

# CHIEF EXECUTIVE OFFICERS PERCEPTION OF CRITICAL SUCCESS FACTORS IN CORPORATE LEADERSHIP IN KENYA

BY:

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November 2008

## Declaration

I the undersigned, declare that this is my original work and has not been submitted to any other college, institution or university other than the University of Nairobi for academic credit

Signed: \_\_\_\_\_,

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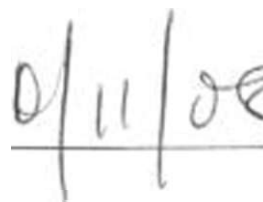
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This project has been presented for examination with m> approval as the appointed supers isor.

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## Abstract

Chief executive officers (CEOs) play a major role in ensuring long term success of their organizations, effective leadership being the key determinant; CEOs must discover practical and innovative ways to handle their most challenging responsibilities in a world where change is the only known constant.

Effective leadership is often the key determinant of a firm's long-term success. In order to fully realize their managers' and top-managers' leadership potential companies invest highly in leadership development and the design of management systems and leadership frameworks

This research project investigated the CEOs perceptions of critical success factors in corporate leadership. The research project will act as a guide to the board of directors during their selection

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and development of CEOs in Kenya as it will assist them in creating the right success factors in corporate leadership. Government will also be guided by this study by realizing factors that contributes to increased effectiveness in leadership success and vision 2030 will be a reality. Also academicians will share the knowledge and best practices that guarantee success in the management of organizations.

The data collected was collected from 32 CEOs from in Kenya by a well structured questionnaire. The results from the CEOs demonstrate that majority of them rate the critical success factors in corporate leadership namely visionary leadership, developing a shared vision, valuing human resources, transformational leadership, employment of best practices in change management, corporate governance and customer focus as very important in ensuring corporate leadership success. The findings also show that more that emotional intelligence among executives is a very important component in corporate leadership in Kenya. Based upon the current investigation's findings, future research should consider investigating Critical factors that lead to failure in corporate leadership and Investigate also if the CEOs perceptions of critical success factors match those of their peers in other contexts and also those of their subordinates.

Dedication

**To my wife Jacky and son Ryan**

Thank You for your love and support

## Acknowledgement

During the trying moments of writing and compiling this project, which was researched and written over a period, many developments took place. Some several key people therefore need to be acknowledged for their professional generosity and input, considering the time this research project has taken to come to fruition.

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## CHAPTER ONE: INTRODUCTION

### **1.1 Background**

Effective leadership is often the key determinant of a firm's long-term success. In order to fully realize their managers' and top-managers' leadership potential companies invest highly in leadership development and the design of management systems and leadership frameworks (Reichwald, R. et al. 2003). The research aims to gather systems, strategies and success factors necessary for leadership excellence. The result is an anonymous, inter-company benchmark study on leadership systems that produces excellence- in corporate leadership in Kenyan corporate sector.

#### **1.1.1 Corporate Leadership**

There is a crisis in leadership. Leadership has become a critical source of competitive advantage in today's economy it is leaders who shape their organizations, build teams, drive results, and inspire employees to deliver value but there is a wide gap in many companies between leadership practices and results (Weiss & Molinaro . 2005),

Yukl (2002) defines leadership as the process of influencing others to know what they have to do and how it can be done effectively and the process of facilitating people to pursue the common and shared objectives. Similarly in this context. Ranter (1083) suggests that what is necessary to bring a renaissance for companies is the change masters or simply, leaders who are capable of bringing about the change. Similarly, Kotter (1988) also argues that the non-existence of leadership capacity is the source of business failures.

CF.Os play an important role in the performance of their organizations (Crude el al.. 2002) by acting as role models and cultural change agents who attempt to create a culture that support strategic initiatives considered vital to the organization's success. Regardless of their industry sector, country of origin, or corporate ownership structure. CF.Os are under such growing pressure to demonstrate outstanding performance not only in terms of competitiveness and market growth, but also in their corporate governance and their corporate citizenship.

### **1.1.2 Corporate Sector in Kenya**

Business systems do not operate in a vacuum: they operate in an environment of institutions. A theory of business system is derived from this, which acknowledges that business systems differ from country to country because of different historical development of institutions.

In general there are three sorts of business sectors in Kenya. First is the *parustalals*. characterized by their monopolistic production. Their management is highly indigenized: appointments of top managers however are often politically motivated. Parastatals is a term applied to an organization established by a government but which, through its constitution and budgetary arrangements, enjoys a great degree of operational freedom and insulation from direct political interference. The memorandum and articles of association are the founding documents of the company. The articles of association define the powers and functions of the different organs (Mullei and Uokea. 1999; Kimuyu. 1999).

A fairly standard provision in every company's articles is that the business of the firm be managed by the directors and gives the directors the right to exercise all powers. The exceptions are those that are required by the Companies Act or articles to be exercised by the company in a general meeting. Shareholders in a general meeting can therefore not deprive directors of such

powers. The finance management Act prohibits the board of a parastatal from taking certain decisions that directors ordinarily are empowered to take. For instance, a public entity and its accounting authority (the board) is prohibited from participating in a "significant" partnership, trust, unincorporated joint venture or a similar arrangement. It cannot acquire or dispose of a significant asset or, more problematically, make a significant change in the nature or extent of any interest in a partnership, trust or unincorporated joint venture unless it has the prior approval of the minister concerned.

The shareholders' compact also seeks to give shareholders more rights than they would usually have in a private sector firm. While the framework admits boards should have total accountability for all corporate activities, it still states functions such as making decisions on acquisitions, disposals and so on and appointing senior management are functions that are "best performed by the shareholders". The role of the board is reduced to being a participant in such processes ( Soderbom (2000); Companies Act Cap.486)

Secondly the private sector, which is dominated by non-indigenous traders, such as multinationals. The non-indigenous traders often occupy a certain sub-system of the economy and form a closed system, the multinationals depend on transfer of knowledge from their corporate headquarters in the west. They are highly dependent on state support for access to the country. In the post independence period the government has tried to break this non-indigenous monopoly, but fears about gaining influence of competing indigenous groups for power prevented it from pursuing it seriously (Okech , Mutullah and Atieno.2000; ILO. 1972 )

Thirdly the informal sector which comprises of small and medium sized indigenous and family owned businesses. They hardly have access to protection and the state often sees them as a threat to the formal sector. The informal sector is not organized in large networks and investments are done largely from private savings. Although the statistical base of the small businesses in Kenya is still poor; there can be little doubt about their relative significance. There are more than 100,000 small, medium and micro-enterprises in the country, absorbing about a quarter of the labor force of 30 million people (ILO, 1972. Mulca and Uokca, 1999 ).

### **1.1.3 Perception and Perception Measurement**

Our perception of the world serves as the basis for our actions. According to Arnold & Feldman (1995), perception has to do with the way in which we receive messages and interpret information. Corporate leaders are constantly being bombarded with information, requests, demands, suggestions, and so on. And to Arnold and Feldman (1995), what people do depends to a large extent upon which of these many perceptual inputs they pay attention to, as well as how the inputs and messages are interpreted and understood. Also according to Fred Luthans (1998), perception is a very complex cognitive process that yields a unique picture of the world, a picture that might be quite different from reality.

Arnold & Feldman (1995) identify three major factors that influence one's perceptions. One of the factors is the characteristics of the entity/object. They contend that as the object of perception becomes more abstract, there are fewer actual physical characteristics to influence our perceptions of the object. Thus as objects become more ambiguous, our perceptions of those objects become more similar than will the same person's perceptions of a more abstract entity such as strategy of their organization.

The second factor according to Arnold & Feldman (1995) is the characteristic of the person. They argue that there are a variety of personal characteristics that influence our perceptions, and that the more ambiguous the objects of our perceptions are, the greater the influence of these personal factors\* on our perceptions. These personal characteristics include our attitudes towards objects, emotional state, experience with objects and our needs at a particular time.

The third factor is the Characteristics of the situation According to Arnold & Feldman (1995), various situational factors can influence the nature and accuracy of a person's perceptions. These are stress levels and timing of stimuli.

Perception is measured using Likert scale. This was developed by Rensis Likert in 1932. It requires the individuals to make a decision on their level of agreement, generally on a five-point scale (i.e. Strongly Agree, Agree, Disagree, Strongly Disagree) with a statement, Dumas (1999) suggests.' this is the most commonly used question format for assessing participants' opinions or perceptions.

On reliability and validity of Likert scale as a tool in research. Dyer (1995) states, 'attitude scales do not need to be factually accurate - they simply need to reflect one possible perception of the truth ...[respondents] will not be assessing the factual accuracy of each item, but will be responding to the feelings which the statement triggers in them'

In line with the above statement, when constructing a Likert scale a pool of statements needs to be generated that are relevant to the attitude (not necessarily fact). The number of choices on the scale should be evenly balanced to retain a continuum of positive and negative statements with which the respondent is likely to agree or disagree although the actual number of choices can be

increased. This will help avoid the problem of bias and improves reliability as anyone who answers 'agree' all the time will appear to answer inconsistently.

#### **1.1.4 Success Factors in Corporate leadership**

A number of studies have investigated the factors that are critical for success. Some of the factors identified are customer focus (orientation), quality of personnel, and innovation as key for better business performance (Drucker, 2001; Roller, 2001; Peter and Austin, 1985; Peters and Waterman, 1982; Wing, 1988). Ireaey and Wicrseman (1995) suggest that market leaders excel at delivering the best value to their customers through one of the value disciplines—best product, best total costs, or best total solutions.

Ecigenbaum (1997) asserts that companies that were pacesetters in the 1990s had two important characteristics; respect for and responsiveness to the customer, and an unrelenting drive to enhance business efficiencies (performance orientation). In addition, Nohria et al. (2003) identify strategy, execution, culture, and structure as four primary management practices that successful companies implement. They claim that these companies supplement their great skills with mastery of any two of the four secondary management practices—talent, leadership, innovation, and mergers and partnerships.

The findings of these studies are consistent with the three key organizational excellence factors necessary for high performance presented by Darling and Nurmi (1995): care of customers, committed people, and constant innovation. Studies that investigated the impact of each of these factors on performance have supported the conclusions of Darling and Nurmi (1995). For



example, prior research found a significant relationship between customer orientation (focus) and business performance (Jaworski and Kohli. 1993; Kohli et al.. 1993; Narver and Slater. 1990). suggesting that successful organizations have a customer-oriented business culture (Shapiro. 1998).

Studies have also shown the effect of personnel quality and commitment on business performance (Kotler, 2002. 2003; Wiley. 1991; Kanter 1983; Wcisbord 1987). Finally, several studies have documented the role of effective change management practices on business performance (Burns 1978; Bass. 1985; Bennis & Nanus, 1985; Coleman & I.a Roquc. 1990; Kirby. Paradise. & King. 1992; Lcithwood. 1992; leithwood & Jant/i. 1990; I.eithwood & Steinbach. 1991; Sergiovanni. 1989; 1990).

Leadership, in addition to these organizational excellence factors, has been studied to understand its impact on an organization's performance. It is generally expected that "good" leadership is the key to the organizational success that leads to superior performance. Darling and Nurmi (1995) suggested that one element connecting these three areas of organizational excellence attributes (care of customer, committed people, and constant innovation) is effective managerial leadership. They pointed out that organizational excellence is achieved through the development and implementation of leadership strategies. Based on their research, the four characteristics of successful leadership strategies are attention through vision, meaning through communication, trust through positioning, and confidence through respect. Prior research suggesting a positive correlation between leadership and performance for most organizations is also supported by Nohria et al.(2003).

While some studies emphasize customer focus, quality of personnel, and innovation as key requirements for organizational success, others suggest the importance of leadership. However, most studies combine the effects of the organizational success factors and leadership.

## **1.2 Statement of the Research Problem**

During the past four decades, the impact of leadership styles on organizational performance has been a topic of interest among academics and practitioners working in the area of leadership (Cannella and Roue. 1995; Rovve el al.. 2005). Perhaps the most prominent reason for this interest is the widespread belief that leadership can affect the performance of organizations (Rowc ct al.. 2005).

Corporate leadership in Kenya has lately attracted a lot of attention as evidenced by the numerous annual awards run by reputable organizations in Kenya to recognize corporate leadership excellence. The two most prominent awards are The Company of the year Awards (COYA) run by The Kenya Institute of Management (KIM) and The PWC most respected CFO in Fast Africa run by PricewaterhouseCoopers (PWC).

