INFLUENCE OF STAKEHOLDERS INVOLVEMENT IN ORGANIZATIONAL LEADERSHIP ON UNIVERSITY PERFORMANCE: THE CASE OF KARATINA UNIVERSITY

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ABSTRACT

The purpose of the study was to investigate the effect of stakeholders’ involvement in organizational leadership on Karatina University performance. The autocratic, democratic, transformational, transactional and laissez-faire leadership styles have been extensively discussed. Descriptive research design was employed on a target population of Karatina University’s stakeholders. Using stratified random sampling technique the study sample 10 lecturers and 30 students from the student council. Primary data was collected using semistructured questionnaires. The data collected was analyzed using descriptive statistics (mean, standard deviation, frequency and percentage) and multiple linear regression model using ordinary least square method. The mixed models analysis shows that although the impact of directive leadership on performance was contingent in nature, the positive effect of participative leadership on their performance was above and beyond those of autocratic tendencies. The result showed that leadership styles significantly predicted performance with the help of stakeholders involvement: stakeholder involvement ($\beta=1.403$, $p = .012$) was found to account for more variance in performance than leadership style ($\beta=.571$, $p = .002$). The implications for practice and theory have been discussed.

Key Words: Leadership, Stakeholder Involvement, Karatina University, Performance

INTRODUCTION

Leadership refers to people's ability, using minimum coercion, to influence and motivate others to perform at a high level of commitment (Bass, 1999). According to McNamara (2008), a leader is interpreted as someone who sets directions in an effort and influences people to follow such directions. Educational leadership has been identified by a number of researchers as a key element in the effectiveness of academic institutions (Brickman and Pashiardis, 2009). As a result, the various stakeholders have widened their expectations from institution’s principals demanding higher academic results and performance standards (Weindling and Dimmock, 2006). In this context, it is important to reorient the role of the principals and identify which forms or sets of leadership perceptions, behaviors and practices influence the main purpose of a institution’s mission, which is enhancing student learning. Principals exercise a measurable, though indirect effect on school effectiveness and student achievement. Thus their leadership style influences stakeholders’ involvement on strategic planning and implementation.

At the heart of strategic planning is defining how an organization services can better meet the needs of existing and future stakeholders (Awwa Research Foundation, 2003: 13). A stakeholder is any organization or individual, which may affect or may be affected by the issue under consideration. A stakeholder is involved in the origin and/or the solution of a problem. This
involvement will be or can be caused by a decision or the absence of a decision. It is important to identify who are the key stakeholders, i.e., who among all stakeholders should be addressed as partners in a strategic process (pg, 13). Involving relevant stakeholders throughout the strategic planning process is very important to broaden the support for policy and activities, to avoid conflicts and to generate as much support as possible for the implementation of the plan over time. Good stakeholder involvement can help reach important organizational mission objectives and results in better, implementable decisions and actions that are supported by a wider segment of the stakeholders (Gable and Shireman, 2005: 2).

STATEMENT OF THE PROBLEM

In institutions of higher learning for instance, strategic planning is a formal process designed to help a higher learning institution identify and maintain an optimal alignment with the most important elements, the environment within which the learning institution resides. This environment consists of the political, social, economic, technological, and educational ecosystem, both internal and external to the technical institutions. As much as strategic planning is important, what is of more importance is how leadership styles adopted by institutions enable its implementation. It is no wonder to find institutions going for seminars, workshops and even involving consultants to help them formulate leadership styles that enhances stakeholders’ involvement in strategic planning. Liedtka (1998) stated that the main aspect of strategic planning is in its formulation, implementation and the evaluation of the strategies and these aspects are dependent on leadership styles. As much as leadership is important, what is of more importance is how institutions enable its implementation through stakeholders’ involvement. It is no wonder to find institutions going for seminars, workshops and even involving consultants to help them formulate leadership styles that enhances stakeholders’ involvement. Liedtka (1998) stated that the main aspect of strategic planning is in its formulation, implementation and the evaluation of the strategies and these aspects are dependent on leadership styles. The purpose of the study was to investigate the effect of stakeholders’ involvement in organizational leadership on Karatina University performance.

