization effectiveness and efficiency. The study recommends further studies on the effects other models of leadership e.g. participative leadership, transformative leadership and actions based leadership style have on organization strategy implementation.

Keywords: Ethical Leadership, Strategy Implementation, Perceptions of transparency, effective communication, Information disclosure, internal rules and norms

1. Introduction

Corporate perceptions of ethical leadership in regard to organizational strategy implementation have aroused great concern in today’s global business environment. World governments, businesses, educational institutions, as well as professional organizations have had to rethink ways of addressing this issue (Scott & Lane, 2000). During the last decades, the perceptions of ethical behavior of firms and the potential effects of malfeasance on society have also drawn the interest of researchers and business press. Recently, business ethics have attracted renewed attention due to notorious corporate scandals like those of Enron, WorldCom, Arthur Andersen, Tyco International, and Adelphia. Additionally, the growing importance of governmental regulations, the amplified scrutiny of media, and the increasing pressure from different stakeholders have placed the business ethics challenge on the strategic agenda of virtually all firms (Weaver, 2009).

Strategy implementation is a component of strategic management process. It is a process that turns the formulated strategy into actions which makes sure that the vision, mission, strategy and strategic objectives of the organization are successfully achieved as laid out in the strategy (Scott & Lane, 2000). Among all activities that managers do, there is nothing that affects a company’s ultimate success or failure more than how well the management team sets the company’s long term direction, develops competently effective strategic moves and business approaches and implements what needs to be done internally to produce good strategy execution. Poor implementation undermines the strategy’s potential and paves the way for shortfalls in organization performance (Thompson & Strickland, 2003).

According to Ghamdi (2008), there are challenges associated with strategy implementation which include the fact that implementation takes longer than anticipated, insufficient coordination within the organization, other matters that arise which takes resources away from the implementation phase, insufficient capabilities of the management and employees to implement the changes, lack of training for management and employees in order to implement the changes.

Perceptions of ethical leadership are receiving increasing attention by both practitioners and academicians in the international environment alike since it is recognized as a strategic resource and a valuable tool to address the needs of the international firm’s stakeholders (Riel, 2005). Indeed, the role of ethical leadership in corporate organization and identity emerges from the permanent interactions between the firm and its stakeholders (Scott & Lane, 2000). Stakeholders have interests and demands, and the firm is responsible to coordinate and attend them while serving its strategic needs (Clarkson, 2005).

The ethical stance of a firm is constructed based on the expectation of society, that is, the legitimate claims made by the constituencies to whom the firm interacts (Logsdon & Yuthas, 2007). In the words of Ferrel and colleagues, whether a specific required behavior is right or wrong, ethical or unethical, is often determined by stakeholders, such as investors, customers, interest groups, employees, the legal system, and the community. Weaver (2009) showed that the orientation of corporate ethics programs reflected both external influences (e.g. institutional environment) and internal pressures (top management). Ethical endeavors, like ethics programs, bring together the organization’s decisions and the societal ethical claims (Weaver, 2009). In a similar
vein, Stevens (2005) found evidence that financial executives are more likely to integrate their firm’s ethics code into their strategic decisions if they perceived the pressure from market stakeholders. Together, these studies indicate that ethical actions are responses to the needs and claims of different stakeholders.

A leader drives and influences the subordinates to achieve a common goal, be it in case of team work, organizational quest, or any project (Stevens, 2005). It is an ethical job of the leader to treat his subordinates with respect as each of them has unique personality. The ethical environment in an organization is build and developed by a leader as they have an influential role in the organization and due to the fact that leaders have an influence in developing the organizational values. In developing strategies, most organizations assume a stable and protectable operating environment. This brings about developed strategic plans that outline hard and fast rules on strategy implementation. People in an organization who are crucial to successful strategic plan implementation have little to do with development of the corporate and even business strategy (Messick, &Bazerman, 2006).

