CONTRIBUTION OF STAKEHOLDERS' OWNERSHIP ON LEADERSHIP PERFORMANCE OF LISTED COMPANIES IN KENYA

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Abstract: *Leadership is a process of social influence in which one person can enlist the aid and support of others in the accomplishment of a common task. Corporate governance has dominated leadership policy agenda in developed market economies for more than a decade and African continent is gradually adopting it on their policy agenda on leadership and governance of their organisations. The Nairobi Securities Exchange (formerly Nairobi Stock Exchange) (NSE) is the principal stock exchange of Kenya. The specific objective of the study was to establish the role of Stakeholders' Ownership on leadership performance of listed companies in Kenya. The target population consisted of the 62 listed companies that had been listed at the NSE in 2015. The study used primary data which was collected using questionnaires. Data was analysed and presented using the Statistical Package for Social Sciences (SPSS). Descriptive and inferential statistics were used to present the results of this study. The study found that the success of listed companies involves a lot of stakeholders; employees, customers, community etc and everyone should be made to feel part of the company. Each group play a vital role in marketing, resource mobilisation and ensuring the company sails to its success. Therefore there is need to develop shareholders' willingness and ability to monitor the management, create stakeholders independence in their management guidelines, establishment an environment which will enable stakeholders and investors feel part of the company. The shareholders should provide an environment for the board of directors and management to have a strong value of ownership of the company; with job security and competitive terms of employment for Stakeholders' Ownership to be realised.*

Keywords: *Boards of Directors, Corporate Governance, stakeholders ownership, Leadership performance, Nairobi Securities Exchange.*

1.0 INTRODUCTION

1.1 Background of the study

Ibrahim Index of African Governance (2007) defines governance as the provision of the political, social and economic goods that a citizen has the right to expect from his or her state, and that a state has the responsibility to deliver to its citizens. According to Mensah (2012), governance is referred to mean all processes of governing, whether undertaken by a government, market or network, whether over a family, tribe, formal or informal organization or territory and whether through laws, norms, power or language. He further stated that it relates to the processes of interaction and decision-making among the actors involved in a collective problem that lead to the creation, reinforcement, or reproduction of social norms and institutions. Governance is the dynamic interaction between people, structures, processes and traditions that support the exercise of legitimate authority in provision of sound leadership, direction, oversight, and control of an organization in order to ensure that there is proper accounting for the conduct of its affairs, the use of its resources, and the results of its activities (Coward, 2010).

Corporate Governance is defined as the system by which corporations are directed, controlled and held to account (Solomon, 2013). He further noted its the manner in which the power of or over a corporation is exercised in the stewardship of its total portfolio of assets and resources so as to increase and sustain shareholder value while satisfying the needs and interests of all stakeholders. Wellage (2012) study quoted the Australian Stock Exchange (ASX) Corporate Governance Council (2010) which defines corporate governance as the framework of rules, relationships, systems and processes by which corporations are directed and controlled. He further noted that the UK Corporate Governance Code (2010) which states that levels of remuneration should be sufficient to attract, retain and motivate directors of the quality required to run the company successfully but a company should avoid paying more than necessary for this purpose.

Lashgari (2014) examined the impact of corporate governance measures, such as the Stakeholders' Ownership on information asymmetry promote company performance and found out that corporate governance attributes of Stakeholders' Ownership affected company trading shares. Further in the book by Wright, Siegel and Keasey (2013) the relationship between corporate governance as measured by discipline, transparency,

independence, accountability, responsibilities, fairness, and social awareness affect company performance. According to Yang (2012), in North America corporate governance was prominently regarded as a mechanism to address the agency problem. He stated that better corporate governance helps managers and shareholders to forecast the future of their company in two ways: better corporate governance practices lead to a higher cash flow for shareholders rather than expropriation of shareholders' wealth by company managers and good corporate governance reduces the cost of monitoring and second, auditing and helps companies to efficiently reduce costs.

A study by Miring'u and Muoria (2011) indicated that as early as 1970s, many governments in Africa had recognized the fact that public companies were performing poorly. They noted that the poor state companies' performance was associated with labour rigidities in the market increased fiscal and foreign debt and inflation problems. Further they noted that the companies provided poor and unreliable services, failed to meet demand and were lagging behind in technology areas. They concluded that mismanagement, bureaucracy, wastage, pilferage incompetence and irresponsibility by directors and employees are the main problems that have made state companies to fail to achieve their objectives. Although developing countries are increasingly embracing the concept of corporate governance knowing it leads to sustainable economic growth, collapse of their listed companies is on the rise. Some companies including state corporations have folded up partly as a result of corporate governance problems as observed in South Africa by Gossel and Biekpe (2014).

