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LEADERSHIP

MODERATED MEDIATION BETWEEN LEADERSHIP STYLE AND ORGANIZATIONAL PERFORMANCE: THE ROLE OF CORPORATE GOVERNANCE

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ABSTRACT

The role of leader is vital for the survival and progress of an organization. Leadership helps in developing the organization's objectives, values and vision. Leaders involve influencing personnel to persuade them achieve the organizational objectives. Top quality leadership is essential to achieve the mission and vision along with coping with the changes occurring in the external environment. Leadership style equally plays an important role in shaping the behaviour and attitude of the members of an organization. In recent years, the study of leadership has drawn more attention due to its role in the failure or success of an organization. In current time, many companies are facing problems related to unethical practices, high labor turnover, poor financial performance, etc. This may be due to the lack of effective leadership. Corporate governance is also increasingly becoming important in organization as an approach of improving performance. Due to widespread corporate scandals and failures around the world, there has been a renewed interest in the effect of corporate governance on firm performance. Some studies have argued for a positive relationship while others argued that there is a negative relationship between corporate governance and organizational performance. The main aim of many companies is to accomplish its stated objectives; hence, there is a need of effective leaders for coordinating and motivating the employees. Over the years, scholars and researchers have not been unanimous on the most appropriate style of leadership in organization and these has led to the formulation of several theories that could bring about organizational efficiency and effectiveness. Still yet, some organizations do not take account of the leadership style adopted by their managers. It is against this backdrop that this paper sought to fill the knowledge gap by establishing the relationship between leadership style, corporate governance and organizational performance. The study results indicated a significant positive relationship between board composition, board diversity as well as directors' compensation and financial performance measured as Return on Assets (ROA) and Return on Equity (ROE). The findings on integrated model, which incorporated the moderating effect of board diversity and directors' compensation individually and jointly, suggest that the presence of board diversity (women) and directors' compensation individually had significant positive influence on the relationship between board composition and financial performance when measured as ROE. The findings had practical implications on the users of financial statements such as regulatory bodies, management of the companies, financial analysts, investors and researchers. The study recommended that organizations should ensure that they adopt corporate governance practices to enhance the organizational performance such as, board composition, board size, independence of chief executive officer (CEO), audit committee, transparency and accountability, Shareholders communication policy and continuous disclosure. The study also recommended that organizations should strive towards strategizing effective ways of incorporating CG issues into their leadership style thereby enhancing the integrity of the firm to the public and ultimately improving financial performance.

Keywords: *Leadership style, Corporate Governance, Organizational Performance, Board Diversity.*

INTRODUCTION

Leadership is the effectiveness attained by means of reaching the organizational outputs and objectives, which are indicators for the quality of the leadership. Leadership is related to the performance of employees and the participation of employees is important for organizational development (Ullah, Ullah & Durrani, 2011). Obiwuru, Okwu, Akpa, and Nwankwere (2011) notes that one of the reasons why there is a relationship between leadership style/approach and organizational performance is that it necessitates innovation-oriented competitiveness within today's concentrated and dynamic market and the creative destruction of reduced profit and competencies. Obiwuru *et al*. (2011) avers that in order to understand the effects of leadership on performance, it is important that leadership play a key role in developing the performance of the organization.

Several scholars have made an attempt in bringing leadership and governance perspectives together, but this effort has been isolated and predominantly conceptual (Machold, Huse, Minichilli & Nordqvist, 2011). The essence of the leadership-in-governance view is to move beyond the boundaries of performance and conformance functions of the board and to look towards the future (Casal & Caspar, 2014). The transition of board members from organisational controllers and monitors to organisational leaders has been welcomed as a positive development by many corporate governance commentators (Gibby, 2016). The reasons for poor corporate governance are found throughout the world which is mostly coupled with fraudulent acts and other major malpractices. They include irregularities in accounts, non-compliance with law, nepotism, non-merit-based system and exploitation of minority shareholders (Love, 2011). Governance is all about encouraging corporate sector to be accountable, fair, transparent and responsible. Companies today have established the concept of corporate governance which is characterized by major components that include company polices, rules and regulations, board of directors, role of CEO and chairman, stock holders, creditors, institutional investors and regulators reporting and maintaining overall transparency, fairness and accountability about the business operations (Nwadioke, 2009). Corporate governance structure specifies the distribution of rights and responsibilities among different participants in the corporation such as; boards, managers, shareholders and other stakeholders and spells out the rules and procedures and also decision-making assistance on corporate affairs (Joe Duke & Kankpang, 2011).