An organizational strategy is the sum of the actions a company intends to take to achieve long-term goals. Together, these actions make up a company’s strategic plan. Organizational strategy must arise from a company’s mission, which explains why a company is in business. Every activity in the company should seek to fill this purpose, the mission thus guiding all strategic decisions. Developing an organizational strategy for a business involves first comparing its present state to its targeted state to define differences, and then stating what is required for the desired changes to take place (Jose & Thibodeaux, 2006).

The Kenya Forest Service is an agency of the Government of Kenya designated by the Forest Act of 2005 as the replacement for the old Forest Department (Odiemo, 2016). It is overseen by the Board of the Kenya Forest Service. The former Forest Department was supported almost entirely from forest revenues, and was, as a result, chronically underfunded. Under the 2005 Forest Act this has changed somewhat, with for example, the creation of special funds such as the Water Towers Conservation Fund, a portion of which goes to forest rehabilitation, and the Mau Rehabilitation Trust Fund, for the Mau Forest. As of 2003, Kenya had 1.57 million hectares of gazette forest (Nels et al., 2007). Among the responsibilities of the Kenya Forest Service are to own, manage and protect all state forests, promote forestry education and training and operate the Kenya Forestry College, enforce the conditions and regulations pertaining to logging, charcoal making and other forest utilization activities, apprehend and prosecute violators of forest law and regulations and collect revenues from exploitation of forest products (Nelson et al., 2007).

Formulating policies for strategy implementation at the Forest Service is insufficient, on its own to bring about the envisaged forestry reforms. There is a need for commitment from all citizens for the reforms to be implemented and the necessary institutional changes carried through with success. The National Government and County governments has to play their its part, and will be judged on ability to provide an enabling policy environment, an effective public forest management and extension service, forestry research and to allocation of funding to the sector. Participation of stakeholders will continue to be sought through regular consultation and discussions, as we strive together to attain the most efficient, sustainable and equitable use of our forest resources (Parliament of Kenya, 2010).

2. Statement of the problem

Perceptions of ethical standards in major corporations are coming under scrutiny, and organizations have been challenged about conflicts of interest and their investment advice. However, since it is also the fiduciary duty of managers to make profits and increase shareholders wealth, it is no wonder that there has been an increasing interest in the relationship between perceptions of ethical leadership and organizational strategy implementation. Despite codes of practice, regulatory oversight and everincreasing public pressure, many firms routinely ignore ethical leadership practices. Such disregard can undermine organizational strategy implementation and, in time, cause irreparable damage (Donalson, 2003).

Impediments to strategy implementation should be taken into account and the most reliable way to get the best information is to include the largest possible number of the organization’s members into the discussion. Devetere (2000) suggests several reasons for this: strategy implementation is less glamorous than strategy formulation, people overlook it because of a belief that anyone can do it, people are not exactly sure what it includes and where it begins and ends. Strategy implementation should be taken in to account and the most reliable way to get the best information is to include the largest possible number of the organization’s members into the discussion. This brings us to the third factor proposed by the authors, which tells us that the change process should develop a partnership among all relevant stakeholders (Harrison & Freeman, 2009).

Several studies on the effect of the perceptions of ethics on organizations have been done. Resick (2006) did a study on the effects of organizational ethical leadership towards job satisfaction in investment firms in Kenya and found out that when team members trust that their leader will be open, candid, and predictable; they do not have the distraction of leadership, and thus organizational strategy implementation becomes effective. Ethical leaders help their teams achieve more, with less stress, and fewer distractions. Walsh (2003) did a study on the role of ethical leadership in public service delivery in the Ministry of Immigration and Registration of Person. Despite their effort, no in-depth study looked at how perceptions of transparency influence organizational strategy implementation. It is important to examine, update and document the situation whenever recent data are available as this will allow to identify changes/improvements over time or the lack thereof and to conduct an in-depth assessment of how perceptions of transparency influence organizational strategy implementation in a bid to close any remaining research gap in this area of study.
The General objective of the study
The general objective of this study was to establish influence of perceptions of transparency on organizational strategy implementation at the Kenya Forest Service