RESEARCH OBJECTIVES

1. To establish the extent to which leadership styles (transformational, laissez-faire, autocratic and democratic) affect stakeholders’ involvement; and,

2. To establish the extent to which stakeholders’ involvement in leadership affect Karatina University performance.
LITERATURE REVIEW

Theory of Stakeholders

A stakeholder in an organization is any group or individual who can affect or is affected by the achievement of the organization's objectives (Freeman, 1984). According to Freeman (1994), stakeholders’ theory poses two questions to administrators: The first question is on the purpose of the institution, organization or a firm. This question encourages managers to articulate the shared sense of the value they create, and what brings its core stakeholders together. This propels the institution forward and allows it to generate outstanding performance. The second question that stakeholder theory asks is on the responsibility of management to stakeholders. This encourages administrators to articulate how they want to run institutions. Administrators establish the kinds of relationships they want and need to create with their stakeholders in order to deliver on their purpose.

There are two perspectives on stakeholder theory: a descriptive and normative view. The descriptive stakeholder approach identifies and classifies the different constituents of an organization without assigning any value statements regarding the legitimacy of their claims or their power (Lozano, 2005). Normative stakeholder theory goes further and grants stakeholder claims intrinsic value due to the moral rights of any individual affected by corporate conduct (Ulrich, 2008). From a normative point of view stakeholders need to be included in corporate governance in order to respect their moral rights.

Organizations have organizational structures with different stakeholders. Stakeholders in organizations include government, administrators (principal, deputy principal, deans, departmental chairs, board of directors, parent representatives) and students. These stakeholders play a vital role in achievement of institutional goals in organizations and their involvement in strategic planning is of great importance.

Goal Setting Theory

Goal setting theory centers upon the idea of purposeful action whereby people choose goals which enable them to fulfill particular needs or aspiration. Locke and Latham (1990) indicated that the values and value judgments are important cognitive determinants of behavior. Locke emphasizes that for goal setting theory to work employees must show commitment to the goals which they set. He defines commitment as one’s attachment to or determination to reach a goal, regardless of the goal’s origin. The theory further has it that after the employees has set the goals to be achieved; he or she responds and performs accordingly.
Goals are effective even when they come from different sources; they can be assigned by others, they can be set jointly through participation, and they can be self-set. Goal progress and goal importance were strong predictors of feelings of success and well-being (Wiese & Freund, 2005).

**Decision Making Theories**

Decision-making involves making a choice between a set of alternatives which have different sets of consequences. The decision-maker is set on choosing the best alternative given these sets of consequences and tastes (Utkin and Augustin, 2003). Bargh and Williams (2006) observed that the way of arriving at a certain decision on which alternative is better would be to gather sufficient further evidence and not to undertake any immediate action until all information required are available.

According to Okumbe (1998), group or participatory decision making is recommended because: a lot of knowledge and facts can be gathered very easily since groups have a broader perspective and can collectively consider more alternative solutions, individuals who participate are usually more satisfied with the decision they have collectively made and they enthusiastically support it, helps stakeholders to communicate freely on matters concerning their profession thereby being motivated and satisfied.

**Leadership Behaviors and Styles**

There are varieties of leadership behaviors that are important for a firm. The framework used by Hart & Quinn (1993) who focus on the roles of the CEO. They declare that CEOs play four roles to achieve organizational performance. The four roles are vision setter, motivator, analyzer, and taskmaster, each involving certain duties in the organization. An effective executive demonstrates a high level of behavioral complexity by being able to perform all four roles simultaneously.

