



## Does Chief Executive Officer Behavioural Competence affect Firm Performance? Evidence from Nigerian Microfinance Subsector

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*The behaviour of Chief Executive Officers (CEOs) can impact on the long-term strategy of a firm and is responsible for instilling brand values in employees. CEOs behave to make something happen, to make something change or to keep things the same in order to improve firm performance. Thus, this study examined CEO behavioural competence and firm performance. Specifically, the study examined the effect of receptiveness, adaptability and motivation as dimensions of CEO behavioural competence on firm performance. To facilitate empirical investigation, primary data was collected using structured validated questionnaire. Descriptive survey design was adopted with a sample size of 170 senior staff randomly selected from microfinance banks operating in Delta and Edo states -Nigeria. The findings of the study revealed that there was a significant positive effect of all proxies of CEO behavioural competence on firm performance. It was recommended among others that CEOs should maintain behavioural competence as this will enable quick response to the dynamic business environment.*

←  
**ABSTRACT**

**Keywords:** Chief Executive Officer; Behavioural Competence; Firm Performance; Nigerian Microfinance Subsector

## **Background**

When evaluating a company's performance and productivity, it is crucial to take into account the attitude, conduct, traits, and personality of the CEO. A CEO can play a variety of roles. They are frequently the company's public face, communicating with the board, management, and external stakeholders. They are in charge of a company's long-term strategy as well as training staff members in brand values. CEO conduct influences how well a company performs, whether it is changing, making a change, or staying the same (Bandiera, Prat, Hansen & Sadun, 2020).

CEO behavioural competence is the culmination of a CEO's education, experience, knowledge, and aptitude applied to an organizational function in order to maximize business performance. According to Bouaziz, Salhi, and Jarboui (2020), CEO behavioural competence is the attribute or condition of having enough strength, knowledge, judgment or skill, to perform tasks. The degree of skill required of a CEO should be commensurate with their position and workplace. The CEO must be behaviourally competent in order to fulfill obligations and responsibilities. In the view of Briano-Turrent, Li and Peng (2020), a CEO who possesses behavioural competence goes beyond mere task performance and requires the essential abilities, background, and understanding to lead effectively. CEO behavioural competence include: vision, receptiveness, motivation, adaptability and trust to mention but a few (Edid & Arafah, 2020; Eraz, Razali & Muhammad, 2019).

It has been noted that CEO behavioural competence is a contributor to workforce diversity. Ernestine and Setyaningrum (2019) asserted that the effect of CEO behavioural competence on firm performance cannot be over emphasized in the field of organizational behaviour. This behavioural competence makes firms more successful. Furthermore, CEOs that are able to capitalize on the diversity of their behavioural competence are described as being more successful than those that are unable to utilize the advantages that come along with this trait. The diversity of workforce includes the individual similarities or differences that CEOs demonstrate (Esho & Verhoef, 2020; Friedmann, Garg & Holtbrügge, 2018).

The degree to which a firm accomplishes its objectives without requiring its members to exert excessive effort is seen as firm performance. Fujianti (2018) defines firm performance as a company's capacity to effectively utilize its resources in order to attain goals that align with the company's stated goals. The majority of businesses aim to increase their performance in every manner. Those that strive to create, achieve, and maintain performance can hold the winning card. It is therefore crucial to compete in a constantly changing environment in order to understand and track performance. Therefore, CEOs and management have always been interested in evaluating the performance of enterprises. Furthermore, CEOs must measure company performance in the face of dynamic global business environment (Garcia-Blandon, Argilès-Bosch, & Ravenda, 2019). According to Gordon, Hrazdil, Jermias, and Li (2021), a CEO's behavioural competence affects a company's performance in a variety of ways. The CEO's actions could either improve the performance of the company as a whole or hurt its productivity. A CEO's performance is based on their personal attributes (Ghardallou, Borgi, & Alkhalifah, 2020).

Based on its implications on productivity and company's performance, behavioural competence has become the focus of numerous studies according to Gupta, Mahakud, and Debata (2018). A

CEO's personality affects the quality of his/her work. CEOs with bad attitudes are more likely to perform poorly than those who are competent and passionate about what they do. CEO often decides what systems, partnerships, tools and people to invest in to improve firm performance. So, CEOs possessing behavioural competence can show board members and investors their ability to make good decisions. Therefore, it is important for them to acquire attribute like vision, receptiveness, motivation, adaptability, decisiveness, engaging for impact, relentless reliability, and trust among others, in order to improve firm performance (Gordon et al., 2021).

