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Abstract

Purpose: The study examined the effect of leadership structure on the financial performance of Seventh-day Adventist (SDA) Church ventures in Kenya. Specifically, it assessed whether the way authority, responsibilities, supervision, accountability, and decision-making processes are structured within SDA ventures influences their financial performance.

Methodology: The study was guided by agency theory and stewardship theory and adopted a quantitative cross-sectional research design. Data were collected from 97 respondents drawn from SDA-affiliated ventures operating in the health, education, publishing, and hospitality sectors in Kenya. Leadership structure was assessed in terms of supervisory arrangements, separation of powers, role clarity, leadership effectiveness, participatory decision-making, openness to innovation, and ethical leadership. Data were analyzed using descriptive statistics, Pearson correlation, and simple linear regression.

Findings: The findings revealed a moderate positive and statistically significant relationship between leadership structure and financial performance (r = .494, p < .01). Regression analysis showed that leadership structure explained 24.4% of the variance in financial performance (R^2 = .244, adjusted R^2 = .236). The regression model was statistically significant, $F(1, 94)$ = 30.357, p < .001. Leadership structure had a positive and statistically significant effect on financial performance (B = .578, β = .494, t = 5.510, p < .001). The null hypothesis that leadership structure has no statistically significant effect on financial performance was therefore rejected.

Unique Contribution to Theory, Practice and Policy: The study recommends that SDA Church ventures strengthen leadership structures by clearly defining governance and managerial responsibilities, enhancing separation of authority, strengthening supervisory and accountability mechanisms, and promoting participatory decision-making. Leadership capacity development should also be prioritized to enhance effective resource management, innovation, accountability, and long-term financial sustainability.

Keywords: *Leadership Structure, Financial Performance, Corporate Governance, Agency Theory, Stewardship Theory, SDA Church Ventures, Kenya*

JEL Codes: *G30, G34, L25, M12*

INTRODUCTION

Corporate governance provides the institutional architecture through which organizations are directed, controlled, and held accountable. It establishes the allocation of authority, responsibilities, decision rights, reporting relationships, and mechanisms for oversight within an organization (OECD, 2023; Tricker, 2019). Although corporate governance encompasses several mechanisms, including board oversight, internal controls, risk management, and stakeholder accountability, leadership structure constitutes an important structural component because it determines how governing and executive authority is formally organized and exercised within an institution (Fama & Jensen, 1983; Finkelstein et al., 2009; Tricker, 2019). In the present study, leadership structure is conceptualized strictly as the formal governance architecture through which authority, responsibility, supervision, and accountability are **distributed**. It encompasses the configuration of governing and executive roles, separation of governance and management functions, board oversight of executive management, reporting hierarchy, allocation of decision rights, delegation of authority, and the extent to which decision-making authority is centralized or decentralized. It therefore concerns the formal structure of leadership rather than the behavioural characteristics or leadership styles of individual leaders.

This conceptual distinction is important because leadership structure and leadership behaviour represent analytically different constructs. Leadership behaviour concerns how individuals influence, motivate, communicate with, and direct organizational members, whereas leadership structure concerns the formal institutional arrangements within which such behaviour occurs (Finkelstein et al., 2009; Yukl, 2013). Accordingly, transformational, transactional, servant, charismatic, ethical, innovative, or participatory leadership represent behavioural or relational dimensions and are not treated as dimensions of leadership structure in this study. The focus is instead on the formal positioning of authority, the relationship between governing and executive bodies, the clarity of reporting lines, the allocation of decision rights, and the mechanisms through which executive authority is supervised. This conceptual delimitation is necessary to ensure that the independent variable corresponds directly to the study objective and that its measurement does not combine structural governance characteristics with individual leadership attributes.

Leadership structure is consequential because the formal distribution of decision authority determines who has the power to make strategic, financial, and operational decisions, who supervises those decisions, and who is ultimately accountable for organizational outcomes. Governance arrangements that clearly separate oversight from management can establish checks and balances, while clearly defined reporting relationships can reduce ambiguity concerning responsibility and accountability (Fama & Jensen, 1983). Conversely, overlapping responsibilities, excessive concentration of decision-making authority, unclear reporting relationships, and weak separation between governance and management may create structural conditions that constrain effective oversight and organizational responsiveness (Finkelstein et al., 2009; Mintzberg, 1979). Leadership structure may therefore influence financial performance not because particular leaders possess specific behavioural characteristics, but because the formal architecture within which financial and operational decisions are made affects accountability, coordination, control, and resource allocation.