Leadership is not only an inborn personality trait it can be cultivated or nurtured. There are different types of leader. Strong autocratic leaders who set their goals without considering the opinion of their followers then command their followers to execute their assigned tasks without question. Consultative leaders who consider opinions and ideas of their followers in the goal setting process; although they get other’s opinion, they don’t necessarily include it in decision making. Transactional leadership is related to an exchange relationship that meets the exchange partners' own self-interests. Democratic leaders who participate equally in the process with their followers and let the group make decisions. Charismatic leaders characterized by developing the feeling of oneness between the two people or the personal attraction to be like the other the
stronger the attraction is the stronger would be the power. Laissez-faire leaders who are extremely laid-back and let the group take whatever action its members feel is necessary.

Most of scholars have focused on charismatic leadership and transformational leadership and their effects on organizational performance. These leadership styles emphasize the importance of leaders' relationships with followers. Key behaviors of charismatic/transformational leaders include expressing a vision, making sense of missions, showing determination, and communicating high performance expectations. The favorable effects of charismatic/transformational leadership behavior on followers include producing followers' confidence in the leader, making followers feel good in the leader's presence, and obtaining strong admiration or respect from employees. In contrast, transactional leadership behaviors focus on the motivation of followers through rewards or punishment. Transactional leadership behaviors primarily aim at the maintenance and monitoring of organizational operations.

Clearly, charismatic/transformational and transactional leadership involve two types of behavior. One focuses on the tasks or performance of the firm, such as planning, articulating the vision or goals for the organization, monitoring subordinate activities, and providing necessary support, equipment and technical assistance. The other focuses on relationships with employees, including being supportive of and helpful to subordinates, showing trust and confidence in employees, being friendly and considerate, trying to understand subordinates problems, showing appreciation for a subordinate's ideas, and providing recognition for subordinates contributions and accomplishments (Yukl 2002).

**Leadership, Stakeholder Involvement and Performance**

Involvement in decision-making improves the understanding of the issues involved by those who must carry out the decisions. People are more committed to actions where they have involved in the relevant decision-making and planning. When people make strategic plans together, the social commitment to one another is greater and thus increases their commitment to the implementation (Coch and French, 1948). A participative leader, rather than taking autocratic decisions, seeks to involve other people in the process, possibly including subordinates, peers, superiors and other stakeholders. The question of how much influence others are given may vary on the manager's preferences and beliefs, and a whole spectrum of participation is possible, as in the table 1.
Table 1: Spectrum of Participation in Leadership

<table>
<thead>
<tr>
<th>&lt; Not participative</th>
<th>Highly participative</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Autocratic</strong></td>
<td>Leader proposes Team proposes Joint decision Full delegation</td>
</tr>
<tr>
<td>decision by leader</td>
<td>decision, listens to feedback, then has decision</td>
</tr>
<tr>
<td><strong>Leader decides</strong></td>
<td><strong>leader final</strong></td>
</tr>
<tr>
<td><strong>Team proposes</strong></td>
<td><strong>Team proposal decision</strong></td>
</tr>
<tr>
<td><strong>decision</strong></td>
<td><strong>final decision</strong></td>
</tr>
<tr>
<td><strong>Joint decision</strong></td>
<td><strong>Full delegation of decision to team</strong></td>
</tr>
</tbody>
</table>

In a study assessing the link between leader personality and transformational leadership behaviour, Judge and Bono (2000) found that by controlling for transactional leadership, transformational leadership behaviour significantly predicted subordinate satisfaction with the leader, organizational commitment, work motivation and supervisory ratings of leader effectiveness. No relationship was however found with subordinate overall job satisfaction. In addition, Goleman, Boyatzis, & McKee (2002) demonstrated the link between the leadership style and performance within an organization. While management by fear can create tension that might produce the desired result in the short term, it is unlikely that success will be sustained, whereas leaders who create a trusting open environment where information is shared create an organization that can rise to any challenge.