LEADERSHIP STYLE

Leadership style refers to a leader's behaviour and attitude of governance and supervision (Iqbal, Anwar, & Haider, 2015). Ukaidi (2016) defines leadership as the process of influencing people and providing an enabling environment for them to achieve team or organizational goals and objectives. Ukaidi (2016) examined leadership styles in context of organizational performance, asserting that transformational leadership exhibited a positive relationship with effective managers. Malik, Javed, and Hassan (2017) expressed that transformational leadership style has been used around the world to help manage organizational challenges.

Previous studies have revealed mixed results. Studies by Wang, Oh, Courtright and Colbert (2011); Jyoti and Bhau (2015); Sofi and Devanadhen (2015) revealed that transformational leadership style has direct positive impact on organizational performance. A study conducted by Longe (2014) showed that transactional leadership style positively impacts organizational performance. Furthermore, Iqbal et al. (2015) conducted a research on the effect of leadership style on employee performance, and concluded that autocratic leadership style enhances organizational conflicts which negatively impact the overall performance of the organization. A study by Bhargavi and Yaseen (2016) indicated that democratic leadership style has direct positive impact on organizational performance. Statistically, there are very few situations that can actually support autocratic leadership (Igbaekemen & Odivwri, 2015). Yukl (2012) hinted that the worst style of leadership is autocratic or authoritative leadership style which gives rise to high labor management conflicts.

CORPORATE GOVERNANCE

Good practices of corporate governance ensure fair and transparent processes within the organization and its environment. Weak corporate governance practices on the other hand usually leads to waste, mismanagement and higher levels of corruptions in those organizations. The role of corporate governance practices is to ensure there is a balance in power sharing among different shareholders, management as well as directors in order to shareholder value to be enhanced and ensure the interests of other shareholders is protected (Alnaser, Shaban, & Al-Zubi, 2014). Alnaser, et al. (2014) observed that the confidence of the investor is improved by effective structures of corporate governance which ensure that the corporate entity is accountable, reliable and quality of public financial information is enhanced and that the capital markets integrity and efficiency is enhanced.

Corporate governance, at its broadest, covers all rules and constraints on corporate decision-making, the need to constrain managers to act in the shareholders' best interests (Novkovic, 2013; Narwal & Jindal, 2013). Trickler (2012) asserts that core corporate governance institutions respond to two distinct problems, one of vertical governance (between distant shareholders and managers) and another of horizontal governance (between a close, controlling shareholder and distant shareholders). Although corporate governance has been associated with better organizational performance, exactly how it affects performance and how to measure it has not been as easy (Wessels, Wansbeek, & Dam, 2016). According to Hassan and Halbouni

(2013), the importance of governance is diminished in the eyes of managers and shareholders if the level of corporate governance does not affect organizational performance. Katchova and Enlow (2013) arrived at a similar conclusion. Shahwan (2015) found no positive association between disclosure and transparency, composition of the board of directors, shareholders' rights and investor relations, and ownership/control structure with organizational performance. A study by Darko, Aribi, and Uzonwanne (2016) established the relationship between corporate governance (board structure, ownership structure and corporate control) on firm performance (return on assets, return on equity, net profit margin and Tobin's Q. Ogola, K'Aol and Linge (2016) found significant correlations between the various corporate governance variables (top leadership's tone, prudential control systems, top leadership's compensation structure, and robust fraud strategy) and the frequency and amount of fraud loss. A study by Manini and Abdillahi (2015) revealed that audit committee size, board gender diversity and bank capital have no significant effect on bank profitability, and that board size negatively influences organizational performance. Board size and composition have also been used as proxy for board diversity of knowledge pool, an indicator of board capital (De Maere, Jorissen, & Uhlaner, 2014).

