

# AN INVESTIGATION INTO THE LEADERSHIP CHALLENGES THAT CHARACTERISE STATE OWNED ENTERPRISES IN ZIMBABWE: A Case Study of the Zimbabwe Rural Electrification Agency (REA)

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## ABSTRACT

*The study investigated the leadership challenges that characterize State Owned Enterprises (SOEs) in Zimbabwe with specific focus on the Zimbabwe Rural Electrification Agency (REA). Like most State-Owned Enterprises in Zimbabwe and in most countries, REA faced many challenges leading to poor service delivery and huge losses among a plethora of other problems. The study employed a case study approach and questionnaires were administered on 105 respondents. Key informants from selected members from the parent Ministry, REA Board and executive were subject to face-to-face interviews. The study found that some of the leadership problems which led to poor performance at REA included bureaucracy, nepotism, abuse of power, lack of commitment, poor corporate governance practices, lack of accountability, inappropriate leadership styles and poor communication. Employees at REA were generally aware of the vision and mission of the organization. The study found out that inefficiency at REA is partly exacerbated by the fact that it is a monopoly. It was revealed that the organization did not carry out external audits of accounts frequently. The correlation tests showed that there is a relationship between SOE performance and failure to adhere to the principles of good corporate governance. The study recommended that management should be exemplary in their conduct and actively promote employee motivation. The answer could lie in opening REA's services to competition.*

**KEY WORDS:** Leadership, State Owned Enterprise, Parastatals, State Enterprises

## 1.0 INTRODUCTION

The leadership challenges that characterize State Owned Enterprises (SOEs) in Zimbabwe, continue to negatively affect any efforts by government and non-state players to turn around the economy which was once termed the Jewel of Africa. On paper, the leadership in all State-Owned Enterprises is highly qualified and suitable for their posts, but in reality, there is poor performance. The Government of Zimbabwe established state enterprises by channelling millions of taxpayers' money with the sole purpose of providing critical services to the citizenry on a cost-recovery basis. The ultimate goal was for such state-owned enterprises to grow and become self-sustaining thereby contributing to GDP, employment creation,

improvement of livelihoods for the general public to mention but just a few expected outcomes. However, press reports point out that many parastatals in Zimbabwe including REA have managed to pay hefty salaries to their executive teams, yet the same executive teams have failed to turnaround these institutions for the better and that is an indicator to deep-seated governance and leadership problems. It is this pertinent problem bedevilling the Zimbabwean society which motivated this study and the big question which called for answers was: What are the leadership challenges being faced by state owned enterprises which have culminated into continuous deterioration of services?

### **1.1 Background to the Study**

In establishing state owned enterprises, governments the world over hope that there will be spin-offs which would culminate to the improvement in the standard of living for the generality of the citizenry. Scholars and economists among them Bass, Avolio and Jung (2005) and Hafsi (2003) blame state enterprises for the poor economic performances of most Third World countries. Many state enterprises have hit the headlines for the wrong reasons: inefficiency, corruption, nepotism, political patronage, underhand dealings, loss-making, retrenchments, downsizing, rampant mismanagement, failure to pay salaries, scandals, poor service delivery and excessive debts. As at 2012, inter-parastatal debt in Zimbabwe was a staggering US\$600 million (Mutanda, 2014 as supported by Hadebe et al., 2015).

State owned enterprises occupy a central role in any country. They are obligated to produce strategic goods and provide critical services such as transport, staple food, mining, telecommunications, agriculture, education, tourism, information, finance services, health, petroleum, sports and arts as well as energy and power; making them critical vehicles for stability, peace, gross national happiness (GNH) and social welfare among other key roles.

