



EFFECT OF STRATEGIC FIT ON PERFORMANCE OF PUBLIC UNIVERSITIES IN WESTERN KENYA

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Abstract

Higher Education provides a foundation for development. It is the key to increasing economic efficiency and social consistency, however recent audit reports have revealed substantial financial losses in public universities. This could be as a result of lack of strategic fit. There is little information on strategic fit, which ensures compatibility of strategies during implementation for improved performance. The study purpose was to analyze the effect of strategic fit on performance of these universities. The objective was analyze effect of strategic fit on performance. The study applied contingency theory and adopted a cross-sectional survey design of 4 public universities in Western Kenya. The population comprised 191 staff with 13 used for piloting. The remaining 178 comprised 166 senior managers including deans; chairs of departments; registrars; finance officers; librarians and 12 top managers including Vice-Chancellors and their deputies. The response rate was 84%. Primary data were collected using structured questionnaires and interview schedules. Pre-validated questionnaires had reliability alpha for strategy orientation $\alpha=0.69$, implementation $\alpha=0.805$ and performance $\alpha=0.92$. Moderation perspective revealed strategic fit ($\beta=.089$, $p=.022$) and interactive effect ($\Delta R^2=0.027$, $p=0.022$). The findings implied that interactive effect of strategic fit improved performance by 2.7%. It is concluded that universities strategic fit contributes to positive performance. It is recommended that Public universities be enlightened on benefits of aligning strategy orientation with implementation practices to improve performance.

Keywords: Strategy Orientation, Implementation Practices, Performance, Strategic Fit, Moderation perspective, Matching perspective



INTRODUCTION

According to Ensign (2001), strategic fit is defined as an alignment and has assumed a core position in both organizational studies (Venkatraman and Presscott 1990) and strategic management research (Miles, Snow and Meyer 1978). The basic proposition of the strategic fit literature is that the degree of alignment between strategy and its context has significant performance implications (Hoffer, 1975). Venkatraman (1989) suggests six perspectives of fit; moderation, mediation, matching, gestalts, profile deviation and co-variation. Although each of these six perspectives implies unique conceptualization and theoretical meaning, they are not necessarily competing perspectives. Indeed, some of them are complementary to one another. Strategic fit expresses the degree to which an organization matches its resources and capabilities with the opportunities in the external environment.

Theoretical literature links strategic fit to desirable performance implications (Miles and Snow, 1994). Clark and Hayes (1985) and Collier (1985) affirm that there is need to develop technology policies that are consistent with or fit corporate strategic orientations. This study sought to analyze the effect of strategic fit on performance. This strategic fit seems to have potentials to guide successful deployment of firms' technological capabilities and resources in the effective pursuit of firms' strategic leaning and achievement of competitive advantage (Zahra and Covin, 1993). Despite the concept's intuitive appeal, one finds relatively little explicit attention to strategic fit in most strategy literature. Out of the six perspectives suggested by Venkatraman (1989) the researcher chooses two perspectives. First, fit as moderation and second, fit as matching. Fit as moderation implies an interaction between two variables and fit as matching implies a match between two variables. These two have been chosen out of the six perspectives because moderation, mediation and matching assume bivariate relationships whereas covariation, profile deviation and gestalts assume multiple relationships. Mediation was also dropped since according to the mediation perspective, there exists an intervening variable between one or several antecedent variables and the consequent variable, which is not the case in this study.

The approach to fit in the studies by (Sivasubramaniam et al. (1995), Chin-Shien and Van-Thac (2015) Xu et al. (2006) Hill et al. (1992), Yin and Zajac (2004) Hill et al. (1992) Odiyo et al. (2013), is as varied as their approach to choice of variables among which they investigated fit. They cover moderation mediation, matching, covariation, gestalts, profile deviation, horizontal and vertical perspectives of fit. They consider human resource strategies, business strategies, diversification strategies, structure and control systems, organizational slack, environment, governance systems and processes as variables but they fail to consider strategy orientation and implementation. Information on fit between these two, strategy

orientation and implementation is lacking. Consequently, it is unclear, how this fit contributes to organizational performance. This information is also lacking in the context of public universities in Western Kenya.

Previous studies clearly state that Higher Education provides a foundation for development. It is the key to increasing economic efficiency and social consistency (Ozturk, 2001). However, recent audit reports indicate that public universities are in a financial crisis with a higher number coming from Western Kenya. This suggests ineffective alignment between strategy orientation and implementation practices. Past studies have focused on reduced funding, lack of innovation, ineffective systems and customer dissatisfaction but no known studies have focused on strategic fit which ensures compatibility of strategies during implementation for improved performance. Strategic fit is the degree of alignment between strategy orientation and implementation practices. The purpose of this study was therefore to analyze the effect of strategic fit on performance of these universities.

