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Strategic Direction Setting and Organizational Performance in Central Government Ministries in Kenya

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Abstract

This study assessed the effect of strategic direction setting on organizational performance in central government ministries in Kenya. Anchored in a pragmatist philosophy, the study employed a correlational cross-sectional design integrating quantitative and qualitative approaches. Primary data were collected from 264 employees across three central government ministries using structured questionnaires, complemented by Key Informant Interviews with fifteen senior and technical officers. Quantitative data were analysed using descriptive statistics, Pearson correlation, and multiple regression analysis. The findings established that strategic direction setting had a statistically significant positive effect on organizational performance ($B = .231, \beta = .242, p < .001$), supported by a strong positive bivariate correlation ($r = .685, p < .01$). Qualitative evidence further revealed a persistent gap between the articulation of strategic plans at headquarters and their translation into operational practice at the field level. The study therefore recommends that ministries strengthen mechanisms for cascading strategic priorities into departmental work plans and routine operational activities rather than treating strategic plans primarily as compliance documents. The study contributes to the public sector leadership literature by providing empirical evidence on the distinctive contribution of strategic direction setting to organizational performance within central government ministries, a context that remains comparatively underrepresented in Kenyan scholarship relative to county governments, state corporations, and public universities.

Keywords: *strategic direction setting, organizational performance, strategic leadership, public sector, Kenya*

1.0 Introduction

Leadership remains a key determinant of organizational behaviour and performance, with research increasingly documenting a transition from traditional command-and-control approaches towards more integrative, participatory, and adaptive models. Contemporary institutions operate in environments characterized by volatility, interdependence, and rapid change, requiring leadership approaches that extend beyond routine supervision (Valverde Moreno et al., 2021; Ding & Riccucci, 2023). Among the various approaches that have emerged, strategic leadership has gained considerable prominence because of its capacity to establish long-term direction, align organizational priorities, and respond effectively to contextual demands (Li et al., 2025; Dhlamini,

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2025). Strategic leadership is particularly important in contemporary public institutions because it integrates vision clarity, participative structures, accountability practices, and adaptive responsiveness within a coherent leadership framework (Haule et al., 2024; Konadu et al., 2024).

Organizational performance in the public sector has become a major concern in governance and public administration worldwide. In the face of financial constraints, accountability pressures, and rising public expectations, public institutions are increasingly required to provide efficient, transparent, and citizen-oriented services (Thi Tran et al., 2022; Omolo Awino, 2025). Performance assessment is no longer limited to the volume of services delivered but also encompasses compliance with governance requirements, responsible utilisation of resources, and the quality of services provided to citizens (Molahosseini & Rajabdorri, 2024; Okwata et al., 2022). These developments underscore the importance of leadership capable of providing clear institutional direction as a foundation for improving organizational performance.

Strategic direction setting, the first and arguably most fundamental dimension of strategic leadership, concerns a leader's ability to articulate a clear vision, align departmental priorities with national goals, communicate strategic objectives, and guide organizational focus through environmental scanning and prioritization. Within public sector institutions, strategic direction setting influences how national policies are interpreted, resources are allocated, and organizational activities are coordinated towards predetermined outcomes (Li et al., 2025; Micheni & Awuor, 2025). Effective direction setting enhances clarity of purpose, reduces ambiguity in service delivery, and strengthens an organization's capacity to respond to public needs. However, the extent to which this leadership practice influences organizational performance in Kenya's central government ministries remains insufficiently explored.

Kenya's public sector plays a pivotal role in national development, service delivery, and policy implementation through ministries, state departments, and a network of semi-autonomous agencies mandated to support the country's economic and social transformation. Over the past decade, Kenya has implemented wide-ranging public sector reforms intended to improve service efficiency, accountability, digital transformation, and performance contracting in line with national development priorities (Mwaura, 2024; Okwata et al., 2022). Despite these reforms, significant performance gaps remain. The Office of the Auditor General reported that approximately KSh 145 billion in expenditure across ministries and state departments during the 2022/2023 audit cycle was unsupported, irregular, or inadequately accounted for (Office of the Auditor General, 2023). Similarly, the Public Service Commission Evaluation Report (2023) indicated that only 41 per cent of ministries, departments, and agencies fully achieved their annual service delivery targets, while 59 per cent performed below expectations.