The Nairobi Securities Exchange (formerly Nairobi Stock Exchange) is the principal stock exchange of Kenya. It began in 1954 as an overseas stock exchange while Kenya was still a British colony with permission of the London Stock Exchange. The NSE is a member of the African Stock Exchanges Association. It is Africa's fourth largest securities exchange in terms of trading volumes, and fifth in terms of market capitalization as a percentage of Gross Domestic Product. The Exchange works in cooperation with the Uganda Securities Exchange and the Dar es Salaam Stock Exchange, including the cross listing of various equities. Trading is done through the Electronic Trading System which was commissioned in 2006. A Wide Area Network platform was implemented in 2007 and this eradicated the need for brokers to send their staff (dealers) to the trading floor to conduct business. Trading is now mainly conducted from the brokers' offices through the WAN. In order to provide investors with a

comprehensive measure of the performance of the stock market, the Nairobi Stock Exchange introduced the NSE All-Share Index in 2008. In 2009 **t**he Exchange launched its Complaints Handling Unit in a bid to make it easier for investors and the general public to forward any queries and access prompt feedback (NSE, 2015).

Muka (2012) has written about the relationship between corporate governance and ownership structures of firms listed at the Nairobi Securities Exchange and states that the ownership levels of a company characterized by low ownership levels have an inverse effect on company performance. He noted that since the late 1980s, the Kenyan government adopted economic liberalisation policies with the aim of reducing economic distortions. Solomon (2013) noted that the World Bank and the International Monetary Fund (IMF) had begun imposing tough conditions that touched on governance and better economic management to NSE. Although the policies achieved some benefits, the country is still caught up in macro-economic instability as evidenced by high inflation rates, account deficits and policy uncertainties (Njanja, Ogutu & Pellisier, 2012). Kenya Airways Ltd in Kenya has been noted to win several good corporate governance awards for the last five years but the company continued to perform poorly over the period. The company had its Earnings Per Share operating between (-ve)13.35 and (-ve)2.25 down from 10.45 in 2006 and operating on downward share price trend of Kes. 5.00 down from Kes. 34.50 in 2011 and making losses year after year (NSE, 2015). Kenya listed companies' poor performance state was also witnessed in Euro Bank, Uchumi Supermarkets, Unga Group, National Bank of Kenya, CMC Motors, Eveready (K) Ltd and East Africa Industries among many others (Madiavale, 2011).

1.2 Statement of the Problem

A good corporate governance mechanism is assessable from; political stability, accountability, government effectiveness, rule of law, control of corruption and quality of regulation which can only be achieved through sound and effective leadership (Kaufmann, Kraay & Mastruzzi, 2012). Chung, Kim, Park and Sung (2013) examined the relation between transparency related governance attributes and liquidity in the U.S. stock market and found out that corporate governance has a strong positive influence on organisational performance. According to Yang (2012), companies with good corporate governance systems in place have more efficient operations that lead to high company performance.

A study by McConvill (2012) noted numerous cases world over of companies leadership such as Enron, Worldcom, Marconi and Royal Ahold where this relationship contradicted. Also a study by Iraya, Mwangi and Muchoki (2015) noted cases of non performing listed companies in Kenya that have attracted debates in their form of leadership and shaken both local and foreign investor confidence. Companies such as Kenya Airways Ltd, Eveready (EA) Ltd, Uchumi Supermarkets, Unga Group Ltd, National Bank of Kenya and CMC Holdings Ltd have in the past won several good corporate governance awards but have poor leadership performance indicators (NSE, 2015). Further, a study by Madiavale (2011) noted that although in Kenya listed companies have adopted corporate governance leadership practices, cases of organisations scandals that lead to poor company leadership performance are rampant.

There were literatures on corporate governance on how it contributes to company leadership performance, however, some listed companies in Kenya despite embracing corporate governance have dismal overall leadership performance (NSE, 2015). The problem was that some listed companies in Kenya had poor leadership performance. Even with all the empirical evidence on positive relationships between corporate governance and company leadership performance and the government laid up Corporate Governance structures, some Kenya listed companies continue to operate on losses over the last five years. This affected shareholders, employees, customers, creditors, managers, suppliers, the wider community and the country's economy. The implication was that stakeholder suffered and the investors, prospective and actual shareholders, accordingly lose confidence in the market and withdraw and the country's economy do not grow (Hudson, 2013). Corporate governance although a common phenomenon in Kenya, the level of preparedness of the listed companies' leadership to face up with the identified challenges and potential complexities to ensure that they are managed to the desired performance is a major concern. This study is a step toward understanding the contribution of leadership composition on leadership performance of listed companies in Kenya as the survival of any organisation is dependent upon how it deals with sources of uncertainty or dependency.

1.3 Objective of the Research

The main objective of this study was to ascertain the contribution of corporate governance on leadership performance of listed Companies in Kenya. Specifically, the study pursued to

determine the contribution of Stakeholders' Ownership on leadership performance of listed companies in Kenya. The study therefore hypothesized that Stakeholders' Ownership does not have contribution on leadership performance of listed companies in Kenya.