**RESEARCH METHODOLOGY**

**Research Design and Sampling**

The study adopted a descriptive survey research design as it incorporated both qualitative and quantitative approaches in determining how stakeholders’ involvement in leadership has influenced the performance of Karatina University. The target population is the stakeholders of the University. This include: lecturers and student (student council). The choice of the target population is based on them being familiar with the University’s leadership and their advanced position as stakeholders of the same. Stratified sampling technique was used owing to the heterogeneous nature of the target population; composed of both students and lecturers. The study selected 10 lecturers and 30 students from the council. The study used primary data collected through semi-structured questionnaires. Questionnaires were used as they collect information that is not directly observable, are easy to administer, have standardized answer that assist in analysis and the response is not influenced qualitatively or by researchers’ disposition.
Data Analysis

The data collected was analysis using statistical package for social sciences (SPSS version). Quantitative data was analyzed using descriptive statistics while qualitative data was analyzed using content analysis. Descriptive statistics involves the use of absolute and relative (percentages) frequencies, measures of central tendency and dispersion (mean and standard deviation respectively).

The study used multiple linear regression analysis to determine the relationship between dependent (stakeholders involvement in leadership) and independent variables (performance of the University).

\[ Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \varepsilon \]

Y is performance of the university as proxied by enrolment, rate of completion, number of students, satisfaction levels, \( \beta_0 \) is regression constant as indicated by y-intercept, \( \beta_1 \) and \( \beta_2 \) are the regression coefficients and \( X_1 \) is stakeholders’ involvement index, \( X_2 \) is the leadership styles of the University while \( \varepsilon \) is the error term. The data was presented in tables and figures (charts and graphs) while explanations were given in prose.

RESEARCH RESULTS

Students’ Retention Rates

The study sought to investigate on whether the university measures the students’ retention rates. The findings shows that the students retention rates was very high while 28.6% of the respondents through otherwise. The findings also shows that the retention and graduation rates at the University was high and predicted at 85%. To the question of the students’ level of satisfaction with the university programs, the study found that the students’ level of satisfaction with the university's programs was high. The researcher also sought to investigate the number of students' strikes or demonstration that has occurred in the last 5 years at the University. According to the findings, 72.4% indicated that there hasn’t been strike or demonstration within the past 5 years while 27.6% alluded to there being one demonstration.

According to the findings, the university has a strategy that is clear to stakeholders was the most important statement shown by a mean of 5.90; stakeholder are involved in the development and implementation of strategy (5.80); stakeholders are involved in addressing the need for continuous improvement process (5.80), university carries out periodic assessment of the relevance of stakeholders involvement (5.80), stakeholders involvement measures encourage
behaviors consistent with the strategy (5.50), management uses appropriate stakeholders involvement avenues to communicate the organizations’ strategy and direction (5.50), owing to stakeholders involvement, there is consistency of both decision making and action (5.30). Beside, the findings indicate that stakeholders’ involvement is based on customer/student needs given a mean of 5.60. However, student and Lecturer satisfaction surveys are regularly carried out are rarely and infrequently carried out given a mean of 3.12.

**Regression Analysis**

The study sought to establish how stakeholders’ involvement in leadership affects Karatina University performance using multiple linear regression analysis. The regression model was:

\[ Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \epsilon \]

The table below shows that there is a good linear association between the dependent and independent variables used in the study. This is shown by a correlation (R) coefficient of 0.887. The determination coefficient as measured by the adjusted R-square presents a moderately strong relationship between dependent and independent variables given a value of 0.764. This depicts that the model accounts for 76.4% of the total observations while 33.6% remains unexplained by the regression model.

**Table 1: Model's Goodness of Fit Statistics**

<table>
<thead>
<tr>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>.887</td>
<td>.787</td>
<td>.764</td>
<td>.757</td>
</tr>
</tbody>
</table>

a. Predictors: (Constant), Stakeholders Involvement, Leadership Styles
b. Dependent Variable: University Performance

The ANOVA statistics presented in the table below was used to present the regression model significance. An F-significance of \( p = .039 \) was established showing that there is a probability of 3.9% of the regression model presenting false information. Thus, the model is very significant.

