EFFECT OF CORPORATE GOVERNANCE PRACTICES ON ORGANIZATIONAL PERFORMANCE: A CASE STUDY OF HORMUUD TELECOMMUNICATION COMPANY

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ABSTRACT
This study aimed at identifying the effect of corporate governance on performance of Hormuud Telecommunication Company. The population of this study comprised of a population consisting of 879 both part time and full time employees at Hormuud telecommunication company. The study had a sample size of 275 respondents. Data obtained was analyzed using a Statistical Package for Social Sciences (SPSS) version 24. Both qualitative and quantitative results was documented to build up literature. The result study revealed that there was statically significant effect of corporate governance practices on organizational performance in Hormuud Telecom. Specifically the study showed that there was a significant effect of corporate governance on risk management practices, managerial autonomy, organizational culture and leadership integrity. The research indicated that corporate governance practices enables the organization to concentrate on its core functions which enable the company to achieve strategic advantage and at the same time act as a means in which a business conditions or problems can be alleviated in a manner that is more efficient or effective. The implication of the research; the company should maximize on its human capital as it most priced asset, the research identified that majority of its staff are well educated and it should therefore ensure that it retain them so as to maximize on their expertise, the study found out that the company's corporate governance was affected by factors resulting from non-adherence to planning and it is therefore recommended that the company should have formal corporate governance practices so that they can make decisions which would result to management of risks and securing added value and continuous improvement. The study also established that the company was faced with issues to do with managerial autonomy, like lack of empowering employees, and those in management exercising their powers negatively. It is therefore recommended that the company should put all measures in place to ensure that they do not face severe losses as a resulting from poor managerial autonomy. Finally, the management should ensure that respective heads of department should adhere to integrity leadership so as to meet the profitability goals of the company.

Key Terms: Risk management, managerial autonomy, organizational culture, Leadership integrity, corporate governance
INTRODUCTION
Corporate governance has, in more recent years, become one of the most commonly used terms in the modern corporation. It is a practice commonly practiced by almost all organizations on earth with different countries having different corporate governance systems as attested by (Lekaram, 2014). Corporate Governance is the system by which organizations are directed and controlled. These are sets of relationships between company directors, shareholders and other stakeholder’s as it addresses the powers of directors and of controlling shareholders over minority interest, the rights of employees, rights of creditors and other stakeholders (Modum, Ugwoke, & Onyeanu, 2013). It is also an internal system encompassing policies, processes and people, which serve the needs of shareholders and other stakeholders, by directing and controlling management activities with good business savvy, objectivity, accountability and integrity (Okpara, 2011).

Corporate Governance is concerns the ways in which all parties interested in the well-being of the firm (the stakeholders) attempt to ensure that managers and other insiders are always taking appropriate measures or adopt mechanisms that safeguard the interests of the stakeholders. Such measures are necessitated because of the separation of ownership from management, an increasingly vital feature of the modern corporations. Corporate Governance is defined as the process and structure used to direct and manage business affairs of the Company towards enhancing prosperity and corporate accounting with the ultimate objective of realizing shareholder long term value while taking into account the interest of other stakeholders (Wanyama & Olweny, 2013).

The concept of corporate governance began to be used and spoken about more commonly in the 1980s (Mulili & Wong, 2011) but it originated in the Nineteenth Century when incorporation was being advocated for as a way of limiting liability. (Kiratu, 2016) perceives creation of the registered company to be the real starting point for any discussion on corporate governance. The issues associated with corporate governance have assumed multifarious dimensions with wide implications, especially for profit-oriented business organizations. There has been growing interest in corporate governance in recent times such that it has become an issue of global significance. The main reason for the search for a universal understanding of the indicators, drivers and mitigating instruments of corporate governance has been heightened in recent times by phenomenon which characterizes relationships between and among the various stakeholders. Conflict exists at many levels and in varying degrees of intensity. For instance, it is commonly observed between the majority and minority shareholders, and between the internal organizational controllers and some of the external stakeholders. the spectacular failure of top organizations (Thrikawala, 2016). In most corporate organizations, conflict of interest is a pervasive.

Corporate Governance has become a topical issue because of its immense contribution to the economic growth and development of nations. The absence of good Corporate Governance is a major cause of failure for many well performing organizations. Existing literature generally support the position that good Corporate Governance has a positive impact on organizational performance (Modum, Ugwoke, & Onyeanu, 2013). Hence the emphasis placed on good Corporate Governance in the existing literature as the most important problem facing the development of countries, such as Kenya.

The improvement of corporate governance practices is widely recognized as one of the essential elements in strengthening the foundation for the long-term economic performance of countries and corporations (Maravelaki, Doumpos, & Zopounidis, 2017). The term corporate governance relates to how corporations, firms, organizations etc. are owned, managed and controlled. Wanyama & Helliar (2009) stress that
corporate governance is about ensuring that the business is running well and investors receive a fair return. (Timis & Popescu, 2015) 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).

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 (Timis & Popescu, 2015). Sugar firms have also had their share in corporate frauds and scandals. However the government has taken strides to reduce such malpractices and their effects on corporate environment. Governance is all about encouraging corporate sector to be accountable, fair, transparent and responsible as spelled out by the World Bank president. 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 (Pletzer, Nikolova, Kedzior, & Voelpel, 2015).