COYA seeks to identify companies/organizations that have practical, result-oriented leadership and management styles - and publicly recognize their efforts. COYA also aims to provide participating companies with an independent and objective appraisal of their management practices and demonstrated efforts towards continual improvement, create local performance benchmarks, identity local heroes, and develop case studies tor the teaching of management and provide a lorum for participants to share good and proven management and productivity practices, ([www.kim.ac.ke/cova](http://www.kim.ac.ke/cova))

PWC Most respected CHO in East Africa awards is the only award whose tool of analysis is the CEOs' perceptions of their peers' performance under a common theme for the specific year in question. Essentially, East Africa's Most Respected Companies survey is primarily about respect. Respect is a value that is integral to our value system – both for business and individuals – and earning the respect of the region's corporate leadership is the ultimate feather in the cap for any business. The same survey seeks the outlook of CEOs on issues that are topical and relevant to business growth and our economies. The most respected companies are nominated in a survey of leading East African CEOs, who also determine the values and attributes that are important to them when defining respect,

The Most Respected Company survey and awards is about working with East African CEOs to recognize and elevate those businesses that are operating at a distinctive level, help in building up a unique picture of what drives respect in the minds of our business leaders. It has also become recognized by CEOs as an opportunity to understand what their peers are thinking and doing, as well as to share vital elements for success in the rapidly changing business environment ([www.pwc.com/ixtweb/ncpressrelease.nsl](http://www.pwc.com/ixtweb/ncpressrelease.nsl) )

In a wider context, although organizational theorists and executives worldwide agree that effective corporate leadership is one of the most important contributors to overall organizational success ((Bennis & Nanus's (1985). Kanter (1983). Kotter (1988)), the numerous failures of CEOs in recent years is hardly a secret. Newly appointed CEOs have been publicly fired, and many longer-term CEOs have been either asked to step down or retired.

Industry-wise some companies consistently outperform other companies: some businesses are able to remain profitable while others barely survive. It is argued that the key factor in explaining the difference in such companies' success is the quality of leadership (Fiedler and Mahar. 1976).

However, the perceptions of executives constitute an integral part of their cognitive limitations in making strategic choices (Anderson and Paine. 1975). Executives vary greatly in their perceptions of effective leadership in making and successfully implementing strategic choices (Harrison. 1992). Such differences may be attributable to unavoidable cognitive biases below the executive's threshold of awareness or they may reflect a conscious preference for or a predisposition toward a particular outcome inherent in the decision (Waller et al., 1995). In this context, perception is a psychological function which enables leaders to receive and process information obtained from the external environment within the organizational leadership process (Tregoe and Tobia. 1990).

Besides annual The COYA and PWC most respected CEO in East Africa surveys and an unpublished MBA case study research study of Nile Breweries Ltd in 2003 which sought to investigate employee perceptions of leadership and management styles (Gakonyo, 2003). To date, the CEO in Kenya remains unexplored in the research literature. A generalization of the factors that in perceptions of the CEOs constitute to excellence in leadership has not yet been explored in Kenya,

literature research focussed on determining the perceptions of critical success factors in corporate leadership in Kenya from the CFOs themselves. Knowledge of the perceptions of these critical success factors will be important if organizations are going to select and implement leadership strategies for high-level performance of their organizations (Wikki and Vilkinas. 2004. 2005).

### **1.3 Study Objective**

The objective of this study is to determine the C'EOs perceptions of critical success factors in corporate leadership in Kenya

### **1.4 Significance of the Study**

The study will be of value to the board of directors during the selection and development of CEOs in Kenya as it will assist them to create the right success factors in corporate leadership

To the government, this study will be of help in the realization of the "Vision 2030". t'hrough the realization that leadership is the key link between the strategy formulation and the execution, and the knowledge of the factors that contributes to increasing effectiveness, vision 2030 will become a reality.

To the academicians, this research will enhance\* the sharing of knowledge and best practices that guarantees success in the management of organizations.

## CHAPTER TWO: LITERATURE REVIEW

### 2.1 Perception and its role in leadership

Perception as defined, by Robbins (2005) "...Is a process by which individuals organize and interpret their sensory impressions in order to give meaning to their environment" Leaders make decisions based on how they perceive, that is. sense and understand, the events, people, and things around them.

Perception can be influenced by the time, environment, mind-set. personality, intentions, and history of the perceiver. Perception can be influenced by the appearance, personality, attitude, and situation of the person, place, or object being perceived. There are numerous details that one can notice or dismiss in the perception process. One's perception of individuals effects the decisions of organizations (Robbins 2005)

Organizations heavily rely on the choices made for their accomplishments. Hie right choices can bring victory and negative choices can cause disaster. Perception plays a vital role in the choices humans make. People make decisions based on the perceptions they construe Fach individual perceives situations, places, people and so forth with one's own five senses. Iiowcvcr. what one perceives is not always accurate. People's perceptions can be misleading and can cause negative effects. Perception can cause numerous people to make the wrong choices based on non-factual information. In organizations wrong decisions can cause a tremendous amount of negative effects Therefore, it is important to understand perception; how decisions in real world organizations are made; and how perceptions shape one's ethical decisions (Robbins 2005)

While more accurate perceptions should obviously provide a stronger base for decision making, some managers may argue that problems resulting from inaccurate perceptions are infrequent and often minor. Since effective leaders strive to be better than their peers, they must seek to understand the perceptual process better in order to develop the skill to perceive events and people more accurately and thus have a better base for making decisions (Zalcnik et al 1985).

The human brain is bombarded by massive amounts of information gathered by our senses, only some of which can be processed usually spontaneously without reflective thought. Individuals seem to spontaneously expect and look forward to events or inputs which conform to their personal characteristics (Zalcnik et al 1985), personality and previous life experiences which have been rewarded or punished in the past (Skinner 1985). These usually subconscious expectations are like "hypotheses"; that such-and-so will occur or should occur. For example, a supervisor who has a high opinion of, a liking for, and high performance expectations (positive biases) of a particular person may "see" higher performance than would an outside, objective observer. Conversely, a supervisor who has a low opinion of, a dislike for, and low performance expectations (negative biases) of another person, may "see" lower performance than would an outside, objective observer.

Thus, every person has built up in his or her mind certain usually subconscious expectations, and hypotheses about the world in which he or she lives, which profoundly influence how the person perceives events. These expectations, assumptions, and hypotheses do not spring up in isolation but derive from the same set of influences leading to spontaneous behaviors, namely previous life experiences and ongoing encounters with the environment including culture, education, biases, and motivations.

They also may derive from the same sets of influences leading to reflective behaviors, namely the more recent sets of expectations from the many relationships one may have and from one's self concept including norms from the organisations, departments and groups with whom one interacts and the ethical, legal and cultural factors in one's value system. These expectations, assumptions, and hypotheses define what our senses lead us to perceive or not perceive in the environment.

All perception occurs in a rich, dynamic, ongoing context, and a thorough understanding of the perceptual process demands that we understand the roles of expectations, assumptions, and hypotheses, which taken together, constitute what may be called a person's assumptive world

Based on this assumptive world, the individual selects those relevant bits of sensory data from the immediate environment which he or she has found from previous experience to be useful in some way. This selection process works negatively as well to filter out of a situation those "realities" (bits of sensory data) that the individual's previous experience suggests are not useful. In effect, the CEO's expectations of performance are affected by earlier judgments of others, including their biases, which thus become part of the CEO's assumptive world but have little or nothing to do with actual performance in the particular situation he or she is observing

For example, one vital perception in the functionality of an organization is the management's Perception on employees. Management has essential roles within each organization. They are the ones that take control and make vital decisions. Management is required to attain goals with the distance of a team Managers control the organization's behavior. Thus, managers are required to make the best possible decisions to profit their organization. In order to make the best



decisions managers need. "To avoid the many problems associated with "percept" distortions, managers must consciously and reflectively withhold evaluative judgments as long as feasible while they set about Irving lo obtain additional sensor)' data" (Baron Research Group. 2003).

Our perception of relevance determines our focus in our perceptual field. We narrow our field of view and focus on what we believe is relevant. This might be called "spotlight perception" or tunnel vision (Combs et al, 1949). When we broaden our Held of view to encompass other aspects in a situation, however, we can be said to be using "floodlight perception". In order to obtain accurate perceptions, managers must use both spotlight and floodlight. We focus on what we perceive to be relevant but must recognize that our assumptive world may cause us to Alter out aspects of a situation others may perceive to be highly relevant. During this relevance processing, a leader can add to or subtract from the available sensory data, and narrowly or broadly attend lo the situation or event. In short, we perceive our environment selectively.

Leaders process and evaluate what has passed through their relevance filters into iheir perceptual field in order to reach ihe final structuring of a conclusion, inference or judgment (percept) which is usually done spontaneously. I he leader may then use litis percept, however accurate or inaccurate, to make decisions. When we evaluate, we are testing previously held assumptions, expectations, and/or hypotheses derived from our life experiences against the sensory data from our field of view as filtered by our assessment of the relevance of these data.

This testing and checking is the analyzing and synthesizing process by which tentative assumptions and sensory input are structured into percepts and again, this is usually done spontaneously. In other words, we check our current hypotheses about what is going on against

our past experience. This hypothesis may change spontaneously several times before we are relatively sure about what we perceive: confronted with ambiguous input, there may be repeated vacillations in our current perceptions. If the latest, best hypothesis does not "check" reasonably well against past experience, then the perceivers will try other hypotheses until the percept is structured to their satisfaction or may become reflective and require further sensory information.

To avoid the many problems associated with "percept" distortions, managers must consciously and reflectively withhold evaluative judgments as long as feasible while they set about trying to obtain additional sensory data. It is only when managers observe the organized pattern into which these events fit that they will begin to understand the situation. This reflective effort is called "taking a functional point of view" (Leighton.1949).

Taking a functional point of view requires the manager to first withhold evaluative or attributive judgments until the pattern of relationships is clear or until verification has been accomplished to the extent feasible, and to secondly avoid taking sides or imposing premature application of his or her own assumptive world and filtered perceptions until all the information from others is in, while recognizing that the information received is always tattered and probably slanted or distorted by the expectations, self-images and biases of ourselves as well as others (Leighton.1949)

If the perceptual processing is done accurately, our "percept", may match what is happening. If it is not done accurately, the final "percept" may be in error. In other words, there may be a distortion or distortions introduced into the perceptual processes. These distortions may be more

likely when we perceive spontaneously depending on the fit of our previous life experiences and personal attributes with the situation being perceived.

To make effective decisions a leader must not only perceive but understand other People (Bartunck 1981). The process by which we perceive people and the causes for their behavior is called "attribution" We attribute a person's behavior to some cause or causes. We inter whether the causes for a person's behavior are internal or external to the person, and stable or unstable over time and in different situations (Kelly, 1973). Attribution permits us to perceive people and their behaviors as structured, stable and meaningful. Although people will act in diverse ways in different situations, we will still perceive stability in these cases because of the inferences we make about their intentions or motives.

In this way, we tie their behavior to some common threads, either in the environment or the person or both. We also use attribution when we attempt to understand the unexpected ("he meant to...", "she had to..." etc.). Attribution is the proccss by which we see people as actors rather than objects. Itecause of this, two people will often have quite different explanations for why a particular behavior has occurred. Therefore, in order to understand more accurately the behavior ofanother person, we must reflectively test our attribution thus entering the testing and checking stage of perception.

### **2.1.1 Decision-Making Process**

Bclorc a leader can ^olve a problem, they must identify and locate it. I lowevcr, they must be sure 'hat the problem is clear and defined, in order to correct the issue. First, they must weigh the raw facts and know their options, before they react. Many mangers should take extra time, so they

can correctly assess the issue and determine a solution. However, they must be sure they don't allow their perception to taint their decisions. Some perceptions have "become routinely imbedded" in a manager's mind, so they must find a way to delete these "stereotypes" (Robbins, 2005) from their mind. Therefore, they can identify and correct the problem, before the company loses valuable time and money.

The next step is that a leader must look at employee applications and personal information, in order to obtain the raw facts. Then, they must clarify how the problem is caused and find a way to stop it. Sometimes a manager must weed out their personal perception and see things from the employee's point of view. Finally they must "generate alternatives" and "evaluate the alternatives" (Robbins, 2005), so they can find the best solution. Therefore, the manager can make the best decision for their company, while solving the current problem.

The final step, depending on the alternative that is chosen, an effective leader must make sure that it is "the best alternative" (Robbins, 2005). The chosen alternative must fix the problem and allow business to run smoothly. Some solutions will require employees and managers to work together, in order to solve the entire problem. However, the solution must meet the needs of the employee and should not be based on a leader's perception.

### **2.1.2 The Dual Role of Perception**

A manager is required to make decisions daily, but first they must determine what the problem is. Their decision must be correct or every employee can be affected, by their mistake and its consequences. Sometimes they will need to identify the problem, before they can find a solution

that will solve it. Although, perception involves "sensory messages with past experience" (Freeman, 1991), it can affect the way a manager makes simple or complex choices.

A manager can use perception positively to instantly recognize certain qualities and skills in their employees. Also, perception may be able to help them figure out a person's motive or intentions toward their jobs. They can instantly recognize, when an employee becomes angry or a disgruntled. Sometimes managers can use perception to see certain qualities in a future employee. However, a manager should never base her decision on a perceived quality or intention. Since they may be totally wrong and cost the company money or turn down hiring a loyal employee.

Managers should remove their negative perception of someone and look harder, in order to see the truth about them. All employees have a work history, but sometimes their work history isn't completely accurate. Some managers will judge an employee based on intuition and perception, instead of seeing the real person. It is important to make a decision, based solely on the facts and create a solution that will solve the problem. Therefore, "filtering out information that is unnecessary for the task at hand" (Howard, 2007).

Although the perceptual process is a very difficult and complex one, leaders who understand it and develop the skills to improve the accuracy of their perceptions have a stronger base for decision making and thus have that critical small edge over their peers and competitors.