Objective of the Study

To analyze the effect of strategic fit on performance of public universities in Western Kenya.

Research Hypotheses

H₀: There is no significant relationship between strategic fit and performance of public universities in Western Kenya.

LITERATURE REVIEW

Theoretical Review

Contingency Theory

The contingency perspective of organizational strategy is used widely in the understanding of strategy-performance relationships. It holds that strategies must be matched with corresponding environmental contexts in order to achieve superior performance (Ginseberg and Venkatraman, 1985). Successful organizations achieve strategic fit and support their strategy with appropriate structures and processes, while less successful firms typically exhibit poorer fit (Miles and Snow, 1984). Firms will therefore strive for the ideal fit to reach highest performance and outperform those that do not. Contingency theory is provided to better understand the term “strategic fit”. The concept of strategic fit implies that a relationship between two variables exists, which predicts a third variable. The latter variable is generally organizational performance. Fit is the core construct of contingency theory (Peteraf and Reed,

2007). The core of contingency theory is that organizational performance is caused by matching organizational attributes to contingencies that mirror the organization's situation. Such contingencies are, for instance, strategy (Chandler, 1962) or the external environment. In other words, contingency theory proposes that the alignment of environment, strategy, and organizational structure is required to reach high performance (Priem, 1994). Since matching the characteristics of an organization to organizational contingencies results in high performance, organizations try to achieve such a match.

Concept of Strategic Fit

According to Venkatraman (1989), strategic fit is the alignment between related variables. Ensign (2001) also defines strategic fit as an internal consistency or alignment. Strategic fit has been an important building block in the development of strategic management theory (Drazin and de Ven, 1985). It is a core concept in normative models of strategy formulation (Andrews, 1971; Hofer and Schendel, 1978). Dess and Lumpkin (2003) assert that the strategic fit process involves management of all other internal elements within an organization to ensure that the implementation process is successful. Strategic fit has therefore been conceptualized in various ways.

In Venkatraman's (1989) review work, the author identified six perspectives of strategic fit, that is, fit as moderation, fit as mediation, fit as matching, fit as covariation, fit as profile deviation and fit as gestalts. Each type of fit suggests different relationships among variables and are modeled with different methodologies. Moderation is calculated using interaction terms, mediation is modeled using indirect or intermediate variables, matching is measured using difference scores, gestalts is arrived at via cluster analysis, profile deviation is examined using pattern analysis while covariation is computed using factor analysis.

The perspective of fit as moderation is conceptualized as the interaction between two variables. The proper analysis technique is ANOVA or moderated regression analysis. The perspective of fit as mediation is conceptualized in the way that an intervening variable exists between several antecedent variables and the consequent variable. The appropriate analysis for this perspective is path analysis. Fit as matching is defined as the match between two variables. The analysis technique for this fit is deviation score analysis, residual analysis or ANOVA. Fit as covariation is defined as internal consistency among a set of underlying theoretically related variables. Second-order factor analysis is a proper technique for testing the hypothesis. Fit as profile deviation is defined in a system view and as the internal consistency with multiple contingencies. Correlation is used to test the relationship between the distance from the ideal profile and performance. Fit as gestalt is defined as the pattern of a set of

variables. Cluster analysis is often used to test the hypothesis for this perspective with strong theoretical support (Venkatraman, 1989).

Out of the six perspectives suggested by Venkatraman (1989), the researcher selected two perspectives. First, fit as moderation and second, fit as matching. These two were chosen out of the six perspectives because moderation, mediation and matching assume bivariate relationships whereas covariation, profile deviation and gestalts assume multiple relationships. Mediation was also dropped since according to the mediation perspective, there exists an intervening variable between one or several antecedent variables and the consequent variable, which is not the case in this study.

Empirical Review

Effect of Strategic Fit on Performance

Sivasubramaniam et al. (1995) did a study on achieving moderation perspective in the interaction between the human resource strategy and business strategy on performance. The sample was 72 organizations classified as manufacturing and 54 as service, in the South African industry. The results revealed were $R^2 = 0.05$ $F(1,116) = 5.78$, $p < 0.01$. This implied a positive performance. Matching perspective was also tested using the deviation score. However, the matching between other environmental variables and strategic variables were found to be not significantly related to performance. The researchers could have tested other perspectives of strategic fit, in order to compare the results. The reason for the mixed results was not demonstrated.