Corporate Governance has gained prominence in East Africa ad other major Africa countries due to the fact that organizations in these states are working hard to sustain the markets and compete equally with other firms globally (Karanja & Wagana, 2017). The struggle has due to corporate failure or poor performance of public and private organizations as discussed by (Samaha, Dahawy, Hussainey, & Stapleton, 2012). In Kenya has there been the greatest advocate of corporate goverance. The framework in Kenya started in 1999 when the Center for Corporate Governance developed a framework which was voluntary for companies to adopt. The framework was further taken up by the Capital Markets Authority (CMA) in 2000 as draft Corporate Governance practices for listed companies in Kenya. In later years the Capital Markets Authority made it mandatory for the listed companies to adopt those Corporate Governance practices. These Corporate Governance practices mainly dealt with issues of the board such as board composition, role of audit committee, separation of the role of CEO and the Chair. Many state corporations in Kenya have for almost three decades seen a number of changes being introduced and adopted. However, it has is worrying to note that some of the state corporations have either collapsed or have been placed under statutory management. In response to this trend, the government of Kenya responded by establishing the state corporation regulatory reforms which is responsible for supervising and developing the regulatory framework industry in collaboration with other stakeholders.

In east Africa the story is almost (Flammer, 2015) identified that the city of Kampala still has significant governance and service delivery challenges compared to Kigali. Kampala has an unclear separation of powers, poor accountability by management, low leadership collaboration and low stakeholder participation.

Somalia lies in eastern Africa to the south of the Gulf of Aden. This region is known as the Horn of Africa. The Republic of Somalia was formed in 1960 by the federation of a former Italian colony and a British protectorate (Pham, 2011). Mohamed Siad Barre held dictatorial rule over the country from October 1969 until January 1991, when he was overthrown in a bloody civil war waged by clan-based guerrillas. After Siad’s fall from power, warfare continued and the country lacked an effective centralized government, problems that persisted into the 21st century (Little, 2012).

Due to its instability, there are factors that has led many organizations to meet their strategic goals. However, Somali firms have been practicing corporate goverance practices for sustainability ad good goverance. (Mohamud, 2014), investigated corporate governance structure and
its impact on firm performance in Kuala lampur Malaysia and come up with a conclusion that here is a partial relationship between corporate governance and firm performance. The presence of independent non-executive directors, managerial ownership and institutional ownership did not have any significant impact on firm’s performance however; the firm size appeared to have significant impact on corporate governance.

In Somalia, Kawira (2012), examined the relationship between corporate governance and performance of INGO in Somalia the study found that the majority of the INGOs had implemented four corporate governance practices, board size and composition, board meetings, audit committee and transparency and disclosure. The study concluded that all examined corporate governance practices have a weak or insignificant positive relationship with performance. There is a gap on the determination of the impact of corporate governance practices on the performance of profit organizations in Somalia and this study fills that gap (Mohamud, 2014).

Objectives of the study
The study was guided by the following specific objectives:

- To examine the effect of Risk management practices on the performance of Hormud Telecommunication Company.
- To establish the effect of managerial autonomy on the performance of Hormud Telecommunication company.
- To identify the effect of organizational culture on the performance of Hormud Telecommunication company.
- To assess the effect of Leadership integrity on the performance of Hormud Telecommunication company.

RELATED LITERATURE
Theoretical Framework
Transactional Theory
Transactional theories, also known as management theories, centers on the role of supervision, organization and team performance and the exchanges that take place between leaders and followers. In other words, on the notion that a leader’s job is to create structures that make it abundantly clear what is expected of followers. Transactional theories often likened to the concept and practice of management and continues to be an extremely common component of many leadership models and organizational structures (Sathyamoorthi, Baliyan, & Dzimiri, 2017). According Hickman (1995) a manager overseas management functions of organization in a broader sense, they are in charge of various departments in the organizations. They are leaders of an organization’s top management and they need have management skills to influence effectively the behaviour of others, and ultimately achieve the desired results (Buallay, Hamdan, & Zureigat, 2017). Therefore, in order to carry out their work successfully, they should have power, influence and authority (Hrehova & Kamenc, 2011). This suggest that for the manager to be an asset to an organization, they must acquire management skills developed around performance management, managing people and relationship management (Hrehova & Kamenc, 2011). This will help them to clarify to the employees the direction of the company, processes and policies as well as motivating employees towards achieving business objectives. According to Warren Bennis (2004) leadership is a creative enterprise, involving all in innovating and initiating. He creates a climate of trust and know how to generate and sustain trust. This calls for a leader to behave with integrity to move the organization towards goals. Also, creates and maintains environment where people are reminded of what is important basing on the mission of the organization and collective goals of organization.

Organizational Culture Theory
The study also used the Organizational Culture Theory. The concepts of culture involves around two distinct disciplines; anthropology and sociology. These concepts have been recognized and applied to organizational studies since 1980’s.
(Schneider, Ehrhart, & Macey, 2013). From Anthropology perspectives, culture is viewed as a metaphor for organizations. It defines organization as being assemblage of cultures. However, sociology takes a functionalist view and defines culture as something an organization possesses. Despite the separate definitions of organizational culture, there seems to be a consensus.