1.1. Statement of the Problem

Organizational performance in Kenya's central government ministries continues to exhibit persistent weaknesses despite two decades of administrative reforms, including performance contracting, service charters, digitization programs, and the institutionalisation of results-based management. Evidence from national oversight institutions indicates that ministries continue to experience shortcomings in key areas such as efficiency, timeliness, fiscal discipline, and service delivery quality. The Office of the Auditor General has documented material misallocation of

public resources, failure to implement audit recommendations, and weaknesses in performance monitoring systems that limit the availability of information required for evidence-based management (Office of the Auditor General, 2023). Such governance deficiencies undermine effective resource utilization, weaken institutional credibility, and constrain overall organizational effectiveness.

Service delivery patterns further demonstrate the magnitude of these performance gaps. Decision-making delays remain evident, with approval processes in some central ministries extending to three or four weeks, thereby slowing project implementation and reducing responsiveness to citizens. Public Service Commission assessments indicate that more than 32 per cent of public servants experience unclear role boundaries and overlapping mandates, which undermine work efficiency and coordination (Public Service Commission, 2023). Together, these operational constraints reinforce the need to examine whether strategic direction is being translated consistently into day-to-day ministry practice.

A growing body of research demonstrates that strategic direction setting significantly influences organizational performance in public institutions by clarifying vision and purpose, aligning organizational objectives with available resources, and directing institutional attention towards strategic priorities (Li et al., 2025; Dhlamini, 2025). In Kenya, however, leadership practices within ministries have historically been characterized by centralised authority, procedural rigidity, and limited managerial autonomy. Although strategic plans are formally developed, available evidence suggests that they are sometimes treated as headquarters-level documents rather than operational guides informing day-to-day decision-making at the field level. The resulting gap between strategic articulation and operational implementation represents a leadership deficiency that can constrain organizational performance.

Existing empirical studies on strategic leadership and public sector performance in Kenya have largely concentrated on county governments, state corporations, and public universities. Consequently, limited empirical evidence exists on how strategic direction setting influences organizational performance within central government ministries responsible for public sector transformation and human capital development. This contextual gap limits the extent to which findings from other public institutions can be generalized to central government ministries. The present study therefore sought to address this gap by examining the effect of strategic direction setting on organizational performance in central government ministries in Kenya.

1.2. Research Objective and Hypothesis

The study was guided by the following objective:

To assess the effect of strategic direction setting on organizational performance in central government ministries in Kenya.

The following null hypothesis was tested:

H₀: There is no statistically significant effect of strategic direction setting on organizational performance in central government ministries in Kenya.

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2.0. Theoretical Framework

The study was anchored on Strategic Choice Theory, originally proposed by Child (1972), which challenges deterministic explanations that regard organizational structures and outcomes as being shaped predominantly by the external environment. The theory posits that leaders constitute part of the dominant coalition within organisations and possess a degree of discretion that enables them to interpret the environment, evaluate strategic alternatives, and select courses of action that influence organizational structure and direction. Rajagopalan and Soltani (2023) further validated and extended the theory by demonstrating that organizational outcomes continue to be influenced by conscious leadership choices rather than environmental determinism alone. Its central premise is therefore that leadership agency and deliberate strategic decision-making are important explanatory factors in understanding differences in organizational direction, resource alignment, and performance among institutions operating under comparable conditions.

The theory is founded on three assumptions that are particularly relevant within the public sector context. First, leaders possess the cognitive capacity and institutional authority to assess their environments, evaluate strategic alternatives, and make deliberate decisions capable of altering organizational direction. Second, organisations retain some capacity to select structural responses and strategic positions even within restrictive institutional environments. This is reflected in the discretion available to Principal Secretaries and senior officials when developing ministry strategic plans, staffing structures, and resource allocation priorities. Third, the strategic alternatives considered and decisions ultimately made by leaders are shaped by their values, cognitive orientations, previous experiences, and professional identities (Rajagopalan & Soltani, 2023; Karanja & Gikonyo, 2022).

Strategic Choice Theory provides a strong basis for understanding leadership as an active organizational force with implications for performance. It suggests that differences in organizational outcomes can partly be attributed to the quality of strategic decisions made by leaders. This perspective is particularly relevant in public sector settings, where performance disparities are frequently attributed to resource constraints, political interference, or inherited structural conditions. Leaders who exercise sound judgement, prioritise strategically, and align institutional resources with clearly defined priorities may achieve superior outcomes compared with leaders who operate reactively, even under comparable regulatory and resource conditions (Boakye, 2023).