2.0 LITERATURE REVIEW

2.1 Stakeholders' Ownership

According to Solomon (2013), countries that followed civil law; for example France, Germany, Italy and Netherlands, developed corporate governance frameworks that focused on the interests of stakeholders that included employees, customers, creditors, managers, suppliers and the wider community. This introduced the feeling that every stakeholder owned the company and took great interest on its performance. Adam Smith noted more than two centuries ago, stakeholders had a more direct incentive than directors serving on the corporate board to monitor the management. He further stated that directors of joint stock companies, however, being the managers rather of other people's money than their own, could not well be expected, that they could watch over it with the same anxious vigilance as stockholders (Simsek, 2007). Prior research documents prove that certain ownership structure characteristics, such as the proportion of institutional holdings or the level of ownership concentration, were associated with the shareholders' willingness and ability to monitor the management. According to Ajinkya, et al. (2011) firms that have greater board independence, management guidance was less optimistically biased, more accurate, and more precise for firms with greater dispersed stakeholders' ownership.

As stated by Opiyo (2013), a key argument underlying the effective corporate governance role of stakeholders was that they have relatively more value at stake and have a greater incentive, and potentially greater means, to monitor managers. In general, prior studies found that a higher proportion of Stakeholders' Ownership was associated with improved corporate governance (Healy, Hutton and Palepu, 1999 & Noe, 2002). Mallette & Fowler (1992) and Gillan & Starks (2000) studies found that greater Stakeholders' Ownership was associated with greater stakeholders protection, increased firm value, and improved performance.

Likewise, according Ajinkya, et al. (2011) as with firms that have greater stakeholders independence was less optimistically biased, more accurate and more precise. Their study suggested that some institutional investors attempt to benefit at the cost of other

shareholders. Bushee, Carter & Gerakos (2014) study established that cross-sectional variations in the corporate governance influences different types of institutional investors. Rozanov (2008) measured Stakeholders' Ownership as the fraction of shares held by institutional investors and examine whether this governance characteristic was associated with opportunistic insider trading. If higher institutional ownership resulted in more effective monitoring, then it was expected that Stakeholders' Ownership to be negatively associated with the measure of opportunistic insider trading.

2.2 Leadership Performance

Leadership is the process of motivating other people to act in particular ways in order to achieve specific goals (Hannagan, 2008). Hannagan (2008) further argued that in all organisations, leadership is required in order for its objectives to be achieved and good leadership can result in success while poor leadership can lead to failure. There are several approaches to understand leadership, ranging from traditional, behavioural, contingency and modern approaches. In whichever approach leadership is applied some leaders behaviour will be noticed ranging from directive, supportive, participative and achievement oriented leadership. The pressures to adopt a particular leadership style are seen through the effects of organisation culture and peer expectations. Leaders will need to lay strategy, plan on the allocation of the available resources and apply corporate governance principles to achieve the level of company performance desired.

According to Mishra & Mohanty (2014) leadership performance is the most important criterion in evaluating organizations, their actions and environments. They noted that organizational performance encompasses the following specific areas of firm outcomes: financial performance (profits, return on assets, return on investment, etc.); market performance (sales, market share, etc.); shareholder return (total shareholder return, economic value added, etc.) and customer satisfaction (customer retention, loyalty, products and service attributes, image and reputation, etc). Dutta & Fan (2014) stated that the nature of company performance measures can also be firm specific, depending on internal policies as cash flows, accounting numbers and stock prices produce different incentives for managers. They concluded that measuring performance requires weighing the relevance of the company performance to focal stakeholders.

At the most basic level, small and large firms are likely to perform in quite different

manners although linked by competition; these firms have very different resources and strategies (Malina & Euske, 2013). In a cross-country survey by Liston, Chong & Bayram (2014) found that small Finnish and UK companies focused on profitability, product margins, customer satisfaction and liquidity. They further stated that within the strategy, economics and finance literatures market value based measures are the preferred instrument for characterizing organizational performance. The greatest strength of these measures is that they are forward looking, in theory representing the discounted present value of future cash flows (Fisher, Strickland, & Knobe, 2012). They also incorporate intangible assets more effectively than accounting data, something of clear relevance to those interested in resource based and knowledge based views of the firm (Lev, Demerjian, and McVay 2012).

According to Levenson & Stede (2011), the relationship between measures and performance is also influenced by which measures the firm uses internally and how these are embedded into incentive and control systems within the firm; e.g., the firm's own key performance indicators. They noted the internal measurement systems used could influence performance at the individual and organizational level. Fisher et al. (2012) noted that within the strategy, economics and finance literatures market value based measures are the preferred instrument for characterizing organizational performance. They further stated that the greatest strength of these measures is that they are forward looking, in theory representing the discounted present value of future cash flows. They also incorporate intangible assets more effectively than accounting data, something of clear relevance to those interested in resource based and knowledge based views of the firm (Lev, et al., 2012). Levis, et al. (2012), however, noted that the connection between market measures to the actual performance of the firm depends on how much of the rent generated from its activities flows to shareholders and the informational efficiency of the market. He further stated that the usual justification of these measures is that firms are instruments of shareholders. Merchant, Stede, Lin, and Yu (2011) noted that although market value might be generally recognized as the most appropriate measure of overall organizational performance, it is less useful for research focusing on performance where the dimensionality is defined in terms of a product or a strategic business unit. He concluded that an advantage of mixed market/accounting measures is that they are better able to

balance risk (largely ignored by accounting measures) against operational performance issues that are sometimes lost in market measures.