The most widely applied organizational culture framework is that of Edgar Schein (1988) who adopts the functionalist view. He define culture as a pattern of basic assumptions, invented, discovered, or developed by a given group, as it learns to cope with its problems of internal integration and external adaptation. To that extend, the internal integration have worked well to date in many organization and have been considered valid. It therefore important that this culture is taught to new members joining organization to achieve culture unifications in the organization (Demirci, 2013).

The theory further establishes that there is no single type of organizational culture, the organizational cultures varies from one organization to the other. Hofstede (1980) in his findings illustrates that there are national and regional cultural groupings that can affect behavior of organizations (Cheng, Chang, & Li, 2013). O’Reilly, Cardick and Newton (1991, 2005) beliefs that cultures can be differentiated by values organizations embraces and reinforces. Deal and Kennedy (1982) argue a good, well-aligned culture can propel organization to success. However, the wrong culture will stifle its ability to adapt to a fast-changing world. It is prudent that the management try to understand and take steps to create a strong culture that will best support your organization’s activities. In line with Edgar Schein arguments, Schein (2005) adds that organization culture theory is a pattern of shared basic assumptions learned by a group as it solves its problems of external adaptation and internal integration that has worked well enough to be considered valid and therefore to be taught to new members as correct way to perceive, feel and think in relation to the problems. Studies (Peters & Waterman, 1982; Aldins & Caldwell, 1991) suggest that efficiency outcomes are associated directly or indirectly with organizational culture. A culture of efficiency, effectiveness, commitment and oneness is robust and would provide positive outcomes in the organization (Mohamed & Abukar, 2013).

Contingency Theories

Contingency theories of leadership focus on particular variables related to the environment that might determine which style of leadership can be adopted as best suited for a particular organization. According to this theory, no single leadership style is appropriate in all situations. As stated Charry by (2012) success of a leader, hinges on number of variables, such as leadership style, qualities of followers and situational features. The theory emphasizes that effective leadership depends on the degree of fit between a leader’s qualities and leadership style as the situation demands (Amanchukwu, Stanley, & Olole, 2015). Naylor (19990 further notes that environment needs to be considered when designing an organization or one of its elements.

Stakeholder Theory

Corporate governance is concerned with managing the relationship among various corporate stakeholders. Roe (1994) cited (Tornyeva & Wereko, 2012), states that the American corporate governance system emerged as a result of both economic evolution and its democratic philosophy. In effect, the government by deliberately weakening commercial banks gave corporate managers excessive power. U.S. Banks were prevented from becoming corporate shareholders, let alone a large shareholder. U.S. laws further restrained activities of large shareholders. Stakeholder theory can be defined as any group or individual who can affect or is affected by the achievement of the organization’s objectives (Fanta, Kemal, & Waka, 2013). Unlike agency theory in which the managers are working and serving for the stakeholders, stakeholder theorists suggest that managers in organizations have a
network of relationships to serve this include the suppliers, employees and business partners. Stakeholder theory was embedded in the management discipline in 1970 and gradually developed by Freeman (1984) cited (Awotundun, Kehinde, & Somoye, 2011) incorporating corporate accountability to a broad range of stakeholders. Wheeler et al, (2002) argued that stakeholder theory derived from a combination of the sociological and organizational disciplines. Indeed, stakeholder theory is less of a formal unified theory and more of a broad research tradition, incorporating philosophy, ethics, political theory, economics, law and organizational science (Tornyeva & Wereko, 2012).

Conceptual framework

Organization culture
- Norms
- Control tool
- Problem solving
- Change management

Risk management
- Individuals risk
- Enterprise risk
- Financial risks
- Risk management system

Managerial autonomy
- Power influence and authority
- Empowering employees
- Employee training

Leadership integrity
- Sustainable trust
- Quality of corporate administration
- Highly valued work atmosphere

Organization performance
- Competitive advantage
- Sustainability
- Profitability
- Efficiency

Independent Variables  Dependent Variable

Figure 1: Conceptual Framework

Organizational Culture
Organisational culture is a common and important concept applied in organizations. Various authors and academicians have had different views about this concept. For, instance (Illback, 2014) posits that organization culture is organizational shared phenomenon that represents a stable and coherent set of beliefs about the organization and respective environment. Sun (2008) theories that organizational culture is a management control tool, where managers chose to use selected rites, stories, symbols or common values to control and direct employees behavior, thereby building commitment to the organization and its goals. These tenets guides employees how to perceive, think and react about a particular situations (Garcia, 2014). Schein further defines organizational culture as “a pattern of shared basic organization traditions acquired by members of the organization as they try to solve external adaptation and internal integration problems”. Culture, therefore enforces accepted norms to be practiced. However, it has been noted that strong rooted cultures and problems associated can affect organization performance.