Chin-Shien and Van-Thac (2015) did an empirical analysis of different perspectives of strategic fit among environment, organizational slack and strategy in the context of Taiwan semiconductor industry, using a sample of 122 firms. The results of fit as moderation perspective revealed that the interaction term between low cost strategy and organizational slack is significantly positive related to performance ($\beta = 0.87$, $p < 0.0001$) and interaction term between differentiation strategy and organizational slack is not significantly related to performance. Mediation, matching, gestalts and covariation perspectives were not supported. Profile deviation was however supported ($\beta = 0.87$, $p < 0.0001$). The study was on profit organizations and they too did not demonstrate reasons for the mixed results.

Odiyo et al. (2013) made several observations regarding the issue of strategic fit between business strategies and human resource strategies. The aim of their study was to establish the extent to which strategic fit between business and human resource strategies is achieved by transnational tea firms in Kenya. The methodology used was self administered questionnaires to strategic business unit managers and Human Resource Managers. The

results revealed that, in most cases, the chosen human resource strategies are coherent with business strategies, that organizations seek to achieve both vertical and horizontal fit and that the best fit approach is widely used by the organization in formulation and implementation of the strategy. From the study, it is evident that strategic fit is related to positive performance. This study was also on profit organizations.

Hill et al. (1992) surveyed on the fit between diversification strategy and structure and control systems. The sample included 184 CEOs of Fortune 1000 firms. Fit was conceptualized as moderation. They argued that related diversification can lead to economies of scope, while unrelated diversification can lead to gains from efficient governance mechanisms. It was hypothesized that, in order to realize these benefits, different structures and control systems are necessary, namely that cooperation between business units was needed to realize economies of scope, while competition between business units is needed to realize gains from efficient internal governance. Therefore, it is not diversification strategy itself that leads to superior performance, but its implementation in the form of appropriate organizational arrangements. The study focused on profit organizations.

Yin and Zajac (2004) studied the fit between strategy and governance systems. They posited that franchisees will rather follow strategies of flexibility and decentralization, while company-owned stores will rather stress predictability and control and that this fit leads to superior performance. The sample used for testing these hypotheses comprised more than 6,000 outlets of a major U.S. restaurant chain. The findings significantly support the fact that fit brings about superior performance. This study too, focused on restaurants, which are profit organizations.

Xu et al., (2006) did a study on strategic fit and aimed to examine the effect of the internal fit among strategy, structure, and processes of MNCs and further explored their effects on firm performance. Empirical results based on the 206 MNCs in China failed to confirm the moderation perspective. This study was on profit organizations.

A study by Sivasubramaniam et al. (1995) revealed support for moderation fit on performance but insignificant matching fit on performance. Chin-Shien and Van-Thac (2015) concurred with Sivasubramaniam et al. (1995) by confirming moderation perspective of fit and failing to confirm matching perspective of fit. However, Chin-Shien and Van-Thac (2015) differed from Sivasubramaniam et al. (1995) by introducing and confirming profile deviation perspective of fit and introducing and failing to confirm mediation, gestalts and covariation perspectives of fit. Further, Sivasubramaniam et al. (1995) differed with Chin-Shien and Van-Thac (2015). The former investigated fit between human resource strategy and business strategy while the latter investigated fit among environment, organizational slack and strategy. Contrary to the above

authors, Xu et al. (2006), failed to confirm the moderation perspective of fit among strategy, structure and processes on performance. Both Hill et al. (1992) and Yin and Zajac (2004) confirmed that fit brings about superior performance but differed on the variables studied. The former studied diversification strategy, structure, control systems while the latter studied strategy and governance systems. The study by Hill et al. (1992) and Yin and Zajac (2004) differed from the study by Sivasubramaniam et al. (1995) and Chin-Shien and Van-Thac (2015) in the choice of variables they investigated fit on. However, it is also unclear what fit approach Hill et al. (1992) and Yin and Zajac (2004) used unlike the case of Sivasubramaniam et al. (1995) and Chin-Shien and Van-Thac (2015). Odiyo et al. (2013) added a lone voice by defining their fit measures as vertical and horizontal however, their choice of variables was similar to that of Sivasubramaniam et al. (1995). Sivasubramaniam et al. (1995) failed to give reasons for mixed results for moderation and matching perspectives of strategic fit. Similarly, Chin-Shien and Van-Thac (2015) failed to give reason for mixed results for moderation perspective and other perspectives which were mediation, matching, gestalts and covariation perspectives. Odiyo et al. (2013) failed to interview CEOs who are also involved in achievement of strategic fit. Hill et al. (1992), Yin and Zajac (2004) and Xu et al. (2006) studied only one perspective of strategic fit yet research recommends two or more and if not justify the reason for studying one.

