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LEADERS' RISK-TAKING DYNAMICS AND CORPORATE STRATEGIC CHOICES BY FLOWER FIRMS IN KENYA

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ABSTRACT

In Kenya, the flower sector is a fast-growing sector and the third largest foreign exchange earner in the agriculture industry. It has created direct employment to over 50,000 people and over 2 million people through related economic activities. The sector contributes about 30% to the gross domestic product (GDP) annually and in effect, helping the country achieve its long-term development plans of vision 2030. In spite of its fast growth and its significant contribution to the economic growth, the industry has been facing a number of challenges. This study examined the influence of leaders' risk-taking dynamics on corporate strategic choice by flower firms in Kenya. Specifically, the study explored whether the flower firms' corporate strategic choices are influenced by leaders' risk-taking dynamics. A moderating role (firm size) was established. Descriptive research design was adopted and embedded on the positivistic paradigm. The study targeted the flower firms in Kenya. The total number of flower firms in Kenya as per the current Kenya Flower Council (KFC) data is 70. This figure constituted the sample size from where primary data was collected using structured questionnaires. Questionnaires were administered to the respondents and given a day to complete. The secondary data was collected from journals, books and the internet. Descriptive statistics, regression and correlation analysis were carried out. Descriptive statistics were done to describe the data set of 70 flower firms. Analysis of variance was done to test the research hypothesis. Presentation of the data was done in form of charts and frequency tables. The study found that leaders' risk-taking dynamics are statistically significant in explaining corporate strategic choices by flower firms in Kenya'. The influence was found to be positive. This means that unit increase in leaders' risk-taking dynamics would lead to an improvement in corporate strategic choices by flower firms in Kenya'. Based on the findings, the study concluded that leaders' risk-taking dynamics positively and significantly influences corporate strategic choices by flower firms in Kenya'. The study also concludes that firm size has significant moderating effect on the relationship between leaders' risk-taking dynamics and corporate strategic choices by flower firms in Kenya. Based on the findings, the study recommends that in order to make the right strategic choices, leaders need to take risks, often in an uncertain environment. Understanding one's preferences toward risk, and surrounding oneself with others who hold different preferences toward risk, are solid first steps in recognizing just the right balance of risk a leader should take in today's business environment.

Key Words: Leaders Risk Propensity, Firm Size, defensive Strategic Choice, Flower Firms

Background of the Study

Understanding the dynamics behind the strategic choices made by corporate leaders is significantly important for the purpose of assessing how the leaders navigate uncertainties and capitalizes on opportunities. Studies (Meidell & Katarina, 2017) have shown that leaders' risk-taking dynamics have a bearing in shaping strategic choices in today's complex and competitive business environment. The studies suggest that while a higher risk appetite can lead to significant innovation and growth, it also necessitates careful consideration and robust risk management to ensure sustainable success (Meidell & Katarina, 2017). Understanding these dynamics help in crafting strategies that align with leaders' vision and organizational goals.

This study explores the complex relationship between leaders' risk-taking propensities and the strategic decisions they make, aiming to expound on how these factors interplay to shape organizational outcome. According to Mellahi and Mol (2015) good strategic choices are known to thrive in a sound leadership. There is argument advanced by some scholars that African economies suffer from ineffective leadership and therefore the concept of strategic choice is not a preferred management practice (Nyangara et al., 2015). Barkema,et al. (2015) suggest that there is currently limited understanding of strategic management in Africa, and this underscores the fact that strategic choices do not reap the desired benefits in most of the African firms.

The Flower Industry in Kenya

Being an industry, Kenya flowers has now become the third most important foreign exchange earner after tea and tourism. The present day flower industry is a dynamic and highly international industry. Significant growth rate in the industry has been achieved during the past few decades. It has been referred to as 'an island of success in the sea of failure" (Manamba, 2016). This is because the traditional exporters of tea, coffee and tourism have been dogged by dismal performance over the past decade. Evidently, trade in the flower industry is dominated by south-north regions with Europe and North-America housing the world's largest consumer markets, while the producing countries are situated close to the equator (Manamba, 2016).

For the past ten years, the leading flower exporting countries have been the Netherlands, Colombia, Kenya, Ecuador and Israel. For the last few years, Ethiopia has joined the list of the leading flower firms (KFC, 2020). In the global arena, Kenya takes position three after Netherlands and Colombia. Ecuador and Ethiopia takes position four and five respectively (KFC, 2020).

Kenya and the other four countries are aggressively competing with each other on the same global markets - Europe, Russia, and North-America (Chepoghisho, 2019). There is evidence to suggest that there is decreasing demand of flowers in the leading global consumers. These studies predict that a moderate growth of only 2% to 4% annually is expected in Western Europe's cut flower markets (KFC, 2020). Prior studies (Awan, 2015) show that the flower industry in Kenya was initially dominated by 24 large companies by the year 2005 exporting 72% (equivalent to over 40,000 metric tons of flowers) to the European countries (KFC, 2020). The studies further confirm that new investors have ventured the business and by the year 2010, the number of large companies increased to 30 companies (KFC, 2020). This shows that there has been a consisted growth of about 20% every year since the year 2000 (Chepoghisho, 2019).