In line with Schein’s definition, Covenant University community of Nigeria applied its core values and beliefs on their members and, according to 2015 Webometrics ranking, the University was ranked first in performance after 12 years of its existence (Amue & Igwe, 2016). It is essential for managers to know that for the organization to succeed, its organization culture must be well aligned with its structure, goals and processes. This is in agreement with Zalami (2005) that culture can either accelerate or impede organization performance depending on whether or not the existing culture is aligned with the goals of the proposed change. This is also noted by O’Donnell (2006) that organization culture can provide innovative environment for developing enterprising leaders (Amue & Igwe, 2016). Empirical evidence shows that well-built organizational culture birth effective organizational performance (Sun, 2008). As highlighted by Hellriegel et al (2001) organizational culture has the potential to enhance organizational performance devoid of much supervision, because employees know what is expected of them at all times.
Risk management
Risk management according to Willaims et al. (2006) “aims to provide decision makers with a systematic approach to cope with risks and uncertainty”. The risks are divided into two categories, first, is traditional risk management that focuses on financial risk and management of individuals risk cases and second, enterprise risk management (ERM) which majors on financial and nonfinancial risks. The studies have revealed there is a positive effects on both the performance and the value of a firm (Mikes & Kaplan, 2013) on execution of ERM in an organization. This in line with findings of (Bromiley, Rau, & McShane, 2014) that firms that possess excellent ERM, increases investor’s confidence. What this means is that organization’s risk profile information created by ERM is a potential source of value for investors. According to (Gatzert & Martin, 2015), ERM uses this strategy to reduce volatility to thwart accretion of risk across diverse sources. (Baxter, Bedard, Hoitash, & Yezegel, 2013) findings shows that firms with high-quality ERM systems, perform well and they are highly valued than firms with lower ERM systems. This suggests that risk management affects non-governmental organization and implementation of higher-quality risk management systems led to better performance in organization. Further, research have shown that firms with well implemented risk management system especially ERM have been able to produce a greater reduction of risk per dollar spent on risk management. And, as stated by (Baxter, Bedard, Hoitash, & Yezegel, 2013) the implementation of ERM, positively affects performance of organization because ERM helps firms to identify and address risks in an earlier stage. Early identification of risks allows time for the organization to respond to the risks before real damage. A study has shown that insurance firms in Netherlands had financial crisis and this had a dramatic effect on the insurance industry causing various insurance firms fail to fulfil financial requirements as stated by the Dutch Central Bank (Epstein & Buhovac, 2014). As (Epstein & Buhovac, 2014) indicate, firms with high reputation enjoy numerous benefits such as more loyal customers, better employees, more sustained earnings, higher future growth and lower costs of capital. This view is coherent with the notion that reputation affects all aspects of a firm’s business. (Gatzert & Martin, 2015) further argues that “firms that have higher reputation among stakeholders tend to be more valuable”. This assumption is also held by Wang and Smith (2008) who states that a higher reputation do on average increases firm’s value. However, measuring reputation and reputation risk is a difficult.

Managerial autonomy
With ever changing socio-cultural environment, economic, political, technological advancement, hunting for top managers with skills is getting stronger every day (Gerhards, 2013). According Hickman (1995) a manager overseas management functions of organization in a broader sense, they are in charge of various departments in the organizations. They are leaders of an organization’s top management and they need have management skills to influence effectively the behaviour of others, and ultimately achieve the desired results (Godart, Shipilov, & Claes, 2013). Therefore, in order to carry out their work successfully, they should have power, influence and authority (Godart, Shipilov, & Claes, 2013). This suggest that for the manager to be an asset to an organization, they must acquire management skills developed around performance management, managing people and relationship management (Flammer, 2015). This will help them to clarify to the employees the direction of the company, processes and policies as well as motivating employees towards achieving business objectives. Management skills also involves managing performance, coaching and communication. These have greater impact in developing positive relationship towards employee’s performance which ultimately impact on the organizational performance. Therefore, managers could pay more attention on these activities to gain better employee performance. Higher knowledge and skill
gained through training and experience could be treated as a competitive asset for an organization. According to (Mwaibako, 2013) development of managerial skills is an important activity that increases the performance of health sector organization. Therefore development of managerial skills increases the efficiency and the effectiveness of the organization hence performance of organization (Mwaibako, 2013). Further, research have revealed that managerial skills is about empowering employees through training to be effective and efficient in their performance. Performance is an important factor and the building block which increases the performance of overall organization (Qaiser Abbas and Sara Yaqoob). This shows that employee performance is important for the performance of the organization. And, training and development is beneficial for the employee to improve its performance.

Leadership integrity
The leadership integrity is a demonstration of strong moral and ethical principles at work. It is a measure of coherence and consistency and it is a key that establishes and sustains trust in an organization by cultivating a consensus around mutual values. As this consensus builds up, the corporation is able to foster a culture of integrity. This culture of integrity creates a highly respected work environment that it influences the quality of corporate administration by helping the organization and its leaders to understand what affects business performance and help organizations and its leaders to understand the inclinations and matters related to it, and come up with a creative and valid strategies to enhance their organizational performance. This is consistent with earlier findings by leadership theorists and researchers that integrity is a central attribute of effective business leaders (Rast & Tourani, 2012). In his model, Dr. Robert Turknett, emphasized that “without integrity, no leader can be successful”. He further states that “corporations that embraces leadership integrity outdo other firms in terms of earning growth and profitability. Small and Dickie (1999) maintains that leaders who exhibit values such as integrity are most valuable to an organization in the long term. Leadership integrity, therefore enriches employee’s morale, appreciates customer loyalty, and forms strong corporations. The studies have shown that corporations with a culture of integrity tend to have good governance systems and a good environment to work in. They tend to be good places to work, aggressive in their markets, and provide higher, more expected returns to investors.