**Table 2: Analysis of Variance (ANOVA)**

<table>
<thead>
<tr>
<th></th>
<th>Sum of Squares</th>
<th>df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regression</td>
<td>3.450</td>
<td>2</td>
<td>1.725</td>
<td>2.7424</td>
<td>.039</td>
</tr>
<tr>
<td>Residual</td>
<td>22.659</td>
<td>36</td>
<td>.629</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>26.109</td>
<td>38</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

a. Predictors: (Constant), Stakeholders Involvement, Leadership Styles
b. Dependent Variable: University Performance
From the findings in Table 4.31, the multiple linear regression equation becomes:

\[ Y = -0.653 + 0.571 \times \text{Leadership Style} + 1.403 \times \text{Stakeholder Involvement} \]

\[ p < .039 \]

From the model, when other factors (stakeholders’ involvement and leadership styles) are at zero, the University performance becomes -0.653. This means University Performance would be negated.

Holding stakeholders’ involvement constant, a unit increase in leadership style or behaviour would lead to a 0.316 (p = .002) increase in University performance. However, stakeholders involvement has higher effect on performance given that holding leadership style or behavior constant, a unit increase in stakeholder involvement would lead to a 1.403 (p = .012) increase in University performance.

### Table 3: Regression Coefficients

<table>
<thead>
<tr>
<th></th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>t</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Constant)</td>
<td>-0.653</td>
<td>.861</td>
<td>1.055</td>
<td>.141</td>
</tr>
<tr>
<td>Stakeholder Involvement</td>
<td>1.403</td>
<td>.141</td>
<td>.998</td>
<td>2.925</td>
</tr>
<tr>
<td>Leadership Styles</td>
<td>.571</td>
<td>.122</td>
<td>.383</td>
<td>3.693</td>
</tr>
</tbody>
</table>

a. Dependent Variable: University Performance

### CONCLUSIONS AND RECOMMENDATIONS

The University system set specific goals which can only be achieved through effective stakeholders’ involvement and leadership. The goal attainment may be viewed as a destination, where management represents the vehicle, leadership style represents the fuel and people (university administrators, students council and lecturers) are the drivers. Although other contributory factors are not ruled out, the role of leadership and stakeholders’ involvement cannot be underestimated. It is important to deliberately and adequately motivate faculty member for optimal performance. Stakeholder involvement provides an academic institution with a roadmap on where it should focus its actions, policies, priorities and resources in order to achieve its mission and strategic goals. Stakeholder involvement would encourage strategy implementation ownership and identify areas in which there is an increased need for improvement, thus, focus faculty staff and other resources in achieving such performance. Studies have indicated that leadership is more strongly correlated with turnover rates, productivity and satisfaction. Transformational leadership style if employed as has been provokes the necessary performance needed for Karatina University to be at par with other top universities.
This study showed that the stakeholders’ involvement would increase the interaction with students and changes to the structure of the courses to follow the changes in economic and business environment and more specifically the changes in the structure of labor market, so they can reduce undergraduates and graduates student’s unemployment. The fundamental mission of research universities and their academic units and programs is the advancement of excellence in the creation, sharing and application of knowledge, typically described in terms of teaching, scholarship/research and public service. Stakeholder involvement would bring about organization citizenship, the graduates would go back for additional studies in the same university, hence better retention rates. The study concluded that the level of students’ satisfaction with the university's programs was high as a result of stakeholder involvement in leadership.

The research recommends that universities which want to be more competitive should consider adopting a more democratic leadership style since it is associated with high performance. The study recommends use in all the universities should involve their stakeholders in leadership. While there is no single formula for building a successful involvement, the designing of an appropriate involvement for a faculty requires as a first stage, then improvement of the same and scaling it to the whole Institution.

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