Currently the rate of growth in the flower industry could be far above 100%. However, as the industry becomes more lucrative and viable, the more demands are expected from the players. The more the demands from the players in the flower industry by the regulating bodies, the more strategic decisions are expected of the players (Awan, 2015). The growers of flowers; for instance are expected to comply with international standards of business - regarding quality, workers' health, safety, rights, and environmental sustainability (a precondition for European

market access). They are also expected to comply with local laws and regulations, adopt appropriate level of Technology, align themselves to the economic and political environment. In summary, they are expected to adopt strategies that guarantee their competitiveness (Awan, 2015).

Statement of the Problem

With globalization and free market economy, the flower industry has become one of the fast growing industries in the international trade; making significant contribution to the world economic growth (Christensen, Raynor & McDonald, 2015). In Kenya, the flower sector is a fast growing sector and the third largest foreign exchange earner in the agriculture industry. It has created direct employment to over 50,000 people and over 2 million people through related economic activities (KFC, 2020). Results from past studies (Yoganandan, 2020) have pointed that the corporate strategic choices made by leaders in the flower firms, which may include decisions on diversification, divestment and retrenchment, research and developments, and international market entries play a fundamental role in determining success of the flower firms. Most of these decisions have a high failure rate. The dynamics of leaders' risk-taking behaviors and their impact on such strategic choices remain a critical area of investigation in strategic management and organizational behavior (Nungari, 2018). While substantial literature exists from a global setting on the general influence of leadership on organizational outcomes (Christensen, Raynor & McDonald, 2015) there is notable gap in understanding the different ways in which leaders' propensity for risk; specifically shapes strategic decision making processes and outcomes in the flower industry. Obviously, there is dearth of empirical evidence linking leaders' risk-taking behaviors to strategic choices from a local setting hence the motivation behind the current study.

Objectives of the Study

i. Explore the influence of leaders' risk-taking dynamics on corporate strategic choices by flower firms in Kenya.
ii. To assess the moderating effect of firm size on the relationship between leaders' risk-taking dynamics and corporate strategic choices by flower firms in Kenya.

LITERATURE REVIEW

Theoretical Framework

Transformational Leadership Theory

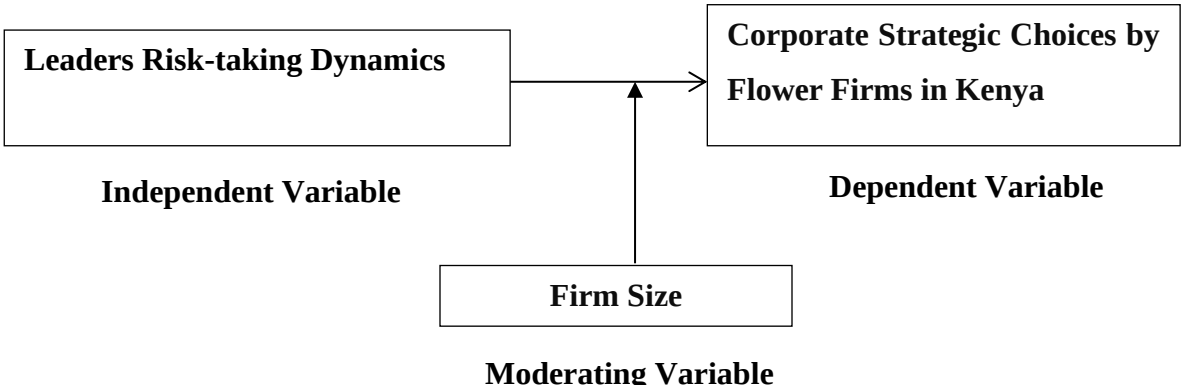
Transformational leadership Theory informed the choice of leaders risk propensity. The theory was initially popularized by McGregor Burns in 1978 even though the theory was subsequently developed by other scholars (Ocak & Ozturk, 2018). Burns (1978) in this theory states that the focus of transformational leadership, is about influencing major changes in the attitudes of the followers (workers), beliefs, and values to a point where the goals of an organization and the vision of the leader are internalized (Maganjo, 2015). It is evident from Burns (1978) theory that the leader in the transformation process is willing to take risks to achieve the desired goals. The theory further states that transformational leadership is ideally elevating followers into leaders. Transformational leadership encourages creativity where the leader solicits new ideas and creative solutions to problems (Ocak & Ozturk, 2018).

Contributing to the development of transformational theory, Ocak and Ozturk (2018) described transformational leadership as leadership that inspires followers and helps to form a culture that adapts to change. Mesu, Sanders and Riemsdijk (2015) on the other hand viewed transformational leadership as the process of applying influence on followers so as to make a fundamental change in their attitudes in order to build their commitment toward the organization's mission, vision, and objectives. The contribution of some scholars (Mesu et al., 2015) in transformational leadership

theory was by presenting transformational leadership as the ability of a leader to motivate followers so that the followers place the needs of the organization above their needs.