However, when employees recognize that an organization—or its leaders—are deficient in being accessible, employees become unwilling to devote any optional energy or make any deprives an organization of the best that employees have to offer. This implies that leadership integrity is essential both at personal level and at corporate level. For, it fosters harmony around shared values which develops to a culture of integrity. This culture impacts and creates a highly valued work atmosphere. Motivated employees as stated by (Belias & Koustelios, 2014) develops confidence (self-efficacy), hope, optimism, and resilience and void their weaknesses. This can be summed up that leadership integrity is a driving force in an organization and plays a vital role in the success of an organization. For, leaders do affect their followers’ behavior and attitude by presenting him/herself as a role model in front of the followers to motivate and stimulate them toward better performance of the organization.

Measurement of Performance
Performance measurement in the practical and theoretical spheres has attracted growing attention in recent years. Beyond the boundaries of the management accounting literature, several fields have contributed to the development of current knowledge, namely organizational theory, operation and production management, strategic management and finance (Cheng, Chang, & Li, 2013).

A growing business needs to be closely and carefully managed to ensure the success of new investment decisions and expansion plans.
However, many owner-managers find that as their business grows they feel more remote from its operations (Flammer, 2015). Putting performance measurement systems in place can be an important way of keeping track on the progress of your business. It gives you vital information about what's happening now and it also provides the starting point for a system of target-setting that will help you implement your strategies for growth. Traditionally, performance measurement has been viewed as an important requirement of a cybernetic model of control that also includes stated objectives or goals, a predictive model and a tool to facilitate the choice of alternative actions. Cybernetic models are seen as an enduring effort to capture the processes of planning, comparison and evaluation in a rigorous fashion (Merchant and Simons 1986). The application of cybernetic concepts to control processes is coherent with Anthony (1965,17), who defined management control as “the process by which managers assure that resources are obtained and used effectively and efficiently in the accomplishment of the organizations’ goals” (Hrehova & Kamenec, 2011). Two distinct sets of variables need to be measured: those defined by objectives and those required by predictive models. Traditionally, control systems have emphasized objective- oriented measures (Otley and Berry 1980), and performance measurement has become associated with a negative feedback model relying on detection of variances when the planned objectives and the measured actual results are compared (Hofstede 1978). Measurement involves both ex post and ex ante forms of control, and encompasses informational and behavioral dimensions (Flamholtz et al. 1985).

**METHODOLOGY**

The study used descriptive research design. Descriptive research is used to obtain information concerning the relationship between the independent and the dependent variables, it also describes the current status of the phenomena, and it describes "what exists" with respect to variables or conditions in a situation. The population of this study comprised of a population consisting 879 full time top management, midle management and subordinate staff with at Hormuud telecommunication company. Slovin’s formula was used in this study to determine the sample size. Denoted by “n” the sample size, Slovin’s formula is given by

\[ n = \frac{N}{1 + N(e)^2} \]

Where; n=sample size, N=total population, e=Error tolerance.

The study confidence level was 95% which will give a margin error of 0.05. Therefore, using the formula given above, the sample size was calculated as follows;

\[ n = \frac{879}{1 + 879 	imes (0.05)^2} = 274.6 \approx 275 \]

Therefore the study had a sample size of 275 respondents. The regression equation assumed the following form:

\[ Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \epsilon \]

Where \( Y \) = organization performance (dependent variable)
\( \beta_0 \) = Constant of Regression
\( \beta \) = The Beta coefficients for the corresponding X (independent) terms, representing the net effect the variable has on the dependent variable, as X's in the equation remain constant.
\( X_1 \) = Risk management
\( X_2 \) = Managerial skills
\( X_3 \) = Leadership integrity
\( X_4 \) = Organizational culture
\( \epsilon \) = Error of Regression

**FINDINGS**

**Effects of Organizational Culture on Organization's Performance**

Most of the respondents agreed that there are performance in the departments in the telecommunications and coherent as shown by a mean of 2.2. Most of the respondents also agreed that norms are essential in establishing the performance path of an organization. Hence
significance number agree that the control tools provide guidance towards performance of a firm by mean of 2.95 while most of respondents agreed that problem solving skills are essential in the performance of a firm by a mean of 1.5, and finally significance number of respondents agreed to the term that change management provide an enabling environment that is geared towards performance of a firm by mean of 3.65.