CEOs ought to know exactly where they want to take their companies to. An organization's leader must have faith in the objectives of the company. Ambition and optimism are positive traits when they are based on reality. One of the most crucial tools for enhancing company performance is the ability to motivate people to share your vision. The CEO must listen to others. Directors and other executives are there to offer advice on their areas of competence, and the CEO must take their advice when making choices. Effective listening techniques and a sincere concern for other people's concerns enhance the CEO's reputation within the company, increase comprehension of how the organization runs on a daily basis, and generally result in better business judgments. Based on this, the present investigation evaluated the effect of CEO receptiveness on firm performance.

CEO has more time to focus on the big picture and benefits from a positive working environment where staff capability is recognized. Inspiring trust and being trusting is a mark of a good leader and essential for a CEO. Stakeholders must have faith on CEO's ability and CEO needs to feel confident in delegating to workers. Changes in industry, sector and business, can have a profound impact on strategy, priorities, and the decisions. Being able to accept this and change direction when necessary can be a powerful tool for a CEO to stabilize and improve firm performance. A good CEO should also be able to adapt their role for what the firm needs. Therefore, the current study examined the effects of CEO's adaptability on firm performance.

The ability to pursue a goal with enthusiasm and instil that same attitude in others is a key component of a good CEO to aid firm performance (Tran & Pham, 2020). Getting the best out of business means getting the best out of employees; employees who are motivated invest in a firm, work harder and genuinely want to drive the firm forward. This is why this study evaluates the effect of CEO's motivational ability on firm performance.

The Nigerian microfinance subsector is saddled with managing microfinance services. Microfinance is a form of financial services targeting individuals, and small business units who are unable to access conventional banking services. It encompasses microcredit, provision of small loans, savings, micro-insurance and payment system. Delivering service to clients could either be: relationship-based banking for small businesses and individual entrepreneurs or group-based models where several entrepreneurs combine as cooperative society to apply for financial services. Advocates of microfinance believe that it alleviates poverty, enhances economic development, employment generation and supports micro-entrepreneurs and small businesses (Osazevbaru & Oyibo, 2022).

New research in the area of microfinance calls for better understanding of the microfinance ecosystem so that the microfinance institutions and other facilitators can formulate sustainable strategies that will help create social benefits through better service delivery to the low-income population. This study approached this gap from the perspective of CEO behavioural competence.

Arising from the above, the following research questions have been raised: (i) What is the effect of receptiveness as a CEO behavioural competence on firm performance? (ii) Does adaptability as a CEO behavioural competence affect firm performance? (iii) What is the effect of motivation as a CEO behavioural competence on firm performance? Therefore, the objectives of the study are to: (i) examine the effect of receptiveness on firm performance, (ii) determine the effect of adaptability on firm performance, and (iii) evaluate the effect of motivation on firm performance.

## **Literature Review and Hypotheses Development**

### **Chief Executive Officer Behavioural Competence**

The highest-ranking executive in a corporation is the CEO. Generally speaking, a CEO's principal duties include overseeing a company's whole operations and resources, making significant business decisions, and serving as the primary point of contact between the board of directors and corporate operations. According to Osazevbaru (2022), the CEO frequently acts as the company's public face. Gupta and Mahakud (2020) posit that a successful CEO possesses a range of skills, including the capacity to plan ahead, adjust to changing situations, maintain trust, work as a team to make decisions, and behave with decency to forge solid relationships. These characteristics help CEOs lead their businesses successfully and motivate their staff. To be successful, CEO must engage and inspire those around them to deliver results. According to Kaur and Singh (2020), it is not as simple as being nice or getting people to like you. In fact, nice CEOs can be a drag on an organization because they focus more on being agreeable than getting workers to deliver quality results. Lim and Lee (2020) state that in order for CEOs to successfully persuade others to adopt ideas, they must: (i) clearly communicate vision and goals, (ii) comprehend the psychological, financial, and physical needs of the staff members who will assist in achieving results, and (iii) establish daily routines and habits to foster relationships that will eventually lead to action and positive business outcomes (Lim & Lee, 2020; Liu & Jiang, 2020).