Similarly, scholars in marketing, operations and human resource management seek to understand and improve performance, each adopting discipline-specific measures such as customer satisfaction, productivity and employee satisfaction (Chenhall & Langfield-Smith, 2011).

3.0 METHODOLOGY

This study adopted a descriptive research design. The study targeted listed companies staff in all levels and the target population was the 62 listed companies in Kenya (NSE 2015). The sample for this study consisted of nine (9) listed companies. Data was collected from a sample size of 237 employee respondents by use of structured questionnaires. Stratified and simple random sampling techniques were used to determine the sample size.

4.0 RESULTS AND DISCUSSION

4.1 Response Rate

The sample of the study consisted of 9 listed companies from target population of 62 listed companies in Kenya and a sample size of 237 staff respondents. Due to the busy schedules of the staff, they filled out questionnaires at their own convenience and once they were filled, the questionnaires were collected by the researcher. A total of 175 responses were received, translating into 74% response rate. This response rate was considered appropriate for data analysis and presentation.

4.2 Gender Distribution

The study sought to find the gender of the respondents. Table 1 indicates the distribution of the respondents by gender. Majority (66.1%) of the respondents were male while the rest (33.9%) of the respondents were female. The distribution represents a fair gender balancing, an indication of successful efforts of various gender mainstreaming campaigns by various stakeholders and the Kenyan constitution 2010.

Table 1 Distribution of Respondents by Gender

Gender	Frequency	Percent
Male	116	66.1
Female	59	33.9
Total	**175**	**100**

4.3 Job Titles of Respondents Distribution

The unit of observation for this study was the top and middle management, supervisors and subordinate staff in the listed companies in Kenya as indicated in the methodology, this question sought to establish the job position of the respondents in the organization. Majority (54.4%) of the respondents were subordinate, 26.9% supervisory, 14.3% middle and top management designates with a paltry (4.4 %). Figure 1 gives a summary of the position of the respondents. This was a very important profile distribution for this study since the respondents were the right people with adequate information relevant to this study hence best placed. Management take responsibility for leadership performance (Bossidy and Chara, 2012; Mauborgne and Kim, 2015; Mwanje,Guyo and Muturi, 2016). The distribution of the respondents is quite normal and fair representation of management.

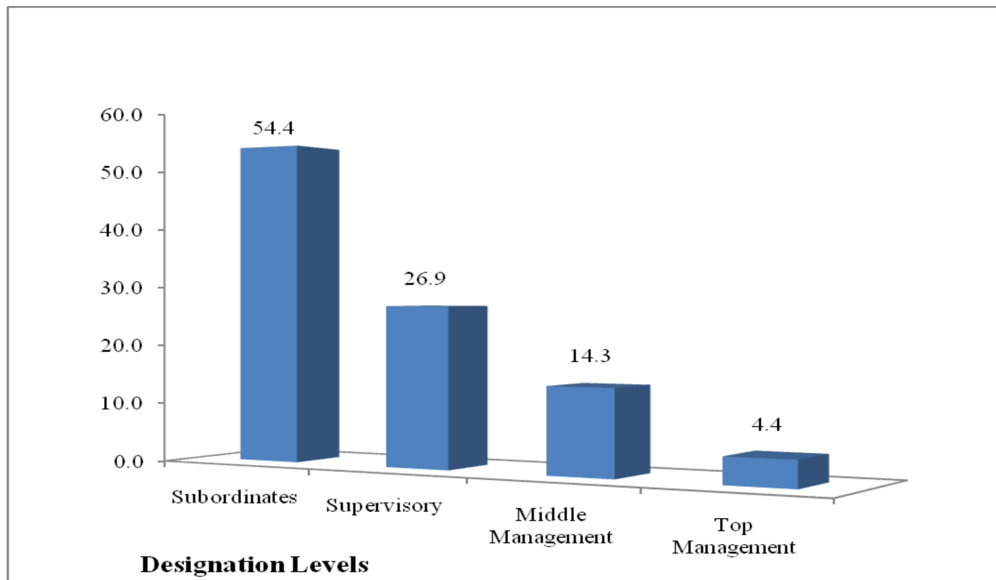

Figure 1 Job Titles of Respondents

4.4 Working Experience of Respondents Distribution

This question sought to investigate the number of years each respondent have worked with the listed company. On average nearly half (40.9%) of the respondents had worked for more than 10 years with their companies. This shows a high degree of institutional memory and commitment to their companies. Majority (79.5%) of the respondents had a working experience of 6 years and above and only (20.5%) had below 6 years of experience as shown in Figure 2. This means that the respondents have adequate working experience with the listed company and therefore posses the necessary knowledge and information which was considered useful for this study.