**Table 1: Effects of Organizational Culture on Organization’s Performance**

<table>
<thead>
<tr>
<th>Effects of Organizational Culture on Organization’s Performance</th>
<th>Mean</th>
<th>Std. Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Norms are essential in establishing the performance part of an organization</td>
<td>2.2</td>
<td>0.956</td>
</tr>
<tr>
<td>Control tool provide guidance towards performance of an organization</td>
<td>2.95</td>
<td>0.71</td>
</tr>
<tr>
<td>Problem solving skills are essential in the performance of an organization</td>
<td>1.5</td>
<td>0.501</td>
</tr>
<tr>
<td>Change management provides an enabling environment that is geared towards performance of an organization</td>
<td>3.65</td>
<td>0.783</td>
</tr>
</tbody>
</table>
| Average Mean | 2.575

From the table 1 the results obtained from the survey on the respondents to find out the effect of managerial autonomy on organizational performance show that the average mean was 2.575 which implied that managerial autonomy had a high effect on organizational performance. This is because the average mean was between 1.5 ≤ E.A.<3.65 which was rated extremely agree. However the standard deviation was too high which was indication that there were discrepancies on the impact of the variables among the respondents.

**Table 2: Effects of Risk Management Practices on Organizational Performance**

<table>
<thead>
<tr>
<th>Effects of Risk Management Practices on Organizational Performance</th>
<th>Mean</th>
<th>Std. Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Individuals risk greatly affects the performance of an organization</td>
<td>3.43</td>
<td>0.878</td>
</tr>
<tr>
<td>Enterprise risk is key to the success of an organization</td>
<td>1.93</td>
<td>0.26</td>
</tr>
<tr>
<td>Financial risks provide direction on the performance of an organization</td>
<td>4.09</td>
<td>0.482</td>
</tr>
<tr>
<td>Risk management system govern the mitigation of risks within an organization</td>
<td>3.82</td>
<td>0.576</td>
</tr>
</tbody>
</table>
| Mean Average | 3.3

From the table 2 the results obtained from the survey on the respondents to find out the effects of risk management practices on organizational performance show that the average mean was
3.3175 which implied that risk management practices has effects on organization’s performance. This is because the average mean ranged between $1.93 \leq E.A. < 4.09$ which was rated “extremely agree”. However, the standard deviation was too high which was indication that there were discrepancies on the impact of the variables among the respondents.

**Effect of Managerial Autonomy on Organization Performance**

The respondents agree power influence and authority provide leadership at workplace with mean of 1.85 as well they agreed that empowering employees improves on their performance thus组织化 performance with mean of 2.753 which directly improves the efficiency of the organizational performance. Its realized from the results that empowering employees enhanced the accountability and transparent standards and organizational performance, while the statement of employee training improves on employee skills and knowledge leading to greater performance gained a mean of 3.51, and the statement of intuitive knowledge obtained through experience is good for the performance of an organization had a mean of 3.41. knowledge obtained through experience gives confidence to the staff, it boosts their knowledge and thinking capacity and promotes innovativeness as staff are assigned different responsibilities within the organization. The results were presented in table 3.

**Table 3: Effect of Managerial Autonomy on Organization Performance**

<table>
<thead>
<tr>
<th>Effect of Managerial Autonomy on Organization Performance</th>
<th>Mean</th>
<th>Std. Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Power influences and authority provide leadership at workplace</td>
<td>1.85</td>
<td>0.353</td>
</tr>
<tr>
<td>Empowering employees improves on their performance thus organization performance</td>
<td>2.53</td>
<td>0.975</td>
</tr>
<tr>
<td>Employee training improves on employee skills and knowledge leading to greater performance</td>
<td>3.51</td>
<td>0.922</td>
</tr>
<tr>
<td>Intuitive knowledge obtained through experience is good for the performance of an organization.</td>
<td>3.41</td>
<td>0.793</td>
</tr>
</tbody>
</table>

From the table 3 the results obtained from the survey on the respondents to find out the effect of managerial autonomy on organizational performance show that the average mean was 2.825 which implied that managerial autonomy had a high effect on organizational performance. This is because the average mean was between $1.85 \leq E.A. < 3.51$ which was rated “extremely agree”. However the standard deviation was too high which was indication that there were discrepancies on the impact of the variables among the respondents.

**Effects of Leadership Integrity on Organizational Performance**

The study sought to examine the effect of leadership integrity on organizational performance. Majority of the respondents agreed sustainable trust leads to sustainable performance in an organization with mean of 3.46 hence a significance number of respondents agreed that quality of corporate administration is important in giving direction towards achievement of organization objectives 3.7 due to the believe that corporate administration is important in giving directions of achievement to the general organization’s development objectives. The respondents were also required to answer the statement of highly valued work atmosphere provides employee with enabling working environment and they agreed with the mean of 3.56, and finally the participants were asked employee support and motivation is key for the performance of an organization and agreed with
the mean of 3.87 to this statement. The results are presented in table 4.