The approach to fit by the foregoing authors is as varied as their approach to choice of variables among which they investigated fit. They cover moderation mediation, matching covariation, gestalts, profile deviation, horizontal and vertical perspectives of fit. They consider human resource strategies, business strategies, diversification strategies, structure and control systems, organizational slack, environment, governance systems and processes as variables but they fail to consider strategy orientation and implementation practices. Information on fit between these two, strategy orientation and implementation practices, is however, lacking. Consequently, it is unclear, how fit contributes to organizational performance. As a result, it is also unclear, what the effect of strategic fit between strategy orientation and implementation practices is, on performance. This information is also lacking in the context of public universities in Western Kenya.

METHODOLOGY

Research Design

A cross-sectional survey was deemed appropriate for the study because it enables the researcher to collect data and make inferences about a population of interest at one point in time. According to Creswell (2003), a survey design provides a quantitative or numeric description of trends, attitudes or opinions of a population by studying a sample of that

population. This approach also intended to facilitate the development of a broad -based understanding rather than study of individual units. Therefore, the method of knowledge enquiry and research design adopted were appropriate for the focus and objective of the study.

Target Population and Sample Size

The unit of analysis for the study was the management. Several definitions stress the role of top management (such as Schaap, 2006) who argues that senior-level leadership behaviours and activities transform a working plan into concrete reality. The target population was 191 staff out of which 13 were used for piloting. The remaining 178 comprised 166 senior managers including deans, chairs of departments, registrars, finance officers, librarians and 12 top managers including Vice-Chancellors and their deputies. According to Kothari (2004), census approach enhances validity of the study providing a true measure of the population with no sampling error, availing detailed information about small subgroups within the population and providing benchmark data for future studies. Owing to the superiority of a census survey as evidenced here, the method was adopted for this study.

Sources of Data

The study mainly utilized primary data supplemented by secondary data from university records. The study aimed at collecting data relating to strategy orientations, implementation and performance of public universities in Western Kenya.

Data Collection Instrument

Strategic Fit Dimensions Questionnaire

Strategic fit was conceptualized and measured using matching and moderation perspectives. Matching perspective measured consistency or match while moderation measured interaction between strategy orientation and implementation. One commonly used method for testing the matching relationships is the deviation score analysis. This method states that the absolute difference between the standardized scores of two variables indicates a lack of fit, and the performance implication of fit can be tested by examining the effect of this absolute deviation score on performance.

Performance Dimensions Questionnaire

Performance was measured using the Balanced Scorecard methodology from four perspectives: financial, customer, internal processes, and innovation (Kaplan & Norton, 1992). It

was measured anchored on a range of “Very Great Extent” to “No Extent” on a five point Likert scale.

Reliability Tests

Cronbach alpha was computed for implementation, strategic orientation and performance. Cronbach's alpha of 0.707 or above are termed as suitable that items are performing well in capturing a particular latent variable ((Pallant, 2007). Implementation scale indicated 0.805, performance scale indicated a Cronbach alpha of 0.92. The strategy orientation scale indicated a Cronbach alpha of 0.690, well above the threshold level of 0.6 as regarded by Hair et al. (1998).

Validity Tests

The two prevalent forms of factor analysis are the exploratory factor analysis (EFA) and confirmatory factor analysis (CFA). In this study, EFA was performed using PCA to identify constructs, and subsequently separately for each construct. According to Hair et al. (2006), factor loadings greater than 0.30 are considered to meet the minimal level; loadings of 0.40 are considered more important but if the loadings are 0.50 or greater, then they are considered highly significant. A factor loading of 0.30 was used as the cut-off point in this study. The method of Principal Components Analysis (PCA) using SPSS version 19.0 was applied to the same data used in the assessment of internal consistency reliability. The use of principal components factor analysis with orthogonal rotation also allowed for the factors to be treated as uncorrelated variables in order to satisfy multicollinearity assumptions (Punj and Stewart, 1983).