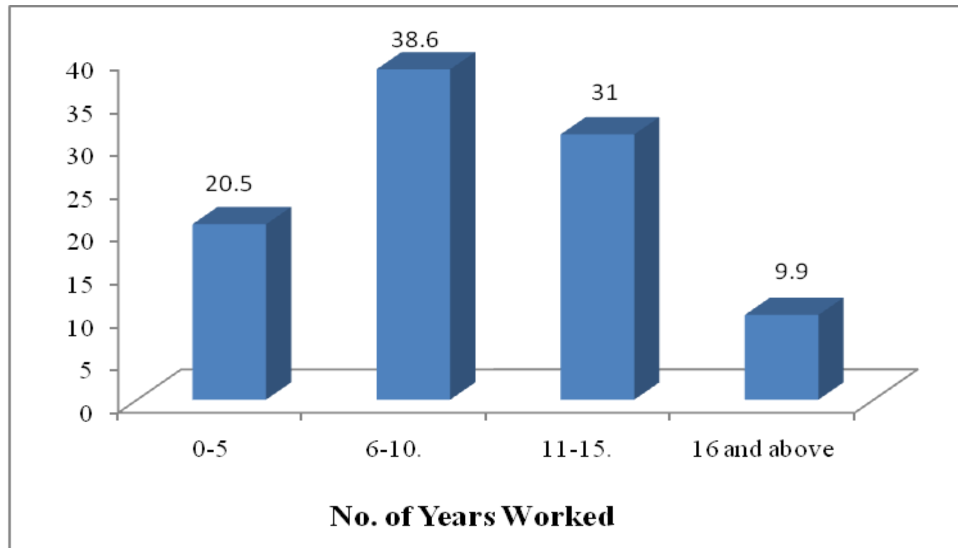

Figure 2 Working Experience of Respondents

4.5 Descriptive Statistical Analysis

Descriptive statistics were used to describe basic features of the data in the study since they provide simple summaries of the sample and the measures. Descriptive statistics such as frequencies and percentages were used to analyse the data on the role of corporate governance in leadership performance of listed companies in Kenya. The study had five independent variables, namely; leadership style and management structure, leadership composition, leadership independence, Stakeholders' Ownership and ownership concentration, while the dependent variable was leadership performance. This paper presents findings for Stakeholders' Ownership variable.

4.6 Descriptive Analysis For Stakeholders' Ownership on Leadership Performance of Listed Companies

Stakeholders' Ownership on Leadership Performance of Listed Companies is the fourth independent variable in this study. The study sought to investigate whether factors such as shareholders contribution, ownership benefits, types of ownership, stakeholders and investors relationship and value of ownership influence leadership performance of listed companies. Specific questions were asked in each of these areas and opinions of the respondents were sought. Table 2 provides the opinions and responses on the questions which show that a majority of 79.9% of the respondents affirmed that leadership independence is the responsibility of corporate governance and, therefore, important for the leadership performance of listed companies in Kenya.

Table 2 Statistical Results for Stakeholders' Ownership on Leadership Performance

Variable indicators	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
There is positive effect on stakeholders active monitoring of the corporation affairs on the company performance	2.3%	8.0%	33.7%	48.6%	7.4%
The level on which the stakeholders benefit contribute to their involvement in ensuring company's success.	3.4%	12.6%	29.7%	44.0%	10.3%
Firms that consider stakeholders independence in their management guidelines is less optimistically biased, more accurate, more precise and the company performance is better than firms that do not.	4.0%	12.0%	14.3%	56.0%	13.7%
Our stakeholders and investors derive outstanding value from our organisations as they feel as part of the company which result to better company performance.	4.0%	11.4%	13.7%	50.3%	20.6%
Our organization is perceived as highly ethical with credible leaders by stakeholders which motivates value of ownership for better company performance.	3.4%	9.1%	15.4%	46.9%	25.1%
Average	**3.4%**	**10.6%**	**21.4%**	**49.2%**	**15.4%**

4.7 Stakeholders' Contribution

A question as to whether there was positive effect for stakeholders active monitoring of the corporation affairs on the company performance was asked and 56% of the respondents agreed (48.6% plus 7.4%) as presented in Table 2. An additional 33.7% of the respondents were neutral, 8% disagreed while 2.3% strongly disagreed. The high neutral respondents of 33.7% raised concern and further probe indicated a perception that there were kitchen cabinets at the leadership level which hinder some stakeholders in organisation from feeling that they own the company and thus their contribution was not appreciated and noted. Table 3 presents a mean score of 3.51 with a standard deviation of 0.836.