## 2.2 Overview of leadership

Organizations are faced with significant and expanding challenges and opportunities in the twenty-first century. Given the ongoing emphasis on organizational governance and accountability, the competitive nature of the global economy, the pervasive impact of technology, the transition to knowledge-based organizations, and the needs of a dynamic workforce, observers may posit that this time in our history calls for an increased emphasis on organizational leadership

Admittedly, the collapse of too many notable companies (Enron and WorldCom) and the indictment of high profile executives for ethics violations, the popularity and consequences of cost containment strategies such as outsourcing and off-shoring, and the continued pervasive emphasis on increasing shareholder value are a few of the major factors contributing to this increased emphasis on organizational leadership. Furthermore, while the private sector continues to capitalize on the competitive factors of cost, quality, speed, and customer service, citizens expect their government to work better and cost less: consequently, they anticipate that elected officials and career professionals will demonstrate exemplary leadership.

Finally, and perhaps most importantly, after almost a century of research, noted academicians and knowledgeable practitioners concur that leadership is a critical organizational activity not limited to those individuals holding designated positions or possessing traditional titles; that it is a function of peoples' behavior—their motives, competencies, and styles—within the context of the situation; that it can be learned and practiced by individuals throughout the organization regardless of position or title; and that it has a documented impact on organizational Performance.

The need for leaders and leadership is a perennial subject that traces its beginnings since development of modern management. More recently, however, contemporary authors have identified the need for leadership in modern organizations; the positive impact of effective leadership on organizational performance; leadership models and frameworks; and leadership development strategies. Additionally, several recent studies reveal the public's lack of confidence in the capabilities of private and public sector leaders; the relationships among organizational leadership, employee retention, and workforce commitment; the need for leadership development; and the impact of the changing business and organizational landscape on leaders' roles and requisite skills.

### **2.3 Historical perspective of organizational leadership**

Researchers have examined leadership skills from a variety of perspectives. Early analyses of leadership, from the 1000s to the 1950s, differentiated between leader and follower characteristics, finding that no single trait or combination of traits fully explained leaders' abilities, researchers then began to examine the influence of the situation on leaders' skills and behaviors. Subsequent leadership studies attempted to distinguish effective from non-effective leaders. These studies attempted to determine which leadership behaviors were exemplified by effective leaders. To understand what contributed to making leaders effective, researchers used the contingency model in examining the connection between personal traits, situational variables, and leader effectiveness. Leadership studies of the 1970s and 1980s once again focused on the individual characteristics of leaders which influence their effectiveness and the success of their organizations. The investigations led to the conclusion that leaders and leadership are crucial but complex components of organizations.

### 2.3.1 Traits Model of Leadership: Leaders versus Followers

Initial investigations of leadership considered leaders as individuals endowed with certain personality traits which constituted their abilities to lead. The studies investigated individual traits such as intelligence, birth order, socioeconomic status, and child-rearing practices (Bass, 1960; Bird, 1940; Stogdill, 1948, 1974). Stogdill (1974) identified six categories of personal factors associated with leadership: capacity, achievement, responsibility, participation, status, and situation but concluded that such a narrow characterization of leadership traits was insufficient: "A person does not become a leader by virtue of the possession of some combination of traits" (Stogdill, 1948,). The attempts to isolate specific individual traits led to the conclusion that no single characteristic can distinguish leaders from non-leaders.

Table I: Summary of findings in the research on trait theory

Stogdill(1948)	Intelligence, Alertness, Insight, Responsibility, Initiative, Persistence, Self Confidence, Sociability
[Mann 1959)	Intelligence, Masculinity, Dominance, Adjustment, Extroversion, Conservatism
Stogdill(1974)	Achievement, Persistence, Insight, Initiative, Self-confidence, Responsibility, Cooperativeness, tolerance. Influence, Sociability
Lord, DeVader, and Alliger (1986)	Intelligence, Masculinity, Dominance
Posner(1993)*	Honest, Forward Looking, Competent, Inspiring. Intelligent. Fair Minded, Broad-minded. Supportive. Straightforward, dependable

Source: G Yukterich - New Jersey. (1989) *Leadership in Organizations*, Englewood Cliffs

### 2.3.2 Situational Leadership: Impact of the Setting on Leaders

Early "trait" investigations were followed by examinations of the "situation" as the determinant of leadership abilities, leading to the concept of situational leadership. Studies attempted to identify "distinctive characteristics of the setting to which the leader's success could be



attributed" (Hoy & Miskel, 1987). Hencley (1973) reviewed leadership theories and noted that "the situation approach maintains that leadership is determined not so much by the characters of the individuals as by the requirements of social situation". According to this research focus, a person could be a follower or a leader depending upon circumstances.

Attempts were made to identify specific characteristics of a situation that affected leaders' performance. Hoy and Miskel (1987) listed four areas of situational leadership: "structural properties of the organization, organizational climate, role characteristics, and subordinate characteristics". Situational leadership revealed the complexity of leadership but still proved to be insufficient because the theories could not predict which leadership skills would be more effective in certain situations.

### **2.3.3 Effective Leaders: Two Dimensions**

Other attempts to examine leadership have yielded information about the types of behaviors leaders exhibited in order to determine what makes effective leaders effective. These behaviors have been categorized along two common dimensions: initiating structures (concern for organizational tasks) and consideration (concern for individuals and interpersonal relations). Initiating structures include activities such as planning, organizing, and defining the tasks and work of people: how work gets done in an organization. Consideration addresses the social, emotional needs of individuals - their recognition, work satisfaction and self-esteem influencing their performance.

Other researchers conceptualized these two dimensions as effectiveness and efficiency (Barnard, 1938), goal achievement and group maintenance (Cartwright & Zander, 1960), instrumental and expressive needs (Lippitt, 1961), and system- or person-oriented behaviors (Stogdill, 1963).

Speculation about which dimension, initiating structures or consideration, was more important for various situations led to the assessment of leaders' skills along these two dimensions. Among the assessment instruments developed to measure leadership skills, the Leader Behavior Description Questionnaire (LBDQ) has been the most used. Ilalpin (1966) stated that one of the major findings resulting from the LBDQ data was that "effective leadership behavior tends most often to be associated with high performance on Kith dimensions". In summary, the situation approach to leadership supported the contention that effective leaders are able to address both the tasks and human aspects of their organizations.

#### **2.3.4 Contingency Models: More than the Situation**

Other research efforts to identify leadership characteristics focused on the fit between personality characteristics, leaders' behaviors, and situational variables. The "situational leadership" approach contains an underlying assumption that different situations require different types of leadership, while the contingency approach attempts to "specify the conditions or situational variable that moderate the relationship between leader traits or behaviors and performance criteria" (Hoy & Miskel, 1987). Fiedler (1967), differentiating between leadership styles and behaviors, concluded that leadership styles indicate leaders' motivational system and that leadership behaviors are leaders' specific actions. He believed that group effectiveness was a result of the leaders' style and the situation's favorableness

House's (1971) Path-Goal Theory included the interaction of leadership behaviors with situation characteristics in determining the leaders' effectiveness. House identified four leadership behaviors; directive, achievement-oriented, supportive, and participative, and two situational

variables (subordinates' personal characteristics and environmental demands such as the organization's rules and procedures) that most strongly contributed to leaders' effectiveness.

Reddin (1970) conducted an exhaustive review of the leadership research and theorizes that effective managers are those who learn to manage their own behavior within the context of social systems. While Reddin's theoretical framework builds on Fiedler's contributions. Reddin states that managerial effectiveness is a function of the style that is most appropriate to the situation and identifies five situational variables: the organizational culture, how the work gets done, superior, coworkers, and subordinates.

Finally, perhaps one of the most definitive works examining managerial behavior is Boyatzis (1982) conducted a study of more than 2,000 managers who held forty-one different management jobs in twelve organizations. Boyatzis presents a three-factor model: individual competencies, job demands, and the organizational environment—and maintains that effective performance occurs when there is consistency or fit among all three elements.

The contingency models furthered the understanding of leadership but did not completely clarify what combination of personality characteristics, leaders' behaviors, and situational variables are most effective.

### **2.3.5 Non-leader Leadership: Many Leaders**

Similar to the contingency explanation of leadership is the notion of organizational leadership. Kegan and Kriger (1986) suggest that previous theories of leadership were insufficient because they "deal more with the single leader and multi-follower concept than with organizational leadership in a pluralistic sense". They contend that leadership is not found in one individual's ability or skills but is a characteristic of the entire organization, in which "leader roles overlapped.

complemented each other, and shifted from time to time and from person to person . [implying a] more inclusive concept of leadership". This concept of organizational leadership has not been examined as closely as the investigations of individual leadership traits and behaviors

An extension of organizational leadership is the concept of shared leadership. Slater and LK>ig (1988) refute the assumption that leadership is a possession of one individual and state that such a supposition ignores the "possibility that leadership may also be exercised by a team of individuals". Murphy (1988) states that the hero-leader framework "ignores the invisible leadership of lower-level staffmembers throughout effective organizations"

## **2.4 Current Research in Leadership**

The leadership literature of the 1970s and 1980s, with its focus on effective leaders, revisited personal traits as determinants of leadership abilities. It primarily contributed to understanding the impact of personal characteristics and individual behaviors of effective leaders and their role in making organizations successful. The studies differentiated between leaders and managers and introduced a new leadership characteristic ~ vision •• and explored its importance. Along with having vision, effective leaders are said to facilitate the development of a shared vision and value the human resources of their organizations. In addition to these insights on leadership, a new theory emerged — transformational leadership.

### **2.4.1 Leaders versus Managers.**

Managers are people who do things right and leaders are people who do the right thing" (Rennis \* Nanus, 1985). making the distinction that of efficiency versus effectiveness. Burns (1978) defines managers as transactors and leaders as transformers. Managers concern themselves with the procurement, coordination, and distribution of human and material resources needed by

an organization (Ilbbs & Hughes, 1987). The skills of a manager facilitate the work of an organization because they ensure that what is done is in accord with the organization's rules and regulations.

The skills of a leader ensure that the work of the organization is what it needs to be. Leaders facilitate the identification of organizational goals. They initiate the development of a vision of what their organization is about. "Management controls, arranges, does things right; leadership unleashes energy, sets the vision so we do the right thing" (Bennis & Nanus, 1985). The central theme of the research is that those who find themselves supervising people in an organization should be both good managers and good leaders. In support, Kotter (1990) addresses and answers a perennial question: what is the difference between management and leadership? While these terms have been used somewhat interchangeably, Kotter's research led to a theoretically sound yet practical distinction.

Kotter (1990) maintains that management and leadership are complementary organizational processes and that sound management and effective leadership are needed in today's complex, dynamic, and unpredictable business environment. He concludes that management functions (e.g., planning and budgeting, problem solving) produce predictability and order, while leadership (e.g., establishing direction, aligning people, and motivating and inspiring) results in dramatic and adaptive change.

Bennis & Nanus's (1985) examined business challenges of the 1980s and identified the compelling need for organizational leadership. They posit that four themes or strategies are the foundation of leadership: attention through vision, meaning through communication, trust through positioning, and the deployment of self. The authors argue that leadership education is

more important than management education and advocate that to improve effectiveness; leaders should adopt a transformative rather than a transactional leadership style.

Bennis (1989) recaps the social and business context of the 1980s and claims that major institutions suffer from a significant absence of leaders and leadership. Based on in-depth interviews conducted with almost thirty well-known and respected individuals drawn from an array of business and business-related entities. Bennis maintains that effective leaders possess three key attributes, a sense of purpose or guiding vision: passion and the ability to communicate that passion to others; and integrity, which comprises self-knowledge, candor, and maturity.

Bennis's & Thomas (2002) identify transformational life experiences—crucibles and present a leadership model that accounts for these defining moments, the era in which the leader matured, and individual factors. These elements, according to the authors, contribute to four cross-generational leadership competencies: adaptive capacity, engaging others by creating shared meaning, voice, and integrity.

Kouzes and Posner (1993) reports the attributes of admired leaders and draws implications for the reciprocal relationship between leaders and followers. The authors identify four leadership characteristics that followers consistently expect from their leaders and that contribute to leaders' credibility and success: being honest, forward-looking, inspiring, and competent.

Battistoni (2002) dispels the myth that today's most effective leaders are charismatic, larger-than-life individuals whose high-profile risk-taking results in significant organizational achievement and personal rewards. Instead, the author maintains that effective leadership and

subsequent organizational success is attributable to the day-to-day decisions and contributions made by numerous individuals, leaders as well as those on the front lines.

Badaracco (2002) introduces the concept of quiet leadership. This approach of quiet leaders is the antithesis of the classic charismatic (and often transformational) leaders in that they base their success not on ego and force of character but on their thoughts and actions.

## **2.5 Success factors in corporate Leadership**

A key success factor is a performance area of critical importance in achieving consistently high productivity. In leadership research, the key success factors are referred to as key leadership competencies (McClelland, 1973; Hogan & Warrenfeltz, 2003).

The competency movement began with the work of McClelland (1973). McClelland's model was designed to identify competencies that were specific to a particular job in a particular organization, with no intention of generalizing, further work was done by Hogan & Warrenfeltz, (2003) which captured all existing leadership competencies by their Domain Model. In brief, this model identifies four broad classes of managerial competencies: (1) Intrapersonal skills (regulating one's emotions, easily accommodating to authority); (2) interpersonal Skills (building and maintaining relationships); (3) business skills (planning, budgeting, coordinating, and monitoring business activities); and (4) leadership skills (building and motivating a high performing team).