Agency theory provides an important theoretical explanation for this relationship. Jensen and Meckling (1976) conceptualized the organization as a nexus of contractual relationships in which the delegation of authority from principals to agents creates potential problems arising from information asymmetry, divergent interests, and difficulties in monitoring managerial behaviour. Fama and Jensen (1983) subsequently emphasized the importance of separating decision management from decision control as a means of constraining managerial discretion and strengthening organizational accountability. From this perspective, leadership structure represents an important governance mechanism because it determines how decision-making authority is allocated and how managerial decisions are subjected to oversight.

A formally structured leadership system can reduce agency problems by clearly distinguishing the responsibilities of governing bodies from those of executive management. Board oversight, defined reporting relationships, separation of governing and executive functions, and appropriate delegation of authority can establish mechanisms through which managers are held accountable for the resources and decisions entrusted to them (Fama & Jensen, 1983). Similarly, clear decision rights can reduce uncertainty regarding who is authorized to make particular financial and operational decisions. Where these structural arrangements are weak, excessive managerial discretion or overlapping authority may reduce effective monitoring and create uncertainty concerning responsibility for organizational outcomes.

These agency considerations are particularly relevant to the governance of SDA Church ventures. Unlike conventional investor-owned corporations, SDA ventures operate within a broader ecclesiastical governance system in which accountability is connected to the Church's institutional constituency and mission rather than solely to individual shareholders. The underlying thesis emphasizes that SDA ventures operate within distinctive governance frameworks that seek to balance financial sustainability with mission-driven objectives and that their governance arrangements differ from those of conventional commercial enterprises. In this context, a constituency-based governance perspective provides a useful way of understanding the distribution of accountability within SDA ventures because organizational authority is embedded within the wider Church structure and its institutional representatives.

The constituency-based character of governance creates a distinctive principal-agent relationship. In a conventional commercial corporation, the separation between shareholders, directors, and executive managers provides a relatively recognizable governance architecture through which decision management and decision control can be distinguished. In SDA ventures, however, governing authority may be embedded within ecclesiastical structures, and individuals involved in venture governance may also hold wider Church leadership responsibilities. The underlying thesis indicates that the Church governance environment can involve the interaction of spiritual leadership and administrative responsibilities and that leadership appointments may place considerable emphasis on spiritual and doctrinal considerations.

This arrangement creates the possibility of dual-hatted leadership, in which an individual may simultaneously occupy an ecclesiastical leadership position and participate in the governance or management of a Church venture. Such overlapping roles should not be interpreted as evidence of inappropriate conduct or lack of integrity. Rather, they represent a potential structural governance issue because the distinction between those responsible for overseeing management and those participating in decision making may become less clear. From an agency perspective, the closer the overlap between decision management and decision control, the greater the potential difficulty of maintaining independent oversight. The central governance question is therefore whether formal structures sufficiently distinguish authority, responsibility, supervision, and accountability even where leaders have multiple institutional roles.

The agency perspective consequently suggests that the financial performance of SDA ventures may partly depend on the extent to which their leadership structures provide clear separation between ecclesiastical oversight, governing-board responsibilities, and executive management. Clearly defined reporting relationships and decision rights can reduce ambiguity concerning financial responsibility, while appropriate separation of governing and executive functions can strengthen monitoring. Conversely, where authority is highly concentrated or governance and management responsibilities overlap without adequate structural safeguards, monitoring may be weakened and financial accountability may become less clear.

Stewardship theory provides a complementary explanation of leadership structure within SDA Church ventures. Davis et al. (1997) argue that managers may act as stewards whose interests are aligned with those of the organization and who are motivated to pursue collective organizational objectives. Rather than assuming that organizational leaders will necessarily pursue narrow self-interest, stewardship theory recognizes the importance of trust, institutional commitment, shared values, and organizational identification. Hernandez (2012) similarly conceptualizes stewardship as responsible behaviour directed towards the protection and advancement of collective organizational interests.

The stewardship perspective is particularly applicable to faith-based organizations because institutional leadership is often embedded within a shared mission and value system. In SDA Church ventures, leaders and governing representatives may have strong identification with the Church's mission and may therefore perceive their responsibilities as a form of stewardship over institutional resources. The thesis similarly recognizes the importance of stewardship, accountability, transparency, and mission alignment within SDA ventures. Such institutional commitment can provide an important foundation for responsible resource management and organizational sustainability.

However, stewardship theory does not eliminate the need for formal governance structures. Trust in leaders and commitment to organizational mission do not by themselves establish who has authority to make decisions, who is responsible for supervising those decisions, or how accountability is exercised. Indeed, the thesis acknowledges the limitation of relying exclusively on assumptions of stewardship, noting that excessive trust in leaders can become problematic where decision-making authority is consolidated without adequate mechanisms for accountability and transparency. Consequently, an effective SDA leadership structure should combine the benefits of mission-oriented stewardship with formal mechanisms that clarify authority and maintain appropriate oversight.