Nevertheless, the theory has been criticised for placing considerable emphasis on managerial discretion while giving comparatively less attention to the structural and institutional constraints within which strategic decisions are made, particularly in government institutions (Mutinda & Charles, 2021). Public sector leaders operate within statutory mandates, administrative procedures, budgetary controls, and political structures that may restrict the range of strategic choices available to them. The present study therefore applied Strategic Choice Theory while recognising these institutional limitations. It assumed that although leaders in central government ministries operate within established statutory and regulatory frameworks, they retain meaningful discretion in setting strategic direction within those boundaries.

2.1. Review of Empirical Literature

Strategic direction setting is a fundamental leadership responsibility through which an organisation's mission, vision, goals, and resource deployment are aligned with long-term performance objectives. A growing body of empirical research has investigated the relationship between strategic direction and organizational performance across both public and private institutions. The evidence generally suggests a positive relationship, although the magnitude of the effect varies according to organizational context, leadership capability, implementation processes, and organizational culture.

Li et al. (2025) examined the relationship between strategic leadership, particularly strategic direction setting, and organizational performance among multinational corporations operating in emerging markets. The researchers employed a quantitative cross-sectional correlational design and collected data from 200 strategic leaders using structured self-administered questionnaires. The findings revealed significant positive associations between strategic direction setting and several performance indicators, including sales revenue growth, customer satisfaction, and operational efficiency. The study concluded that leaders who provide clear long-term direction and align organizational resources with established priorities significantly enhance organizational performance.

Haule et al. (2024) investigated the influence of strategic leadership practices, including strategic direction setting, on the performance of Kigamboni Municipal Council in Tanzania. The study adopted a quantitative cross-sectional research design involving 61 respondents and applied descriptive and multiple regression analyses. Strategic direction setting accounted for 25 per cent of the variance in organizational performance ($R^2 = 0.250$, $p = 0.003$), while clearly documented mission, vision, and goals demonstrated strong positive effects. However, the formal strategic planning process exhibited a negative influence, suggesting weaknesses in implementation. The authors consequently concluded that strategic direction setting contributes to improved performance when strategic plans are meaningful, practical, and effectively implemented.

Micheni and Awuor (2025) examined the influence of strategic direction on the organizational performance of the County Government of Tharaka Nithi. The study adopted a descriptive research design anchored in Strategic Leadership Theory and employed a stratified random sample of 124 management-level respondents. Correlation and regression analyses established a positive and statistically significant relationship between strategic direction and county performance. The authors concluded that clear strategic vision, mission, and long-term goals contribute significantly to improved service delivery outcomes.

Similarly, Odero (2023) examined the effect of strategic direction on the performance of SACCOs in Kenya. The study established that strategic direction setting significantly enhanced organizational performance through improvements in customer satisfaction, asset-base growth, and membership expansion. These findings reinforce the proposition that organizational performance improves when leaders provide coherent long-term direction and align organizational activities with clearly defined priorities. However, the institutional setting of SACCOs differs considerably from that of central government ministries, thereby limiting the direct transferability of these findings.

Nkuda (2023) assessed the interaction between contextual intelligence and strategic leadership practices in influencing the performance of telecommunications companies in Nigeria. The analysis revealed that strategic direction setting positively influenced performance, particularly where leaders demonstrated contextual intelligence in interpreting changes in their operating environment. The findings indicate that strategic direction setting may be insufficient when it is not accompanied by leaders' ability to interpret and respond appropriately to contextual changes. This highlights the importance of combining strategic clarity with situational awareness in complex organizational environments.

Kibai and Awuor (2024) examined leadership styles and organizational performance in Kenyan county governments and found that strategic leadership, particularly the clear articulation of organizational goals, significantly improved service delivery outcomes. The study concluded that leaders who provide clear strategic direction facilitate stronger coordination and improved performance within public institutions. While these findings provide important evidence within Kenya's public sector, county governments operate within devolved governance structures that differ from the administrative and institutional arrangements of central government ministries. Consequently, further evidence is required within the national government context.

Despite the relatively consistent evidence concerning the value of strategic direction setting, an important contextual gap remains in the literature. Most previous studies have concentrated on county governments, state corporations, semi-autonomous agencies, SACCOs, and private sector organisations. Limited empirical attention has been given specifically to the effect of strategic direction setting on organizational performance within Kenya's central government ministries, which operate under distinctive institutional arrangements involving statutory mandates, performance contracting, and multi-layered governance structures. The present study addressed this gap by providing empirical evidence from the Ministry of Public Service, Human Capital Development and Special Programs, the National Treasury and Economic Planning, and the Ministry of Interior and National Administration.