One interesting observation that arises from this model is that it is developmental: Intrapersonal skills develop first, probably in pre-teen years; Interpersonal skills develop next, probably during teenage years; business skills develop when a person enters the workforce; and leadership skills

develop last. The focus of this study is on the leadership domain. Some of the sample competencies in this domain include: providing direction, support, and standards for accomplishment, communicating a compelling vision, caring about, developing, and challenging direct reports, hiring and staffing strategically, motivating others and building effective teams (Hogan & Warrenfeltz, 2003). Below is an insight into the leadership domain competencies:

### **2.5.1 Visionary leadership**

"All leaders have the capacity to create a compelling vision, one that takes people to a new place and the ability to translate that vision into reality" (Bennis, 1990.). Current leadership literature frequently characterizes the leader as the vision holder, the keeper of the dream, or the person who has a vision of the organization's purpose. In *Leadership Is an Art* (1989), De Pree asserts that "the first responsibility of a leader is to define reality". Bennis (1990) writes that leaders "manage the dream".

Vision is defined as "the force which molds meaning for the people of an organization" by Manasse (1986). According to Manasse, this aspect of leadership is "visionary leadership" and includes four different types of vision: organization, future, personal, and strategic. Organizational vision involves having a complete picture of a system's components as well as an understanding of their interrelationships. "Future vision is a comprehensive picture of how an organization will look at some point in the future, including how it will be positioned in its environment and how it will function internally" (Manasse, 1986.).

Personal vision includes the leader's personal aspirations for the organization and acts as the impetus for the leader's actions that will link organizational and future vision. "Strategic\* vision involves connecting the reality of the present (organizational vision) to the possibilities of the



future (future vision) in a unique way (personal vision) that is appropriate for the organization and its leader" (Manasse, 1986). A leader's vision needs to be shared by those who will be involved in the realization of the vision.

### **2.5.2 Shared Vision**

An important aspect of vision is the notion of "shared vision." "Some studies indicate that it is the presence of this personal vision on the part of a leader, shared with members of the organization, that may differentiate true leaders from mere managers"(Manasse, 1986). A leader's vision needs to be shared by those who will be involved in the realization of the vision.

Murphy (1988) applied shared vision to previous studies of policy makers and policy implementation, he found that those studies identified gaps between policy development and its implementation and concluded that this gap also applies to current discussions of vision, he stressed the need for the development of a shared vision. "It is rare to see a clearly defined vision articulated by a leader at the top of the hierarchy and then installed by followers" (Murphy, 1988). Whether the vision of an organization is developed collaboratively or initiated by the leader and agreed to by the followers, it becomes the common ground, the shared vision that compels all involved. "Vision comes alive only when it is shared" (Westley & Mintzberg, 1989).

### **2.5.3 Valuing Human Resources**

The demand to grow the best breed of talent is on the CFO agenda but still many CFO's struggle to resolve the talent shortage for their businesses. There is a fundamental disconnect between how executives value the importance of talent management versus the amount of involvement and rigor they have in the talent management process.

Leaders go beyond the development of a common vision; they value the human resources of their organizations, they provide an environment that promotes individual contributions to the organization's work. Leaders develop and maintain collaborative relationships formed during the development and adoption of the shared vision. They form teams, support team efforts, develop the skills groups and individuals need, and provide the necessary resources, both human and material, to fulfill the shared vision.

Kanter (1983) examined the relationships between an organization's willingness to invest in its employees and its success. She compared the twenty-five-year financial performance of what she characterized as progressive and non progressive companies. Her study revealed that progressive businesses, those known for their creative human resource practices, had significantly higher long-term profitability and financial growth than their non progressive peers.

Kanter (1983) also noted that firms employing integrative thinking, an approach that welcomes change and views circumstances and situations holistically, are more innovative and successful. She challenges organizational leaders to adopt progressive talent management practices, encourage entrepreneurial behavior, and implement employee involvement strategies that facilitate responsive and effective change.

Wcisbord (1987) theorizes that the world is changing much too rapidly, that work and the workplace provide people with a sense of community, and that McGregor's Theory X-Theory Y "is not only a set of assumptions about people but also describes everyone's inner struggle. The author proposes a participatory leadership model that is future focused and based on systems

thinking. Weisbord (1997) work affirms Kanter (1983) conclusions by demonstrating the positive and practical impact of employee involvement and quality of work life initiatives.

Ghoshal and Bartlett (1997) demonstrate that managers today struggle to be successful in a dynamic and unpredictable business environment. They present a new organizational paradigm—the individualized corporation that is built on three core capabilities: inspiring individual creativity and initiative, leveraging organizational learning, and continuous organizational renew. The authors maintain that a corporation is not only an economic entity but also one of the most important institutions of modern society, and its such must create value for its constituents. Ghoshal and Bartlett (1997) conclude by noting changes in the social, psychological, and moral employment contracts and challenge top management to go beyond their traditional role (i.e., focusing solely on the aspects of strategy, structure, and systems) and address the more salient organizational elements of purpose, processes, and people.

Collins (2001) examines the critical factors that distinguish good from truly great companies. Further, he develops and presents a three-factor model on which organizational success is predicated: disciplined people, disciplined thought, and disciplined action. He emphasizes that, exemplary leaders, those who are passionate and persuasive yet humble, are the dynamic force underlying truly great companies.

Ooleman (1998) demonstrates that the characteristics which previously contributed to successful organizational leadership—intelligence, academic achievement, and business acumen—are less important than the factors underlying emotional intelligence—self-awareness, self-management, awareness, and relationship management. He presents evidence that top performing companies, like top performing individuals, possess emotional intelligence and concludes by

commenting on the relationships among emotional intelligence, knowledge work and workers, virtual organizations, and the education of the workforce of the future.

Marcus and Coflman (1999) dispel many of the myths associated with leadership and management. Citing the significance of human capital, they link six key employee elements to critical business outcomes: performance expectations, resource availability, the need for recognition, achievement opportunities, feeling valued, and having voiced opinions heard. They conclude that exemplary leaders possess a variety of motivational, direction-setting, and relationship-building styles, and that the relationship employees have with their immediate boss is the most pervasive factor contributing to outstanding performance. Additionally, they describe successful leaders as catalysts, and as such, they must do four things very well: select people for talent, set expectations by defining the right outcomes, motivate people by focusing on strengths, and develop people by helping them find where they best fit.

Acknowledging the dynamic definition of leadership and that different leaders and leadership styles are appropriate for different situations. Neff and Citrin (1999) conclude that organizational success is attributable to exemplary leadership and found that despite differences, successful leaders succeed by subscribing to six core principles: living with integrity and leading by example, developing a winning strategy or big idea, building a great management team, inspiring employees to achieve greatness, creating a flexible, responsive organization, and tying it together with reinforcing management and compensation systems.

#### **2.5.4 Transformational Leadership**

towns(1978) introduced the concept of transformational leadership, describing it as not a set of specific behaviors but rather a process by which "leaders and followers raise one another to

higher levels of morality and motivation". He stated that transformational leaders are individuals that appeal to higher ideals and moral values such as justice and equality and can be found at various levels of an organization. Burns (1978) contrasted transformational leaders from transactional leaders which he described as leaders who motivated by appealing to followers' self interest.

Working with Burns' (1978) definition of transformational leadership, Bass (1985) asserts that these leaders motivate followers by appealing to strong emotions regardless of the ultimate effects on the followers and do not necessarily attend to positive moral values. Other researchers have described transformational leadership as going beyond individual needs, focusing on a common purpose, addressing intrinsic rewards and higher psychological needs such as self actualization, and developing commitment with and in the followers (Bass, 1985; Bennis & Nanus, 1985; Leithwood, 1992; Leithwood & Jantzi, 1990; Leithwood & Steinbach, 1991).

### **2.5.5 Change Management**

In a report published by the McKinsey Quarterly online (2002), Aiken and Keller argue that there is no template for success. The exact nature of the challenge facing the CEO will be determined by magnitude, urgency and nature of the transformation: the capabilities and failings of the organization: and the personal style of the leader. But despite these variations, Aiken and Keller identify four key functions which they say collectively define a successful role for the CEO in a transformation.

These are (1) Making the transformation meaningful. People will go much further for a cause they can believe in. Therefore a powerful transformation story can help employees believe in the •flbit by answering their big questions, which can range from how the change will affect the Company to how it will affect them. The CEO's willingness to and ability to make things

personal, to engage others openly and to spotlight successes as they emerge can make a huge difference.(2) Role-modelling desired mindsets and behaviour. The CEO is the organisation's chief role model. Successful CEOs typically embark on their own personal transformation journey, and if they do this successfully their actions encourage employees to support and practice new kinds of behaviour.(3) Building a strong and committed top team. (4) Relentlessly pursuing impact. Organisational energy — collective motivation, enthusiasm and intense commitment — is a crucial ingredient of a successful transformation. There is no substitute for a CEO directing his or her personal energy toward ensuring that the company's efforts have an impact. Leaders must be willing to leave the executive suite to help difficult operational issues.

### **2.5.6 Corporate governance**

According to Wikipedia online, the term 'corporate governance' refers to a system by which organisations are directed and controlled, ensuring that activities are undertaken with due diligence and accountability. It is the "framework of rules, relationships, systems and processes within and by which authority is exercised and controlled in corporations."

According to Singapore Corporate Awards committee, the CIO's primary objective in corporate governance is to ensure the ongoing success of the Company through being responsible for all aspects of the management and development of the Company. The CEO is of critical importance to the Company in guiding the company to develop new and imaginative ways of winning and conducting business. The CEO must have the industry knowledge and credibility to fulfill the requirements of the role. The CEO manages a team of executives responsible for all functions contributing to the success of the Company. The CEO's specific responsibilities include: 'developing, in conjunction with the Board, the Company's vision, values, and goals, taking

responsibility for the achievement of corporate goals and objectives, development of short, medium and long term corporate strategies and planning to achieve the Company's vision and overall business objectives.

CEOs role also include preparation of business plans and reports with the senior management: developing with the Board the definition of ongoing corporate strategy; implementing and monitoring strategy und reporting presenting to the Board on current and future initiatives; advise the Board regarding the most effective organizational structure and oversee its implementation, assessment of business opportunities of potential benefit to the Company, taking responsibility for proposals for major capital expenditure to ensure their alignment with corporation strategy and justification on economic grounds; sustaining competitive advantage through maximizing available resources.

CEOs also govern by encouraging staff commitment and strategically aligning the corporate culture with the organization's goals and objectives: establishing and maintaining effective and positive relationships with Board members, shareholders, customers, suppliers and other government and business liaisons: undertaking the role of key company spokesperson; recommending policies to the Board in relation to a range of organizational issues including delegations of authority and performance incentives and finally ensuring statutory, legal and regulatory compliance and comply with corporate policies and standards.

### **2-5.7 Customer focus**

Over the years, the importance of customer focus (orientation) and its impact on business Performance have received significant attention. A study by Kumar and Subramanian (2000)

found that hospitals with a strong customer focus had significantly higher performance in terms of success of new services and facilities and ability to retain patients.

Brady and Cronin (2001) showed that customer orientation was indirectly related to organizational quality, customer satisfaction, and outcome behaviors, which suggested that firms with a customer orientation were viewed as more successful in the execution of their strategies.

Pinar et al. (2003) concluded that companies with high customer focus emphasized satisfying their customers and rewarded personnel who took care of customers. They found significant performance differences between firms with high customer focus and firms with low customer focus. The former outperformed the latter.



## CHAPTER THREE: RESEARCH METHODOLOGY

### 3.1 Research Design

This research was a survey. The survey was chosen due to the need to have a comprehensive coverage of the key success factors to corporate leadership as perceived by CTOs in Kenya. It is also considered the most suitable method since it involves getting views and perceptions of CFOs in Kenya. Tull & Hawkins (1993). indicate that surveys can provide data on attitudes, feelings, beliefs and descriptive items, Lehman (1989) concurs by contending that surveys are the only known ways to get measures of thoughts and attitudes.

### 3.2 Population

The population consisted of all corporate leaders (CFO.s) in Kenya. Due to the lack of information on the exact number of CEOs in Kenya, this study used The Kenya Institute of Management's Company of the Year Awards list of participating companies. According to the Kenya Institute of Management's Company of the Year Awards (COYA) office, as at December 2007, there were 144 participants (see appendix I). COYA is an annual exercise run by The Kenya Institute of Management (KIM) that objectively seeks to identify and publicly recognize companies and managers that demonstrate excellence and integrity in their management and leadership practices in Kenya. The participating companies are eligible to enroll in the CFO of the Year award.

<sup>11</sup> a census survey, all the elements of the population are studied which enhances the confidence of the research findings.

### **3.3 Data Collection**

Primary data was used for this study. Primary data was collected by using a semi-structured questionnaire (see appendix III). The questionnaire was divided into two parts: part A to collect data on the CEO's bio-data / demographics and part B to gather data addressing the objective of this study. The respondents were the CEOs or managing directors' depending on the company structure in each company. This gave a defined approach to the identification of the overall key success factors used organizations. The questionnaire was administered by "drop and pick" method. This is a variation of the mail questionnaire. A letter of introduction was attached to the questionnaires to enhance the response rate (see appendix II).