In order to conclude that a measurement scale is uni-dimensional, the factor loadings on the first extracted principal components factor should be greater than the rule-of-thumb minimum of 0.30 for samples with less than 100 observations (Hair et. al., 1998; Rungtusanatham et. al., 1999). This approach also requires that the eigenvalue for the first extracted principal components factor should generally explain more than 50 percent of the variance among the measurement items while the eigenvalues for subsequent extracted principal components factors should be less than 1.00. An ideal scenario would be to factor analyze all measurement items across all the measurement scales. However, this strategy was not feasible, given the relatively small sample in this study. Due to the objectives of this study, an alternative strategy in line with Rungtusanatham et. al. (1999) was, therefore, adopted. This entailed applying principal components factor analysis to evaluate the dimensionality of the relevant measurement scales on a “measurement scale” by “measurement scale” basis. In this procedure, for each measurement scale, if the number of extracted factors exceeds one,

then the measurement scale would not be uni-dimensional hence would not possess a high construct validity.

Testing for Multicollinearity

Multicollinearity occurs when two or more items measure the same entity and are therefore identical (Ahire et al., 1996). This study assessed the multicollinearity of the independent variables by means of tolerance and variance inflation factor (VIF). A tolerance of below 0.10 or a VIF greater than 10 is regarded as indicative of serious multicollinearity problems (Field, 2000, Hair et al. 1998). Table 1 shows the results of the multicollinearity statistics. As indicated in Table 1, the tolerance statistics were all well above 0.10 and the variance inflationary factor (VIF) values were all well below 10 (Mason and Perreault 1991; Field, 2000). It is therefore concluded that there was no multicollinearity within the data.

Table 1: Collinearity Statistics

| Independent variable | Collinearity Statistics | |
|-----------------------|-------------------------|----------|
| | Tolerance | Variance |
| Implementation | .819 | 1.22 |
| Strategic orientation | .834 | 1.99 |

Dependent variable = Performance

Data Analysis

Multiple regression analysis was used to analyze the effect of strategic fit on performance. Content analysis was performed on qualitative data.

ANALYSIS AND FINDINGS

Effect of Strategic Fit on performance

To actualize this objective, multiple regression analysis and deviation score analysis were used. In order to test the null hypothesis, the moderation perspective of strategic fit was used according to Venkatraman's (1989) recommendations. Moderation perspective is supported if the unstandardized regression coefficients of the interaction terms are significantly different from zero.

Moderation Perspective

To carry out a moderation perspective, log transformation was used on all the variables as a suitable way of dealing with multi-collinearity in multiple regression. The results are presented in Table 2, 3 and 4 as shown.

Table 2: Model Coefficients of the Effect of Strategic Fit on Performance

| Model | Unstandardized Coefficients | | Standardized Coefficients | T | Sig. | Collinearity Statistics | | | | |
|------------|-----------------------------|------------|---------------------------|-------|------|-------------------------|---------|------|-----------|-------|
| | B | Std. Error | Beta | | | Zero-order | Partial | Part | Tolerance | VIF |
| (Constant) | .409 | .088 | | 4.653 | .000 | | | | | |
| 1 InX | .300 | .062 | .370 | 4.826 | .000 | .464 | .384 | .343 | .859 | 1.164 |
| InZ | .274 | .070 | .298 | 3.905 | .000 | .429 | .319 | .277 | .865 | 1.156 |
| InXZ | .089 | .038 | .165 | 2.316 | .022 | .123 | .196 | .164 | .992 | 1.008 |

a. Predictors: (Constant), InXZ, InZ, InX b. Dependent Variable: InY

Model equation $Y = .409 + .300\ln X + .274\ln Z + .089\ln(XZ) + \epsilon$

The results indicated that a percentage change in the interaction term will lead to .089 percentage change in performance at $p = .022$. This implies that strategic fit (interaction term) influences performance significantly.

Table 3: Model Summary of the Overall Percentage Explained by the Model

| Model | R | R Square | Adjusted R Square | Std. Error of the Estimate | Change Statistics | | | | | Durbin-Watson |
|-------|-------------------|----------|-------------------|----------------------------|-------------------|----------|-----|-----|---------------|---------------|
| | | | | | R Square Change | F Change | df1 | df2 | Sig. F Change | |
| 1 | .565 ^a | .320 | .305 | .12702 | .320 | 21.151 | 3 | 135 | .000 | 1.615 |

The results in Table 3 indicate that the overall percentage explained by the model was 32%, ($R^2 = 0.320$, Adjusted $R^2 = .305$, $F(3,135) = 21.151$, $P = .000$). The Durbin-Watson statistic for the model was 1.615 which means that the assumption of independent errors was tenable in the regression models. According to Field (2005), the Durbin-Watson statistic should lie between 1 and 3 for the researcher to conclude that the condition of independent errors is met. The closer the figure is to 2, the better because it signifies absence of autocorrelation.