The application of this theory on leaders risk propensity is that Burns (1978) theory acknowledges the power of transforming leadership as noble. The theory is useful in Turnaround strategic choicesbecause strategic decisions which are of long term nature, often unstructured, multifaceted, and inherently involve some risks are made by leaders (Krause, Timothy & Yiuman, 2016). Firms that are lucky to have strategic leaders, who are able to select new strategic directions enjoy a competitive advantage over their business rivals (Meidell & Katarina, 2017)

Conceptual Framework



Leaders' Risk-taking Dynamics

Past studies (Krause et al. 2016) have defined leadership as the ability to decide what is to be done to achieve the desired firms' objectives, and proceed in a persuasive manner to influence others to do it. Other studies (Child, 1972) have looked at leadership from a strategic choice perspective and concluded that firms that are lucky to have strategic leaders; who are able to select new strategic directions enjoy a competitive advantage over their business rivals (Meidell & Katarina, 2017). This strategic choice perspective draws attention to the significance of the firms' top management in decision making.

The argument is that leaders are expected to take a number of decisions but key among the decisions taken are strategic decisions which play a critical role in an organization. Krause et al. (2016) admit that Strategic decisions are of long term in nature, often unstructured, multifaceted, and inherently risky. Further argument advanced by Meidell and Katarina (2017) indicates that most of the strategic decisions influence organizational direction, administration, and structure. The decisions are known to have a huge effect on the future of the firm. Naturally, Strategic decisions demand substantial amount of organizational resources hence the reason why they are synonymous with top managers (Meidell & Katarina, 2017). Conversely, managers are the leaders of organizations and therefore have a critical role in recognizing opportunities and making decisions that affect the future of the firm.

Corporate Strategic Choice

The concept of strategic choice can be well conceptualized by first understanding what the term 'choice' means. Choice is the outcome of a process which involves assessment and judgment (Harney, 2016). It is the evaluation of different options and making decisions about which options to choose (Harney, 2016). This means there should be two or more alternatives from which to choose and the alternatives should have positive value or help the organization achieve its objectives. Past studies (Gavetti & Ocasio, 2015) have suggested that corporate strategic choices

occur when leadership evaluate and make decisions in light of their long term and strategic objectives. Corporate Strategic choice concept therefore refers to the process whereby top leaders within an organization make decision upon courses of strategic action (Nyangara et al., 2015).

The major strategic choices that are made at the corporate level in order for organizations to maintain or create sustainable strategic advantage are growth strategy (a form diversification), harvesting strategy, defensive strategy (turnaround) or combination strategy (divestment with growth) (Nyangara et al., 2015). Diversification is an internal growth strategy or organic growth strategy that aims at increasing the range of products or markets served by an organization so as to survive the dynamics of business environment. Diversification occurs in three different ways namely concentric, conglomerate and vertical diversification. Divesture on the other hand is a strategic action that involves selling a major component of firm or the entire firm (Nyangara et al., 2015). Retrenchment is another key business strategy among the four grand strategies also referred as 'turnaround' that provide basic direction for a strategic action. It simply means restructuring of capital, changes in management personnel and better control in functional areas Nyangara et al., 2015).

One of the illustrious descriptions of strategic choices among students and scholars of strategic management was advanced by Harney (2016) who alluded that strategic choices are concerned with decision making on the strategic directions that an organization desires to take. It also means the choices on how to position the organization and choices about the methods to pursue strategies (Harney, 2016). Other studies (Gavetti & Ocasio, 2015) argue that it is the determination of the basic long-term goals and objectives of an enterprise and the adoption of courses of action and the allocation of resources necessary to carry out those goals. According to Junqueira (2016) strategic choice is anchored on a hierarchal arrangement consisting of three levels namely corporate level, business level and functional or departmental level.

Firm Size

Previous studies (Ali, 2016) have defined firm size as the number of people in that organization and it is one of the fundamental components of firm characteristics affecting strategic decisions. But in the recent studies, the concept has drawn enormous attention among researchers who have proposed total assets of a firm, total sales, total annual revenue, market capitalization plus net debt as perfect parameters for measuring firm size (Jing, Yuchen, & Goh, 2018). Recent studies (Reed, 2020) have suggested that the size of a firm can be measured by the number of employees in the firm. Firms' total assets are a term often applied in the context of large organizations. It can be defined as the assets owned an entity that has an economic value whose benefits can be derived in the future.

Total revenue is the amount of money that a company earns by selling its goods and/or services during a period of time. The number of employees in an organization is critical component to measure the size of a firm (Reed, 2020). The more skilled the employees and bigger the number, the more its coordination and control of costs is expected. One of the basic management activities in a business; is decision making that culminate into Turnaround strategic choices(Jankelová, 2017). At the top level of businesses there are strategic decisions that unlike tactical and operational decision making is more complicated, more complex and the consequences of strategic decisions are long-term character.

