

## **EFFECTS OF CHIEF EXECUTIVE OFFICERS' TURNOVER AND SUCCESSION ON THE PERFORMANCE OF STATE CORPORATIONS IN KENYA**

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### **ABSTRACT**

The Chief Executive Officer is one important organizational resource that sets the path for the firm's strategic direction. Existing research on the effects of Chief Executive Officer's turnover and succession on the performance of state corporations are limited to developed countries. The general objective of the study was to establish the effects of Chief Executive Officer's turnover and succession on the performance of state corporations in Kenya. The specific objectives of the study were to determine whether social networks, leadership and core competencies of the Chief Executive Officer affect the performance of state corporations in Kenya. The study was carried out in Nairobi where the Chief Executive Officers and management staff of 11 state corporations were based. The research study used descriptive research design and the target population constituted 477 management staff and Chief Executive Officers of the eleven state corporations. However, only 153 formed the sample size which represented 30% of the total population. The Chief Executive Officers, heads of departments and middle level management formed the key respondents of the research study. The study employed a structured questionnaire to collect data. Data collected was analysed using Social Science Statistical Package. Multiple regression analysis was used to establish the relationship between the independent and dependent variables. Reliability was also tested using Cronbachs alpha and all the variables met the threshold for subsequent analysis. Factor analysis was also employed to test for validity where the questions that did not meet the threshold were dropped and not considered for subsequent analysis. Correlation analysis indicated that social networks, leadership styles and core competencies had a positive and significant relationship with organizational performance of state corporations. Regression

analysis was used also to test the nature of the relationship and it was reported that among the three independent variables. Social networks had a positive but insignificant relationship with performance of state corporations. Leadership style was leading explaining 70% of the variation in performance of state corporations followed by core competencies explaining 27% and finally social networks explaining 10% of variation in performance of state corporations in Kenya. The combined effect of the three independent variables explained 94.5% of variation in performance of state corporations in Kenya. The study therefore concluded that leadership style had a prominent effect on the performance of state corporations in Kenya.

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