CEOs are viewed as dependable, efficient, and effective when they can successfully carry out plans and regularly achieve outcomes. CEOs have high hiring chances if they are recognized for their dependability. Vision, receptiveness, motivation, adaptability, decisiveness, engaging for impact, relentless reliability, and trust are important for CEO's success because they increase the odds of excelling and improving organizational performance. Lunkes, Pereira, Santos and Rosa (2019), hinted that reliable and competent CEOs are cherished; staff and clients are more willing to take risks on them and more apt to provide them opportunities and commitment. CEOs must learn to navigate the unknown in order to succeed. CEOs who are adept at adapting, according to Mouta and Meneses (2021), feel at ease in unfavorable situations. These executives are aware that change and learning are uncomfortable processes. Additionally, flexible CEOs are able to put the past behind them and concentrate on the future.

A person's behaviour is his or her actions. It is the action taken by an individual to cause something to occur, alter, or remain unchanged. A person's behaviour is a reaction to both internal and external events. Behaviour has a function and a rationale, according to Qawasmeh and Azzam (2020). These functions include communication and helping to meet needs, attracting attention, gaining an internal or sensory sensation, gaining access to an object or activity, and escaping from something. Human behaviour research by Ren, Xu, Zhou and Liu (2020) found that 90% of people fit into one of four main personality types: optimistic, pessimistic, trusting, or envious. Although human behaviour is complicated, it must be understood in order to comprehend what other people's mental states are like. Psychologists employ a range of techniques, including observation and experimentation, to investigate human behaviour. Comprehending the various human behaviour patterns and personality types will aid in comprehending the reasons behind people's actions and efficient techniques to deal with them. In this study, the CEO behavioural competences to be examined are: CEO receptiveness, adaptability, and motivation.

### **Firm Performance**

Firm performance is a metric that evaluates a business based on both its internal efficiency and the market in which it competes. It is referred to as financial stability or financial health in the financial industry (Tran & Pham, 2020). A company's performance can be assessed using a variety of different financial metrics: revenue, return on equity, return on assets, profit margin, sales growth, capital adequacy, liquidity ratio, and stock prices are a few examples of common financial metrics. Because every industry is different, comparing performance across industries can lead to biased conclusions about a company's performance. Therefore, one of the most important factors to take into account when assessing a company's performance is the relative value of its financial measures in comparison to competitors within that same industry (You, Srinivasan, Pauwels & Joshi, 2020).

### **CEO Receptiveness and Firm Performance**

Receptivity means being open to novel concepts or paradigm shifts. That is, to be opened to comments from others and without taking them personally. A CEO who is receptive is open to receiving information, including counter-arguments, constructive criticism, and useful tips. One of the most important issues in organizations is change. Since receptiveness to change is a key indicator of an organization's readiness for change and growth, a lot of time, money, and effort are invested in attempting to anticipate and cultivate it (Zor, Linder & Enderich, 2019).

Employees like to compliment CEOs who look open and interested in others by being receptive. It essentially implies having an open mind to information, concepts, and creative inspiration from a range of sources and inputs. It recognizes how CEOs approach their companies' activities and day-to-day tasks in order to interpret and make sense of the signals they encounter. Being unresponsive implies that one is impervious to fresh perspectives, unconventional thinking, or even challenging ideas in which one places a great deal of faith. This conveys numerous negative signals about one's performance, leadership, or even corporate culture (Shi, Lin & Pham, 2021).

Ernestine and Setyaningrum (2019) state that responsiveness has the following effects on business performance: it leads to better approaches to carrying out daily tasks at work and gives benefit of always improving performance to see more daily than ever before in business environment; it creates work that has to touch on the needs, values, and emotions of workers; it shapes a fresh or improved value that connects to people who may not have even known how important it is until they felt it in your words, images, brand, or solutions (Ghardallou et al., 2020).