### **1.2 The Zimbabwe Rural Electrification Agency (REA)**

In pursuit of the noble objective to bring development to the rural areas in Zimbabwe, the Rural Electrification Fund (REF) was created via an Act of Parliament. The Rural Electrification Fund Act (Chapter 13:20) of 2002, whose consequence was the formation of the Rural Electrification Agency (REA) was mandated to spearhead quick and equitable electrification of rural areas in Zimbabwe (Ministry of Energy and Power Development, 2017). The Act of Parliament which is cited above mandated the Zimbabwe Electricity Supply Authority to charge a certain fee from the monthly bill of all its clients and the deducted money is channelled to REA for investment towards rural electrification by creating two funds; the Expanded Rural Electrification Program (EREP) which seeks to electrify rural public institutions such as schools, rural health centres, government extension offices, and chiefs' homesteads and the Electricity End Use Infrastructure Development fund (EEUID) which seeks to promote productive use of electricity by the connected customers thereby creating sustainable incomes, employment opportunities and empowerment of rural communities. It is this amount of money which runs REA activities, key among which is electrifying the rural areas where over 70% of Zimbabweans live while charging affordable rates for the service. It was envisaged at formation that if such funds channelled to REA were well invested as per original plan; many rural homes in Zimbabwe including the remotest of areas could be enjoying electricity thereby having ripple effects on raising the standard of living for the generality of Zimbabweans. There is no doubt that at the current slow pace, the dream of bringing electricity to the homes of all rural people will not be realized.

### 1.3 STATEMENT OF THE PROBLEM

Economists and researchers have described the performance of state-owned enterprises in most developing countries as poor and this has been attributed to the poor leadership among other reasons as the adage goes 'fish starts rotting from the head'. The poor performance of state enterprises has been cited as the major reason behind Zimbabwe's economic downfall. The Rural Electrification Agency (REA) is one of the key state enterprises in Zimbabwe. Since its inception in 2002, REA has been delivering its mandate at snail pace and this has been attributed to scandals, corruption and poor leadership among other reasons. This study sought to investigate the leadership challenges being faced by REA in order to proffer suggestions which could help turnaround the situation.

### 1.4 RESEARCH OBJECTIVES

The main objective of this study was to investigate the leadership challenges that characterise state owned enterprises in Zimbabwe with specific focus on the Zimbabwe Rural Electrification Agency (REA). The specific objectives that guided the study are:

- 1.4.1 To investigate how the leadership practices at REA compare with corporate governance best practices.
- 1.4.2 To assess the suitability of leadership styles used at REA.
- 1.4.3 To investigate employee motivation techniques used in REA.
- 1.4.4 To investigate the effectiveness of the oversight roles applied on REA leadership by the Board and parent Ministry.

### 1.5 HYPOTHESES

The study was premised on the following hypotheses:

- H1** There is a relationship between REA's performance and its failure to adhere to the principles of good corporate governance.
- H2.** The work culture of the workforce at REA is associated with motivational techniques and supervisory practices used by management.
- H3.** The performance of leadership at REA is related to the effectiveness of the fiduciary role played by the board and the parent Ministry.

## 2. LITERATURE REVIEW

### 2.1 LEADERSHIP

Northouse (2007) indicates that leadership involves one person influencing a group of individuals to achieve a common goal. Sharma and Jain (2013) assert that leadership is a process through which one influences followers to achieve set objectives and directs the entity in a manner that ensures that there is more cohesiveness and coherence.

### 2.2 CHARACTERISTICS OF AN EFFECTIVE LEADER

The true task of leadership involves the ability to make change happen. Although a lot of research has been done on what makes an effective leader, there appears to be no guaranteed consensus. Essentially outstanding leaders become a fine balance between traits, abilities, behaviours, sources of power, and aspects of the situation. The most effective measure of a leader and his/her competency is the extent to which the group attains its goals. It is easy to see why Covey (2005:67), author of 'The 7 Habits of Highly Effective People', said "Begin with the end in mind." Leadership begins by developing a vision, a desire or picture of how an organization will look in the future. Often it represents an idea or dream of what might be or could be. Effective leadership begins with the fundamental ability to believe in oneself, (Peterson et al, 2009:39). Although often debated, leadership traits can be learned skills. To

understand the behaviour and traits of a leader, one needs to look at their innate characteristics. Most significant are energy level, physical stamina and stress tolerance. Leadership brings unrelenting demands that require physical vitality and a high degree of emotional resilience. Second, it requires the ability to problem solve and draw out those to creatively resolve issues along the way. The key to good leadership according to Covey (1999:56) is to “see the forest through the trees”. Hafsi (2003) stated that no matter what the situation, leaders need to be able to communicate their ideas clearly and commit themselves to the outcome.

Gaining commitment of those individuals who will participate in the process of changing and growing an organization, requires that they must be emboldened by the task. If the leader is unable to get the commitment of others, the ability to achieve success greatly diminishes. One must be able to gain the approval of everyone involved to make an idea reality. High degree of collegiality, marks the true leader (Agle, 2006).