Studies have shown that larger boards can counter the weight of the CEO and are also likely to have a wider range of skills, knowledge and expertise which are useful for monitoring and service roles (Fauzi & Locke, 2012; Ayadi, Ojo, Ayadi, & Adetula, 2015). Board diversity in relation to gender is also an important aspect of human capital and has been shown to have impact on firm performance (Ntim, 2015). There is a substantial amount of research showing a positive relationship between percentage of women on the board of directors and firm performance (Fidanoski, Simeonovski, & Mateska, 2014; Gotsis & Grimani, 2016; Velte, 2016; Lenard, Yu, & York, 2014), while others show no effect or negative relationship (Manini & Abdillahi, 2015; Wessels, Wansbeek, & Dam, 2015).

Yeon Shahverdi (2018); Siregar and Bukit (2017); Chang (2016); Rodriguez-Fernandez (2016); Peng and Chen (2015); Chang (2016); Rodriguez-Fernandez (2016); Yeon (2016); Siregar and Bukit (2017) and Kordloie and Shahverdi (2018) who documented that CG and one of the mechanisms of CG, that is, ownership structure (ownership concentration and institutional ownership) have positive moderating effect on the relationship between CSR and financial performance. However, it is not in agreement with the findings of Peng and Yang (2014) and Kim, Park and Lee (2018) who found that some CG variables such as ownership structure and board size have negative moderating effect on the relationship between CSR and financial performance. It is against this backdrop that this paper will seek to establish the moderating effect corporate governance on the relationship between leadership style and organizational performance.

ORGANIZATIONAL PERFORMANCE

The concept of performance, which can be considered the degree to which organi zations reach success, can be briefly defined as the contributions made to the objectives of the organization (Bass, 1985). Organizational performance is the 'transformation of inputs into outputs by achieving certain outcomes. With regard to its content, performance informs about the relation between minimal and effec- tive cost (economy), between effective cost and realized output (efficiency) and between output and achieved outcome (effectiveness)' (Chen, 2002, as cited in Karamat, 2013). Daft and Marcic (2009) define organizational performance as the measure of when and how an organization determines its own objectives

The concept of performance, which can be considered the degree to which organizations reach success, can be briefly defined as the contributions made to the objectives of the organization (Bass, 1985). Naranjo-Valencia, Jiménez-Jiménez and Sanz-Valle (2016) grouped organizational performance into the following categories; business performance, financial performance and organizational effectiveness. Moullin (2007) assert that firm performance is a means through which a firm provide value to its stakeholders and therefore is an indication of how well the managers succeed in utilizing firm resources to generate income to the firm.

Various ways of measuring the performance or success of a firm are used. According to Carton (2004), an organization's success can be gauged based on its stockholders' value generation. Based on the financial performance, it is assessed on how the financial state of an organization has been changed. Multiple performance dimensions are used in previous research. In order to measure business performance, Lumpkin and Dess (1996) used growth of sales, profitability, increased market share, and overall results. Mensah (2013) used three aspects; customer satisfaction, stock turnover and profit to measure the link between corporate performance and strategic orientation. Calantone, Cavusgil and Zhao (2002) employed four dimensions of performance to measure learning orientation and firm performance: customer service, return on assets, market share and overall profitability. Mokhtar, Yusoff and Ahmad (2014), for their part, used four constructs of performance: new product success, customer retention, growth of sales and investment return to measure market orientation and business performance.

PURPOSE OF THE STUDY

To establish the moderating effect of corporate governance on the relationship between leadership style and organizational performance.

LITERATURE REVIEW

Trait Theory of Leadership

The trait theory was proposed by Ralph Stodgill (1974). McCall and Lombardo (1983), which expanded on the trait theory, argued that a leader is made or broken based on emotional stability, the ability to admit faults and errors, intellectual strength and having refined interpersonal skills and relations. Trait leadership is defined as integrated patterns of personal characteristics that reflect a range of individual differences and foster consistent leader effectiveness across a variety of group and organizational situations (Zaccaro, Kemp & Bader 2004).