Furthermore, being open-minded, selfless toward employees, and motivating and inspiring them are all benefits of being responsive to new ideas and challenges for CEOs. Kaur and Singh (2020) assert that being open to external noise does not equate to being receptive. Saying no to distractions can help you concentrate on the important things at times. This suggests fewer items competing for the CEO's attention and facilitates emotional and mental clarity. This openness also makes it easier for the CEO to interact and communicate with people who have diverse perspectives and life experiences; move past those who only share what they want to hear and welcome hearing what is necessary (Lunkes et al., 2019). Receptiveness also help CEOs to shape new ways to invite better solutions to problems. According to Nilmawati, Untoro, Hadinugrho and Atmaji (2021), receptiveness helps CEOs to welcome constructive feedback as an opportunity for personal and firm growth which help to achieve organizational goals. Arising from the foregoing, the study hypothesizes that:

H<sub>1</sub>: Receptiveness as a CEO behavioural competence has no significant effect on firm performance.

### **CEO Adaptability and Firm Performance**

The ability or willingness of a CEO to adjust to changing circumstances in order to enhance the performance of the company is known as adaptability. Shi et al. (2021) define adaptability as the capacity to modify one's approach or conduct in response to changing circumstances. Success in the dynamic corporate world depends on it. CEOs that are flexible are able to react fast to shifting priorities or needs. Regardless of a CEO's background, the capacity to adapt is a valuable trait. The capacity to see potential outcomes and look ahead to the future is special, according to Qawasmeh and Azzam (2020). Psychologists like Roy F. Baumeister, Martin Seligman, and others call this prospection, which is another word for future-focused. Forward-thinking CEOs typically outperform their contemporaries in terms of success, optimism, and level of stress, and they set an example for others to follow in order to boost company performance. Adaptability is an essential talent for both job and life, thus it is crucial to be able to handle any scenario that arises and move on (Martino, Rigolini, & D' Onza, et al., 2021).

CEOs that lack flexibility risk making mistakes. To ensure continued success, leaders must be able to evaluate how their teams function and recognize any changes that could be required. CEOs and teams that are flexible can react quickly to changes in the workplace without sacrificing output or quality. According to Mouta and Meneses (2021), three categories of adaptation skills exist, namely; behavioural, social, and cognitive flexibility. While the third refers to changing actions, the first two deal with changing beliefs and how one interacts with others.



Cognitive abilities including critical thinking, growth mindset, and active listening are all influenced by adaptive skills. Moreover, teamwork, communication, and leadership all benefit from adaptability. Sani (2019) opined that when working with an employee or team member, adaptable CEOs modify their approach based on the workers' personality or style. This is a useful ability that guarantees that each person feels appreciated and acknowledged for who they are. They can function successfully in a range of groups or projects. Adaptive CEOs frequently have to scrap old plans and start over when difficulties develop. CEOs that are flexible can handle this without being annoyed or impeded by the change. In order to enhance the performance of the company, they are adaptable and receptive to fresh concepts (Omar & Zineb, 2019). Furthermore, CEOs that are flexible learn new abilities and integrate new technologies. Workflows can be made more efficient, and the performance of the company can be improved. Being flexible at work raises the worth of a team member and general feeling of joy (Fernando, 2022). Against this backdrop, the study hypothesizes that:

H<sub>2</sub>: Adaptability as a CEO behavioural competence has no significant influence on firm performance.

### **CEO Motivation and Firm Performance**

Motivation is the stimulation or inducement to perform an action. Employee motivation can help a company achieve both its general objectives and each member's personal aspirations. The idea can be divided into three key sub-categories: motives, motivators, and the act of motivation itself. A motive is what drives an action or particular behaviour toward the achievement of a company objective, and this is closely related to what CEOs and individuals want. CEOs utilize motivators, including bonuses and promotions, to entice staff members. The actual process of finishing a task is known as the act of motivation, and it typically depends on the motivators and motives (Canace, Cianci, Liu, & Takumis, 2020).

Motivation is essential to a company's expansion. However, it is common to underestimate its importance in a company. It is an effective tool for CEOs that not only helps launch a lucrative career, but also brings about beneficial improvements and boosts company performance. The impacts of motivation on business performance are as follows (Zoghلامي, 2021). (i) It increases productivity. A company's performance and production will rise when its personnel are motivated, and incentives like promotions encourage them to work to the best of their abilities. (ii) Ensures organizational efficiency. Motivators have a crucial role in transforming an organization's work culture. Employees will be more committed to their work and driven to meet goals if they have better rewards to look forward to. This can improve an organization's mindset and general productivity.