It is common knowledge that large firms are supposed to be stronger than the smaller firms due to their capacity and better access to credit market or capital market to fulfill their financial needs. This notion however has been challenged by some critics (Brahmi, & Laadjal, 2015) arguing that large firms are at risk than small firms especially in times of crises. In this case the kind of strategic

decisions and choices adopted by the large firms would differ from the latter. Evidence (Reed, 2020) has shown that in large firms, strategic decision encompasses three categories of people: The business owners focused on the board or supervisory board, top management, and strategic management department. In this, there is sharing of tasks.

Empirical Review

Leaders Risk Propensity and Turnaround Strategic Choice

The concept of leaders risk propensity has been an area of major concern for a number of empirical investigations but with insignificant consensus on how the concept influences strategic decisions. There is general consensus among some researchers (Meidell & Katarina, 2017) that where the leader is risk averse, the range of Turnaround strategic choicesare limited and risk alternatives are eliminated before Turnaround strategic choicesare made. Studies done by Callahan and Jared (2017) assessed utility functions for a group of 100 executives in a large industrial organization in China and found the overall attitudes toward risk to be strongly risk-averse.

The contribution by the work of Chang, Shan and Cheng (2015) indicated that leaders make decisions that may be characterized as risk averse. The work of Bogodistov and Veit (2017) on their studies on Enterprise risk management found fertile grounds to believe that the objective of making the right Turnaround strategic choiceswas consistent with the leaders' inclination to risk averseness. While investigating the nature of Turnaround strategic choicesadopted by SBUs in the petroleum exploration industry over a period of eight years, Bogodistov and Veit (2017) found out that most of the leaders have been too cautious to take any risk. But those leaders, who were willing to take some risks, saw their SBUs realize superior returns. Another study done by Kantur and Deniz (2016) investigated firms in the packaging industry in India.

Kantur and Deniz (2016) studies found out that the firms that were in the "Average Risk" and "Low Risk" tolerance categories were unable to make the right Turnaround strategic choices and therefore more likely to experience bankruptcy or financial distress. According to the above study, firms in the "High Risk" tolerance category (Kantur & Deniz, 2016) have been excessively risk-seeking, because of their financial strength (such as stable cash flow and assets) but on the contrary, they experience low returns.

Kantur and Deniz (2016) argue that one of the possible explanations to this is that credit and capital markets interpret their investment policies as harmful. Due to the risk seeking, this leads to increased cost of funds making business activities that would be feasible extremely unattainable (Callahan & Jared, 2017). Another finding by Kantur and Deniz (2016) established that organizational leaders make risk choices in the expectation and under the assumption that doing so it will enable them to realize competitive advantages against their rivals in a volatile competitive environment (Callahan & Jared, 2017). A divergent view was advanced by Kantur, and Deniz (2016) who posited that some firms make risk choices especially when they are not fully aware of the market situation, strengths, and weaknesses of their industrial rivals. When they take risk under such circumstances, this only puzzles the business and end up destructing their competitive position.

While studying financing of investment projects in Nigeria, Yilmaz and Triant (2017) findings demonstrated that in a homogeneous industry like the petroleum exploration where investment projects have comparable properties, competition for financial support from capital and credit markets requires the firm to make Turnaround strategic choices between profit maximization and financial distress. In their study on bank risk taking behavior Ashraf, Sidra and Lliang (2017) attempted to establish leaders risk attitudes with the quality of strategic choices. With the use of a combination of archival data and questionnaire information the study concluded that when firms

are faced with similar investment opportunities in the same product-market environment, differences in risk propensity will always result in varying choices.

Firm Size and Strategic Choice

The analysis of strategic decision making process in both small firms and large firms has been an extensive research gap. Most of the studies done on the relationship between firm size and strategic choice happen to be incomplete and with little or no formal structural framework (Mutunga & Owino, 2017). However, some studies have managed to identify some link between the variables. For instance, Brahmi and Laadjal (2015) carried out a survey whose study findings revealed that the number of employees was one of the firm size parameters applied in this study. The study further proposed that firms should ensure there is adequate combination of critical resources before deciding on any strategic choice.

In another study done in Nigeria using a case study, Yilmaz and Triant (2017) demonstrated that decision making and Turnaround strategic choicesmade by corporate organizations were centralized; to imply that strategic choice was more influenced by firm size as a key characteristic. In an exploratory study by Ali (2016) research findings confirmed that firm characteristics and especially resource base played a very critical role in providing an environment that was conducive for strategy choice. In contrast, a descriptive study done by Brahmi and Laadjal (2015) to determine the critical firm characteristics that influence strategic choice the results of the study found out that in making strategic choice, the size of the firm was not a key determinant.