3.0. Research Methodology

3.1. Research Design and Philosophy

The study adopted a pragmatist philosophy and employed a mixed-methods correlational research design within a cross-sectional survey framework. The pragmatist philosophy was appropriate because strategic direction setting encompasses both measurable statistical patterns and subjective leadership perceptions. It therefore supported the integration of quantitative evidence with qualitative insights capable of capturing organizational context, meaning, and lived experiences (Creswell & Plano Clark, 2018). The correlational design enabled the study to examine the nature and statistical strength of the relationship between strategic direction setting and organizational performance within natural organizational settings where leadership practices occur without experimental manipulation (Bryman, 2016).

3.2. Target Population and Sampling

The target population comprised employees drawn from strategic and operational-level units across three central government ministries: the Ministry of Public Service, Human Capital Development and Special Programs; the National Treasury and Economic Planning; and the Ministry of Interior and National Administration. These ministries were purposively selected because of their critical administrative, planning, coordination, and oversight functions within Kenya's public sector. The accessible population across the three ministries consisted of 1,240 employees. A sample size of 302 respondents was determined using Yamane's (1967) formula at a 95 per cent confidence level.

A two-stage stratified random sampling procedure was employed. In the first stage, the population was stratified into senior management, middle-level officers, and junior staff to ensure representation of the different organizational levels. In the second stage, simple random sampling was undertaken within each stratum. This procedure enhanced representation across the selected ministries while reducing the likelihood that respondents from any single organizational level would disproportionately influence the findings.

3.3. Data Collection Instruments

The study employed a structured questionnaire and Key Informant Interviews (KIIs). The structured questionnaire served as the principal instrument for collecting quantitative data from sampled employees across the selected ministries. Questionnaire items were measured using a five-point Likert scale ranging from 1 = Strongly Disagree to 5 = Strongly Agree. Strategic direction setting was assessed using ten items covering vision clarity, goal alignment, strategic communication, environmental scanning, and prioritization of strategic initiatives.

Organizational performance was similarly measured using ten items covering service efficiency, target achievement, governance compliance, service quality, and resource utilization efficiency. In addition, Key Informant Interviews were conducted with 15 senior and technical officers drawn from policy, finance, monitoring and evaluation, human resources, audit, ICT, procurement, legal services, communications, field operations, and administration. The interviews provided qualitative evidence that complemented the questionnaire findings and enabled a richer interpretation of leadership practices within the selected ministries.

Before the main data collection, the instruments were piloted with approximately 30 public-sector officers who were excluded from the main analytical sample. The pilot assessed item clarity, reliability, validity, questionnaire flow, and the sequencing of interview prompts, and informed minor refinements before administration of the final instruments.

Before fieldwork, the researcher obtained an authorization letter from the Graduate Business School at The Catholic University of Eastern Africa, a research permit from the National Commission for Science, Technology and Innovation (NACOSTI), and access approvals from the relevant ministries. Participation was voluntary, informed consent was obtained, and anonymity and confidentiality were maintained throughout data collection and reporting.

3.4. Data Analysis

Quantitative data were analysed using descriptive and inferential statistical techniques in SPSS. Descriptive analysis involved means, standard deviations, frequencies, and percentages, while inferential analysis employed Pearson correlation and multiple linear regression to examine the relationship between strategic direction setting and organizational performance. Prior to regression analysis, diagnostic tests were conducted to assess whether the relevant model assumptions had been satisfied. These included the Durbin-Watson test for autocorrelation, the Variance Inflation Factor (VIF) for multicollinearity, and ANOVA-based assessment of linearity. In the multiple regression model, strategic direction setting was treated as the focal predictor while participative decision making, accountability-oriented leadership, and adaptive leadership were entered simultaneously, allowing its unique standardized contribution to be estimated while controlling for the other leadership dimensions.

Qualitative data obtained from the Key Informant Interviews were analysed thematically. Emerging themes were organised around the study constructs and used to corroborate, explain, and contextualize the quantitative findings. Integration occurred at the interpretation stage, where qualitative themes were compared with the quantitative patterns to explain areas of convergence and divergence. This approach enabled the study to provide both statistical estimates of the relationship between strategic direction setting and organizational performance and contextual explanations of how strategic direction was experienced and implemented within the selected ministries.

4. Findings and Discussion

4.1 Response Rate

Out of the 302 questionnaires administered, 264 were completed and returned in usable form, yielding a response rate of 87.4 percent. The remaining 38 questionnaires were either not returned, returned too incomplete to be usable, or excluded due to respondent unavailability during the data collection period. This response rate is considered adequate for statistical analysis, consistent with Kothari (2014) and Cohen et al. (2018) who note that response rates above 70 percent strengthen confidence that the achieved sample reflects the stratified population. Additionally, fifteen Key Informant Interviews were successfully conducted with senior and technical officers across the three ministries.