Others are: (iii) promotes loyalty among the employees. Fostering a sense of loyalty among employees can also be achieved by encouraging them to perform to the best of their abilities and praising them for their efforts. A motivated workforce is more devoted to the organization and its objectives, is more obedient, and has higher morale. Ensuring employee motivation is another way that CEOs can lower employee turnover and, consequently, the costs associated with recruiting new workers. (iv) It facilitates direction. For any organization, direction is crucial. It

entails developing and putting into action particular plans and strategies that support the primary objectives of the organization. An enthusiastic workforce will be eager to contribute to the growth and innovation of the company. (v) Ensures a proactive workforce: Any company that wants to succeed needs its staff to be able to adjust to the constantly changing work environment. Therefore, employee motivation lessens opposition to challenging organizational decisions. (Conte, 2018). This study thus hypothesizes that:

**H<sub>3</sub>:** Motivation as a CEO behavioural competence has no significant influence on firm performance.

### **Empirical Review**

To ascertain the impact of CEO qualities on corporate reputation, financial performance, and sustainable growth, Tutun and Som (2022) examined a sample of the top 138 listed non-financial companies in India from 2011 to 2018. It was reported that while CEO duality and busyness were negatively associated with corporate reputation, CEO remuneration and tenure maintain significant positive associations with corporate reputation. The findings also indicate that, contrary to expectations, CEO business has a substantial negative link with company financial performance, while female CEOs and CEO compensation were positively associated with corporate financial performance. The results are robust to multiple tests and suggest that in the Indian context, job-specific and demographic characteristics of CEOs have a significant impact on financial performance, corporate reputation, and corporate sustainable growth. Additionally, the results showed that CEO age is negatively associated with corporate sustainable growth, whereas tenure appears to have a significant and positive association with corporate sustainable growth. These empirical findings would serve as a basis for companies and shareholders to identify factors to be taken into account when selecting CEOs and defining their roles and responsibilities.

From the standpoint of the participants themselves, Fernando (2022) investigated the essential qualities needed for successful performance of the role of CEO in subsidiaries of multinational corporations. Using a qualitative method that involved interviewing thirty CEOs, eleven crucial skills were found, with communication and interpersonal interactions being the most important.

Zhuolin, Quan and Jilei (2021) studied the roles of top management team power distance and collective organizational engagement in the relationship between CEO workaholic and firm performance drawing from upper echelons theory. The study submitted that there exists a positive correlation between CEO workaholic and collective organizational involvement, which in turn enhances company performance. Workaholic CEOs are more likely to encourage collective organizational involvement when top management teams have a large power distance. This is because top management team power distance moderates the association between CEO workaholic and collective organizational engagement.

Cannavale, Zohoorian, and Esemio (2020) investigated whether CEO matters in entrepreneurial orientation and business performance in the context of a sanctioned economy. Specifically, the study investigated the moderating influence of CEOs' self-transcendence values in the setting of a sanctioned economy with poor resilience, and how entrepreneurial orientation affects enterprises' performance. The study conducted quantitative research with hierarchical



regression analysis on a sample of 114 Iranian entrepreneurial enterprises, 52 of which were creative and 62 of which were knowledge-based. According to the analysis, the relationship between entrepreneurial orientation and performance in Iran's low-resilient sanctioned economy is influenced by the degree of CEO self-transcendence; a higher level of CEO self-transcendence results in a stronger effect of entrepreneurial orientation on performance. This moderation is the same in the knowledge-based and creative sectors of the economy.

Zakliki and Christodoulou (2019) examined the effect of CEO role behaviour on business performance of publicly traded Australian companies. The CEO role behaviour in this study was measured using Hart and Quinn's (1993) Competing Values Framework. The vision setter, motivator, analyser, and task master are its four opposing responsibilities. Three aspects of the company's success were used to evaluate these roles: financial, business, and organizational effectiveness. The findings indicated that there was not much of a functional relationship between company success and CEO leadership.

Moreover, the area of business performance that CEOs had the biggest influence over was the organizational effectiveness element. The only role behaviour that showed a positive correlation with any area of business performance was the task master position. The performance of organizational effectiveness and the behavioural complexity of leaders were positively correlated in large organizations and in firms that used an analyser-type strategy. Businesses using an analyser-type strategy saw a favourable correlation between behavioural complexity and business performance. Nevertheless, independent of contextual variables, there was no correlation between behavioural complexity and financial performance. These results imply that counterintuitive skills are a must for successful CEOs and that a strong dosage of real-world application is necessary for any management skill development program.