### **3.4 Data Analysis**

Descriptive statistical measures were used to depict the objectives of the study. To achieve the objective of establishing the CEOs perceptions of critical success factors in corporate leadership in Kenya, frequencies and percentages were used to rank the critical success factors as perceived by the respondents. Using a five point Likert scale, the frequencies and percentages were used to point out the popularity or universality of the critical success factors that these firms or CEOs employ. The analyzed data was presented in tabular form for ease of interpretation and reporting.

## CHAPTER FOUR: DATA ANALYSIS, FINDINGS AND DISCUSSIONS

### 4.1 Introduction and Characteristic of the Sample Population

This chapter covers data analysis and findings of the research. The data is summarized and presented in the form of proportions, means, tables and graphs. Data was collected from CFOs as guided by The Kenya Institute of Management's Company of the Year Awards list of participating companies. According to The Kenya Institute of Management's Company of The Year Awards (COYA) office, as at December 2007 there were 144 participants. The collected data has been analyzed interpreted in line with the aim of the study namely, to determine the CEOs perceptions of critical success factors in corporate leadership in Kenya.

The respondents were CLOs of the companies. Out of the one hundred and forty four (144) respondents to whom the questionnaires were administered, only thirty-two (32) responses or 22.22 % response rate was achieved. Out of the thirty two (32), twenty two (22) or 68.75% were male and ten (10) or 31.25% female. This was considered significant given the nature and difficulty in accessing the target respondents. (See Table 2).

Table 2: Gender profile of the respondents

Gender	Frequency	Percentage
Male	22	68.8
Female	10	31.3
Total	32	100.0

Source; Research Data

Age profile of the respondents. 18.75% representing 6 respondents fell in the 30 or under age bracket. 68.75% representing 22 respondents fell in the 31 to 50 age bracket and 12.5% representing 4 respondents fell in the 51 and over age bracket, (See Table 3).

Table 3: Age profile of (he respondents

Age bracket	Frequency	Percent
30 or under*	6	18.8
31 to 50	22	68.8
51 and over	4	12.5
Total	32	100.0

Source: Research Data

Duration of period for which the CEOs have served in the current and previous organizations was determined, revealing that most of them have served for 2 years in their current organizations, with a range of 1 year to 10 years whereas, total in previous organizations had a range of 1 to 20 years with more concentration on 1 to 5 years.

On whether the respondents or their organizations have won any excellence awards. 43.75% of the organizations have won excellence awards in various fields by different awarding organizations as shown in (Table 4).

Table 4: Respondents who have won excellence awards

Have you won any excellence awards	Frequency	Percent
Yes	14	43.8
No	18	56.3
Total	32	100.0

Source: Research Data

On the diversity of the respondents sector-wise, majority of the organizations were in the service sector comprising 78.12% or 25 respondents. Then manufacturing with 12.5% and agriculture and energy with 6.3 and 3.1% respectively.

Table 5: Analysis of respondents' Main activity of the organization

Respondents' Business Sector	Frequency	Percent
Services Sector	25	78.1
Manufacturing	4	12.5
Agriculture Sector	2	6.3
Energy Sector	1	3.1
Total	32	100.0

Source: Research Data

Further, analysis by sub-sector revealed that majority of the respondents in the service sector were in banking and insurance with 44%. followed by hospitality and ICT with 20% and 16% respectively as shown in the frequency table 6.

**Table 6: Analysis of respondents by service sub-sector**

Service Sector	Frequency	Percent
ICT	4	16.0
Hospitality	5	20.0
Telecommunications	1	4.0
Insurance	11	44.0
Security Services	1	4.0
School	1	4.0
NGO	1	4.0
Other unspecified	1	4.0
Total	25	100.0

**Source: Research Data**

Most of the companies are locally owned comprising 68.75%. 15.62 % are foreign owned, those foreign owned and locally run represent 9.36% and those that are both locally and foreign owned account for only 6.3%

**Table 7: Nature of firm ownership**

Nature Of firm Ownership	Frequency	Percent
Local	22	68.8
Foreign	5	15.6
Foreign owned, locally run	3	9.4
Locally and Foreign owned	2	6.3
Total	32	100.0

**Source: Research Data**

## 4.2 Assessing Visionary Leadership

Respondents were asked to rate the importance of various statements regarding visionary leadership in ensuring success in their organizations. Using a five point Likert scale 1 representing not important and 5 representing extremely important, majority of the CliOs who responded rated all the visionary leadership factors very important and extremely important with each factor having more than 80% of the total respondents. However and interestingly, communication of the vision was ranked very highly followed by the development of strategies to implement the vision at 56.25% and 53.13% respectively compared to 46.88% for developing the vision itself.

**Table 8: Assessing Visionary Leadership**

"importance of each of the following factor* In onturing leaderahip •uccees		Frequency	Percentage
<b>A vision to promote unity of direction efforts</b>	Not important	0	0
	A little important	1	3.1
	Moderately important	1	3.1
	very important	15	46.9
	Extremely important	15	46.9
	<b>Total</b>	<b>32</b>	<b>100.0</b>
<b>Communication of the vision you 1 kiaft</b>	Not important	0	0
	A little important	0	0
	Moderately Important	5	15.6
	very important	9	28.1
	Extremely important	18	56.3
	<b>Total</b>	<b>32</b>	<b>100.0</b>
<b>j Development of strategies to Implement the vision</b>	Not important	1	3.1
	A little anportant	0	.0
	Moderately important	2	6.3
	very important	12	37.5
	Extremely important	17	53.1
	<b>Total</b>	<b>32</b>	<b>100.0</b>
<b>h 1 * Positive organizational culture •o lupport the viaion</b>	Not important	0	0
	A little important	1	3.1
	Moderately important	5	15.6
	very important	12	37.5
	Extremely important	14	43.0
	<b>Total</b>	<b>32</b>	<b>100.0</b>

^"rci-: Research Data

### 4.3 Assessing leadership capability

In assessing leadership capability, various factors in ensuring leadership success in organizations were investigated and the CIOs rated them as very important and extremely important comprising of more than 65% on each individual factor considered, as shown in table 9.

**Table 9: Assessing Leadership Capability**

Importance of each of the following factor* In ensuring leadership success		Frequency	%
<b>The quality and breadth of leadership at your Executive levels</b>	Not important	0	00
	A little important	0	00
	Moderately important	2	6.25
	very important	14	43.75
	Extremely important	16	50.00
	<b>Total</b>	<b>32</b>	<b>100.00</b>
<b>The quality and breadth of leadership at your senior Management levels (Just below Executive levels)</b>	Not important	0	00
	A little important	0	00
	Moderately important	5	15.63
	very important	12	37.50
	Extremely important	15	46.88
	<b>Total</b>	<b>32</b>	<b>100.00</b>
<b>The "pool" of high potentials for leadership positions</b>	Not important	0	00
	A little important	2	6.25
	Moderately important	5	15.63
	very important	19	59.38
	Extremely important	6	18.75
	<b>Total</b>	<b>32</b>	<b>100.00</b>
<b>Your organization's effectiveness in identifying future leaders</b>	Not important	0	00
	A little important	2	6.25
	Moderately important	8	25.00
	very important	14	43.75
	Extremely important	8	25.00
	<b>Total</b>	<b>32</b>	<b>100.00</b>
<b>Leadership development programs in your organization</b>	Not important	0	00
	A little important	1	3.13
	Moderately important	7	21.88
	very important	18	56.25
	Extremely important	6	18.75
	<b>Total</b>	<b>32</b>	<b>100.00</b>

Source: Research Data

On management time spent on leadership selection, development and succession 15% spend less than 40% of their time on leadership selection, development and succession. 46.88% of the CEOs estimate to spend between 41 to 60%. followed by 28.12% who spend 61 to 80% and finally only 9.38% spend 81% and above of their time. Majority therefore seem to spend between 41-60% of their time worrying about leadership selection, development and succession.

**Table 10: Management time spent on leadership selection, development and succession**

Management time spent on leadership selection, development and succession	Frequency	Percent
20% or below	2	6.3
21 to 40%	3	9.4
41 to 60%	15	46.9
61 to 80%	9	28.1
81% and above	3	9.4
Total	32	100.0

**Source: Research Data**

Respondents were also asked to rank in order of importance various methods of leadership development that ensures success corporate leadership. Majority of the respondents ranked formal in-house training programs as extremely important, planned career assignments as very-important and Business schools-Executive Programs as moderately important. Individual (one on one) coaching was ranked by majority as very important while both ofT-the-shelf/self study training programs and Tailored Development Programs by outside consultants were rated as moderately important. (See Table 11).



Table 11: Importance of various methods of leadership development

Importance of various methods of leadership development	Frequency	percentage
Planned career assignments	Not important	0
	A little important	3
	Moderately important	7
	very important	12
	Extremely important	10
<b>Total</b>	<b>32</b>	<b>100.0</b>
Business schools- Executive Programs	Not important	0
	A little important	8
	Moderately important	13
	very important	*
	Extremely important	4
<b>Total</b>	<b>32</b>	<b>100.0</b>
format in house training programs	Not important	0
	A little important	4
	Moderately important	7
	very important	8
	Extremely important	13
<b>Total</b>	<b>32</b>	<b>100.0</b>
Individual or one-on-one coaching	Not important	2
	A little important	3
	Moderately important	8
	very important	14
	Extremely important	5
<b>Total</b>	<b>32</b>	<b>100.0</b>
Off - the shelf, self-study training program*	Not important	2
	A little important	4
	Moderately Important	12
	very important	10
	Extremely important	4
<b>Total</b>	<b>32</b>	<b>100.0</b>
Tailored development programs developed by the organization	Not important	0
	A little important	4
	Moderately important	18
	very important	7
	Extremely important	3
<b>Total</b>	<b>32</b>	<b>100.0</b>

Source: Research Data

response to the method used to calculate return on investment of leadership development programs. Most organizations calculate their Return on Investment of leadership development

programs by evaluating its impact on business with 40% of the respondents. Evaluation of Training and Established merits both had 17.14% of the respondents whereas 11.43% don't use any method in calculating their return on investment and 14.29% don't know the methods used in their organizations.

Respondents were also asked the reasons for the derail of high potential candidates for executive positions. Inability to work in teams was the main reason with 10.30% of the responses followed closely by technical ability with 24.24% then insensitivity and lack of clarity with 12 and 9% respectively. Others factors represented 24.24% of the responses. (See Table 12).

**Table 12: Causes of derailment of high potential candidates for Executive positions**

Causes of derail of high potential candidates	Frequency	Percent
Technical ability	8	24.2
Inability to work in Teams	4	12.1
lack of clarity	10	30.3
Others	3	9.1
Total	8	24.2
	33	100.0

**Source: Research Data**

CEOs were also asked to rate their level of tolerance to inappropriate executive behaviours. 56.25% of the respondents do not tolerate at all. 15.63% tolerate to a very small extent. 18.75% tolerate to a small extent and 9.38% to just a small extent. Encouragingly, none of the CEOs tolerates to a large extent. (See Table 13).

Most organizations use competency models (i.e., profiles of leadership skills, knowledge and attributes) to aid in identifying and developing leadership talent to a large extent comprising 37.5% of the responses. Those who use to some extent and to a small extent were 34.38 and 15.63% respectively. But surprisingly 12.5% do not use at all any competency models. (See Table 13).

**Table 13: CEO« Tolerance to executive Inappropriate behaviours and extent of use of competency models in leadership development**

	Frequency	Percentage	
To what extent does your organization tolerate inappropriate Executive or Senior Management behaviour in order to meet the numbers?	Not at all	18 50.25	
	To a very small extent	5 15.83	
	To a small extent	5 18.75	
	To some extent	3 9.38	
	To a large extent	0 0.00	
	<b>Total</b>	<b>32</b>	<b>100.00</b>
	"Does your organization use competency models (i.e. profiles of leadership skills, knowledge and attributes) to aid in identifying and developing leadership talent?"	Not at all	4 12.50
To a very small extent		0 0.00	
To a small extent		5 15.63	
To some extent		11 34.38	
To a large extent		12 37.50	
<b>Total</b>		<b>32</b>	<b>100.00</b>

**Source: Research Data**

CEOs were also asked to rank the importance of Technical skills and Emotional intelligence in ensuring success in corporate leadership. Majority of the respondents ranked both variables as very important in ensuring success in organization's top leadership positions as all the responses rates ranges from moderate important to extremely important with over 50% at the rate of very important (See Table 14).

**Table 14: Importance of Technical skills and Emotional intelligence in ensuring corporate success**

Importance of Technical skills and Emotional intelligence in ensuring success	Frequency	Percentage
How Important do you feel each of the following are to success in your organization's top leadership positions Technical skills	Not important	0 0.00
	A little important	0 0.00
	Moderately important	12 50.00
	very important	16 50.00
	Extremely important	12 37.50
	<b>Total</b>	<b>32</b>
How important do you feel each of the following are to success in your organisation's top leadership positions Social and emotional skills ("Emotional intelligence")	Not important	0 0.00
	A little important	0 0.00
	Moderately important	3 9.38
	very important	19 59.38
	Extremely important	10 31.25
	<b>Total</b>	<b>32</b>

**Source: Research Data**

#### 4.4 Assessing Emotional Intelligence

This was assessed using the Ibur major dimensions of Emotional Intelligence and the approximate proportion of the companies executives who were believed to effectively demonstrate each of the component were rated and it can be seen clearly from Table 15 that most of the companies executives possess emotional intelligence since all the ratings are mostly above 41 to 60% and mostly at 61 to 80%.