RESEARCH METHODOLOGY

This study was therefore anchored on the positivism philosophy to achieve its objectives. A case study design was adopted. The target population was the flower firms in Kenya. The KFC (2020) reveals that currently there are a total of 70 major flower firms. This study used structured questions tailored to collect quantitative primary data which will use a drop and pick method to administer the questionnaires. The action before going to the field involved designing of the data collection instrument and development. Pre-contact with the respondents was done via administering of a questionnaire to the respondent. The researcher set six questionnaires representing 10% of the sample size and administer to the flower firms. The pre- tested respondents were not part of study population because this brought assessment bias. In the analytical phase of this study, quantitative analysis method was used to transform data into the information required per the research objectives. The analysis involved a systematic data processing, presentation, and interpretation. Data analysis was done through use of descriptive statistics and inferential statistics. Descriptive statistics included; percentages, mean and standard deviation. Inferential statistics included; correlation and regression analysis. The study results were presented through use of tables and figures

RESEARCH FINDINGS AND DISCUSSIONS

Descriptive Statistics

Leaders Risk- taking Dynamics and Corporate Strategic Choices

The study sought to explore the influence of leaders' risk-taking dynamics on corporate strategic choices by flower firms in Kenya. This section therefore presents descriptive findings on influence of leaders' risk-taking dynamics on corporate strategic choices. On Liker scale questions, respondents were asked to indicate how far they agree or disagree with the statement by ranking your answer in the scale of 1-5. Table 1 presents summary of the findings.

From the findings, it is seen that the respondents agreed that most of the corporate strategic choices we make as leaders end up failing (M= 4.007, SD= 0.337); that they avoid taking risk decisions when business environment is volatile (M= 3.988, SD= 0.406); and that the uncertainties presented by the market trends have forced us to cautiously make our Turnaround strategic choices (M= 3.975, SD= 0.311). They further agree that the nature of Turnaround strategic choices they make as leaders, the more the resources are required for implementation (M= 3.961, SD= 0.467); that they make strategic risks decisions when they anticipate their potential high returns (M= 3.902, SD=0.332); and that they are risk neutral in making strategic decisions because they are not sure of their effect on our corporate strategic choices (M= 3.902, SD= 0.332). Respondents also agreed that limited leadership skills have led to poor corporate strategic choices (M= 3.817, SD= 0.303); and that the potential evolution of the industry has encouraged has to make risk corporate strategic choices(M= 3.764, SD= 0.314).

From the findings above, it is seen that leaders' risk-taking dynamics influences corporate strategic choices by flower firms in Kenya as supported by an aggregate mean of 3.915 (SD= 0.350). The findings concur with those of Bogodistov and Veit (2017) that objective of making the right corporate d strategic choices was consistent with the leaders' inclination to risk averseness. They also found that most of the leaders have been too cautious to take any risk. But those leaders, who were willing to take some risks, saw their SBUs realize superior returns. It also agrees with Meidell and Katarina (2017) that where the leader is risk averse, the range of Turnaround strategic choices are limited and risk alternatives are eliminated before Turnaround strategic choices are made.

Table 1: Descriptive Statistics on Leaders Risk-taking Dynamics

Statements	Mean	Std. Dev.
Most of the corporate strategic choices we make as leaders end up failing.	4.007	0.337
We avoid taking risk decisions when business environment is volatile.	3.988	0.406
The uncertainties presented by the market trends have forced us to cautiously make our strategic choices.	3.975	0.311
The nature of corporate strategic choices we make as leaders, the more the resources are required for implementation.	3.961	0.467
We make strategic risks decisions when we anticipate their potential high returns.	3.902	0.332
We are risk neutral in making strategic decisions because we are not sure of their effect on our strategic choices.	3.902	0.332
Our limited leadership skills have led to poor strategic choices.	3.817	0.303
The potential evolution of the industry has encouraged has to make risk strategic choices.	3.764	0.314
Aggregate Score	**3.915**	**0.350**

Firm Size and Corporate Strategic Choice

The third objective of the study was to determine the moderating effect of firm size on the corporate strategic choices in flower firms in Kenya. This section therefore presents descriptive findings on influence of firm size on strategic choices. On Liker scale questions, respondents were asked to indicate how far they agree or disagree with the statement by ranking your answer in the scale of 1-5. Table 2 presents summary of the findings. The findings shows that the respondents agreed that their firm has large marketable securities that can easily be converted into cash (M= 4.021, SD= 0.342); that their large marketable securities influence their corporate strategic choices(M= 3.81, SD= 0.303); and that they have a large inventory that act as collateral in the event of procuring a loan (M= 3.902, SD= 0.332). They were also in agreement that they have a wide range of fixed assets that give us competitive advantage (M= 3.738, SD= 0.315); and that

their large total annual revenue helps the top management make sound corporate strategic choices (M= 3.988, SD= 0.316). Respondents further agreed that the big profitability index influences their Turnaround strategic choices (M= 3.902, SD= 0.332); that their corporate strategic choices are guided the big number of their unskilled workforce (M= 3.836, SD= 0.356); and that their corporate strategic choices are influenced by the firm's high labor costs that adversely affect profitability (M= 3.85, SD= 0.33).

As the findings above have shown, firm size influences corporate strategic choices in flower firms in Kenya. This was supported by an aggregate mean of 3.881 (SD= 0.328). The findings agree with Yilmaz and Triant (2017) who demonstrated that decision making and corporate strategic choices made by corporate organizations were centralized; to imply that strategic choice was more influenced by firm size as a key characteristic. It also agrees with Ali (2016) research findings that firm characteristics and especially resource base played a very critical role in providing an environment that was conducive for strategy choice.