Table 4: Effects of Leadership Integrity on Organizational Performance

<table>
<thead>
<tr>
<th>Effects of Leadership Integrity on Organizational Performance</th>
<th>Mean</th>
<th>Std. Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sustainable trust leads to sustainable performance in an organization</td>
<td>3.46</td>
<td>0.99</td>
</tr>
<tr>
<td>Quality of corporate administration is important in giving direction towards achievement of organization objectives</td>
<td>3.7</td>
<td>0.863</td>
</tr>
<tr>
<td>Highly valued work atmosphere provides employee with enabling working environment</td>
<td>3.56</td>
<td>0.896</td>
</tr>
<tr>
<td>Employee support and motivation is key for the performance of an organization</td>
<td>3.87</td>
<td>0.496</td>
</tr>
<tr>
<td>Average Mean</td>
<td>3.6475</td>
<td></td>
</tr>
</tbody>
</table>

From the table 4 the results obtained from the survey on the respondents to find out the effect of leadership integrity on organizational performance show that the average mean was 3.6475 which implied that leadership integrity had a very high effect on organizational performance. This is because the average mean was between 3.7 ≤ M. <3.0=87 which was rated “extremely agree”. However the standard deviation was on average which was indication that there were little discrepancies on the impact of the variables among the respondents. When asked if employee support and motivation is key for the performance of an organization most of the respondents were in agreement. This study concluded that employees were key to any organization and their motivation leads to recommendable organizational performance.

Table 5: Organizational Performance

<table>
<thead>
<tr>
<th>Organizational Performance</th>
<th>Mean</th>
<th>Std. Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Competitive advantage leads to greater performance at workplace</td>
<td>2.27</td>
<td>1.432</td>
</tr>
<tr>
<td>Sustainability ensures corporate governance practices on organizational performance</td>
<td>1.85</td>
<td>0.353</td>
</tr>
<tr>
<td>Profitability can be achieved through greater performance at work</td>
<td>1.78</td>
<td>0.414</td>
</tr>
<tr>
<td>Efficiency provides direction towards organization performance</td>
<td>2.37</td>
<td>0.617</td>
</tr>
<tr>
<td>Average Mean</td>
<td>2.0675</td>
<td></td>
</tr>
</tbody>
</table>

From the table 5 the results obtained from the survey on the respondents to find out the organization’s performance show that the average mean was 2.0675 which implied that organization performance had a very high influence on organizations prosperity. This is because the average mean was between 1.78 ≤ S.A.<2.37 which was rated “strongly agree”. The standard deviation
was moderate, an indication that there were few discrepancies on the impact of the variables among the respondents.

Correlation Analysis
The correlation analysis between the independent variable indicated that there is no significant relationship between the independent variables. This indicated that the independent variables were significant enough to predict the dependent variable. This provided relevancy to the regression analysis above indicating that estimates of the predictors (B and Beta) are good estimators and could be used to predict the effect of change of independent variable on the dependent variable. This fulfills the Gauss Markov assumption of no perfect relationship between the independent variables.

Bi-Variate Linear Relationship Between Study Variables
Before running the regression analysis, the researcher ran the correlation matrix in order to check whether there was association between variables and also checked whether there was multi-collinearity within the variables. Pearson product moment correlation coefficient (r) was used to aid in establishing correlation between the study variables of interest. Correlation coefficient shows the magnitude and direction of the relationship between the study variables. The correlation coefficient varies over a range of +1 through 0 to -1. When r is positive, the regression line has a positive slope and when r is negative, the regression line has a negative slope. Table 6 showed bivariate linear relationship between the study variables. The findings of the correlation analysis indicated that there is a significant strong positive correlation between organization culture and organizational performance in Hormuud telecommunication, Somalia (r=0.862, p-value=0.000). Therefore, an increase of leadership integrity led to an increase in organizational performance in Hormuud Telecom in Somalia. Regarding of managerial autonomy, the correlation coefficient was also positive (r = 0.757, p-value =0.000). This means that an increase in risk management in Hormuud telecommunication led to an increase in the organizational performance in Hormuud telecommunication, Somalia.

Table 6: Bi-variate linear relationship between study variables

<table>
<thead>
<tr>
<th></th>
<th>Risk Management Practices</th>
<th>Managerial Autonomy</th>
<th>Organizational Culture</th>
<th>Leadership Integrity</th>
<th>Organizational Performance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Risk Management Practices</td>
<td>Pearson Correlation</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Sig. (2-tailed)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>N</td>
<td>275</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Pearson Correlation</td>
<td>.867**</td>
<td>1</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Sig. (2-tailed)</td>
<td>0</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>N</td>
<td>275</td>
<td>275</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Pearson Correlation</td>
<td>.935**</td>
<td>.885**</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Sig. (2-tailed)</td>
<td>0</td>
<td>0</td>
<td>275</td>
<td>275</td>
</tr>
</tbody>
</table>
The effects of corporate governance were investigated from the results of the respondents. From Table 7 below, the established multiple linear regression equation becomes:

\[ Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \varepsilon. \]

### Model Summary

**Table 7: Model Summary**

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>.905*</td>
<td>0.818</td>
<td>0.815</td>
<td>0.26376</td>
</tr>
</tbody>
</table>

#### ANOVA

From the ANOVA table 8, it is clear that the overall standard multiple regressions model (the model involving constant, risk management, managerial autonomy, organizational culture, leadership integrity, and organizational performance in Hormuud Telecommunication, Somalia. The regression model achieves a high degree of fit as reflected by an \( R^2 \) of 0.981 (\( F = 594.234; P = 0.000 < 0.05 \)).