The theory of trait leadership developed from early leadership research which focused primarily on finding a group of heritable attributes that differentiated leaders from non leaders. Research has demonstrated that successful leaders differ from other people and possess certain core personality traits that significantly contribute to their success. Empirical studies directly supporting trait leadership (Judge, Colbert & Ilies, 2004), traits have re-emerged in the lexicon of the scientific research into leadership. Furthermore, scholars have expanded their focus and have proposed looking at more malleable traits (ones susceptible to development) in addition to the traditional dispositional traits as predictors of leader effectiveness (Hoffman, Woehr, Maldagen-Youngjohn & Lyons, 2011).

Based on review of the trait leadership literature, Derue, Nahrgang, Wellman and Humphrey (2011) stated that most leader traits can be organized into three categories: demographic, task competence, and interpersonal attributes. For the demographic's category, gender has by far received the most attention in terms of leadership; however, most scholars have found that male and female leaders are both equally effective. Task competence relates to how individuals approach the execution and performance of tasks (Bass, 2000). Hoffman grouped intelligence, Conscientiousness, Openness to Experience, and Emotional Stability into this category. Lastly, interpersonal attributes are related to how a leader approaches social interaction.

Derue et al. (2011) found that individuals who are high in Conscientiousness, Extraversion, and Agreeableness are predicted to be more likely to be perceived as successful in leadership positions, Judge et al., (2006) wrote that individuals who are high in narcissism are more likely to be a liability in certain jobs. Complementing the suggestion that personality traits should be used as selection tools, Judge et al., (2002) found that the Five Personality traits were more strongly related to leadership than intelligence. If organizations select leaders based on intelligence, it is recommended by Judge (2002) that these individuals be placed in leadership positions when the stress level is low and the individual has the ability to be directive.

The process through which personality predicts the actual effectiveness of leaders has been relatively unexplored (Ng, Ang & Chan, 2008), these scholars have concluded that personality currently has low explanatory and predictive power over job performance and cannot help organizations select leaders who will be effective (Morgeson & Ilies, 2007). Another criticism of trait leadership is its silence on the influence of the situational context surrounding leaders (Ng et al., 2008). Additionally, trait leadership's focus on a small set of personality traits and neglect of more malleable traits such as social skills and problem-solving skills has received considerable criticism. Lastly, trait leadership often fails to consider the integration of multiple traits when studying the effects of traits on leader effectiveness (Zaccaro, 2007).

The study was anchored on this theory, human resource departments within organizations should use personality traits as selection tools for identifying emerging leaders in corporate governance. The empirical studies had found that the individual traits predict success in leader effectiveness as well as the traits that could be detrimental to leader effectiveness in corporate governance process and structures. This finding suggested that selecting leaders based on their personality is more important than selecting them based on intelligence.

Agency Theory

Agency theory was coined by Stephen Ross and Barry Mitnick in 1973 (Mitnick, 1973). The fundamental premise of agency theory is that conflicts of interest arise in corporate relationships due to the divergence of the interests of managers and shareholders (whereby the agents are assumed to be rational but opportunistic. Presuming that agency costs ensure that managers do not pursue their self-interest while neglecting shareholders' interests, agency costs reduce the agency problem and contribute to improved firm performance. Due to the primary use of the agency theory, the most favored pathways to explain the impact of boards on organizational performance are those that mitigate conflicts between agents and principals (Clarke, 2015; Donaldson, 2012; Tricker, 2012a). Although Agency theory is the dominant perspective in corporate governance studies, researchers have criticized its limitation to explain the inherent principal-agent interactions as relates to sociological mechanisms. The theory identifies shareholders as the only interest group in the agency relationship and does not provide for the interests of other stakeholders.

The theory further argues that the effective control held by managers empowers them to maximize firm performance and corporate profits through autonomous behavior and not necessary control mechanisms put in place as in the case of the agency theory. This theory gives this paper the basis on the need to entrench corporate governance practices as an essential monitoring device to ensure principal agent conflict is minimized and profits maximized.

Leadership Style and Organizational Performance

Tahir (2015) studied the leadership style and organizational performance. The study did a comparative study between transformational and transactional leadership styles. The study targeted employees at tactical and operational management in corporate sector. Factor analysis was used to determine the key characteristics of each type of leadership. The study results revealed that the Charismatic Action, Intellectual Stimulation, Inspiration Motivation, Encouragement for High Morale characteristics of Transformational Leadership has significant positive effect on the Organizational Performance.