Table 2: Descriptive Statistics on Firm Size

Statements	Statements	Mean
Our firm has large marketable securities that can easily be converted into cash.	4.021	0.342
Our large marketable securities influence our strategic choices.	3.81	0.303
We have a large inventory that act as collateral in the event of procuring a loan	3.902	0.332
We have a wide range of fixed assets that give us competitive advantage	3.738	0.315
Our large total annual revenue helps the top management make sound strategic choices.	3.988	0.316
The big profitability index influences our strategic choices.	3.902	0.332
Our corporate strategic choices are guided the big number of our unskilled workforce	3.836	0.356
Our corporate strategic choices are influenced by the firm's high labor costs that adversely affect profitability.	3.85	0.33
Aggregate Score	**3.881**	**0.328**

Correlation Analysis

The study computed Correlation analysis to determine the strength and the direction of the relationship between the variables being studied. The study found that leaders risk-taking dynamics is also seen to have a strong positive and significant relationship with corporate strategic choices by flower firms in Kenya ($r= .784$, $p<0.05$). Since the p-value (.001) was less than the selected level of significance (0.05), the relationship between the two variables was considered to be significant. The study findings agree with those of Ashraf, Sidra and Lliang (2017) that firms are faced with similar investment opportunities in the same product-market environment, differences in risk propensity will always result in varying choices. It also agrees with Ashraf et al. (2017) that the degree of risk aversion of leaders decreases as the firms' quality of Turnaround strategic choicesincrease. The more the firm grows and builds up more capital, its ability to carry out bigger and more risky projects also increases

Table 3: Correlation Analysis

		Turn Around Strategic Choices	Leaders Risk Propensity
Corporate Strategic Choices	Pearson Correlation	1	
	Sig. (2-tailed)		
	N	53	
Leaders Risk Propensity	Pearson Correlation	.784**	1
	Sig. (2-tailed)	.001	
	N	53	53

Regression Analysis

Model Summary

Model summary was used to establish amount of variation in corporate strategic choices by flower firms in Kenya that can be explained by leaders' risk-taking dynamics. The predictive power of the model was determined using coefficient of determination (R^2). The model summary results in Table 4 show that the R-squared is 0.739 which suggests that 73.9% of all variation in strategic choices by flower firms in Kenya are explained by changes in leaders' risk-risk taking dynamic. The remaining 26.1% suggests that there are other factors that can be attributed to variation in strategic choices by flower firms in Kenya that were not discussed in this study. Correlation coefficient (R) shows the relationship strength between the study variables. From the findings the variables were strongly and positively related as indicated r= 0.859.

Table 4: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0.859	0.739	0.717	0.26800

a. Predictors: (Constant), leaders' risk-taking dynamics,

Analysis of Variance

To determine the fitness of the model to predict the dependent variable (corporate strategic choices by flower firms in Kenya), the study conducted an F-test at 95% confidence level. The significance of the study variables was determined based on the P-value of the variable coefficients at 0.05 significance level. The decision in the fitness of the model was accepted if p-values was below 0.05 and rejected if it was above 0.05. The findings in Table 4.19 showed that Prob>F 4, 48= 0.000 was less than the 0.05 significance level. This suggested that the model as constituted was fit in establishing the determinants of corporate Strategic Choices by flower firms in Kenya. Further, the F-calculated, from the table (33.916) was greater than the F-critical, from f-distribution tables (2.565) supporting the findings that leaders' risk-taking dynamics can be used to predict corporate strategic choices by flower firms in Kenya.

Table 5: Analysis of Variance

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	10.353	1	2.58825	33.916	.000[b]
	Residual	3.663	51	0.076		
	Total	14.016	52			

a. Dependent Variable: corporate strategic choices by flower firms in Kenya
b. Predictors: (Constant), leaders' risk-taking dynamics

Beta Coefficients of the Study Variables

From the coefficients in Table 6, the following regression model was fitted;

$$Y = 1.481 + 0.216\ X_1$$

Where Y is Strategic choices by flower firms in Kenya; X_1 is leaders' risk-taking dynamics;

Regarding leaders' risk-taking dynamics, it was observed that leaders' risk-taking dynamics had a coefficient of 0.216 suggesting that holding all other factors constant, a unit change in leaders' risk-taking dynamics results in a 21.6% change in corporate strategic choices by flower firms in Kenya. This variable was significant since the p-value (0.003) was less than the significance 0.05.

Table 6: Beta Coefficients of Study Variables

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.481	0.201		7.368	.000
	Leaders' Risk-taking Dynamics	0.216	0.082	0.016	2.634	.006

a. Dependent Variable: Corporate Strategic choices

Test of Hypotheses

H01: Leaders' risk-taking dynamics does not significantly influence corporate strategic choices by flower firms in Kenya.

H02: Firm size has no significant moderating effect on the relationship between leaders' risk-taking dynamics and corporate strategic choices by flower firms in Kenya.