4.2 Demographic Characteristics of Respondents

Table 1: Demographic Characteristics of Respondents (N = 264)

Characteristic	Category	Frequency	Percent
Years of Service	Less than 1 year	30	11.4
	1 to 5 years	44	16.7
	6 to 10 years	73	27.8
	11 to 15 years	76	28.9
	Above 15 years	41	15.2

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Current Cadre	Senior Management	53	20.1
	Middle Level	66	25.0
	Technical/Professional	91	34.5
	Support Staff	54	20.5
Education	Diploma	75	28.4
	Bachelor's Degree	70	26.5
	Master's Degree	89	33.7
	Doctorate	30	11.4
Employment Category	Permanent and Pensionable	115	43.6
	Contract	133	50.4
	Intern	16	6.1

Note. Source: Field Data (2026).

The sample was experienced, with 71.9 percent of respondents having served for more than five years, indicating that the majority possessed sufficient institutional exposure to offer informed perceptions of how strategic direction setting has been practiced within the ministries. Technical and professional staff formed the largest cadre group at 34.5 percent, followed by middle-level officers at 25.0 percent, ensuring that the sample captured perspectives from officers who directly experience the translation of strategic direction into operational activity. Postgraduate qualification holders (Master's and Doctorate) accounted for 45.1 percent of the sample, reflecting an educationally diverse workforce. Contract staff (50.4 percent) and permanent and pensionable staff (43.6 percent) were nearly equally represented, allowing the study to capture perceptions across different employment terms.

4.3 Reliability and Validity

Reliability was assessed using Cronbach's alpha coefficient, while construct validity was examined using the Kaiser-Meyer-Olkin (KMO) measure of sampling adequacy and Bartlett's Test of Sphericity. A pilot study involving approximately 30 public-sector officers who were excluded from the main analytical sample was conducted before the main data collection. The pilot assessed instrument clarity, reliability, and validity and informed minor refinements to the questionnaire and interview guide.

Table 2: Reliability and Validity Results

Construct	Items	α	KMO	χ^2	p
Strategic Direction Setting	10	.897	.801	140.793	< .001
Organizational Performance	10	.919	.830	183.895	< .001

Note. α = Cronbach's alpha. KMO = Kaiser-Meyer-Olkin measure. χ^2 = Bartlett's Test of Sphericity approximate chi-square.

Strategic direction setting recorded a Cronbach's alpha of .897, interpreted as good reliability, while organizational performance recorded .919, interpreted as excellent reliability. Both values exceeded the minimum threshold of .70 recommended by Nunnally and Bernstein (1978) and Field (2018). The KMO values of .801 and .830 respectively confirmed that the sample data were adequate for further analysis. Bartlett's Test of Sphericity was significant for both constructs ($p < .001$), confirming that meaningful relationships existed among the items within each construct.

4.4 Descriptive Findings

4.4.1 Strategic Direction Setting

Table 3:Descriptive Statistics for Strategic Direction Setting

Statement	SD%	D%	N%	A%	SA%	M	SD
The Ministry's long-term vision is clearly communicated.	22.35	12.50	0.00	54.92	10.23	3.18	1.39
Departmental goals are consistently aligned with Ministry priorities.	10.98	3.41	0.00	34.47	51.14	3.89	1.37
Strategic priorities are effectively communicated across all levels.	15.91	12.12	0.00	47.73	24.24	3.52	1.38
Environmental factors are regularly assessed to inform strategic decisions.	5.68	22.73	0.00	67.42	4.17	3.42	1.05
The long-term vision guides strategic actions across departments.	23.57	9.85	0.00	58.52	8.06	3.25	1.36
Strategic initiatives are prioritized based on Ministry objectives.	5.68	22.73	0.00	67.42	4.17	3.69	1.35
Overall						3.58	1.26

Note. SD = Strongly Disagree; D = Disagree; N = Neutral; A = Agree; SA = Strongly Agree; M = Mean; SD = Standard Deviation. Source: Field Data (2026).

Strategic direction setting recorded an overall mean of 3.58 (SD = 1.26), indicating that respondents generally agreed that this leadership practice is present within the sampled ministries, although agreement fell short of strong agreement. The highest-rated item was on departmental goals being consistently aligned with Ministry priorities (M = 3.89, SD = 1.37), with 51.14 percent of respondents in strong agreement, suggesting that goal alignment is perceived as an institutional strength. The lowest rated item concerned the long-term vision guiding strategic actions across departments (M = 3.25, SD = 1.36), with 23.57 percent in strong disagreement, indicating that the translation of vision into cross-departmental operational practice remains a significant weakness.