Leadership is generally viewed as the ability to motivate and guide others effectively, often over a long period of time so that they work happily and enthusiastically towards the achievement of set goals. Drucker (2001:69) stated, “Management is doing things right; leadership is doing the right things.” Leadership is never an individual’s directing, it is a cooperative effort fostered by listening, gathering a variety of opinions, considering effective strategies. According to Benis (1985:84), the literal definition of leadership is “the behaviour of an individual when he is directing the activities of a group with a focus on a shared goal.” It is the process of influencing the activities of an organized group toward goal achievement. It is the process of giving meaningful direction to collective efforts and achieving set objectives. Although there are thousands of documented definitions of what leadership is, it essentially always incorporates the ability to influence individuals with the objective of achieving an intended goal. Thompson (2004) as supported by Burnes (2009) argue that a leader needs to achieve tough, demanding goals that he set himself in addition to those set by an organization.

Trust is a vital link to achievement within the organization. To increase trust, leaders must decrease risk, (Peterson et. al., 1999). Kim (2004), Pergola (2011), Gill (2005) and Gavin (2004) argue that successful leaders are intelligent enough to understand the needs of others, know the necessity of commitment, be energetic, possess the courage of conviction, and have an innate integrity. What a leader expects of others is nothing less than what they expect of him/her (Vojta, 2000). Effective managers also practice *participative leadership*.

Effective leaders are often described as transformational leaders. They practice delegating significant authority to others, developing co-worker skills and self-confidence, creating self-managed teams, providing direct access to sensitive information, eliminating unnecessary controls, and building a strong culture to support empowerment (Yukl, 2006). Transformational leadership is relevant at all levels of an organization and to all types of situations (Marrez, 2015). The Multi-Factor Leadership Questionnaire (MLQ) developed by Ngima (2013) captures the basic elements of transformational leadership. It measures practices that arouse strong follower commitment, encourage and support followers, communicate an appealing vision, model appropriate behaviours, and enforce rules to avoid mistakes.

Kouzes and Posner (2002) conducted extensive interviews to identify practices related to the best and most fulfilling achievements of managers. They identified five practices that were validated through on-going surveys of middle and senior managers across the country. Their Leadership Practices Inventory (LPI) assesses: challenging the process, inspiring a shared vision, enabling others to act, modelling the way and encouraging the heart.

### **2.3 CORPORATE GOVERNANCE BEST PRACTICES**

It is useful, at this point, to point out that discipline, transparency, independence, accountability, responsibility, fairness and social responsibility can be regarded as constituting seven primary characteristics of good corporate governance (King III Report, 2009)

## 2.4 THEORETICAL FRAMEWORK

### 2.4.1 Scientific Management Theory

Agrawala (2009) and Hartzell (2015) define scientific management as the systematic study of work methods to improve efficiency. Under Scientific Management Theory, the principles are the application of scientific methods to work in order to determine the best method to accomplish each task. It involves the scientific selection of workers based on their qualification, capabilities and additional training so that they are able to perform their job in an optimal way. Taylor regarded workers as machines who could only be motivated by wages and so believed that workers could be highly productive as long as they received high wages.

The Scientific Management Theory by Frederick Taylor strongly believed that management should take complete responsibility for planning the work and workers should be primarily responsible for implementing plans developed by management. Taylor advocated for scientific development of fair performance standards and implementation of pay-for-performance incentive plans based on these standards. Taylor was of the view that there is one best way to do a job and scientific methods can be used to determine that one best way. Taylor, an engineer with Midvale Steel Company developed his theory through observations and experience. As a mechanical engineer, Taylor noticed that the environment lacked work standards, bred inefficient workers and jobs were allocated to people without matching the job to the worker's skill and ability (Logan, 2003). In Taylor's mind, at least, working more efficiently did not necessarily mean working harder (Toninell, 2000). Taylor believed that it is only through enforced standardization of methods, enforced adoption of the best implements and working conditions, and enforced cooperation that faster work can be assured. The duty of enforcing the adoption of standards and enforcing this cooperation rests with management alone. This study sought to investigate whether there was one best way of doing work at REA.