Chowdhury (2014) did a study on the impact of leadership styles on employee motivation and commitment. The study adopted a positivist paradigm which provided an objective reality against which claims were compared and truth was ascertained. Descriptive research design was employed. Regression analysis was utilized to analyze the relationships between the study variables. Analysis of variance (ANOVA) and Pearson’s correlation techniques were used to test the hypotheses. Supervisors' leadership styles and behaviors were measured using Multifactor Leadership Questionnaire (MLQ). The results revealed that there was a positive relationship between the transformational leadership style and organizational commitment of employees. The results further established that there was a significant relationship between transactional leadership style and organizational commitment level of employees. Laissez – Faire Leadership style was found to have a negative impact on the level of Organizational commitment of employees but statistically it is not significant.

Muchiri and Hazel (2019) studied the effects of leadership styles on organizational performance of listed Commercial Banks in the Nairobi Securities Exchange. The study adopted a descriptive research design. The unit of observation were the heads of finance/treasury, credit, operations, human resource/administration, customer service, marketing/corporate communication, information and communications technology and internal

audit departments and their assistants. The study used stratified random sampling to select 88 heads of departments and their assistants form the target population. Primary data was collected using semi-structured questionnaires. The study employed descriptive and inferential statistics. The study findings found that there was a positive significant between transformational leadership, transactional leadership, situational leadership, participatory leadership and organizational performance of commercial banks listed at the Nairobi Security Exchange.

Aghahowa (2021) reviewed the leadership style and its impact on organizational performance. The study adopted quantitative research design. The study used structured questionnaire to collect data through Google Forms. The study results revealed that the most preferred leadership styles for the correspondents of the survey were the transactional leadership style and the democratic leadership style. The findings further revealed that the least preferred leadership style was the autocratic leadership style.

Corporate Governance and Organizational Performance

There are many studies on the relationship between corporate governance and firm performance that showed that corporate governance enhanced organizational performance and prevented fraud (Michael, 2010). In general terms, several attempts at establishing a link between corporate governance and firm performance confirmed causality. The literature indicated relationships that ranged between a strong and very weak association (Abor & Adjasi, 2007). Black (2001) found a strong correlation between corporate governance and firm performance while studies of Black and Khana (2007), Chhaochharia and Grinstein (2007), El Mehdi (2007), Kyereboah-Coleman (2007), Larcker, Richardson and Tuna (2007), revealed varying degrees of positive association (Love, 2011). On the other hand, Ferreira and Laux (2007) and Philip (2015) all found a negative relationship between corporate governance and firm performance. Companies with better corporate governance had better operating performance than those companies with poor corporate governance (Black & Khama, 2007). Braga-Alves and Shastri (2011) asserted that good corporate governance enhanced firm's performance. In spite of the generally accepted notion that effective corporate governance enhanced firm performance, other studies reported negative relationship between corporate governance and firm performance (Hutchinson, 2002) or never found any relationship (Park & Shin, 2004; Singh & Davidson, 2003; Young, Peng, Ahlstrom, Bruton & Jiang, 2008).

Adebayo, Ibrahim, Yusuf and Omah (2014) did an empirical analysis Good corporate governance and organisational performance. Simple random sampling was used to get the sample size. The study used quantitative data which was collected using questionnaires. The study used regression and correlation analysis. The study results showed that generally corporate governance has positive impact on all the performance indicators of an organization. The findings further revealed that he adoption of good corporate governance practices enhances transparency of company's operations, ensures accountability and improves firm's profitability.

Marashdeh (2014) studied the effect of corporate governance on firm performance in Jordan. The study was anchored on agency theory. The study employed Generalised Least Square (GLS) Random Effects models to test the variables. The study findings showed that Non-executive directors (NEDs) have a negative impact on firm performance, which is inconsistent with the monitoring hypothesis of agency theory, which holds that the NEDs play an important role in the board as a source of experience, monitoring services, reputation and expert knowledge with the likelihood to improve firm performance. Furthermore, the study findings reported a positive and negative impacts of managerial ownership and ownership concentration on firm performance (respectively). Finally, the study findings indicated a positive relationship between foreign ownership and firm performance.