**Table 15: Percentage of Executives who possess\* emotional intelligence**

<b>Percentage of Executives who possess emotional intelligence</b>		<b>Frequency</b>	<b>Percentage</b>
<b>Self-Awareness effectively recognizes and understands own moods, emotions and drives, and the* effect on others</b>	20% or below	0	00
	21 to 40%	1	3.23
	41 to 60%	11	35.48
	61 to 80%	17	54.84
	81% and above	2	6.45
<b>Total</b>	<b>31</b>	<b>100.00</b>	
<b>Self-Management effectively controls and redirects own disruptive feelings</b>	20% or below	0	00
	21 to 40%	3	9.68
	41 to 60%	7	22.58
	61 to 80%	18	58.06
	81% and above	3	9.68
<b>Total</b>	<b>31</b>	<b>100.00</b>	
<b>Social Awareness-accurately senses what others are feeling and thinking around them</b>	20% or below	0	00
	21 to 40%	3	9.68
	41 to 60%	10	32.26
	61 to 80%	15	48.39
	81% and above	3	9.68
<b>Total</b>	<b>31</b>	<b>100.00</b>	
<b>Social Skill-effectively builds rapport manages relationships and builds networks</b>	20% or below	0	00
	21 to 40%	1	3.23
	41 to 60%	4	12.90
	61 to 80%	17	54.84
	81% and above	9	29.00
<b>Total</b>	<b>31</b>	<b>100.00</b>	

Source: Research Data



## 4.5 Assessing Leadership Development Practices

In assessing leadership development practices, the levels of importance of factors that create effective leaders in order to meet the organizations competitive challenges were investigated. As shown in excerpt Table 16, the development activities investigated were rated by majority as moderate to extremely important.

**Table 16:** Evaluation of leadership development practice\*

Evaluation of leadership development practices		Frequency	Percentage
<b>Assure that top leaders have job assignments that take them outside their primary expertise and expand their business perspective (e.g. new business, international)</b>	Not important	0	00
	A little important	1	3.23
	Moderately important	7	22.58
	very important	17	54.84
	Extremely important	6	19.35
	<b>Total</b>	<b>31</b>	<b>100.00</b>
<b>Ensure top leaders receive feedback from key groups (e.g. 360° evaluation)</b>	Not important	0	00
	A little important	0	00
	Moderately important	8	25.81
	very important	10	32.26
	Extremely important	13	41.94
	<b>Total</b>	<b>31</b>	<b>100.00</b>
<b>Have one-on-one feedback and coaching sessions delivered by skilled professional</b>	Not important	0	00
	A little important	2	6.45
	Moderately important	9	29.03
	very important	13	41.94
	Extremely important	7	22.58
	<b>Total</b>	<b>31</b>	<b>100.00</b>
<b>Provide ongoing support and training to ensure long-term Success</b>	Not important	0	00
	A little important	1	3.23
	Moderately important	3	9.68
	very important	14	45.16
	Extremely important	13	41.94
	<b>Total</b>	<b>31</b>	<b>100.00</b>
<b>Establish clear outcome measures of individual development (e.g. Job performance, career advancement)</b>	Not important	0	00
	A little important	1	3.23
	Moderately important	7	22.58
	very important	12	38.71
	Extremely important	11	35.48
	<b>Total</b>	<b>31</b>	<b>100.00</b>

Source: Research Data

Coupled with the above, the research sought to find out the effectiveness of each of the above practices in ensuring corporate success. Ensuring top leaders receive feedback from key groups (e.g., 360° evaluation) and providing ongoing support and training to ensure long-term Success were rated by majority as the practices that perform extremely well in ensuring corporate leadership success. In general, majority ranked all practices on the positive with majority rankings falling from moderate performance to extremely well performing.

**Table 17: Performance of leadership development practices in ensuring corporate leadership success**

	Frequency	percentage	
Assure that top leaders, have job assignments that take them outside their primary expertise and expand their business perspective (e.g., new business, international)	Performed Poorly	0	00
	Performed well	0	00
	Performed moderately well	9	29.03
	Performed very well	16	51.61
	Performed Extremely Well	6	19.35
Total	31	100.00	
Ensure top leaders receive feedback from Key groups (e.g., 360° evaluation)	Performed Poorly	0	00
	Performed well	3	9.68
	Performed moderately well	8	25.81
	Performed very well	10	32.26
	Performed Extremely Well	12	38.71
Total	31	100.00	
Have one on one feedback and coaching sessions delivered skilled professional	Performed Poorly	1	3.23
	Performed well	2	6.45
	Performed moderately well	9	29.03
	Performed very well	18	58.06
	Performed Extremely Well	4	12.80
Total	31	100.00	
Provide ongoing support and training to ensure long-term Success	Performed Poorly	0	00
	Performed well	3	9.68
	Performed moderately well	7	22.58
	Performed very well	0	00
	Performed Extremely Well	12	38.71
Total	31	100.00	
Establish clear outcome measures of individual development (e.g., job performance, career advancement)	Performed Poorly	0	00
	Performed well	0	00
	Performed moderately well	0	00
	Performed very well	12	38.71
	Performed Extremely Well	10	32.26
Total	31	100.00	

Source: Research Data

## 4.6 Assessing Change in Management Practices

Specific behaviours attributed to organizations and their response to change was sought. CEOs were asked to give their level of agreement or disagreement with statements on best practice in change management as shown in Table 18. Of All the variables considered, more than 60% of the respondents either agreed or strongly agreed with the statements.

Table 18: Assessing Change management practices

CEOs level of agreement with Factor* that contribute to UKMI in change management		Frequency	percentage
<b>The organization Has a clear focus and sense of direction for the future</b>	Strongly disagree	1	3.23
	Disagree	0	0.00
	Undecided	0	0.00
	Agree	13	41.94
	Strongly Agree	17	54.84
	Total	31	100.00
<b>Changes are made in a way that is consistent with the organization's mission</b>	Strongly disagree	0	0.00
	Disagree	2	6.45
	Undecided	2	6.45
	Agree	10	32.28
	Strongly Agree	17	54.84
	Total	31	100.00
<b>The leadership team is knowledgeable/up to-date about strategic issues</b>	Strongly disagree	0	0.00
	Disagree	0	0.00
	Undecided	2	8.45
	Agree	10	51.61
	Strongly Agree	13	41.94
	Total	31	100.00
<b>Change at this organization is carefully considered and well-planned</b>	Strongly disagree	0	0.00
	Disagree	1	3.23
	Undecided	5	18.13
	Agree	18	58.06
	Strongly Agree	7	22.58
	Total	31	100.00
<b>The leadership team is open to different ideas and opinions</b>	Strongly disagree	0	0.00
	Disagree	1	3.23
	Undecided	8	25.81
	Agree	11	35.48
	Strongly Agree	11	35.48
	Total	31	100.00

Source: Research Data

## 4.7 Assessing Customer Focus

The research sought to evaluate the importance of various approaches in ensuring customer focus that drives corporate leadership success. It can be clearly seen in the table below, almost all the factors ratings were concentrated at the very important and extremely important end by majority of the respondents.

**Table 19: Assessing Customer Focus**

<u>Assessing Customer Focus</u>		Frequency	porcenUgo
Clarity defining the key purpose of the service or service*	Not important	0	
	A little important	0	
	Moderately important		
	very important	14	
	Extremely important	13	
	Total	31	
Clarity defining who the service or services are targeted at	Not important	0	
	A little important		
	Moderately important	3	
	very important	10	
	Extremely important		
	Total	31	
Monitoring service use for equal opportunities purposes to ensure a fair and consistent service is received by all your customers	Not important	0	
	A little important	0	
	important	6	
	very important	16	
	Extremely important	8	
	Total	31	
Ensuring staff structures to reflect the needs of customers	Not important	0	
	A little important	0	
	Moderately important	3	
	very important	13	
	Extremely important	15	
	Total	31	
Designing Service in conjunction with key partners to ensure joined up or 'seamless' delivery to customers	Not important		
	A little important	0	
	Moderately important	9	
	very important	15	
	Extremely important		
	Total	30	

\*Source: Research Data



## 4.8 Assessing Corporate Governance Practices

In assessing corporate government practices the various factors investigated showed that the CEOs agreement with their roles was very high because in all the factors the agreement level was above 80%.

**Table 20: Asaxsing Corporate Governance practice\***

<b>Best Corporate Governance practices</b>		Frequency	percentage
Help the board establish a vision, mission, and values that are consistent with the strategic direction of the organization	Strongly disagree	0	.00
	Disagree	0	
		2	
		14	
	Strongly Agree	15	
	Total "	31	
Establish the directions, key expectations, and performance measures for the organisation	Strongly disagree	0	
	Disagree"	0	
	Undeaded	1	
	Agree	12	
	Strongly Agree	18	
	Total	31	
Support and comply with legislation, regulations and other regulatory policies, that promote the achievement of the strategic direction of the organisation	Strongly disagree		
	Disagree		
	Undecided	3	
	Agree	14	
	Strongly Agree	14	
	Total	31	
Ensure a strong working relationship with the board chair «nJ board members	Strongly disagreeo		
	Disagree		
	Agroo	15	
	Strongly Agree	14	
	Total	31	
Provide appropriate adoquate and timely information to the board	Strongly disagree		
	Disagree	0	
	unoecoea	4	
	Agree	13	
	Strongly Agree	15	
	Total	32	
<b>Keep</b> the board regularly informed on a» important aspects of the status and development of the «B*nw»tion. including plans performance issues and Opportunities	Strongly disagree	~ 0	
	Disagree	1	
	Undecided		
		12	
	Strongly <u>Agree</u>	17	
Total	32		

Sourcc: Research Data

## CHAPTER FIVE: SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

### 5.1 Introduction

This chapter summarizes the findings and makes conclusions on this study on CEOs perception of critical factors in corporate leadership in Kenya. It also includes the study recommendations for improvement and for further research.

### 5.2 Summary

Using structured questionnaires, primary data was collected from a population of corporate leaders (CFOs) in Kenya as guided by the Kenya Institute of Management Company of the year awards list of participating companies which had a total of 144 companies as at December, 2007. The result from the study was analyzed by use of SPSS statistical program in coding recording and analysis of data where frequencies of parameters were computed. The results were then presented in tables and bar graphs and majority converted to percentages for easier interpretation.

As expected, the study revealed that the CFOs in the Kenya are very cautious of all the critical success factors in corporate leadership since according to their ratings most of the factors were rated as very important and the very effective since they performed very well in meeting the organization's competitive challenges. In addition, the agreement level of most of the factors was also very high.

### 5.3 Conclusions

Basing on the results of the data analysis obtained Leadership in organizations is the key determinant of its success as leadership styles affects the organizational performance in that effective corporate leadership contributes to organizational success.

Perceptions of executives being an integral part in making strategic choices and decisions, the objective of this study was to determine the CEOs perception of critical success factors, in corporate leadership in Kenya. From the 32 respondents who are CEOs of various organizations in Kenya, I will look at their perceptions on the success factors in corporate leadership.

### **5.3.1 Visionary Leadership**

To start with, most of the CEOs perceptions on visionary leadership showed that, they considered promoting unity of direction efforts (vision) and sharing the vision with staff as extremely important factors in ensuring leadership success in their organizations. Following closely is that development of strategies to implement the vision and a positive organizational culture to support the vision are also very important according to the CEOs perceptions. This observation is consistent with (Manasse, 1986) conclusion that it is the presence of a personal vision on the part of a leader, shared with members of the organization, that may differentiate true leaders from mere managers and that a leader's vision needs to be shared by those who will be involved in the realization of the vision.

### **5.3.2 Assessing Leadership Capability**

Leadership capability assessment shows that the CEOs are very keen on the quality of leadership at various levels in their organizations by identifying the pools of high potentials for leadership positions, the effectiveness in identifying future leaders and providing leadership development Programs in their organizations. Considering also that most of the CEOs spend an average time of more than 41% on leadership selection, development and succession this is evident that the leaders are very keen in keeping stock of future leadership capability, this underscores more die

need for leadership as a source of future competitive advantage for firms hence success in the future.

The most important methods of leadership development were through different training methods which involved planned career assignments, formal in-house training programs, individual coaching and self study training programs which were ranked very highly. Those moderately ranked were business schools-executive programs and tailored development programs developed by outside consultants due to the fact that, maybe most of the corporate leaders want to utilize their available resources first before seeking help from outside. The reasons for the unpopularity of business schools executive programs need to be investigated.

Calculation of return on investment of leadership development programs is done mostly using its impact in business, this is logical since the reason for investment mostly is to improve the business performance. Evaluation of training and established merits are also used in calculating the return on investment, but surprisingly in some companies the corporate leaders do not know (the methods used and others use no method at all. The reasons for this finding will need to be investigated.