Sani (2019) investigated how ownership, background, and origin of CEO affect the success of a company. The relationship between three variables: ownership, education, and origin of the CEO and the performance of the company were examined. A sample of financial sector companies listed on the Nigerian Stock Exchange between 2011 and 2016 was used in the study. According to the study, CEO education raises profitability. Equities also perform better when a CEO joined a company before taking on the role of chief executive officer.

## **Methodology**

Descriptive survey design was adopted for investigation in this study. Sample was drawn from the population of microfinance bank employees in Delta and Edo States. The respondents were those in the category of management staff or principal officers of their organizations who are part of the strategic management team. The instrument for data collection was questionnaire design based on the Likert 5-point scale. The study administered 200 copies of questionnaire but was able to retrieve 150 copies which were used for analysis. The reliability of the instrument was established using the Cronbach Alpha reliability test. The coefficient of reliability obtained was 0.80. This value is greater than 0.70 and therefore the instrument is reliable (Tarurhor & Osazevaru, 2020).

The model for estimation is as stated in equation 1.

$$FP = \beta_0 + \beta_1 CR + \beta_2 CA + \beta_3 CM + e_i \quad (1)$$

FP = Firm Performance

CR = CEO Receptiveness

CA = CEO Adaptability

CM = CEO Motivational Ability

$\beta_0$  = the value of FP when all the independent variables are equal to zero.

$\beta_1, \beta_2, \beta_3$  = the estimated regression coefficients for CR, CA and CM respectively.

## Results

### Analysis of Data

Frequency tables were used to present and analyse the data. Research questions were answered using simple percentages and mean at benchmark of 3.0 as the criterion mean, while the hypotheses were tested using multiple regressions at a significance level of 5%.

### Analysis of Research Questions

#### Research Question 1

What is the effect of receptiveness as a CEO behavioural competence on firm performance?

**Table 1: Effect of Receptiveness on Firm Performance**

S/N	STATEMENT	SA	A	SD	D	U	Mean	Remark
1.	Enables CEOs to make sense out of the signals that are around to improve firm performance	81 (54%)	47 (31%)	7 (5%)	10 (7%)	5 (3%)	4.26	Accepted
2.	it creates work that has to touch on the needs, values, and emotions of workers to give their best	50 (33%)	60 (40%)	16 (11%)	14 (9%)	10 (7%)	3.84	Accepted
3.	It helps CEOs gain attention, clarification of thoughts and feelings to achieve organizational goal.	90 (60%)	21 (14%)	24 (16%)	15 (10%)	0 (0%)	4.24	Accepted
4.	Receptiveness help CEOs indentify better solutions to problems for the purpose of firm' growth	51 (34%)	54 (36%)	17 (11%)	23 (15%)	5 (3%)	3.82	Accepted
GRAND TOTAL							4.04	

Source: Authors' Computation, 2023

Table 1 shows the mean responses to items 1 – 4 (4.26, 3.84, 4.24 and 3.82) respectively; with a grand mean of 4.04. This implies that, the effect of receptiveness as a CEO behavioural

competence on firm performance include the following: enables CEOs to make sense out of the signals that are around to improve firm performance; create work that has to touch on the needs, values, and emotions of workers to give their best; help CEOs gain attention, clarification of thoughts and feelings to achieve organizational goal and help CEOs identify better solutions to problems for the purpose of firm' growth.

### Research Question 2:

What is the effect of adaptability as a CEO behavioural competence on firm performance?

**Table 2: Effect of Adaptability on Firm Performance**

S/N	STATEMENT	SA	A	SD	D	U	Mean	Remark
5.	Enables quick response to change in demands to improve firm performance	48 (32%)	57 (38%)	3 (2%)	30 (20%)	12 (8%)	3.66	Accepted
6.	Creates future-mindedness, model behaviours to improve firm performance.	44 (29%)	46 (31%)	24 (16%)	21 (14%)	15 (10%)	3.55	Accepted
7.	Identifies changes that might be necessary for future success	81 (54%)	54 (36%)	5 (3%)	7 (5%)	3 (2%)	4.35	Accepted
8.	incorporates new technology to streamline workflows and increase efficiency and firm performance	55 (37%)	65 (43%)	6 (4%)	21 (14%)	3 (3%)	3.99	Accepted
GRAND TOTAL							3.89	

Source: Authors' Computation, 2023

Table 2 shows the mean responses to items 5 – 8 (3.66, 3.55, 4.35 and 3.99) respectively; with a grand mean 3.89. The grand mean is greater than the criterion mean of 3.0. This means that the effect of adaptability as a CEO behavioural competence on firm performance include the following: enable quick response to change in demand to improve firm performance; create future-mindedness, model behaviours to improve firm performance; identify changes that might be necessary for future success; and incorporate new technology to streamline workflows and increase efficiency and firm performance.