These findings strongly support the empirical observations by Opiyo (2013), that stakeholders monitoring have relatively more value at stake and have a greater incentive, and potentially greater means to monitor managers as this gives conviction whether to do business with the company. The findings further agreed with Healy, Hutton and Palepu,

(1999); Noe (2002); Mallette & Fowler (1992); and Gillan & Starks (2000) that if higher Stakeholders' Ownership resulted in more effective monitoring, then it was expected that Stakeholders' Ownership to be negatively associated with the measure of opportunistic insider trading.

4.8 Ownership Benefits

Asked whether stakeholders' benefits contribute to their involvement in ensuring company's success, the responses elicited a mean of 3.45 and a standard deviation of 0.957 (Table 3). Table 2 indicates that 10.3% of the respondents strongly agreed, 44% agreed resulting into a total of 54.3% in favour of the statement, 29.7% were neutral while 12.6% and 3.4 disagreed and strongly disagreed respectively. On probing the high neutral respondents of 29.7% it came out strongly that nepotism and political influence interfered with the company leaderships and thus frustrated the Stakeholders' Ownership feeling.

The 54.3% of the respondents in favour concurred with the empirical views by Healy, Hutton and Palepu (1999); Noe (2002); Mallette & Fowler (1992); and Gillan & Starks (2000) that a higher proportion of institutional ownership was associated with improved corporate governance and greater shareholder protection, increased firm value, and improved performance. The results support observations by the Ajinkya, et al. (2011) that firms with greater stakeholders monitoring, management guidance was less optimistically biased, more accurate and more precise than firms without.

4.9 Types of Ownership

A majority of 69.7% of the respondents affirmed that firms that consider stakeholders independence in their management guidelines were less optimistically biased, more accurate, more precise with 13.7% strongly agreed and 56% agreed as presented on Table 2. A total of 14.3% of the respondents were neutral while 16% disagreed. A mean of 3.63 and a standard deviation of 0.996 were recorded as presented on Table 3.

These results concur with the views of most of the scholars cited in the literature and in particular, they tally with the conclusions by the Ajinkya, et al. (2011) and Bushee, Carter & Gerakos (2014) who stressed that stakeholders independence increase reliable and efficient working relationship which result in company leadership performance. These results compare favourably with those of the preceding question whether there was any effect for

stakeholders active monitoring of the corporation affairs on the company performance. A healthy stakeholders relationship is non-negotiable for any company performance. Similar to the comments in the preceding section, the researcher agrees with the results of the study, the concurrence between the findings and those of the literature reviewed and the inferences drawn.

4.10 Stakeholders and Investors Relationship

Asked whether stakeholders and investors derive outstanding value from organisations as they feel as part of the company which result to better company performance, 70.9% saw a potential need to have active stakeholders and investors, with 20.6% strongly agreed and 50.3% agreed as presented in Table 2. These responses achieved a mean result of 3.72 with a standard deviation of 1.043 (Table 3).

These findings resonate with observations made by Rozanov (2008) who stressed that institutional investors benefit better from an organisation which every stakeholder owned the company and took great interest on its performance. The findings further support study by Berkman, Cole & Fu, (2012*)* that large institutional investors have a positive influence on the value of the firm arises from the assumption that these investors have an incentive to and can efficiently monitor the company board of directors. They further concluded that this efficient monitoring reduces the likelihood that board of directors would make sub-optimal decisions or collude with the company managers.

4.11 Value of Ownership

Results from this study as presented in Table 2 indicated that 25.1% strongly agreed while 46.9% agreed with the statement that organization is perceived as highly ethical with credible board members by stakeholders if the board of directors and management have a value of ownership of the company and this motivates better company performance. A total of 28% of the respondents fell between neutral and totally disagreed. Table 3 shows that a mean result of 3.81 and a standard deviation of 1.025 were achieved.

The results supports empirical findings by Berkman , Cole & Fu, L.J. (2012*)*; Shleifer & Vishny (2006); Navissi and Naiker (2006) also concluded that institutional ownership is an interest of all the stakeholders as the each has a share on the company performance. The scholars

argued that the presence of stakeholders interest will have a positive effect on the market value of the firm as there will be high share trading.

Table 3 Weighted Means for Stakeholders' Ownership

	N	Minimum	Maximum	Mean	Std. Deviation
Shareholders Contribution	175	1	5	3.51	.836
Ownership Benefits	175	1	5	3.45	.957
Types of Ownership	175	1	5	3.63	.996
Stakeholders and Investors Relationship	175	1	5	3.72	1.043
Value of Ownership	175	1	5	3.81	1.025

4.12 Inferential Analysis

In this study the researcher performed inferential analysis to determine the actual implication of the data collected and to draw conclusions on the relationship of the specific variables under study. Regression analysis was done to establish the statistical significance of the relationship between the independent variables notably, shareholders contribution, ownership benefits, types of ownership, stakeholders and investors relationship and value of ownership on dependent variable which was leadership performance. According to Marshall and Rossman (2006), regression analysis is a statistical process of estimating the relationship between variables. Regression analysis helps in generating equation that describes the statistics relationship between variables. The regression analysis results were presented using a scatter plot diagrams, regression model summary tables, Analysis of Variance (ANOVA) table and beta coefficients tables. Each of this is discussed in the following sections of this paper.