Moderating effect of Corporate Governance on Relationship Between Leadership Style and Organizational Performance

Lan, Wong, Jiang and Mao (2017) reviewed a moderated mediation model on the effect of leadership on work-related flow. The study sought to confirm whether some indirect evidence indicates that leadership may affect work-related flow, a core concept in positive psychology. The study was based on the nature of leader-member exchange (LMX), which was used to hypothesize a moderated mediation model of the LMX-flow relationship in which psychological empowerment was the mediator while emotional intelligence (EI) is the moderator. The study results established that the psychological empowerment mediated the positive relationship between LMX and work-related flow.

Akparep, Jengre and Mogre (2019) did a meta-analysis study on the influence of leadership style on organizational performance at TumaKavi Development Association, Tamale, Northern Region of Ghana. The study reviewed 598 research studies. The study considered leadership style/approach and publication year as the moderator variables. The results indicated that leadership has a medium level effect on organizational performance. Ozuomba, Uchenna, Nkechi and Sixtus (2016) examined the effect of Corporate Governance on Organizational Performance. The study used primary and secondary data. Questionnaires were used to collect primary data. The hypotheses were tested using the regression analysis. Regression analysis was used to test effects of corporate governance on organizational commitment. The study revealed that corporate governance has significant effect on organizational performance.

Ibrahim (2020) studied the moderating effect of corporate governance on the relationship between corporate social responsibility and financial performance of listed non-financial services companies in Nigeria. The study employed census survey to get the study sample size. The study used descriptive statistics, correlation and Generalized Least Square (GLS) for analysis. Robustness tests such as multicollinearity test, heteroscedasticity test, normality test of residuals, Hausman specification test and F-Test were conducted to validate the results. CG was used as the moderating variable and was represented by board characteristics (size of the board, independence of the board and board gender diversity). Board characteristics were considered as the most important among the CG mechanisms. Size of the board was measured as number of directors on the board (Kabir & Thai, 2017; Kim & Lu, 2013; Ntim & Soobaroyen, 2013), board independence was measured by dividing the number of outside or non-executive directors by the aggregate number of directors (Kabir & Thai, 2017; Kim & Lu, 2013; Ntim & Soobaroyen, 2013), while board gender diversity was measured by dividing the number of female directors by the aggregate number of directors (Kim & Lu, 2013; Ntim & Soobaroyen, 2013). The study revealed that board size had positive and insignificant moderating effect on the link between CSR and financial performance.

Nyatichi (2016) examined moderating influence of board diversity and director's compensation on corporate governance structure and financial performance of the companies listed on the Nairobi Stock Exchange. The study used both qualitative and quantitative data. Quantitative data was collected using the self-administered questionnaires. Qualitative data was obtained from firm's the annual reports. The results of the study revealed a significant positive relationship between board composition, board diversity as well as directors' compensation and financial performance measured as ROA and ROE. Furthermore, the findings showed that audit committee was significantly negatively related to financial performance measured as ROE. However, the study found no relationship between board leadership structure and financial performance. Other than that, the findings on integrated model, which incorporated the moderating effect of board diversity and directors' compensation individually and jointly, suggest that the presence of board diversity (women) and directors' compensation individually had significant positive influence on the relationship between board composition and financial performance when measured as ROE.

CONCEPTUAL FRAMEWORK

This section describes a conceptual framework of study and how the dimensions of leadership style and organizational performance moderated by corporate governance. The model Figure 1, shows the independent variables, a mediating variable and a dependent variable.