Table 4: Interactive Effect of Strategic Fit on Performance

| Model | R | R Square | Adjusted R Square | Std. Error of the Estimate | Change Statistics | | | | |
|-------|-------------------|----------|-------------------|----------------------------|-------------------|----------|-----|-----|---------------|
| | | | | | R Square Change | F Change | df1 | df2 | Sig. F Change |
| 1 | .464 ^a | .215 | .210 | .13542 | .215 | 37.590 | 1 | 137 | .000 |
| 2 | .541 ^b | .293 | .282 | .12904 | .077 | 14.882 | 1 | 136 | .000 |
| 3 | .565 ^c | .320 | .305 | .12702 | .027 | 5.366 | 1 | 135 | .022 |

a. Predictors: (Constant), InX b. Predictors: (Constant), InX, InZ
c. Predictors: (Constant), InX, InZ, InXZ d. Dependent Variable: InY

After controlling strategy orientation (X) and implementation (Z), the interaction term (XZ) which is strategic fit explains 2.7% change in performance (R^2 Change=0.027, $p=.02$). According to Aikin and West (1991) power to detect interaction effects is often low because of the small effect sizes observed in social science. Fairchild and Mackinnon (2009) note that interaction effect, in this case 2.7%, is normally very low but never the less confirm moderation. He argues that models that simultaneously examine mediation and moderation effects are at an even greater disadvantage as they involve several interaction terms as well as estimation of indirect effects.

The conclusion is that the moderation perspective supports the theoretical proposition that strategic fit is positively related to performance in public universities. This means that we therefore reject the null hypothesis and accept the alternative hypothesis. There is therefore a significant relationship between strategic fit and performance of public universities in Western Kenya, in that, 32.0% of the universities' performance is accounted for by the model.

Matching Perspective

Table 5: Model Coefficients for the Matching Perspective

| Model | Unstandardized Coefficients | | Standardized Coefficients | T | Sig. | Correlations | | | Collinearity Statistics | |
|----------------|-----------------------------|------------|---------------------------|-------|------|--------------|---------|-------|-------------------------|-------|
| | B | Std. Error | Beta | | | Zero-order | Partial | Part | Tolerance | VIF |
| (Constant) | 1.164 | .236 | | 4.936 | .000 | | | | | |
| Strategies | .275 | .082 | .258 | 3.346 | .001 | .420 | .276 | .235 | .834 | 1.199 |
| Implementation | .377 | .071 | .415 | 5.341 | .000 | .522 | .416 | .376 | .819 | 1.221 |
| INVERSE | -.001 | .002 | -.034 | -.470 | .639 | -.081 | -.040 | -.033 | .969 | 1.032 |

a. Dependent Variable: overall performance

From the results in Table 5, implementation had the highest significant unique contribution to the model followed by strategic orientation, ($\beta=.415$, $p<.01$) and ($\beta=.258$, $p<.01$) respectively. The constant a_3 which is the inverse of the absolute difference was negative and not significant. Since the coefficient a_3 (INVERSE) is negative and statistically not significant, performance effect of fit is not supported. ($\beta=-.001$, $p=.639$).

The model significance was assessed as well in order to determine whether it would accurately bring out the required results. The empirical results are presented as shown in the Table 6.

Table 6: Model Significance

| Model | | Sum of Squares | Df | Mean Square | F | Sig. |
|--|------------|----------------|-----|-------------|--------|-------------------|
| 1 | Regression | 9.088 | 3 | 3.029 | 22.080 | .000 ^b |
| | Residual | 18.659 | 136 | .137 | | |
| | Total | 27.747 | 139 | | | |
| a. Dependent Variable: overall performance | | | | | | |
| b. Predictors: (Constant), INVERSE, Strategies, Implementation | | | | | | |

The results in Table 6 indicate that the model was significant $F(3, 136)=27.747, p<.01$. The overall model summary results are presented as shown in Table 7.

Table 7: Matching Perspective Model Summary

| Model | R | R Square | Adjusted R Square | Std. Error of the Estimate | Change Statistics | | | | Durbin-Watson | |
|--|-------------------|----------|-------------------|----------------------------|-------------------|----------|-----|-----|---------------|---------------|
| | | | | | R Square Change | F Change | df1 | df2 | | Sig. F Change |
| 1 | .572 ^a | .328 | .313 | .37040 | .328 | 22.080 | 3 | 136 | .000 | 1.671 |
| a. Predictors: (Constant), INVERSE, Strategies, Implementation | | | | | | | | | | |
| b. Dependent Variable: overall performance | | | | | | | | | | |

The model explains 32.8 % of variation in performance among public universities as shown in table 7. The matching perspective has a few of its own limitations. First, it has a limitation of potential unreliability of the fit measure, since the reliability of a difference score $|X-Z|$ is less than the average reliability of its component parts (X) and (Z) and also there could be a possibility of spurious association with an external variable. Even if the difference score has acceptable reliability, it may be spuriously related to the criterion variable through the effects of the original components (X) and (Z) and finally, the matching perspective has a generally weak discriminant validity given that the transformed variable may not be different from its component variables.