The general objective of this study was to determine the role of corporate governance on leadership performance in listed companies in Kenya.

4.13 Correlation Coefficient for Stakeholders' Ownership

Tables 4 and 5, show a 29.5% positive correlation between Stakeholders' Ownership and leadership performance of listed companies in Kenya. The findings were consistent with the observations made by Berkman , Cole & Fu, L.J. (2012*)* that Stakeholders' Ownership was an interest of the shareholders, the company leadership as they contribute to the company performance. The findings uphold arguments by Solomon (2013) who held the view that

every stakeholder owned the company and took great interest on its performance. He further argued that countries like France, Germany, Italy and Netherlands, developed corporate governance frameworks that focused on the interests of stakeholders; employees, customers, creditors, managers, suppliers and the wider community; performed better than those who despised.

Table 4 Correlation Coefficients for Stakeholders' Ownership

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	12.656	1.422		8.901	.000
	Stakeholders Ownership	.311	.077	.295	4.036	.000

a. Dependent Variable: Leadership Performance

Table 5 Coefficients for Stakeholders' Ownership

		Leadership Performance	Stakeholders Ownership
Leadership Performance	Pearson Correlation	1	.295**
	Sig. (2-tailed)		.000
	N	175	175
Stakeholders Ownership	Pearson Correlation	.295**	1
	Sig. (2-tailed)	.000	
	N	175	175

**. Correlation is significant at the 0.01 level (2-tailed).

4.14 Regression Analysis for the relationship between Stakeholders' Ownership and leadership performance

Scatter plots in Figure 3 shows that the distribution of the scatter plots appears to fall along the a line and evenly distributed on either side. There is no skewness to either side which indicates that there is a constant variance. This implies that a straight line can vbe fitted, suggesting that there is a linear relationship between Stakeholders' Ownership and leadership performance.

The relationship takes the form of the equation: $Y = \alpha + \beta X_i + \varepsilon$

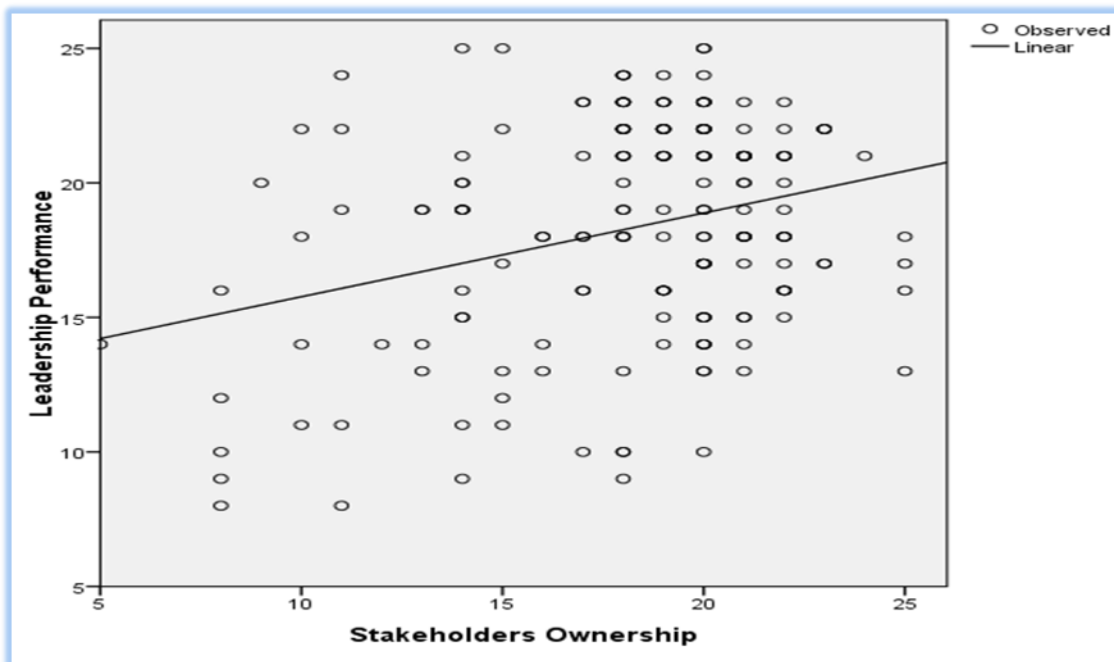

Figure 3 Stakeholders' Ownership versus Leadership Performance

Figure 3 illustrates scatter plot diagram of Stakeholders' Ownership versus leadership performance. The Figure 3 presents results which show that all the points/observations appear in the first quadrate and the line of best of fit indicates an estimate line that is increasingly positive upwards. It indicates that as the Stakeholders' Ownership is poor, then there shall be negative leadership performance. The Stakeholders' Ownership improves, then leadership performance gets better and vice versa, this implies that there is a positive linear relationship between Stakeholders' Ownership and leadership performance in the listed companies in Kenya.