The Specific objectives of the study
1) To establish influence of effective communication on organizational strategy implementation at the Kenya Forest Service
2) To establish influence of information disclosure on organizational strategy implementation at the Kenya Forest Service
3) To establish influence of internal rules and norms on organizational strategy implementation at the Kenya Forest Service

3. Theoretical Review

Janus-Headed Model of Ethical Theory
The term Janus was adapted from Roman mythology and refers to the god of beginnings and endings. The deity Janus was depicted in ancient Roman coins as a head with two faces – one looking forward and the other in the opposite direction (Brady, 2005). Janus-headed model of ethical theory asserts that individuals have two “ethical faces” one that is forward looking and utilitarianism based on teleological ethical theory, and one that is retrospective and formalistic based on deontological ethical theory. Brady (2005) used these concepts to represent complementary processes rather than mutually exclusive frameworks, and therefore originally proposed that they operate at opposite ends of a single continuum. Much of existing theory focuses on effective leadership, and on leadership processes, at the individual, group, or organizational level. Little emphasis is placed on whole system effect, and less on concerns for both people and performance. The theoretical framework developed and discussed addresses this inadequacy, presenting an integrative and general perspective of leadership that focuses on leadership responsibility to both people and performance (Ayres & Braithwaite, 1992).

However, in a test of the Janus-headed model, Brady and Wheeler (2006) found that utilitarianism and formalism “seemed” to be separate constructs rather than a continuum. Earlier, Brady (1985) argued that many situations can and do involve both utilitarian and formalistic concerns operating concurrently, however this proposition was never empirically tested and represents a persistent gap in this literature. According to Brady and Wheeler (2006), one of the most important developments in all of ethical theory is the distinction between formalism and utilitarianism. The basis for Brady and Wheeler’s assertion is that ethical theory suggests that there is consistency between how people think and what they ultimately decide. In other words, one’s rationale informed by one's predispositions often dictates one's choice of a solution to a particular problem or dilemma.

Formalism or deontological ethical theory is based on the early writings of German philosopher, Immanuel Kant and describes a moral philosophy where rules, integrity, duty and obligation are inherent. Formalism, as a philosophy is agent-relative and holds that moral values and the adherence of standards are independent of any consequences. Thus, the goodness or badness of an action is determined by whether rules were broken in the process.

In the organizational behavior literature, Reynolds (2006) demonstrated that formalists were able to recognize both harm and the violation of norms in a given ethical dilemma while utilitarian’s could only recognize harm. Therefore, according to Reynolds, formalism is representative of a more advanced level of cognitive moral reasoning. In the present context it is argued that those at higher ranks who have more training and are more advanced in their cognitive moral development will draw upon formalism as a predominant pattern of thinking.

Utilitarianism according to Brady and Wheeler (2006), describes an ethical theory that is referred to as the teleological perspective, which is characterized by results or consequence-based ethics. Under this agent-neutral approach, a leader would assess an ethical situation in terms of the end result or consequences that it would have for either the leader or his/her subordinates. Thus a key tenet of utilitarian moral philosophy is that the moral correctness of an act is determined by the non-moral value of the consequence.

4. Conceptual Framework

The study adopted the following conceptual framework:

- **Effective Communication**
- **Information Disclosure**
- **Organizational Strategy Implementation**
- **Internal Rules and Norms**

**Independent Variable** **Dependent Variable**

Source: Author 2017

Conceptual framework

Perceptions of Transparency

Transparency refers to a situation in which business and financial activities are done in an open way without secrets so that people can trust that they are fair and honest (Winkler, 2002). In its simple sense, business transparency means clear, unhindered honesty in the way the s/he does business. But it is more than that (Baldassare, 2000). If employees perceive an organization, top leaders, team leaders or department heads to be highly transparent, the overall return of the organization, individual and group success are so significant. It is more likely to build a sense of stability, spirit of volunteerism, teamwork, commitment, solidarity and integrity. It is extensively justified by many researchers that the term “transparency” is frequently used by almost everybody be it in family, informal or formal group or organization.