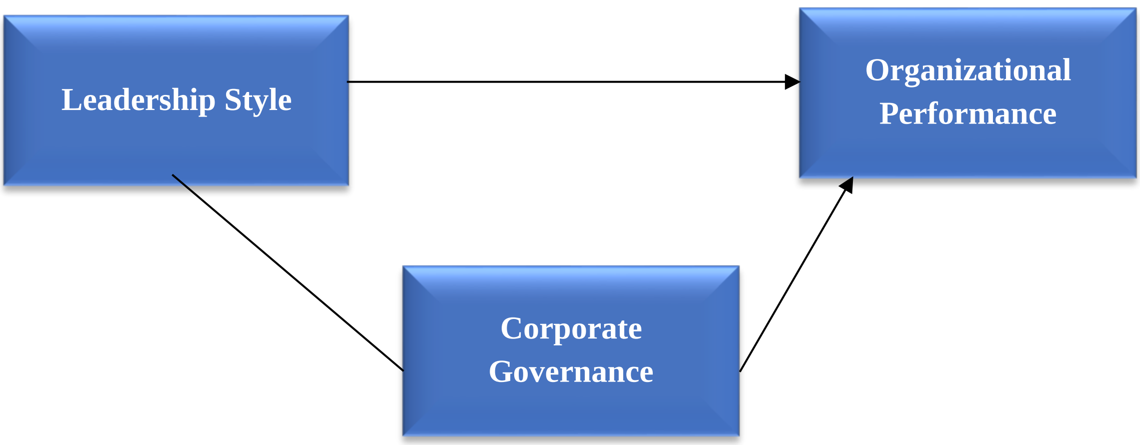

Figure 1: Conceptual Model

METHODOLOGY

This paper adopted a qualitative research design which entailed a critical review of literature on the effect of leadership style on organizational performance and the moderated role of corporate governance in this relationship. The rationale for this design was to interrogate views, methods, and findings of authors on the relationships among study variables. Therefore, the study used secondary data obtained from journal articles, books, publications, and conference papers drawn globally. The review mainly used content analysis which were mentioned, and discussions specific to the study variables were identified, analysed, and critiqued.

CONCLUSION AND RECOMMENDATIONS

This study provides empirical evidence on the relationship between leadership style, corporate governance and performance. This relationship is as conceptualized by the trait theory supported by the Resource based view theory and agency theory but further extended to incorporate the moderating effect of corporate governance. The results of the study suggested significant positive relationship between board composition, board diversity as well as directors' compensation and performance measured as ROA and ROE. Furthermore, the study indicates that audit committee was significantly negatively related to financial performance measured as ROE. However, the study found no relationship between board leadership structure and financial performance. Other than that, the findings on integrated model, which incorporated the moderating effect of board diversity and directors' compensation individually and jointly, suggest that the presence of board diversity (women) and directors' compensation individually had significant positive influence on the relationship between board composition and financial performance when measured as ROE. Additionally, the effect of board diversity significantly interacted with the audit committee to exert negative influence on financial performance measured as ROA.

Organizations should ensure that they adopt corporate governance practices to enhance the organizational performance such as, board composition, board size, independence of chief executive officer, Audit committee, transparency and accountability, Shareholders communication policy and continuous disclosure. Managers can ensure that this is adopted by promoting a culture in the organization that advocate for values of corporate governance practices through a collaborated vision, mission and core values and objectives that enhance these practices. They should ensure that employees are committed to corporate governance characteristics by sharing information, providing relevant information to shareholders through disclosure of information especially financial reports and incorporating different activities of the board. All the corporate governance practices had an impact on the organizational performance. Private or public institutions should ensure that they implement the corporate governance practices for their success.

Similarly, the study suggests that the presence of joint effect of board diversity and directors' compensation appears to have significantly interacted with board composition and audit committee to influence financial performance measured as ROE. The results indicated that a larger board size brings more resources for consulting and monitoring roles which better addressed investments that are socially responsible and consequently improved financial performance. Furthermore, board independence increased the efficiency of the board of directors to oversight the management of the firm and helps it make decisions about socially responsible investments that maximized firm financial performance. Similarly, board gender diversity brings about creative thinking and new ideas about qualitative issues thereby leading to to better financial performance.

The finding has practical implications on the users of financial statements such as regulatory bodies, management of the companies, financial analysts, investors and researchers. Organizations should strive towards strategizing effective ways of incorporating CG issues into their leadership style thereby enhancing the integrity of the firm to the public and ultimately improving performance. Based on the findings, this paper recommends an integration of leadership style into CG structure and reforms. Similarly, the study recommends that management of firms should put machinery in place which would address the concerns of stakeholders regarding a balanced strategic component of the firm's broader CG strategy.

The study recommends the needs to intensify efforts in encouraging the corporate families on the need for gender balance on the boards. This can be done by emphasis on the benefits accruing from such policy. Perhaps, some kinds of incentive can be provided for firms, which pursue such policy in increasing the number of women in boards in the organization.

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