This internal pattern, in which respondents rated goal alignment and communication of strategic decisions more favourably than the translation of long-term vision into departmental action, is consistent with Strategic Choice Theory as advanced by Child (1972) and Rajagopalan and Soltani (2023). The theory frames strategic direction setting as the product of deliberate managerial choices regarding priorities and resource allocation rather than an automatic outcome of vision statements alone. The comparatively lower agreement on vision translation suggests that while ministries articulate national priorities and align departmental goals to them, the deliberate choices required to operationalize a long-term vision into consistent cross-departmental action remain less developed in practice.

4.4.2 Organizational Performance

Table 4: Descriptive Statistics for Organizational Performance

Statement	SD%	D%	N%	A%	SA%	M	SD
Tasks are completed efficiently across departments.	3.04	24.71	0.00	65.78	6.46	3.48	1.03
Service delivery procedures promote operational efficiency.	21.21	6.82	0.00	68.94	3.03	3.26	1.29
Organizational performance targets are consistently met.	12.88	15.15	0.00	50.00	21.97	3.53	1.33
Governance requirements are consistently adhered to.	7.95	20.08	0.00	20.83	51.14	3.87	1.42
The Ministry consistently delivers high-quality services.	11.36	16.67	0.00	33.33	38.64	3.71	1.41
Resources are utilized efficiently to support operations.	13.26	14.77	0.00	46.59	25.38	3.56	1.36
Overall						3.61	1.28

Note. Source: Field Data (2026).

Organizational performance recorded an overall mean of 3.61 (SD = 1.28). Governance adherence received the highest item mean (M = 3.87, SD = 1.42), with 51.14 percent of respondents in strong agreement, while service delivery efficiency recorded the lowest mean (M = 3.26, SD = 1.29), with 21.21 percent in strong disagreement. This pattern, in which governance compliance and regulatory adherence are rated more favourably than operational service delivery efficiency, is directly consistent with the problem statement evidence from the Auditor General and the Public Service Commission showing that ministries maintain procedural compliance but struggle with substantive operational efficiency (Office of the Auditor General, 2023; Public Service Commission, 2023).

4.5 Diagnostic Tests

Prior to hypothesis testing, diagnostic tests were conducted to verify the statistical assumptions underlying multiple linear regression. The Durbin-Watson statistic was 2.003, falling within the acceptable range of 1.5 to 2.5 and very close to the ideal value of 2.0, indicating that the residuals were independent and the assumption of no autocorrelation was satisfied (Field, 2018). The Variance Inflation Factor (VIF) for strategic direction setting was 2.111 with a tolerance of .474, both well within acceptable thresholds (VIF < 10, Tolerance > .10), confirming that multicollinearity was not a concern. The ANOVA test for linearity showed that the linear component between strategic direction setting and organizational performance was highly significant (F = 230.135, $p < .001$) while the deviation from linearity was non-significant (F = 0.905, $p = .548$), confirming that the linear model adequately described the relationship.

4.6 Inferential Analysis

4.6.1 Correlation Analysis

Table 5: Pearson Correlation Between Strategic Direction Setting and Organizational Performance

Variable	SDS	OP
Strategic Direction Setting (SDS)	—	
Organizational Performance (OP)	.685**	—

Note. ** $p < .01$ (two-tailed). $N = 264$.

The Pearson correlation between strategic direction setting and organizational performance was $r = .685$ ($p < .01$), indicating a strong positive bivariate relationship. This suggests that higher levels of perceived strategic direction setting are closely associated with higher levels of perceived organizational performance. The strength of this correlation provides preliminary evidence that direction setting is a substantial rather than marginal factor in performance variation across the sampled ministries.

4.6.2 Regression Analysis

Multiple linear regression was conducted to test the null hypothesis that strategic direction setting has no statistically significant effect on organizational performance. The model included strategic direction setting alongside the other three strategic leadership dimensions (participative decision-making, accountability-oriented leadership, and adaptive leadership) to isolate the unique contribution of strategic direction setting while controlling for shared variance among the leadership constructs.

Table 6: Model Summary

R	R ²	Adjusted R ²	SE of Estimate
.830	.689	.684	.319

Note. Predictors: (Constant), Adaptive Leadership, Accountability Oriented Leadership, Participative Decision Making, Strategic Direction Setting. Dependent Variable: Organizational Performance.