High potential candidates for executive positions have derailed due to their inability to work in teams and lack of technical ability which are two very important success factors in organizations. There is evidence therefore that CEOs still value team spirit among their staff in the organizations if success is to be achieved. In addition to this, social and emotional skills (emotional intelligence) are equally important factor. Most organizations do not tolerate

inappropriate executive behaviours and most CEOs use competency models like profiles of leadership skills, knowledge and attributes to aid in identifying and developing leadership talent.

### **5.3.3 Assessing Emotional Intelligence**

The four major dimensions of emotional intelligence which involved self awareness, self management, social awareness and social skill showed that approximately a good proportion of the company's executives effectively demonstrates the components as most of the responses were above 41% with a great concentration on the 61 to 80% interval. This explains why for a person to be a good leader he must recognize and understand his own moods, emotions and drives so that he does not affect others negatively but improve on his social skills so as to manage relationships and build networks for the success of the organization.

A number of leadership development practices investigated showed that CEOs perceive job assignments that take them outside their primary expertise and expand their business perspective as a very effective way of leadership development that leads to corporate success. Another practice that received higher votes include those that ensure that leaders receive feedback from key groups, have one-on-one feedback and coaching sessions delivered by skilled professionals.

Successful Leaders should also provide support and training to ensure long term success, establish clear outcome measures of individual performance, ensuring development efforts link clearly to organizational strategic goals and linking development efforts to formal reward and recognition. As rated all these factors are very important in creating effective leaders in order to meet organization's competitive challenges. The effectiveness of the factors showed that on

average these development activities when implemented performed very well in developing leadership behaviours in their organizations.

#### **5.3.4 Assessing Change Management Practices**

Response in Change management best practices showed that, most of the organizations have a clear focus and sense of direction for the future, because changes are carefully considered and well planned. Employees are actively involved in planning and implementing change, since the leadership is open to different opinions and ideas, change is also driven by facts and information, rather than speculation. There are also rewards for innovations and creativity, adequate resources are provided to accommodate new processes and employees receive adequate training to keep up with the changes within the organizations. Communication with the organization keeps the employees well-informed about what is happening and what to expect, then celebration is mandatory when success is achieved.

#### **5.3.5 Customer Focus**

Strong customer focus having a significant higher performance in terms of success by the ability to retain customers or clients was considered to be very important by the CEOs interviewed in that it brings out the organizational quality and improves customer satisfaction by reflecting their needs through gathering the customer's feedback and making direct service improvements.

#### **5.3.6 Corporate Governance Practices**

Corporate governance being involved with the way the organization are directed and controlled ensuring that the activities are taken with due diligence and accountability showed that Successful CEOs help the board establish a vision, mission and values consistent with the strategic direction of the organization by establishing directions, key expectations and

performance measures of the organization involving a strong working relationship with the board members by implementing board policies and recommending policies for board consideration.

The CEO understands the organizations requirements for governance practices and supports the board in its governance duties by providing necessary information and access to people. In conclusion the CEOs are very keen in ensuring the rules and regulations of the company are followed, there is good relationship between all people involved in the company plus the customers, system and processes within the organization are intact i.e they are all responsible for all the aspects of management and development of the company.

Consolidating all these factors leaders are required to be adaptable, to communicate a vision, to gain the trust of those they lead, to be positively optimistic in the process of moving forward in new directions and to utilize the resources available to them, leaders must know what their respective jobs are: assessing their own strengths and weaknesses, knowing their organizations and its resources and they need to provide direction, communicate and motivate.

The Onus is on the board of directors to utilize these findings, and make proper decisions during the selection and development of CEOs in Kenya as it will assist them in creating the right success factors in corporate leadership. The findings will also be useful to the government in the realization of vision 2030 through the realization that leadership is the key link between the strategy formulation, execution and the knowledge of the factors that contributes to increasing effectiveness. Academicians will gain from this study as it will enhance sharing of knowledge and best practices that guarantees success in the management of organizations.

## 54 Recommendations

Based on the conclusions presented above, we can enlighten the board of directors, government and academicians on the CEOs perceptions of critical success factors in corporate leadership in Kenya by making the following recommendations:

The board of directors should incorporate all the factors in visionary leadership, leadership capability and emotional intelligence in the selection of the CEOs in their various organizations. In leadership development they should consider all the factors assessed in leadership development practices, in best change management practices. in customer focus and corporate governance practices. This is because all these factors were rated as very important and very effective by various corporate leaders in Kenya's as drivers of success in organizations

The government on the other hand should adopt the findings of this study and incorporate them in its various organs of decision making. Largely on communication of the vision 2030 to stakeholders as the first role should be enhanced. Strategies should also be drawn to achieve this vision as it was hailed by CEOs as an extremely important factor in success.

Academicians will also benefit from this study from the fact that they will be enlightened on the best practices that guarantee success in the management of organizations. More need to be investigated by the board of directors, government and academicians on other factors that lead to success in corporate leadership.



## 5.5 Recommendations for Further Research

Apart from the factors established by this study on the perceptions of CFOs on critical success factors in corporate leadership, we suggest that further studies be carried out to establish whether the corporate leaders (CEOs) have different perceptions on other issues like critical factors that lead to failure in corporate leadership. This will aid comparison of both the success and failure factors to establish if any relationship or correlation exists.

More studies on the perceptions of employees or other managers besides CFOs need to be investigated to enrich this area of study. Further comparison should be done to establish if the perception of CFOs and that of the employees and other managers have any significant relationship or differences and if any occur, what are the causes. Further study should be carried out in different context for example of another country to establish whether their perceptions are similar in to those established in Kenya.

## 5.6 Limitations of the Study

Though this study maintained a high level of responses from the CEOs interviewed, as the project was being carried out a number of problems were encountered which hampered the smooth running of the project. There was lack of cooperation from some of the CEOs in the process of convincing them to spare little time to fill for us the questionnaire. Gaining accessibility to the CEOs was close to impossible. Due to tight academic schedule we lacked ample time to reach all CFOs in Kenya. Largely, CEOs outside of Nairobi were very difficult to find and expensive reach. Finally, lack of a directory or any official registry of CFOs in Kenya and their contacts made selection of target population limited.

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http://s\dcu^.berklev,edu/IT\_M\_AIS/Phvsio.l'ercept.html (Freeman. Williams (1991) *The Physiology of Perception* Illic brain transforms sensory- messages into conscious perceptions almost instantly Chaotic, collective activity involving millions of neurons seems essential for such rapid recognition )

## APPENDICES

### Appendix I: COYA Secretariat List of Companies in Kenya as at December 2007

Sl. No. of Company

1.	3 Mice Interactive Media Ltd	42.	EA Cables ltd
2.	ABC Bank Ltd	43.	PA Portland Cement Co. Ltd
3.	Access Kenya Group	44.	Llctroflow technologies K ltd
4.	Adopt A Light	45.	Equator Bottlers Ltd
5.	Afya Sacco Society Ltd	46.	Equity Bank Ltd
6.	Agha Khan Hospital	47.	Express Connections (Double M)
7.	Agricultural Development Corporation	48.	Family Bank I td
8.	Agrochemical and food company ltd	49.	lina Bank I id
9.	Akamba Public Road services Ltd	50.	G4S Security Services Ltd
10.	AL.ICO	51.	Gailey and Roberts
11.	Apollo Insuarunce Company Ltd	52.	Gateway Insurance co Ltd
12.	Assa Abloy (FA) Ltd	53.	General printers ltd
13.	Athi water Sen ices Board	54.	(ienesis community development assistance
14.	Atlas copco Kenya Ltd	55.	Gertrudes garden children's hospital
15.	Bamburi cement Co. Ltd	56.	(iina Din corporate communication
16.	Barclays Bank of Kenya ltd	57.	Githunguri dairy farmers co-operative society
17.	BidcoOil Refineries Ltd	58.	Glaxo smithkline lid
18.	Biowplast Ltd	59.	Grand regency hotel
19.	Bobmill Industries Ltd	60.	Haco industries ltd
20.	BOC Kenva Ltd	61.	ICDCI co.ltd
21.	BAT	62.	INCA
22.	Brookhouse Schools Ltd	63.	IDB
23.	Brookside dairy Ltd	64.	I&M bank lid
24.	Budget Car rental and leasing	65.	INTERMIDIAIL TECHNOLOGY DEVELOPMENT GROIP
25.	Chandaria Industries Ltd	66.	Kcnol/ Kobil Kenya
26.	Chemilil sugar Company Ltd	67.	KARI
27.	Cincarts Africa Ltd	68.	Kenya airports authority
28.	Citigroup Ltd	69.	Kenya airways ltd
29.	Club Sun N Sand	70.	Kenya college of communications technology
30.	Coastline Safaris	71.	KCB ltd
31.	Color Creations Ltd	72.	Kenya data networks
32.	Commercial bank of Africa	73.	KENGEN ltd
33.	Computer point	74.	KFMR1
34.	Coopers Kenya Ltd	75.	KNCHR
35.	Corn pnnluets K ltd	76.	Kenya pipeline co.ltd
36.	Crown Berger	77.	KRA
37.	Davis & Shairtliff Ltd	78.	Kenya school of professional studies
38.	Dodhia Packaging ltd	79.	Kenya seed ltd
39.	DoLsavvy I td		
40.	Last Africa Publishers Ltd		
41.	Fast Africa Storage co. l td		

- |      |                                    |      |                                 |
|------|------------------------------------|------|---------------------------------|
| 80.  | KF.TEPA ltd                        | 121. | Roy Transmotors ltd             |
| 81.  | Kenya vehicles manufacturers       | 122. | Safaripark Hotel                |
| 82.  | KWS                                | 123. | Safaricom l td                  |
| 83.  | KWAL                               | 124. | Sarova I lotels                 |
| 84.  | KWFT                               | 125. | SDV Transami K I td             |
| 85.  | KICC                               | 126. | Scurex Agencies K Ltd           |
| 86.  | KNH                                | 127. | Serena I lotels and Lodges      |
| 87.  | Kevian ltd                         | 128. | Signon Freight (MSA)            |
| 88.  | Kodak Kenya                        | 129. | Skill Across Africa             |
| 89.  | K-RF.P Holding ltd                 | 130. | Slumberland K ltd               |
| 90.  | Kuguru food complex                | 131. | Sony Sugar Co. ltd              |
| 91.  | Lubeschcm K ltd                    | 132. | Spinners & Spinners Ltd         |
| 92.  | Mabati rollingmills ltd            | 133. | St. Johns Ambulance             |
| 93.  | Madison insurance company ltd      | 134. | Stanchai Bank Kenya Ltd         |
| 94.  | Magadi soda company ltd            | 135. | Stcadman research Services I td |
| 95.  | Magana flowers Kenya ltd           | 136. | Sunripc Ltd                     |
| 96.  | Mascno university                  | 137. | l elkom Kenya Ltd               |
| 97.  | Mater hospital                     | 138. | Tetra Pak Ltd                   |
| 98.  | Mission for essential drugs        | 139. | H>e Copy cat Ltd                |
| 99.  | Mohaz lix-impo ltd (WF-MA ART)     | 140. | I he Stcadman Group             |
| 100. | Moi teaching and referral          | 141. | UAP Ins. Co Ltd                 |
| 101. | Mombasa polytechnic                | 142. | Unilever Tea K Ltd              |
| 102. | Mount Kenya bottlers ltd           | 143. | West Kenya Sugar Co. Ltd        |
| 103. | Mumias sugar company ltd           | 144. | World Neighbours Inc (K)        |
| 104. | Nairobi bottlers ltd               |      |                                 |
| 105. | Nairobi hospital                   |      |                                 |
| 106. | Nation media group                 |      |                                 |
| 107. | National council for law reporting |      |                                 |
| 108. | Newline Furnishers                 |      |                                 |
| 109. | Njarnia Phamarccuticals            |      |                                 |
| 110. | Oakland Media services Ltd         |      |                                 |
| 111. | Oil Crop development (NKIJ)        |      |                                 |
| 112. | Omhi Rubber rollers Ltd            |      |                                 |
| 113. | PCLA Wogeci Center                 |      |                                 |
| 114. | Petroleum & Industrial Services    |      |                                 |
| 115. | Power Technics Ltd                 |      |                                 |
| 116. | Professional Clean care Ltd        |      |                                 |
| 117. | Pure health products ltd           |      |                                 |
| 118. | Ratiki Millers                     |      |                                 |
| 119. | Rangcchcm pharmaceuticals ltd      |      |                                 |
| 120. | Rift Valley Rottlersl.td           |      |                                 |

**Source: (OVA Secretariat**

## **Appendix II: LETTER OF INTRODUCTION**

August 2008

Dear respondent.

### **MBA RESEARCH PROJECT**

As part of the requirement for the degree of Master of Business Administration (MBA) of the University of Nairobi, the undersigned, who is a student in the School of Business at the university, is required to undertake a management research paper. He intends to conduct a study on "The CFOs Perception of Success Factors in Corporate Leadership in Kenya"

This questionnaire is designed to gather information on the perceptions of success factors by CFOs in Kenya. Your responses will be treated in strict confidence and in no circumstances will your name(s) be mentioned in the report. Further confidentiality will be ensured through the necessary coding of the survey findings.