### 2.4.2 Fayol's Administrative Theory

Henri Fayol believed in the coordination and synchronization of all resources in the organization, be they people, finance, materials, premises or machinery rested on management. Fayol proposed 14 principles of management that had to be upheld to enhance organizational performance: division of work, authority, unity of command, discipline, unity of direction, subordination of individual interest, scalar chain, decentralization, remuneration, initiative, equity, order, stability of tenure and *esprit de corps* (Logan, 2003). Administrative management believed that the role of managers was planning, organising, coordinating, commanding and controlling activities across all functional areas in organizations. This study sought to find out if management at REA were effectively playing their roles as advocated for by Henri Fayol.

### 2.4.3 Trait Theory

The Trait Theory assumes that leaders are born and not made. It assumes that it is not possible to train a person to be a good leader unless that person has in-born leadership qualities. This theory believes that for one to be a leader, he/she must be born with the innate qualities to lead. History and religions tends to have many such characters where the body size, wisdom, fluency, self-confidence, initiative, bravery, intelligence, emotional intelligence, handsome/beauty, drive to achieve, charisma, being dominant, strong desire to influence, being self-confident, having a strong sense of moral values including the motivation to lead, honesty, integrity, charisma, zeal, resilience, ability to read emotions in others, physical and mental alertness etc made the individuals famous, revered and achieve compliance among followers (Kilpatrick and Locke, 1991; Goleman, 1998 and House, 1976). The Trait Theory believes that successful leaders are born with certain inherited characteristics or personality traits, which

distinguish leaders from their followers. It suggests that more attention should be given to the selection of leaders to see presents of leadership traits in an individual rather than to bank on training or staff developing leaders (Drucker, 1955). It was important in this study to review how managers at REA were selected.

#### **2.4.4 The Theory of Transformational Leadership**

Of the new leadership approaches, transformational leadership has received the most scholarly attention. Superior leadership performance or transformational leadership occurs when leaders broaden or elevate the interests of their followers (Seltzer & Bass, 1990). Transformational leaders influence their followers to perform at optimum levels, transcending self-interest (Shoemaker, 1999). Transformational leaders stimulate their followers to change their motives, beliefs, values, and capabilities so that the followers' own interests and personal goals become congruent with the leader's vision for the organization (Goodwin, Wofford and Whittington, 2001). Lewin as cited in Goleman (1998) remarked that everybody desires change because routine is boring. People do not resist change, they resist the way change is introduced. Transformational leadership is about change, change and more change for the better.

The concept of transformational leadership, originated by Burns (1978) Bass (1985) formulated a model claiming that transformational leadership augments transactional leadership in contributing to subordinate effort, satisfaction, and effectiveness (Seltzer and Bass, 1990). In other words, transformational leaders handle problems in transactional areas, but their leadership does not stop at this level. Bass (1978) defined transformational leadership as a process in which leaders and followers raise one another to higher level of morality and motivation. Transformational leadership is about stimulating followers' motivation and imagination. If leaders are to engage in purposive action, they need to exhibit transformational leadership behaviours that direct people towards constructive effort (Mitchell & Boyle, 2009). The transformation process changes and transforms individuals, and frequently incorporates visionary leadership (Burns, 1978). Transformational leadership explains how leaders change teams or organizations by creating, communicating, modelling a vision and inspiring employees to strive toward the intended vision. Transformational leaders have been described as those who alter the way that their followers think about themselves such that feelings of commitment and involvement are enhanced (Gregory, Moates & Gregory, 2011 and Shibru, 2011).

Transformational leaders get followers to perform above and beyond expectations by articulating a vision, providing an appropriate role model, fostering the acceptance of group goals, providing individualized support and intellectual stimulation, and expressing high performance expectations (Organ, Podsakoff & MacKenzie, 2009). In other words, transformational leadership is the ability to get people to want to change, to improve, and to be led (Hall, Johnson, Wysocki & Kepner, 2012). Taleb (2010) noted that transformational leadership has moved from being an internal leader- follower focus to a broader, external one, with an increasing focus on the efficacy of different leadership behaviours in differing contexts of change. The role of transformational leadership is to redirect energy needed to fuel renewal (Beugre, Acar, Braun, 2010). Transformational leaders can create significant organizational change and act as change agents, foster higher level of intrinsic motivation, and loyalty among followers, introduce a new image or view of the future and create a commitment among followers (Kinicki & Kreitner, 2008). Findings of a study by Ghafoor, Qureshi, Khan & Hijaz (2011) show that transformational leadership style and organizational desired outcomes are highly correlated. There are four dimensions to describe transformational leadership style; idealized influence, inspirational motivation, intellectual stimulation, and individualized

consideration (Olson, 2006). This study sought to find out if managers at REA are transformational leaders.