Table 7: ANOVA for the Regression Model

Source	SS	df	MS	F	Sig.
Regression	58.225	4	14.556	143.159	.000
Residual	26.335	259	0.102		
Total	84.559	263			

Note. Dependent Variable: Organizational Performance.

Table 8: Regression Coefficients

Predictor	B	SE	β	t	Sig.
(Constant)	.047	.167		0.283	.778
Strategic Direction Setting	.231	.046	.242	5.050	.000
Participative Decision Making	.271	.043	.300	6.296	.000
Accountability Oriented Leadership	.301	.046	.286	6.548	.000
Adaptive Leadership	.199	.045	.196	4.433	.000

Note. Dependent Variable: Organizational Performance. B = unstandardized coefficient; SE = standard error; β = standardized coefficient. The row for strategic direction setting is highlighted as the focal predictor.

The regression model was statistically significant, $F(4, 259) = 143.159$, $p < .001$, with the four strategic leadership dimensions collectively explaining 68.9 percent of the variance in organizational performance ($R^2 = .689$, Adjusted $R^2 = .684$). Strategic direction setting recorded a statistically significant positive effect on organizational performance ($B = .231$, $SE = .046$, $\beta = .242$, $t = 5.050$, $p < .001$). The null hypothesis that there is no statistically significant effect of strategic direction setting on organizational performance in central government ministries in Kenya was therefore rejected.

The standardized coefficient of $\beta = .242$ indicates that a one-standard-deviation increase in strategic direction setting is associated with a .242 standard deviation increase in organizational performance, holding the other three leadership dimensions constant. While this effect is the third largest among the four dimensions, it is substantively meaningful, confirming that strategic direction setting makes a unique and statistically significant contribution to organizational performance beyond what is attributable to participative decision-making, accountability-oriented leadership, and adaptive leadership.

4.7 Qualitative Evidence

Key Informant Interviews with fifteen senior and technical officers corroborated the significant positive direct effect of strategic direction setting while also explaining the descriptive gap between goal alignment (the strongest item) and vision translation (the weakest item). Respondents consistently described a pattern in which strategic plans are carefully developed and officially approved at headquarters, but field-level staff often view them as compliance documents rather than tools that shape daily decision-making. Consistent with the study's confidentiality protocol, quotations are reported using the generic attribution 'KII, 2026' rather than individually identifying respondents.

One respondent noted that "at the operational level, it sometimes reads as a document rather than a lived practice, particularly in field offices" (KII, 2026). Another observed that "field staff often see the strategic plan as a headquarters document rather than something shaping their daily work" (KII, 2026). This perception was qualified by respondents who affirmed the dimension's centrality to performance, with one stating that "strategic direction setting stands out most clearly, since a well structured plan creates the framework within which all other leadership practices operate"

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(KII, 2026). The implication is that alignment is strongest where workforce planning has been done thoroughly, while in units without updated workforce plans, alignment between strategic direction and operational practice is weaker.

This qualitative evidence converges with the quantitative findings in two important ways. First, it explains why strategic direction setting recorded a significant inferential effect despite a moderate descriptive mean: the construct is statistically consequential where it is practised meaningfully, but its average perception is tempered by inconsistent translation from headquarters articulation to field-level embedding. Second, it aligns with the criticism of Strategic Choice Theory raised by Mutinda and Charles (2021) that the theory overestimates managerial discretion while underestimating structural constraints, a dynamic the KII respondents described as the gap between strategic intent at headquarters and procedural realities in field operations.

4.8 Discussion

The regression results indicate that strategic direction setting has a positive and statistically significant effect on organizational performance ($B = .231, \beta = .242, p < .001$), which is consistent with the empirical evidence reviewed. Li et al. (2025) established significant positive relationships between strategic direction setting and various performance measures among corporations operating in emerging markets. Similarly, Haule et al. (2024) found that strategic direction setting accounted for 25 per cent of the variance in organizational performance in a Tanzanian municipality. However, the formal strategic planning process produced a negative effect where implementation was poorly managed, leading the authors to conclude that strategic plans contribute positively to performance only when they are actionable rather than merely symbolic.

The findings of the present study also corroborate evidence from studies conducted within the Kenyan public sector. Micheni and Awuor (2025) established that clear articulation of organizational vision and goals positively influenced county government performance. Similarly, Kibai and Awuor (2024) reported that strategic leadership, particularly effective goal articulation, significantly enhanced service delivery within county governments. Odero (2023) further confirmed the positive influence of strategic direction on SACCO performance, while Nkuda (2023) demonstrated that strategic direction setting is more effective when accompanied by contextual intelligence. Collectively, these studies support the proposition that strategic clarity is necessary for improved performance, although it may not be sufficient in the absence of effective implementation and contextual responsiveness.