### Research Question 3:

What is the effect of motivation as a CEO behavioural competence on firm performance?

**Table 3: Effect of Motivation on Firm Performance**

S/N	STATEMENT	SA	A	SD	D	U	Mean	Remark
9.	Motivational ability will increase productivity.	45 (30%)	60 (40%)	9 (6%)	21 (14%)	15 (10%)	3.66	Accepted
10.	Motivational ability will ensure organizational efficiency.	40 (27%)	65 (43%)	27 (18%)	18 (12%)	0 (0%)	3.85	Accepted
11.	Promotes loyalty among the workers to give their best for firm's growth.	30 (20%)	52 (35%)	23 (15%)	31 (21%)	14 (9%)	3.35	Accepted
12.	Facilitates direction and ensures a proactive workforce	66 (44%)	69 (46%)	8 (5%)	7 (5%)	0 (0%)	4.29	Accepted
<b>GRAND TOTAL</b>							<b>3.79</b>	

Source: Authors' Computation, 2023

Table 3 shows the mean responses to items 9 – 12 (3.66, 3.85, 3.35 and 4.29) respectively; with a grand mean of 3.79. Again, this value is greater than the 3.0 criterion mean, therefore, the effect of motivation as a CEO behavioural competence on firm performance include: increase productivity, ensures organizational efficiency, promotes loyalty among the workers to give their best for firm's growth and facilitates direction and ensures a proactive workforce

### Test of Hypotheses

The results of the estimation of the model formulated for the study is as presented in table 4.

**Table 4: Regression Results**

Model		Unstandardized Coefficients		Standardized Coefficients Beta	t	Sig.
		B	Std. Error			
1	(Constant)	1.675	0.180		9.323	0.000
	CR	0.085	0.055	0.255	1.539	0.016**
	CA	0.166	0.103	0.282	1.605	0.011**
	CM	0.281	0.063	0.376	4.490	0.000*

\*, \*\* denotes significance at 1% and 5% respectively

Source: Authors' Computation, 2023

Table 4 shows the result of the coefficients of the independent variables as well as the t-statistics and its associated probability values. The analysis of these results forms the basis for testing the hypotheses.

Hypothesis 1: Receptiveness as a CEO behavioural competence has no significant effect on firm performance.

From Table 4, the coefficient for CEO receptiveness (CR) is 0.085. This value is positive signifying a positive effect of CR on performance. The significance of this estimate ascertained from the t-value shows that it is significant. This is because the probability value (0.016) is less than 0.05. From the coefficient value, a 1% change in CR will result to 8.5% change in performance. Therefore, the hypothesis of no significant effect of receptiveness as a CEO behavioural competence on firm performance is rejected. Clearly, receptiveness exhibits significant effect on firm performance in the microfinance subsector.

Hypothesis 2: Adaptability as a CEO behavioural competence has no significant impact on firm performance.

In Table 4 the coefficient for adaptability (CA) is 0.166. With this positive value, CA has positive impact on performance. Thus, a 1% change in CA will produce a 16.6% change in performance. The statistical significance of this parameter estimate determined by the t-stat shows that it is significant ( $t = 1.605$ , prob value =  $0.011 < 0.05$ ). Therefore, the hypothesis of no significant effect of adaptability as a CEO behavioural competence on firm performance is rejected. Thus, adaptability is significant in explaining firm performance in the microfinance subsector.

Hypothesis 3: Motivation as a CEO behavioural competence has no significant effect on firm performance.

From Table 4, CEO motivation (CM) has a positive coefficient of 0.281. The positive sign shows that every unit change in motivational ability will increase performance by approximately 28.1%. The statistical significance of this estimate determined by the t-stat shows that the estimate is significant ( $t = 4.490$ , prob =  $0.000 < 0.05$ ). Given that the estimate is significant, the hypothesis that motivation as a CEO behavioural competence is not significant in firm performance is rejected. Thus, CEO motivation is a strong driver of firm performance in the microfinance subsector.