Lack of transparency or its presence influences how strategies are implemented in any organization (Ayres &
Braithwaite, 2002). Baldassare (2000) argues that more information divulged by a Ministry does not necessarily imply a greater understanding on the part of the public, part of his definition of transparency. Further, he argues, the simplistic modeling of transparency as simply the reduction or elimination of the uncertainty around a parameter in a model is not helpful for a ministry trying to communicate with the public (Treviño, 2008). Also important, however, is that perceptions of transparency are about effective communication, not simply announcements (Geraats, 2001).

Transparency has been discussed under different labels in several areas of literature as a virtue (Murphy, 2007) which involves openness, availability, or disclosure of information, they differ in terms of what is being disclosed and the level of analysis at which they are defined. For instance, in the accounting area, the notion of accounting transparency is concerned with public dissemination of information about business transactions and exists at the national level (Bushman & Smith, 2003). Business transparency is concerned with public disclosure of information the government possesses or collects as well as public disclosure of information about government actors, the decisions they make, and the reasons for those decisions (Balkin, 1999). It can exist at the national, state, and local government levels (Balkin, 1999). In the computer-supported cooperative work literature, a subarea within information systems, researchers focus on contextual awareness that results at the team level when team members disclose information about their current work context (e.g., how busy they are, and what they are currently doing) so that others in the team can decide whether or not to disturb them (Dabbish & Kraut, 2008). Within the organizational behavior area, transparency may be conceptualized at the organizational level as informational justice, which entails providing explanations about organizational procedures and being thorough, candid, timely, and considerate toward others’ specific needs in communications about those procedures (Colquitt, 2001).

In the opinion of the researcher, making the organization successful while ensuring its sustainability is best realized through building transparency at all levels. Transparency can be maintained easily by transforming the mind setup of people working for the organization. Of course that could also go beyond employee and those partners, stakeholders and customers should also be considered in the appropriate processes while building transparency (Ferrell & Fraedrich, 2000). This change of mind setup must be tuned in such a way that all can be a leader regardless of position, level of education and background. Replicating the spirit of leadership in every concerned body will make the task of building transparent environment so easy (Treviño, 2008). Once transparency is developed and maintained, it will be a light that avoid darkness which is the enemy to the organization growth, individual and group success. The big question still is how to develop and maintain transparency in reality (Ferrell & Fraedrich, 2000).

Nor are some of the other accountability mechanisms working well. Government regulators exercise surprisingly little oversight of the business sector as such, according to Brody (2011), restricting themselves to public disclosure requirements that they can rarely scrutinize or follow up on.

Berrone and Tribo (2005) states that a strong accountability regime ensures public participation while Aucoin and Jarvis (2008) maintain that there is the other side of accountability, asserting that it is not just a one-way street of reporting. To work best it involves a relationship that allows for and supports decision-making, and feedback that informs program delivery and outcomes performance.

Research Methodology

A case study research design was adopted to bring researcher to an understanding of a complex issue and extended experience or add strength to what is already known through previous research. Case studies emphasize detailed analysis of a limited number of events or conditions and their relationships, (Yin, 1997). Time and availability of data are also important considerations in the determination of the case study.

A total of 86 employees and management were targeted for the study. The targeted employees were categorized in the following table, from which a sample was acquired.

<table>
<thead>
<tr>
<th>Population Category</th>
<th>Population Size</th>
</tr>
</thead>
<tbody>
<tr>
<td>Management</td>
<td>8</td>
</tr>
<tr>
<td>Middle level employees</td>
<td>22</td>
</tr>
<tr>
<td>Lower level employees</td>
<td>42</td>
</tr>
<tr>
<td>Total</td>
<td>86</td>
</tr>
</tbody>
</table>


The questionnaires were used to collect data in this study. The questionnaires contained a series of structured questions that were related to the research work and directed to respondents with the aim of gaining first-hand information. The questionnaire consisted of both open ended and close-ended questions. Thus, in some cases, respondents chose the options that best reflect their opinions. The questionnaire afforded respondents much flexibility and privacy in answering the questions without any undue influence. Qualitative analysis was done on the information collected from the results of the questionnaires; quantitative analysis was included, both descriptive and inferential statistical techniques were used. Descriptive statistics was used to analyze the quantitative data. The findings were presented using tables, graphs and pie charts.