The qualitative findings provide an additional perspective that has received comparatively limited attention in the existing literature. Respondents across different functional areas independently identified a gap between the articulation of strategic direction and its operationalisation at the field level. This suggests that the contribution of strategic direction setting to performance within the sampled ministries is constrained not necessarily by the quality of the strategic plans, but by inconsistencies in the manner in which strategic priorities are cascaded to operational levels. The finding therefore extends Dhlamini's (2025) argument that strategic plans should operate as “living instruments” rather than administrative formalities by demonstrating how the translation gap manifests within the context of central government ministries.

The findings also have important theoretical implications. Strategic Choice Theory proposes that leadership agency, exercised through deliberate strategic choices, influences organizational outcomes. The present findings provide support for this proposition by demonstrating that where strategic direction is effectively operationalised, measurable improvements in organizational performance are realised. Nevertheless, the implementation gap identified through both the descriptive and qualitative evidence also supports the criticism that the theory may overstate the extent to which individual leaders can independently shape outcomes within highly regulated bureaucratic environments (Mutinda & Charles, 2021). The evidence therefore suggests that strategic direction setting is a genuine and statistically significant mechanism for improving organizational performance, but its potential is not fully realised when strategic intent is inconsistently translated into operational practice. Because the study employed a cross-sectional correlational design, these results should be interpreted as statistically significant predictive associations rather than evidence of temporal causation.

5. Conclusions and Recommendations

5.1 Conclusions

The study concludes that strategic direction setting has a statistically significant positive effect on organizational performance in central government ministries in Kenya ($B = .231$, $\beta = .242$, $p < .001$), supported by a strong positive bivariate correlation of $r = .685$. Consequently, the null hypothesis was rejected at the .001 level of significance. Strategic direction setting therefore makes a unique and substantively meaningful contribution to organizational performance beyond the effects of participative decision-making, accountability-oriented leadership, and adaptive leadership.

The study further concludes that the contribution of strategic direction setting to organizational performance is currently constrained by an implementation gap between the articulation of strategic plans at headquarters and their operationalisation at the field level. Alignment of organizational goals with ministry priorities emerged as an institutional strength, whereas the cascading of long-term vision into cross-departmental operational practice remained a notable weakness. This finding suggests that the primary challenge does not necessarily concern the quality of strategic plans, but rather the extent to which strategic intent is embedded in routine activities, departmental work plans, and the decision-making processes of field-level officers and operational units.

5.2 Recommendations

First, central government ministries should strengthen the mechanisms through which strategic priorities are cascaded into departmental work plans and routine operational activities. This requires moving beyond the preparation of strategic plans primarily as compliance documents towards their active utilisation as decision-making frameworks at all levels of the organizational hierarchy. Departmental heads should be required to demonstrate clear alignment between their work plans, quarterly performance reviews, and the strategic priorities of their respective ministries.

Second, the Ministry of Public Service, Human Capital Development and Special Programs, together with the Public Service Commission, should consider integrating competencies in cascading strategic direction into leadership development curricula administered through the Kenya School of Government. Executive development programmes should include practical modules on translating national priorities into departmental objectives and communicating strategic intent to operational cadres. Such training should incorporate practical exercises based on actual ministry strategic plans to strengthen the applicability of the training to the public sector context.

Third, ministries should institutionalise regular strategic alignment reviews to assess the extent to which field-level operations correspond with the priorities contained in ministry strategic plans. These reviews should complement headquarters-level strategic planning processes and involve officers across different cadres and functional areas. Their findings should subsequently inform ministry performance-contracting submissions and departmental performance assessments, thereby creating a clear accountability link between strategic intent, operational execution, and reported performance.

5.3 Suggestions for Further Research

Future studies should adopt longitudinal research designs to examine how changes in strategic direction-setting practices influence organizational performance over time, since the cross-sectional design employed in the present study captures perceptions at only one point in time. Comparative studies involving several ministries, as well as comparisons between national and county government institutions, would help establish whether the implementation gap identified in this study is ministry-specific or reflects a broader system-wide challenge within Kenya's public sector.

Further studies should also examine the intervening mechanisms through which strategic direction setting influences organizational performance. In particular, factors such as competence heterogeneity and employee commitment could be modelled as potential mediating mechanisms. Examining these pathways would provide a deeper understanding of how strategic direction established by leaders is translated into measurable organizational outcomes.

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