Table 6 Model Fitness for Stakeholders' Ownership

Model Summary				
Model	**R**	**R^2**	**Adjusted R^2**	**Std. Error of the Estimate**
1	.295[a]	.087	.082	3.906

Regression Analysis was carried out on Stakeholders' Ownership to determine whether the variable could be relied on in explaining the change in the dependent variable, leadership performance of listed companies in Kenya. The results produced a 29.5% positive correlation (R) between Stakeholders' Ownership and leadership performance of listed companies in Kenya (Table 6). The coefficient of determination statistic (R^2) derived suggested that Stakeholders' Ownership can explain up to 8.7% of the change in the

leadership performance of listed companies in Kenya. This means that there is need to motivate stakeholders for higher level of company ownership so as to ensure efficiency and effectiveness in the leadership performance of listed companies in Kenya.

Table 7 ANOVA for Stakeholders Ownership

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	250.993	1	250.993	16.450	.000[b]
	Residual	2639.555	173	15.258		
	Total	2890.549	174			

a. Dependent Variable: Leadership Performance
b. Predictors: (Constant), Stakeholders Ownership

Results of an ANOVA test performed on the variable, Stakeholders' Ownership are summarized in Table 7. This table shows that the variable has a P-value equal to .000, demonstrating that the model is statistically significant considering that the P value is less than .05 at the 95% level of confidence and the Null Hypothesis (H_{04}) rejected and a conclusion reached that, at 5% level of significance, **Stakeholders' Ownership play a significant role in the leadership performance of listed companies in Kenya**.

This also confirms that the linear model fits the data quite well. The model estimate for Stakeholders' Ownership is represented as follows as indicated on Table 4: $Y = \alpha + \beta X_1 + \varepsilon$

Where, α = A constant, = 12.656

β = 0. 311

X_1= Stakeholders Ownership,

ε = Error term

Hence: $Y = 12.656 + 0.311X_1$

Before we interpret the coefficients, we ask ourselves if the coefficients are significant from zero and the answer is yes, because each one of them has a *p*-value of 0.000. Therefore the coefficient of 0.311 means that a unit changes in stakeholders ownership will lead a positive change in leadership performance at the rate of 31.1%.This implies that you cannot ignore Stakeholders' Ownership when driving performance in the listed company in Kenya.

5.0 CONCLUSIONS AND RECOMMENDATIONS

5.1 Summary of the Findings

With respect to Stakeholders Ownership, factor analysis was done in order to reduce items

to manageable and meaningful size, where all the 5 items met the preferred factor of 0.7, with the lowest being 0.793 and the highest 0.916. Descriptive statistics were used to analyze this research objective and other subsequent analysis was done. The study established that there was a 29.5% positive correlation between Stakeholders' Ownership and the leadership performance of listed companies; Stakeholders' Ownership played a positive linear relationship role in the corporate governance for the leadership performance of listed companies in Kenya; Stakeholders' Ownership was statistically significant at 8.7% in explaining the change in the leadership performance of listed companies in Kenya; laid emphasis on the board of directors and management to have a strong value of ownership of the company and critical virtue, among others, be focused on by the company leadership and shareholders. A majority of 64.6 % respondents affirmed that Stakeholders' Ownership has a play in corporate governance and important for the leadership performance of listed companies in Kenya.

5.1 Recommendations

The success of listed companies involves a lot of stakeholders; shareholders, employees, customers, community etc and everyone should be made to feel part of the company. Each group play a vital role in marketing, resource mobilisation and ensuring the company sails to its success. Therefore there is need to develop shareholders' willingness and ability to monitor the management, create stakeholders independence in their management guidelines, establishment an environment which will enable stakeholders and investors feel part of the company. Some of the key Stakeholders' Ownership incentives include feedbacks, keeping promises, transparency and accountability, customer social responsibility activities, sensitive to environment etc. The shareholders should provide an environment for the board of directors and management to have a strong value of ownership of the company; with job security and competitive terms of employment for Stakeholders' Ownership to be realised.

5.2 Areas for Further Research

This study has made significant contribution as it highlights a few aspects to be considered by future researchers. Firstly, as with most research studies, replication of this study for validation purposes. Second, a similar study with a larger number of listed companies be sampled to provide an enhanced reflection of the situation on the ground. Third, a similar

study using a different sample of non-listed companies officials would help to improve knowledge of corporate governance practices in listed companies in Kenya. Fourth, the same study can be conducted but with listed companies as unit of analysis. Fifth, considering that this study major finding was that all the five independent variables taken together could only explain up to 18.9% of the variation in the dependent variable, the leadership performance of listed companies in Kenya, meaning that 81.1% of the change in the leadership performance of listed companies could be explained by other variables. The researcher, therefore, proposes that a study be conducted to investigate other factors including, social, environment, legal, political, financial, local and foreign shareholders influence, insider and outsider board of directors among other potential variables.

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