The objective of the study was to explore the influence of leaders' risk-taking dynamics on corporate strategic choices by flower firms in Kenya. The corresponding hypothesis was:
$Ho_{1.}$ Leaders' risk-taking dynamics does not significantly influence corporate strategic choices by flower firms in Kenya.
A univariate analysis was therefore conducted to test the null hypothesis. From the model summary findings in Table 7, the r-squared for the relationship between leaders' risk- taking dynamics and corporate strategic choices by flower firms in Kenya was 0.215; this is an indication that at 95% confidence interval, 21.5% variation in corporate strategic choices by flower firms in Kenya can be attributed to changes in leaders' risk-taking dynamics. Therefore, leaders risk-taking dynamics can be used to explain 21.5% change in corporate strategic choices by flower firms in Kenya. However, the remaining 78.5% variation in corporate strategic choices by flower firms in Kenya suggests that there are other factors other than leaders' risk-taking dynamics that explain corporate strategic choices by flower firms in Kenya

Table 7: Model Summary for the Leaders Risk Propensity on Strategic Choices

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.464[a]	.215	.213	.70838

a. Predictors: (Constant), leaders risk-taking dynamics

The analysis of variance was used to determine whether the regression model is a good fit for the data. From the analysis of variance (ANOVA) findings in Table 8, the study found out that that Prob>$F_{1,51}$= 0.000 was less than the selected 0.05 level of significance. This suggests that the model as constituted was fit to predict corporate strategic choices by flower firms in Kenya. Further, the F-calculated, from the table (81.571) was greater than the F-critical, from f-distribution tables (4.030) supporting the findings that leaders' risk-taking dynamics can be used to predict corporate strategic choices by flower firms in Kenya.

Table 8: ANOVA for Leaders Risk-taking dynamics on Corporate Strategic Choices

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	40.933	1	40.933	81.571	.000[b]
	Residual	25.602	51	0.502		
	Total	66.535	52			

a. Dependent Variable: Corporate Strategic Choices

b. Predictors: (Constant), Leaders Risk-taking Dynamics

From the results in table 9, the following regression model was fitted.

$$Y = 1.808 + 0.469\ X_1$$

(X_1 is Leaders Risk-taking Dynamics)

The coefficient results showed that the constant had a coefficient of 1.808 suggesting that if leaders' risk-taking dynamics was held constant at zero, corporate strategic choices by flower firms in Kenya would be at 1.808 units. In addition, results showed that leaders' risk-taking dynamics coefficient was 0.469 indicating that a unit increase in leaders risk-taking dynamics would result in a 0.469 unit improvement in corporate strategic choices by flower firms in Kenya. It was also noted that the P-value for leaders' risk-taking dynamics was 0.000 which is less than the set 0.05 significance level indicating that leaders' risk-taking dynamics was significant. Based on these results, the study rejected the null hypothesis and accepted the alternative that leaders' risk-taking dynamics has positive significant influence on corporate strategic choices by flower firms in Kenya.

Table 9: Beta Coefficients for Leaders Risk-taking Dynamics on Strategic Choices

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.808	.215		8.398	.000
	Leaders Risk-taking dynamics	.469	.052	.464	9.032	.000

a. Dependent Variable: Corporate Strategic Choices

Test for Hypothesis Two

The study computed moderating effect regression analysis. This (moderating effect regression analysis) also guided the study in testing the second research hypothesis. Firm size (M) was introduced as the moderating variable.

Ho_2: Firm size has no significant moderating effect on the relationship between leaders' risk-taking dynamics and corporate strategic choices by flower firms in Kenya.

The study combined all the variables (leaders' risk-taking dynamics to form a new variable X. The study then used stepwise regression to establish the moderating effect of firm size (M) on the relationship between independent variable (X) and corporate strategic choices by flower firms in Kenya (Y).

From the model summary findings in Table 10, the first model for which is the regression between leaders' risk-taking dynamics (X) without moderator, firm size (M) and interaction, the value of R-squared was 0.336 which suggests that 33.6% change in corporate strategic choices in flower firms in Kenya can be explained by changes in leaders' risk-taking dynamics. The p-value for the first model (0.000) was less than the selected level of significance (0.05) suggesting that the model was significant. The findings in the second model which constituted leaders' risk-taking dynamics, firm size and corporate strategic choices by flower firms in Kenya (X*M) as predictors, the r-squared was 0.568. This implies that the introduction of firm size in the second model led to a 0.232 increase in r-squared, showing that firm size positively moderates corporate strategic choices in flower firms in Kenya.

Table 10: Model Summary for Moderation Effect

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	.580[a]	.336	.334	.65170	.336	150.295	1	267	.000
2	.754[b]	.568	.564	.52727	.232	79.360	3	265	.000

a. Predictors: (Constant), Leaders' Risk-taking Dynamics

b. Predictors: (Constant), Leaders' Risk-taking Dynamics, firm size, Interaction (X*M)

From the model summary findings in Table 11, the F-calculated for the first model, was 150.295 and for the second model was 129.441. Since the F-calculated for the two models were more than the F-critical, 4.030 (first model) and 2.793 (second model), the two models were good fit for the data and hence they could be used in predicting the moderating effect of firm size on the corporate strategic choices in flower firms in Kenya.