**2.4.5 The Theory of Servant Leadership**

Another relatively new area of leadership study is Servant Leadership. The terms ‘servant’ and ‘leader’ appear at first blush to be opposites, or antithetical, but that is not the case. Greenleaf (1970) espoused the view that a servant leader views himself/ herself a-servant first, and leader last. He/she is not a boss. The notion of servant leadership emphasizes that the leaders’ duty is to serve his/her followers. Leadership thus arises out of a desire to serve rather than a desire to lead. Robert K. Greenleaf renewed interest in the subject with his 1970 works. The basis of servant leadership is to serve others first and the results will be judged in the growth of the followers. As opposed to transformational leaders, servant leaders do not seek power, fame, or self-interests. Servant leadership seeks to positively impact on the employees and the community above the pursuit of short-term profit. Critiques claim that servant leadership does not foster efficiency and suggest that it can only work well in non-profit organizations, churches, in politics and other areas where leaders have to be voted for. Unlike the Trait Theory, one of the greatest positives concerning servant leadership is that it believes that any ordinary person can become a servant leader as long as he/she puts the needs of his/her followers ahead of all else. Servant leadership realities require that a servant-leader be of exemplary character and vigilant in pursuing the organization’s primary mission (Maciariello, 2003).

**3. RESEARCH METHODOLOGY**

This was a mixed research which subscribed to both the positivist and interpretivist philosophies. Kothari (2004) advised that quantitative research alone is not enough to understand phenomena. This research was a Scientific Research Study and it was largely a survey. The research relied to a great extent on the questionnaire as the main data collection instrument. To arrive at the sample size for the questionnaire survey, the study employed the Raosoft Sample Size Calculator (<http://www.raosoft.com/samplesize.html>). At 95% confidence level, allowing a 5% margin of error, with a presumed response rate of ±92%, a population 1340 gave a sample size of 105.

**4. FINDINGS**

Out of 105 questionnaires which were distributed, 85 (81%) questionnaires were completed and returned while 20 (19%) were not returned. This is a remarkably high response rate which ensured that the optimum survey sample size remained significantly unchanged. Fifty-four (64%) of the respondents who partook in the study were male while forty-six (36%) of them were female. There was a bias towards male respondents as there were more males among the respondents.

**4.1 Leadership Challenges That Characterize REA**

Respondents were asked to rank the leadership challenges faced at REA. This information is presented in Table 4.2 below showing the frequencies of those who agreed strongly to those who disagreed strongly.

**Table 1: Leadership Challenges characterising REA**

	Strongly Agree (SA)	Agree (A)	Disagree (D)	Strongly Disagree (SD)	Total of SA & A	RANK ORDER
At REA there is:						

	No.	%	No.	%	No.	%	No.	%		
Too much rigidity and bureaucracy	31	36%	23	27%	13	15%	18	21%	54(63%)	4
Nepotism	13	15%	32	38%	22	26%	18	21%	44(53%)	7
Abuse of power	29	34%	28	33%	15	18%	13	15%	57(67%)	3
Lack of accountability	24	28%	26	31%	19	22%	16	19%	50(59%)	5
Lack of concern for employees	39	46%	32	38%	11	13%	3	4%	71(84%)	1
Lack of vision	14	16%	18	21%	34	40%	19	22%	32(37%)	12
Management incompetence	13	15%	26	31%	29	34%	17	20%	39(46%)	9
Autocratic rule	40	47%	24	28%	16	19%	5	6%	64(75%)	2
Poor communication	22	26%	24	28%	24	28%	15	18%	46(54%)	6
Failure to assert discipline and order	13	15%	25	29%	18	21%	29	34%	38(44%)	10
Lack of team spirit	7	8%	20	24%	34	40%	24	28%	27(32%)	13
Lack of unity of command	22	26%	18	21%	17	20%	28	33%	40(47%)	8
Too wide span of control	18	21%	18	21%	24	28%	25	29%	36(42%)	11

It is clear from the findings as depicted by rank order that most respondents agree that there is lack of concern for employees, autocratic rule, abuse of power, too much bureaucracy, lack of accountability, poor communication and nepotism at REA.