The key informants were interviewed regarding strategic fit and the questions asked were as follows:

Has the anticipated value of strategic fit been realized in your university?

Explain:

What do you think your university should do to make strategic fit an effective value added process?

One of the VC's responded as follows:

"Yes, the monitoring and evaluation as well as the use of performance contract have yielded evidence for improvement. The university should emphasize self-evaluation, lay establishment of a directorate performing monitoring and evaluation" (Key Informant I, 2015).

The second one contradicted and said;

“No, there are so many competitive partners offering better opportunities at a cheaper price. The university should review their policies and guidelines to be a little flexible and accommodate all” (Key informant II, 2015).

The third one said:

“Yes, in some projects, others are still lagging behind. We should align structures with the strategies, align resources (Time, Human, Material etc) with the strategies and we should use motivation as an investment” (Key informant III, 2015).

Most of the comments by the DVCs revealed that strategic fit had not been achieved.

The differing comments were as follows:

“No, the rate at which the university is growing in terms of student population is much higher than the implementation practices currently in place. The university should institute self sustaining programs and widen collaboration and partnerships with governmental and non-governmental organizations both locally and internationally. Yes, the universities through strategic planning has laid strategies and objectives whose implementation is measured quarterly and annual reporting is done” (Key informant VI, 2015).

“No, the universities are always behind time and have fallen short of expectations. The university should plan realistically, on basis of resource based, In relation to Human Capacity Levels, staff should be sensitized on certain work ethics and own strategies” (Key informant VII, 2015).

“No, this is because of bureaucracy, limited funds, low motivation and human resource constraints. The universities should follow policies and procedures guiding undertaking of activities, seek for more funds and seek for income generating funds for shortfall” (Key informant VIII, 2015).

“No, This is because of the existing policies and inadequate resources. Universities should come up with new programs and prioritize issues. Yes, this is because strategies are regularly communicated to responsible personnel hence everyone is aware of what is required to realize or achieve the set out requirements. Communication on strategy implementation is usually done to the senior management. There is need to cascade the same to the lower cadre of staff who are also part of the implementation process. Not fully, this is because of lack of proper training, inability among staff, non-Participative decision making” (Key informant VIII, 2015).

The current study adopts the results of the moderation perspective since matching perspective revealed insignificant results. Other reasons are that Venkatraman, 1989 and Hoffman et al., 1992 suggest that moderation is a proper approach for handling the fit between organizational features and strategies. Secondly, an advantage of the moderation perspective is that it allows for a test of main and interaction effects simultaneously. Third, the moderation perspective has been one of the most commonly adopted perspectives in strategic fit management research (Xu, Cavusgil, and White 2006) and fourth, the matching perspective which implies a match between two variables and could have been used for this study, has a few of its own limitations. First, it has a limitation of potential unreliability of the fit measure, since the reliability of a difference score $|X-Z|$ is less than the average reliability of its component parts (X) and (Z) and also there could be a possibility of spurious association with an external variable. Even if the difference score has acceptable reliability, it may be spuriously related to the criterion variable through the effects of the original components (X) and (Z) and finally, the matching perspective has a generally weak discriminant validity given that the transformed variable may not be different from its component variables.

DISCUSSION OF FINDINGS

It is evident from the responses that strategic fit has not been fully realized and there is need to curb the challenges addressed above in order to make strategic fit an effective value added process. This is supported by the results from the moderation perspective of fit which revealed that, although there is a significant relationship between strategic fit and performance of public universities in Western Kenya, it only explained 2.7% of the variance in performance. According to Aikin and West (1991), power to detect interaction effects is often low because of the small effect sizes observed in social science. Fairchild and Mackinnon (2009) note that interaction effect, in this case 2.7%, is normally very low but never the less confirm moderation. He argues that models that simultaneously examine mediation and moderation effects are at an even greater disadvantage as they involve several interaction terms as well as estimation of indirect effects. The matching perspective was not significant. The results show that the combination of strategy orientation and implementation practices explains more variance than either model alone. However, there are no great differences in performance due to the interaction between strategy orientation and implementation practices as revealed by only 2.7% of the variations in performance which had low power on performance. This could also mean that as much as public universities are initiating strategies explained by the ($\Delta R^2 = 0.215$;

$p=0.000$), they are not keen in implementing the same as revealed by ($\Delta R^2=0.77$ $p=0.000$) on performance.