Table 11: ANOVA for Moderation Effect

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	63.832	1	63.832	150.295	.000[b]
	Residual	21.675	51	0.425		
	Total	85.507	52			
2	Regression	107.958	3	35.986	129.441	.000[c]
	Residual	13.622	49	0.278		
	Total	121.58	52			

a. Dependent Variable: Corporate Strategic Choices

b. Predictors: (Constant), Leaders' Risk –taking Dynamics

c. Predictors: (Constant), Leaders' Risk-taking Dynamics, firm size, Interaction

Further, by substituting the beta values as well as the constant term from the coefficient's findings for the first step regression modelling, the following regression model will be fitted:

$Y = 1.387 + 0.608 X$

Where X is Leaders' Risk-taking Dynamics

The findings show that when leaders' risk-taking dynamics is held to a constant zero, corporate strategic choices in flower firms in Kenya will be at a constant value of 1.387. The findings also show that leaders' risk-taking dynamics has a statistically significant effect on corporate strategic choices in flower firms in Kenya as shown by a regression coefficient of 0.608 (p-value= .000).

By substituting the beta values as well as the constant term from model 2 emanating from the second step in regression modeling the following regression model was fitted:

$Y= 3.876 + 0.220 X + 0.325 M + 0.283 X*M$

Where X is Leaders' Risk-taking Dynamics; M is firm size and X*M is the interaction term between Leaders' Risk-taking Dynamics and firm size.

The findings show that when Leaders' Risk-taking Dynamics, firm size, interaction (X*M) are held to a constant zero, corporate strategic choices in flower firms in Kenya will be at a constant value of 3.876. The model also indicated that Leaders' Risk-taking Dynamics had a positive and statistically significant effect on corporate strategic choices in flower firms in Kenya as shown by a regression coefficient of 0.220 (p-value= 0.002). It is also seen that firm size had a positive and

significant effect on corporate strategic choices in flower firms in Kenya as shown by a regression coefficient 0.325. On the other hand, interaction of corporate strategic choices in flower firms in Kenya and firm size (X*M) also had a positive and significant effect on corporate strategic choices in flower firms in Kenya as shown by a regression coefficient of 0.283 (p-value= 0.000).

It is therefore seen that Leaders' Risk-taking Dynamics on its own has 22% effect on corporate strategic choices in flower firms in Kenya. However, when interacted with firm size, it has an effect of 28.3%. This is a clear indication that introduction of firm size as moderating variable has positive influence on corporate strategic choices by flower firms in Kenya. The study therefore rejects the null hypothesis and accepts the alternative that firm size has significant moderating effect on the relationship between Leaders' Risk-taking Dynamics and corporate strategic choices by flower firms in Kenya.

Table 12: Beta Coefficients for Moderation Effect

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.387	.194		7.163	.000
	Leaders' Risk-taking Dynamics	.608	.050	.580	12.260	.000
2	(Constant)	3.876	1.009		3.841	.000
	Leaders' Risk-taking Dynamics	.220	.067	.782	3.284	.002
	Firm Size	.325	.048	.310	6.748	.000
	Interaction (X*M)	.283	.065	1.661	4.357	.000

a. Dependent Variable: Strategic Choices

Conclusions

The study found that leaders' risk-taking dynamics is statistically significant in explaining corporate strategic choices by flower firms in Kenya'. The influence was found to be positive. This means that unit increase in leaders' risk-taking dynamics would lead to an improvement in corporate strategic choices by flower firms in Kenya'. Based on the findings, the study concluded that leaders' risk-taking dynamics positively and significantly influences with corporate strategic choices by flower firms in Kenya'.

The study revealed that firm size is statistically significant in explaining corporate strategic choices by flower firms in Kenya. It was also found that the interaction between firm size and Leaders' Risk-taking Dynamics had positive, statistically significant effect on corporate strategic choices by flower firms in Kenya. Based on the findings, the study concludes that firm size has significant moderating effect on the relationship between leaders' risk-taking dynamics and corporate strategic choices by flower firms in Kenya.

Recommendations

As a leader, it is important to understand perceptions and approaches to risk. To succeed in today's competitive business environment, organizations must be creative and innovative. An organization's ability to innovate has a ―direct impact on its strategic choices. Therefore, leaders of flower firms must be willing to take on some degree of risk – that just comes with the territory as a leader in this day and age. To improve competitive advantage and performance, managers need to take risks, often in an uncertain environment. Understanding one's preferences toward risk, and surrounding oneself with others who hold different preferences toward risk, are

solid first steps in recognizing just the right balance of risk a leader should take in today's business environment.

Recommendations for further Studies

This study was limited to establish influence of leaders' risk-taking dynamics on corporate strategic choices by flower firms in Kenya. The study thus recommends a similar study to be conducted in other firms in the sectors of the economy such as food processing, dairy market, apiculture, sericulture, seeds, fisheries, etc. Also, firm size was used as the moderating variable; the study thus recommends the use of a different moderator such as technology since corporate strategic choices are highly influenced by their level of technology use.

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