**Table 2: Descriptive Statistics**

**Key**

Very Prominent (4), Prominent (3), Less Prominent (2), Does not exist (1)

	N	Min	Max	Mean	Std. Deviation
Bureaucracy	85	1	4	3.27	.936
Nepotism	85	1	4	3.15	.981
Abuse of Power	85	1	4	3.27	.936
Lack of accountability	85	1	4	3.26	.906
Lack of concern for employees	85	1	4	3.29	.822
Lack of Vision	85	1	4	2.75	1.112
Management incompetence	85	1	4	3.14	.931
Autocratic rule	85	1	4	3.29	.824
Poor communication	85	1	4	3.24	.978
Failure to assert discipline	85	1	4	2.99	1.041



Lack of team spirit	85	1	4	2.92	1.026
Lack of unity of command	85	1	4	3.15	.934
Too wide span of control	85	1	4	2.96	.978
Valid N (list wise)	85				

The average mean response for all the challenges of leadership given above was 3 which according to the scale above means prominent. This implies that the challenges listed in the table were prominently experienced from the leadership at REA.

The challenges which were identified from the interviews conducted were around bureaucracy within REA. Codes which were identified are “rigidity”, “inflexibility”, “procedural” and “bureaucracy”. The MD 1 pointed out the aspect of rigidity as the main leadership challenge at REA:

*“Challenges are that there is too much rigidity, bureaucracy and nepotism which will result in failure to assert discipline and order. Furthermore, there is abuse of power”*

When asked how REA compares with good corporate governance best practices, one interviewee remarked:

*“It is difficult to practise because some board members are involved in the day today administration”*

Respondents were also asked to comment on the effectiveness of the oversight roles played by the REA Board. Amongst the codes less effective and not effective at all were the most common. One of the respondents pointed out that:

*“It is not effective as this is influenced by politics”*

REA’s vision is a short, succinct and inspiring statement of what the organization intends to become and achieve. 65% of the respondents were aware of REA’s Vision.

#### 4.2 High Performance Demands from the Board

65% of the respondents responded that the board demanded performance from top management, 28% responded that the board does not demand performance and 7% were not sure.

**Table 3: Existence of a Works Council in REA**

	There is a Workers Committee at REA		REA holds Works Council Meetings	
	Number	Percentage	Number	Percentage
Strongly Agree	63	74%	24	28%
Agree	5	6%	26	31%
Neutral	0	0%	5	6%
Disagree	14	16%	16	19%
Strongly Disagree	3	4%	14	16%
Totals	85	100%	85	100%

Sixty-three (74%) strongly agreed that there is a workers committee at REA and 59% agreed that REA holds Works Council meetings.

### 4.3 Financial, Skills and Competency Audits

The financial conduct of the business is another aspect that has to be scrutinised in as far as how it is transparent. The study thus investigated whether or not REA carried out external audit of its operations on a yearly basis.

**Table 4. Financial, Skills and Competency Audits**

	Every year REA has Audited Financial Accounts		REA is fulfilling its National mandate efficiently; REA senior leadership is qualified for the job.	
	Number	%	Number	%
Strongly Agree	9	12%	5	6%
Agree	21	28%	16	19%
Neutral	3	4%	9	11%
Disagree	28	37%	30	35%
Strongly Disagree	14	19%	25	29%
<b>Totals</b>	<b>75</b>	<b>100%</b>	<b>85</b>	<b>100%</b>

The analysis shows that a total of 42(56%) disagreed that every year REA produces Audited Financial Accounts. The respondents also felt that REA’s leadership is not qualified for the job.

### 4.4 Motivation and Culture

The performance of organizations can also be summarized as the culture and motivation of its members.

**Table 5 Motivation of Employees by Management**

	REA leadership motivates employees	
	Number	Percentage
Strongly Agree	18	21%
Agree	14	16%
Neutral	6	7%
Disagree	17	20%
Strongly Disagree	30	35%
Totals	85	100%

On the statement that the REA leadership motivated employees, 18 (21%) agreed strongly, 14 (16%) agreed, 6 (7%) were neutral, 17 (20%) disagreed and 30 (35%) disagreed strongly. This implies that a total of 47(55%) of the respondents felt that REA leadership is not motivating employees.

## 5. HYPOTHESIS TESTING

This section provides the testing of the hypothesis.