The findings are similar with the study by Sivasubramaniam et al.,(1995) who revealed support for moderation fit on performance ($R^2= 0.05$ $F(1,116) = 5.78$, $p < 0.01$) but insignificant matching fit on performance. Chin-Shien and Van-Thac (2015) also concurred with Sivasubramaniam et al. (1995) by confirming moderation perspective of fit and failing to confirm matching perspective of fit. However, the current findings and Chin-Shien and Van-Thac (2015) findings differed with Sivasubramaniam et al. (1995) by introducing and confirming profile deviation perspective of fit and introducing and failing to confirm mediation, gestalts and covariation perspectives of fit. Further, Sivasubramaniam et al. (1995) differed from Chin-Shien and Van-Thac (2015). The former investigated fit between human resource strategy and business strategy while the latter investigated fit among environment, organizational slack and strategy. Contrary to the above authors, Xu et al., (2006), failed to confirm the moderation perspective of fit among strategy, structure and processes on performance. Both Hill et al. (1992) and Yin and Zajac (2004) confirmed that fit brings about superior performance but differed on the variables studied. The former studied diversification strategy, structure, control systems while the latter studied strategy and governance systems. The study by Hill et al. (1992) and Yin and Zajac (2004) differed from the study by Sivasubramaniam et al. (1995) and Chin-Shien and Van-Thac (2015) in the choice of variables they investigated fit on. However, it is also unclear what fit approach Hill et al. (1992) and Yin and Zajac (2004) used unlike the case of Sivasubramaniam et al. (1995) and Chin-Shien and Van-Thac (2015). Odiyo et al. (2013), added a lone voice by defining their fit measures as vertical and horizontal however, their choice of variables was similar to that of Sivasubramaniam et al. (1995). Sivasubramaniam et al. (1995) failed to give reasons for mixed results for moderation and matching perspectives of strategic fit. Similarly, Chin-Shien and Van-Thac (2015) failed to give reason for mixed results for moderation perspective and other perspectives which were mediation, matching, gestalts and covariation perspectives. Odiyo et al. (2013) did not interview CEOs who are also involved in achievement of strategic fit. Hill et al. (1992), Yin and Zajac (2004) and Xu et al. (2006) studied only one perspective of strategic fit yet research recommends two or more or else they justify the reason for studying one.

The approach to fit by the foregoing authors is as varied as their approach to choice of variables among which they investigated fit. They cover moderation, mediation, matching covariation, gestalts, profile deviation, horizontal and vertical perspectives of fit. They consider human resource strategies, business strategies, diversification strategies, structure and control systems, organizational slack, environment, governance systems and processes as variables

but they fail to consider strategy orientation and implementation practices. Information on fit between these two, strategy orientation and implementation practices is therefore lacking. It is for this reason that the current study confirmed the moderation perspective of the fit between strategy orientation and implementation practices on performance of public universities in Western Kenya.

CONCLUDING REMARKS

Conclusions

Based on the findings of the fourth objective, which revealed existence of significant interactive effect of strategic fit on the relationship between strategy orientation and implementation practices on performance, it is concluded that the moderation perspective of fit between strategy orientation and implementation practices which implies an interaction between these two variables is suitable for use in the evaluation of performance of public universities in Western Kenya and matching perspective of fit between strategy orientation and implementation practices is not suited.

Recommendations

Based on the findings, the study recommends that managers of the universities should properly align their strategies to implementation practices in order to reap benefits of improved performance. Staff at all levels should be trained about the importance of aligning strategies with implementation practices. This will increase awareness and commitment to strategic fit across the institution. Regular reviews should be done to ensure that strategies are continuously aligned with implementation practices and finally, universities to develop performance monitoring mechanisms that link strategic fit with performance metrics.

Limitations of the Study

The second limitation relates to the relatively small sample size and the concern that the data may not fully capture the range of factors that interplay in the relationship between strategy orientations and implementation practices. However, confining the study to public universities in a single regional setting conferred the obvious advantage of control. Another limitation of this research concerns the causal relationships among fit of strategy orientation and implementation on performance. Other factors could also influence performance. A final limitation encountered during the field survey was that respondents did not complete most of the open-ended sections of the questionnaire.

Scope for Further Research

Future studies could adopt methodologies such as field research and case studies using qualitative designs or even combine case-study with survey methods. It is recommended that future studies can research on the other variables of strategic fit.

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