**Table 5: Model Summary**

Model	R	R-Square	Adjusted R-Square	Std. Error of the Estimate
1	0.885	0.783	0.779	.09057

Source: Authors' Computation, 2023

The R value of 0.885 in Table 5 represents the Pearson correlation. It shows that there is a strong positive correlation between the independent and dependent variables. Also, the R-square value which is a measure of the coefficient of determination is 0.783. It shows the proportion of the variance in the dependent variable explained by the independent variables. This implies that 78.3% of the variation in firm performance (FP) can be explained by CEO Receptiveness (CR), CEO Adaptability (CA) and CEO Motivation (CM).

**Table 6: ANOVA**

Model		Sum of Squares	df	F	Sig.
1	Regression	4.332	3	176.022	0.000
	Residual	1.198	146		
	Total	5.530	149		

Source: Authors' Computation, 2023

The results in Table 6 show the model fitness and the joint effect of the independent variables on the dependent variable. The F-value is 176.02 with a probability value of 0.000. Given that the probability value is less than 5% level of significance, it means the model is well fitted and the joint influence of the independent variables is significant. Thus, CEO behavioural competence influences firm performance in the microfinance subsector.

## Discussion

The findings of the study from the answer to research question1 (Table 1) and test of hypothesis 1 in Table 4, revealed that, there was a significant effect of receptiveness as a CEO behavioural competence on firm performance. Receptiveness enables CEOs to make sense out of the signals that are around to improve firm performance; create work that has to touch on the needs, values, and emotions of workers to give their best; help CEOs gain attention, clarification of thoughts and feelings to achieve organizational goal and help CEOs identify better solutions to problems for the purpose of firm's growth.

Results of research question 2 (Table 2) and the test of hypothesis 2 in Table 4 revealed that, there was a significant effect of adaptability as a CEO behavioural competence on firm performance. Adaptability enables quick response to change in demands to improve firm performance, create future-mindedness model behaviours to improve firm performance; identify changes that might be necessary for future success, and incorporate new technology to streamline workflows and increase efficiency and firm performance.

Furthermore, the answer to research question 3 (Table 3) and test of hypothesis 3 in Table 4 revealed that, there was a significant effect of motivation as a CEO behavioural competence on firm performance. Motivation increases productivity, ensures organizational efficiency, promotes loyalty among the workers to give their best for firm's growth and facilitates direction and ensures a proactive workforce.

Table 5 presents the results of the joint effect of the independent variables on the dependent variable. The coefficient of correlation ( $R = 0.0885$ ) shows high correlation as the value is above 0.70 (Osazevbaru, 2022). The proportion of the variation in firm performance explained by CEO behavioural competence measured by the coefficient of determination,  $R^2$ , is 78.3%. Table 6 presents the model fitness as revealed by the F-statistics. This is significant implying that the model is well fitted. Accordingly, all estimation results are reliable.



## **Conclusion and Recommendations**

CEO behavioural competence is an essential element of workforce diversity. Its effect on firm performance cannot be over emphasized in the field of organizational behaviour. CEOs that are able to capitalize on the diversity of their behavioural competence are described as being more successful than those that are unable to utilize the advantages. From this study, CEO behavioural competence proxied by CEO receptiveness, adaptability, and motivation have positive and significant effect on firm performance. For instance, it enables CEOs to make sense out of the signals that are around to improve firm performance, help CEOs gain attention, clarification of thoughts and feelings to achieve organizational goals and help CEOs invite better solutions to problems for the purpose of firm's growth. More also, it enables quick response to changes in demands to improve firm performance; identify changes that might be necessary for future success; and incorporate new technology to streamline workflows and increase efficiency and firm performance. Furthermore, it increases productivity, ensures organizational efficiency, promotes loyalty among the workers to give their best for firm's growth and ensures a proactive workforce.

From the empirical findings, the following recommendations are made: CEOs should maintain and remain receptive to acquire necessary knowledge and skills needed to improve firm performance. CEOs should sustain adaptability behaviour to enable quick response to change without stress and frustration. CEOs should sustain the act of motivating their workers so as to increase performance, efficiency and promote loyalty among workers.

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