5. Results and discussions of the findings

Perceptions of Transparency

All the study respondents indicated that the organization considers transparency as an important value in organizational strategy implementation. Some of the best practices of transparency adopted by KFS in strategy implementation include: effective communication and disclosure of information throughout the organization on changes, policies and procedures; performance management, oversight and evaluations by independent bodies, creating proper mechanisms for decision making and feedback to the
leadership through effective relationships with subordinates. Literature shows that lack of transparency or its presence influences how strategies are implemented in any organization (Ayres & Braithwaite, 2002). An important lesson, however, is that perceptions of transparency are about effective communication, not simply announcements (Geraats, 2001). Transparency has been discussed under different labels in several areas of literature as a virtue (Murphy, 2007) which involves openness, availability, or disclosure of information. Once transparency is developed and maintained, it will be a light that avoid darkness which is the enemy to the organization growth, individual and group success (Ferrell & Fraedrich, 2000).

From the study, 88% of the respondents noted that there were challenges in the implementation of transparency in the organization strategy implementation process. The key challenge was noted as a lack of cooperation from staff members which creates disconnect between the leadership and the employees during strategy implementation. This was caused by negative attitude from employees towards performance management and accountability which they viewed as subjective. Some of the employees viewed the performance management process, oversights and evaluations negatively as they thought they were not fair, free and independent. Literature shows that the big question still is how to develop and maintain transparency in reality (Ferrell & Fraedrich, 2000). Accountability means being held answerable for accomplishing a goal or assignment. Unfortunately, the word accountability often connotes punishment or negative consequences. Certainly, management should not tolerate poor performance and should take action when it occurs. However, when organizations use accountability only as a big stick for punishing employees, fear and anxiety permeate the work environment. Employees are afraid to try new methods or propose new ideas for fear of failure (Reynolds, 2006). On the other hand, if approached correctly, accountability can produce positive, valuable results. Data on employees’ perceptions of transparency and how they influence strategy implementation at Kenya Forest Services was analyzed descriptively to give the overall image of the influence of perceptions of transparency on strategy implementation.

Influence of perceptions of transparency on strategy implementation

<table>
<thead>
<tr>
<th>Perceptions of Transparency</th>
<th>Mean</th>
<th>Std. Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Transparency is a key factor in enhancing the implementation of change management in the organization</td>
<td>4.57</td>
<td>0.57</td>
</tr>
<tr>
<td>Organizational leaders need to adopt transparency in all their operations</td>
<td>4.35</td>
<td>0.66</td>
</tr>
<tr>
<td>The organization is currently adopting transparent leadership in all their operations</td>
<td>3.43</td>
<td>0.79</td>
</tr>
<tr>
<td>Employees' performance is a key factor in determining the extent of the application of transparency in organizations</td>
<td>3.45</td>
<td>0.78</td>
</tr>
<tr>
<td>Transparency has enabled the organization utilize its resources better</td>
<td>3.46</td>
<td>0.78</td>
</tr>
<tr>
<td>Transparency has helped the organization reach its goals and objectives</td>
<td>3.49</td>
<td>0.68</td>
</tr>
<tr>
<td>Aggregate Scores</td>
<td>3.79</td>
<td>0.76</td>
</tr>
</tbody>
</table>

From table 4.7 above, on the findings on employees’ perceptions of transparency at Kenya Forest Services and how they influence strategy implementation, the Scale that was used was a likert scale of five where: 1 = Not at all, 2 = Low extent, 3 = Moderate Extent, 4 = Great Extent, 5 = Very Great Extent. As shown by the data mean of 3.79, it is evident that the respondents felt that transparency influenced strategy implementation at Kenya Forest Services to a great extent. The individual statements standard deviations are close indicating low variations among the respondents’ responses. This indicates that the respondents perceived transparency to influence strategy implementation to a great extent.