**H1** *There is a relationship between REA’s performance and its failure to adhere to the principles of good corporate governance.*

There was need to test the hypothesis on the relationship between REA’s performance and its adherence to principles of good corporate governance. In order to test the relationship, this study used Pearson’s product-moment correlation coefficient to measure the strength of the linear relationship between the two variables (Performance and good corporate governance).

Authorities in research such as Easterby-Smith et al (2008), Sekaran (2003), Robson (2011), Cumarinha-Matos, (2012) and Saunders (2009) agree that Pearson’s correlation is used when there are two variables which are quantitatively stated in order to find out if there is a positive linear relationship between the variables, a negative linear relationship between the variables or the absence of linear relationship between the variables. The results of the computations are as outlined on the table below:

**Correlations**

		Performance	GCG
Performance	Pearson Correlation	1	.967**
	Sig. (2-tailed)		.000
	N	85	85
GCG	Pearson Correlation	.967**	1
	Sig. (2-tailed)	.000	
	N	85	85

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

The table above shows that there is a strong positive correlation between performance at REA and good corporate governance as indicated by Pearson Correlation computations of 0.967. It can therefore be concluded that good corporate governance breeds good organisational performance.

**H2. The work culture of the workforce at REA is associated with motivational techniques and supervisory practices used by leadership.**

Under this section the study correlated culture and leadership as shown in the table below:

**Correlations**

		Culture	Leadership
Culture	Pearson Correlation	1	.190
	Sig. (2-tailed)		.082
	N	85	85
Leadership	Pearson Correlation	.190	1
	Sig. (2-tailed)	.082	
	N	85	85

The table above shows that there is a weak correlation between culture and leadership at REA of 0.190. This finding provides further evidence on the fact that the relationship between leadership and culture is not absolutely clear cut. Despite the fact that Birasnav, Rangnekar and Dalpati (2011) view transformational leadership to have great potential in establishing organizational culture, this study finds no strong evidence to support that.

**H3. The performance of leadership at REA is related to the effectiveness of the fiduciary roles played by the board and the parent Ministry.**

**Correlations**

		Leadership	GCG
Leadership	Pearson Correlation	1	.824**
	Sig. (2-tailed)		.000
	N	85	85

GCG	Pearson Correlation	.824**	1
	Sig. (2-tailed)	.000	
	N	85	85

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

The analysis in table above shows that there is a strong positive correlation of 0.824 between leadership and good corporate governance. As observed by Cook and Kirkpatrick (1995), governments are set up to solve “public good problems”, of which monitoring of hired managers (of SOEs) is an example. Cook and Kirkpatrick (1995) indicate that there is positive association between board effectiveness and supervision by the parent ministry and Board. This view is corroborated by James and Gauldington (2008).

**6. Conclusions**

- 6.1 The study noted that there is bureaucracy, incompetence, poor communication, failure to assert discipline, lack of team spirit, lack of unity of command and too wide span of control at REA.
- 6.2 The major reason for the declining performance at REA is its failure to achieve set targets thereby adding significant costs to the organization's bottom line through decreased productivity.
- 6.3 The study concluded that good leadership is closely related to good corporate governance.
- 6.4 The study concluded that there is dictatorship and bureaucratic leadership at REA. The dictatorship aspect is contrary to transformational leadership.
- 6.5 The study concluded that the most prevalent cultures at REA are negative, hierarchical and traditional.
- 6.6 The study concluded that there is a positive correlation between good leadership and organizational performance.

**7. Recommendations**

- 7.1 The study recommends REA to concentrate on motivating its employees through the use of various strategies so that they can dedicate their efforts to organizational success. One way of achieving this would be to involve employees in the decision-making process of their entity.
- 7.2 The study recommends that since some of the leadership challenges being faced by REA emanate from its monopolistic situation, there is a strong case for opening up rural electrification to other players who would get a share of the rural electrification fund based on performance.
- 7.3 Senior managers at REA should guide the organization to focus on results, workforce engagement, effective governance, leadership performance evaluation, legal and ethical behaviour.
- 7.4 The study recommends transformational leadership to be the dominant leadership style at REA.

**8. AREAS OF FURTHER STUDY**

While the findings of this study can be generalised to other State-Owned Enterprises, that premise needs to be put to test by carrying out similar studies in one or more state enterprises to compare the findings. The relationship between the performance of REA and the general political situation in the country such as corruption, nepotism and poor macroeconomic performance is also an exciting area for further studies.

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