**Table 8: ANOVA**

<table>
<thead>
<tr>
<th>Model</th>
<th>Sum of Squares</th>
<th>df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Regression</td>
<td>84.528</td>
<td>4</td>
<td>21.132</td>
<td>303.745</td>
<td>.000**</td>
</tr>
<tr>
<td>Residual</td>
<td>18.784</td>
<td>270</td>
<td>0.07</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>103.312</td>
<td>274</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

- a. Dependent Variable: Organizational Performance
- b. Predictors: (Constant), Effects of Organizational Culture on Organization’s Performance, Effects of Risk Management Practices on Organizational Performance, Effect of Managerial Autonomy on Organization Perfomance, and Effects of Leadership Integrity on Organizational Performance

### Regression Coefficient

The intercept of the vertical axis has a value (1.500) and means that that the point where the
independent variables was zero then the performance will be negative. The coefficient of the independent variables are positive except the X2 (Risk Management Practices) and implies that the increase in the independent variables results in an increase in Hormuud telecommunication company’s performance. From the coefficients, it can be deduced that the most critical effect of corporate governance practices is the leadership integrity which affects an organization’s performance at a higher rate than other variables.

Table 9: Coefficient Table

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>t</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Constant</td>
<td>-0.401</td>
<td>0.16</td>
<td>-2.51</td>
</tr>
<tr>
<td></td>
<td>Risk Management Practices</td>
<td>0.177</td>
<td>0.077</td>
<td>0.184</td>
</tr>
<tr>
<td></td>
<td>Managerial Autonomy</td>
<td>0.265</td>
<td>0.124</td>
<td>0.204</td>
</tr>
<tr>
<td></td>
<td>Organization Culture</td>
<td>0.873</td>
<td>0.084</td>
<td>0.918</td>
</tr>
<tr>
<td></td>
<td>Leadership Integrity</td>
<td>-0.366</td>
<td>0.072</td>
<td>-0.442</td>
</tr>
</tbody>
</table>

a. Dependent Variable: Organization performance

**Hypothesis Test**

The researcher used Pearson’s correlation coefficient to determine the relationship between the two variables which are effect of corporate governance practices and organizational performance. The relationship between effect of corporate governance practices and organizational performance was determined using a multiple linear regression models as follows;

\[ Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \varepsilon \]

\[ Y = -0.401 + 0.177X_1 + 0.265X_2 + 0.873X_3 - 0.366X_4 \]

Where \( Y = \text{Organizational Performance} \) (dependent variable)

\( \beta_0 = \text{Constant of Regression} \)

\( \beta = \text{The Beta coefficients for the corresponding X (independent) terms, representing the net effect the variable has on the dependent variable, as X's in the equation remain constant.} \)

\( X_1 = \text{Risk Management Practices} \)

\( X_2 = \text{Managerial Autonomy} \)

\( X_3 = \text{Organization Culture} \)

\( X_4 = \text{Leadership Integrity} \)

\( \varepsilon = \text{Error of Regression} \)

**CONCLUSION**

The study established that corporate governance practices was affected by various factors which include leadership integrity, risk management practices, organizational culture and managerial autonomy. In establishing the effect of leadership integrity on the organization’s performance, it was concluded that integrity of the leadership plays a very major role in determining the organization performance. Poor leadership leads to poor service delivery translating to more cost incurred, wastages and this could mean loss of business to a competitor.

The research also indicated that the Hormuud telecommunication company considers the individual, enterprise and financial risks hence becoming competitive with other organizations offering the same services.
Corporate governance practices is a reserve of the senior management and it’s a top level decision making hence it can be used to improves some of the dimensions of organization’s performance. This is evident especially in resource allocation as contained in the annual management plans generated by every department. However, with the fluctuation in prices, increased demand of communication in the country and lack of support from the government, the institution is forced to adjust its budget most of the time.

RECOMMENDATIONS
Based on the research findings, the following recommendations should be considered as Hormuud telecommunication company work towards maximizing on the benefits of practising corporate governance:

- The company should maximize on its human capital as it most priced asset. The research identified that majority of its staff are well educated and it should therefore ensure that it retain them so as to maximize on their expertise.
- The study found out that the company’s corporate governance was affected by factors resulting from non-adherence to planning and it is therefore recommended that the company should have formal corporate governance practices so that they can make decisions which would result to management of risks and securing added value and continuous improvement.
- The study established that the company is faced with issues to do with managerial autonomy, like lack of empowering employees, and those in management exercising their powers negatively. It is therefore recommended that the company should put all measures in place to ensure that they do not face severe losses as a resulting from poor managerial autonomy.
- Finally, the management should ensure that respective heads of department should adhere to integrity leadership so as to meet the profitability goals of the company.

Recommendations for Further Research
The study was done on Hormuud telecommunication company which was a private company. This research therefore should be replicated in other private companies within Somalia other than communication industry and the results be compared so as to establish whether there is consistency among different industries in Somalia on the effects of corporate governance on organization’s performance.

Future researchers should also embark on researching the risks associated with corporate governance and factors inhibiting corporate governance in both private and public sectors.

REFERENCES


Aduda, J. (2013). This research project is my original work and has not been presented for a degree at any other university.


Areas, S. K. (2016). The Influence of Transformational Leadership, Stress, Organizational Commitment and Motivation of Employees.