The research found that transparency to a very great extent is a key factor in enhancing the implementation of change management at Kenya Forest Services as indicated by a mean of 4.57. To a great extent, organizational leaders need to adopt transparency in all their operations as indicated by a mean of 4.35. However, transparency at Kenya Forest Services had helped the organization reach its goals and objectives to a moderate extent as indicated by a mean of 3.49, and also had enabled the organization utilize its resources better to a moderate extent as shown by a mean of 3.46. Employees felt that their performance was a key factor in determining the extent of the application of transparency in organizations to a moderate extent as shown by a mean of 3.45 and that Kenya Forest Services is currently adopting transparent leadership in all their operations to a moderate extent as shown by a mean of 3.43.

The results indicate that at the leadership of KFS needed to adopt transparency as a key catalyst for change management in the organization. The leadership however were not perceived as transparent as they should and thereby the organization had not benefitted from the full impact of transparency in their strategy implementation for the organization to be able to fully achieve its goals objectives. The results above could be attributed to the challenges that the organization was facing in the adoption of transparency in the strategy implementation process. Lack of transparency or its presence influences how strategies are implemented in any organization (Ayres & Braithwaite, 2002). Within the organizational behavior area, transparency may be conceptualized at the organizational level as informational justice, which entails providing explanations about organizational procedures and being thorough, candid, timely, and considerate toward others’ specific needs in communications about those procedures (Colquitt, 2001). Making the organization successful while ensuring its sustainability is best realized through building transparency at all levels. Transparency can be maintained easily by transforming the mind setup of people working for the organization. This should go beyond employee and those partners, stakeholders and customers who should also be considered in the appropriate processes while building transparency (Ferrell & Fraedrich, 2000).

6. Summary of the Findings

This study found that perceptions of transparency influence strategy implementation at Kenya Forest Services and is the third most influencing factor on strategy implementation at...
Kenya Forest Services as indicated by the regression analysis. The correlation analysis also points to a positive relationship between the two. Literature shows that replicating the spirit of leadership in every concerned body will make the task of building transparent environment so easy (Treviño, 2008). Once transparency is developed and maintained, it will be a light that avoid darkness which is the enemy to the organization growth, individual and group success (Ferrell & Fraedrich, 2000).

Descriptive statistics show that the respondents felt that transparency was a key ethical leadership issue that leaders should adopt in all their operations to a great extent and would enable Kenya Forest Services implement change management to a very great extent. However, the research found that transparency was adopted and applied in the organization only to a moderate extent. Thus the organization was able to benefit from transparency through efficient utilization of resources and achievement of its goals and objectives only to a moderate extent. This could be attributed to the challenges that the organization was facing in the adoption of transparency in the implementation of strategy which were lack of cooperation from staff members and negative attitudes towards performance management and other oversight and evaluation initiatives. Research shows that making the organization successful while ensuring its sustainability is best realized through building transparency at all levels. The big question still is how to develop and maintain transparency in reality (Ferrell & Fraedrich, 2000). If employees perceive an organization, top leaders, team leaders or department heads to be highly transparent, the overall return of the organization, individual and group success are so significant. It is more likely to build a sense of stability, spirit of volunteerism, teamwork, commitment, solidarity and integrity. Lack of transparency or its presence influences how strategies are implemented in any organization (Ayres & Braithwaite, 2002).

7. Conclusions

The study found perceptions of transparency to be the third most influencing factor on strategy implementation at Kenya Forest services. The study concludes that there is need to improve transparency in the strategy implementation process in order to enhance employee performance, enhance change management, organization effectiveness and efficiency.

8. Recommendations

The study recommends further research work to be done on other models of leadership that are on being advanced today e.g. participative leadership, transformational leadership and their influences / effect on organization strategy implementation

References