Your co-operation will be highly appreciated.

Sincerely,

**ELIJAH M. MUGWE**  
MBA Student

**JACKSON MAALL**  
Supervisor

## APENDIX III

### QUESTIONNAIRE

The questionnaire is divided into two parts: section A and B. Kindly, answer the questions in each section. Your answers will remain anonymous and strictly confidential and in no instance will your names be mentioned in the report.

#### SECTION A: RESPONDENTS DETAILS

1. Gender (please tick) : **M**(  ) **F**(  )

2. Age (please tick) : **30 or under**(  ) **31 to 50**(  ) **51 and over**(  )

3. How long in years have you served as a CEO:

In the current organization

Total in previous organizations\_

4. Have you or your organization won any excellence awards? **Yes**(  ) **No**(  )

If yes please list the awarding organization' forum, the name of the award(s) and the year

Awarding Organization	Award (indicate self or company)	Year
-----------------------	----------------------------------	------

5. Main activity of the organization (please tick):

#### **Services Sector:**

<b>ICT</b> ( <input type="checkbox"/> )	<b>Hospitality</b> ( <input type="checkbox"/> )	<b>Telecommunications</b> ( <input type="checkbox"/> )
---	---	--

<b>Health</b> ( <input type="checkbox"/> )	<b>Ranking and Insurance</b> ( <input type="checkbox"/> )
--	---

<b>Others</b> ( <input type="checkbox"/> )	please specify
--	----------------

**(Government & public services**

**Manufacturing**

**Agriculture Sector**

**Energy Sector**

**Others(plcase specif))**

6. Please indicate the nature of ownership of your firm (tick appropriately)

**Local ( )**

**Foreign ( )**

**Foreign owned, locally run ( )**

Others (please specify) \_

**SECTION B: SUCCESS FACTORS IN CORPORATE LEADERSHIP**

**PART I: ASSESSING VISIONARY LEADERSHIP**

7. On a scale of 1-5 please rate the importance of each of the following factors in ensuring leadership success in your organization where: 1—Not important 2-Alittle important 3- Moderately important 4- very important 5-Extremely important

	1	2	3	4	5
a) A vision to promote unity of direction efforts	( )	( )	( )	( )	( )
b) Communication of the vision you staff	( )	( )	( )	( )	( )
c) Development of strategies to implement the vision	( )	( )	( )	( )	( )
d) A positive organizational culture to support the vision	( )	( )	( )	( )	( )

**FART II: ASSESSING IFADFRSHIP CAPABILITY**

8. On a scale of 1-5 please rate the importance of each of the following factors in ensuring leadership success in your organization where: 1-Not important 2-A little important 3-Moderately important 4- very important 5-Extremely important

	1	2	3	4	5
a) The quality and breadth of leadership at your Executive levels	( )	( )	( )	( )	( )
b) The quality and breadth of leadership at your senior Management levels (just below Executive levels)	( )	( )	( )	( )	( )
c) The "pool" of high potentials for leadership positions	( )	( )	( )	( )	( )
d) Your organization's effectiveness in identifying future leaders	( )	( )	( )	( )	( )
e) Leadership development programs in your organization	( )	( )	( )	( )	( )

9. How much time, on average, would you estimate you spend on leadership selection, development and succession?  
 20% or below ( )    21 to 40% ( )    41 to 60% ( )    61 to 80% ( )    81% and above ( )

10. Using a scale of 1-5 please rate the following methods of leadership development in ensuring success in your organization where: 1-Not important 2-A little important 3-Moderately important 4- very important 5-Extremely important

	1	2	3	4	5
Planned career assignment*	( )	( )	( )	( )	( )
Business schools-Executive Programs	< )	( )	( )	( )	( )
Formal in-house training programs	( )	( )	( )	( )	( )
Individual or one-on-one coaching	( )	( )	( )	( )	( )
Off-the-shelf/self-study training program*	( )	( )	( )	( )	( )
Tailored development programs developed by outside consultants	( )	( )	( )	( )	( )

11. How does your organization calculate the Return on Investment of leadership development programs?

- |                     |     |                    |     |
|---------------------|-----|--------------------|-----|
| No method           | ( ) | Training Evaluated | ( ) |
| Established Metrics | ( ) | Impact on Business | ( ) |
| Do not know         | ( ) |                    |     |

12. What has caused or causes your high potential candidates for executive positions to derail (i.e. no longer considered as high potential candidates)?

- |                            |     |                 |     |
|----------------------------|-----|-----------------|-----|
| Technical ability          | ( ) | Insensitivity   | ( ) |
| Inability to work in Teams | ( ) | Lack of clarity | ( ) |
| Others                     | ( ) |                 |     |

13. To what extent does your organization tolerate inappropriate Executive or Senior Management behavior in order to meet the numbers?

- |                       |     |                            |     |
|-----------------------|-----|----------------------------|-----|
| 1 - not at all        | ( ) | 2 - to a very small extent | ( ) |
| 3 = to a small extent | ( ) | 4 = to some extent.        | ( ) |
| 5 to a large extent   | ( ) |                            |     |

14. Does your organization use competency models (i.e., profiles of leadership skills, knowledge and attributes) to aid in identifying and developing leadership talent?

- |                       |     |                                 |     |
|-----------------------|-----|---------------------------------|-----|
| <b>1 = not at all</b> | ( ) | <b>2 Mo a very small extent</b> | ( ) |
| 3 = to a small extent | ( ) | 4 - to some extent;             | ( ) |
| 5 ° to a large extent | ( ) |                                 |     |



15. How important do you feel each of the following are to success in your organization's top leadership positions

Use the following scale to rate:

1 Not Important    2-A little Important    3-Moderately important    4- very important  
5-Extremely Important

	1	2	3	4	5
Technical skills	( )	( )	( )	( )	( )
Social and emotional skills ("Emotional Intelligence")	( )	( )	( )	( )	( )

**PART III: ASSESSING EMOTIONAL INTELLIGENCE**

16. Defined below are four major dimensions of Emotional Intelligence. Please indicate the approximate proportion of your company's Executives who, you believe, effectively demonstrate each component.

**Where**      **1-** 20% and below                      **2** 21 to 40%                      **3=** 41 to 60%  
                    **4-** 61 to 80%                                      **5** 81% and above

	1	2	3	4	5
Self-Awareness—effectively recognizes and understands own moods, emotions and drives, and their effect on others.	( )	( )	( )	( )	( )
Self-Management—effectively controls and redirects own disruptive feelings	( )	( )	( )	( )	( )
Social Awareness—accurately senses what others are feeling and thinking around them	( )	( )	( )	( )	( )
Social Skill—effectively builds rapport, manages relationships and builds networks	( )	( )	( )	( )	( )

**PART IV: ASSESSING LEADERSHIP DEVELOPMENT PRACTICES**

17. Using the following scale, please rate how **important** the following are in creating effective leaders in order to meet your organization's competitive challenges.

1 Not Important    2-A little Important    3-Moderately important    4- very important  
5-Extremely Important

Using the following scale, please rate how **effectively** these development activities are in developing leadership behaviors in your organization.

1 Performed Poorly    2-Performed well    3-Performed moderately well  
4- Performed very well    5 -Performed Extremely Well

	<b>Important</b>	<b>effectiveness</b>
	1 2 3 4 5	1 2 3 4 5
a) Assure that (top leaders have job assignments that take them outside their primary expertise and expand their business perspective (e.g., new business, international)	( X X X X )	( X <b>X</b> X X )
b) (insure top leaders receive feedback from key groups (eg. 360"evaluation)	( X X X X )	( X X X X )
c) Have one-on-one feedback and coaching session* delivered skilled professional	( X X X X )	( X X X X )
d> Provide ongoing support and training to ensure long-term Success	( X X X X )	( X X X X )
e) Establish clear outcome measures of individual development (e.g., job performance, career advancement)	( H )( X X )	( X X X X )
f) Ensure that development efforts link clearly to organizational strategic goals	( X X X X )	( X X X X )
g> Hold senior people accountable for developing their employees	( X X X X )	( X X X X )
h) Assess individual's interpersonal skills (e.g.self-awareness, emotional and social awareness, self-management, social skills)	M X X X )	( X X X X )

i) Link developmental efforts to formal **reward and recognition** Programs ( X X X X ) ( X M X M )

**PART V; ASSESSING CHANGE MANAGEMENT PRACTICE\***

18. The following statements describe specific behaviors attributed to organizations and their response to change. On a scale of 1-5, TICK the number that indicates your level of agreement or disagreement with each of the statements below.

Use the following scale to rate:

1-strongly disagree	2 Disagree	3-undecided	4 agree	5=Strongly Agree
			<b>1</b>	<b>2</b>
			<b>3</b>	<b>4</b>
			<b>5</b>	

- |   |     |     |     |     |     |
|---|-----|-----|-----|-----|-----|
| 1. This organization has a clear focus and sense of direction for the future                          | ( ) | ( ) | ( ) | ( ) | ( ) |
| 2. Changes are made in a way that is consistent with the organization's mission                       | ( ) | ( ) | ( ) | ( ) | ( ) |
| 3. The leadership team is knowledgeable up-to-date about strategic issues                             | ( ) | ( ) | ( ) | ( ) | ( ) |
| 4. Change at this organization is carefully considered and well-planned                               | ( ) | ( ) | ( ) | ( ) | ( ) |
| 5. The leadership team is open to different ideas and opinions  | ( ) | ( ) | ( ) | ( ) | ( ) |
| 6. Employees are actively involved in planning and implementing change                                | ( ) | ( ) | ( ) | ( ) | ( ) |
| 7. The rationale for change is effectively communicated to employees                                  | ( ) | ( ) | ( ) | ( ) | ( ) |
| 8. Change at this organization is driven by facts and information, rather than speculation or opinion | ( ) | ( ) | ( ) | ( ) | ( ) |
| 9. This organization rewards innovation and creativity  | ( ) | ( ) | ( ) | ( ) | ( ) |
| 10. In responding to change, the leadership team does a good job of keeping employees motivated       | ( ) | ( ) | ( ) | ( ) | ( ) |

- 11 Employees receive adequate training to keep up with changes within the organization ( ) ( ) ( ) ( ) ( )
12. Adequate resources are provided to accommodate new processes ( ) ( ) ( ) ( ) ( )
- 13 The organization monitors and evaluates the impact of changes that are made ( ) ( ) ( ) ( ) ( )
- 14 Problems arising from change are systematically identified and resolved ( ) ( ) ( ) ( ) ( )
15. Communication within the organization keeps employees well-informed About what is happening and what to expect ( ) ( ) ( ) ( ) ( )
- 16 This organization celebrates its success in achieving positive change ( ) ( ) ( ) ( ) ( )

TART VI: Assessing Customer Focus

19. Using the following scale, please rate how **important** the following are in creating success in your organization's customer focus

I Not Important 2-A little Important 3-Moderately important 4- very important  
5-Extremely Important

I 3 4 5

1. Clearly defining the purpose of the service or services ( ) ( )
2. Clearly defining who the service or services are targeted at ( ) ( )
3. Monitoring service use for equal opportunities purposes to ensure a fair and consistent service is received by all your customers ( ) ( )
4. Ensuring that structures to reflect the needs of customers ( ) ( )
5. Designing Service in conjunction with key partners to ensure joined up or 'seamless' delivery to customers ( ) ( )
6. Setting clear and relevant service standards in place ( ) ( )

7. Monitoring performance against agreed standards in order to make improvements ( ) ( ) ( ) ( ) ( )
- 8 Benchmarking performance with other organizations and services ( ) ( ) ( ) ( ) ( )
- 9 Involving customers in the planning of new services ( ) ( ) ( ) ( ) ( )
- 10 Gathering customer feedback and use it to make direct service improvements ( ) ( ) ( ) ( ) ( )

PART V 11: Assessing Corporate Governance Practices

20. The following statements describe best practices in corporate governance in organizations. On a scale of 1-5. TICK the number that indicates your level of agreement or disagreement with each of the statements below.

1 strongly disagree      2-Disagree      3-undecided      4-agree      5-Strongly Agree

**The CFO's role is to:**

- 1 Help the board establish a vision, mission, and values that are consistent with the strategic direction of the organization ( ) ( ) ( ) ( ) ( )
2. Establish the directions, key expectations, and performance measures for the organization ( ) ( ) ( ) ( ) ( )
3. Support and comply with legislation, regulations and other regulatory policies, that promote the achievement of the strategic direction of the organization ( ) ( ) ( ) ( ) ( )
4. Maintain a strong working relationship with the board chair and board members ( ) ( ) ( ) ( ) ( )
5. Provide appropriate, adequate and timely information to the board ( ) ( ) ( ) ( ) ( )
- 6 Keep the board regularly informed on all important aspects of the status and development of the organization. Including plan\*, ( ) ( ) ( ) ( ) ( )

performance issues and opportunities.

7 Implement board policies\* and recommend policies for Board  
consideration. ( ) (

8 Understand the organization's requirements for governance practices  
and support the board in its governance duties\* by providing necessary  
information and access to people ( ) (

9 Ensure the board receives information pertinent to outside  
stakeholders before it is communicated to them. ( ) (

**THANK YOU FOR YOUR COOPERATION**