The interaction between agency and stewardship is therefore particularly significant in the SDA context. From an agency perspective, the constituency-based ecclesiastical governance environment and potential overlap between ecclesiastical and venture responsibilities may create distinctive monitoring and accountability challenges. From a stewardship perspective, the same institutional arrangements may promote strong mission alignment, trust, and commitment to the responsible use of organizational resources. The appropriate governance response is not necessarily to replace trust with extensive control, but to establish a formal leadership architecture that permits responsible managerial autonomy while preserving clear oversight and accountability.

This theoretical integration suggests that leadership structure can contribute to financial performance through several formal governance mechanisms. First, separation of governance and management functions can strengthen oversight of executive decisions. Second, clearly defined reporting hierarchies can establish responsibility for financial and operational outcomes. Third, formal allocation of decision rights can reduce uncertainty and duplication in organizational decision making. Fourth, appropriate delegation of authority can enable managers to make operational decisions within clearly established limits. Fifth, an appropriate balance between centralized and decentralized authority can affect the speed, quality, and accountability of financial and operational decisions (Fama & Jensen, 1983; Finkelstein et al., 2009; Mintzberg, 1979).

The organizational context of SDA Church ventures makes these mechanisms particularly important. SDA-affiliated ventures operate across sectors including health, education, publishing, hospitality, and other institutional activities. The thesis indicates that the study covered ten church-based ventures across different regions of Kenya, including hospitals, schools, community-based organizations, and other entities associated with the SDA Church. These organizations must simultaneously pursue mission-related objectives and maintain adequate financial capacity to sustain their operations. Their leadership structures must therefore reconcile ecclesiastical accountability with the requirements of professional organizational management.

This dual orientation creates a distinctive governance challenge. Decisions concerning investment, expenditure, staffing, debt, pricing, resource allocation, and operational expansion have financial consequences, yet such decisions occur within institutions whose legitimacy and accountability are also defined by religious mission. Leadership structures that do not clearly establish who is responsible for these decisions may create delays, overlapping authority, or weak accountability. Conversely, structures that appropriately define the respective responsibilities of boards, ecclesiastical authorities, and executive managers may facilitate more effective resource allocation and financial oversight.

The financial circumstances of SDA ventures further justify examination of leadership structure. The underlying thesis identifies financial difficulties among some SDA ventures, including liquidity constraints, delayed salaries, unpaid obligations, and increasing operational costs. It associates some of these challenges with governance weaknesses, including inadequate accountability, limited board supervision, and weaknesses in decision-making processes. These conditions provide a practical basis for examining whether the formal organization of leadership authority is associated with financial performance.

Importantly, the leadership structure examined in this study should not be interpreted as synonymous with leadership effectiveness or leadership style. The underlying thesis reviewed evidence on strategic, transformational, innovative, democratic, and other forms of leadership behaviour; however, these behavioural dimensions address how leaders exercise influence rather than how formal authority is structurally organized. The distinction is important for the present study because an institution may have effective individual leaders but operate under a poorly designed governance structure, just as an institution may possess a formally appropriate structure but experience ineffective leadership behaviour. The present analysis therefore concentrates specifically on the structural dimension.

Empirical research on corporate governance supports the importance of formal leadership arrangements for organizational outcomes. Fama and Jensen (1983) emphasized the importance of separating decision management from decision control, while Dalton et al. (1998) demonstrated the relevance of board and leadership arrangements to organizational governance. Finkelstein et al. (2009) similarly emphasize the importance of formal authority relationships and top management structures in shaping strategic decision processes. These studies provide an important theoretical and empirical foundation, although much of the evidence has emerged from conventional corporate environments.

Research within religious organizations provides additional evidence but also demonstrates the contextual limitation of existing knowledge. The underlying thesis reports that Ouma and Muthimi (2024) found a significant positive relationship between strategic leadership and performance among churches affiliated with the Evangelical Alliance of Kenya. Kibaara (2023) similarly reported a strong relationship between leadership structures and church success among churches in Nairobi. However, these studies were undertaken in different denominational or geographical settings and therefore cannot automatically be generalized to SDA Church ventures operating across Kenya.

Moreover, several studies of leadership in religious organizations have concentrated on leadership behaviour rather than formal governance architecture. Research on transformational, innovative, democratic, or other leadership styles provides useful evidence concerning leadership behaviour but does not directly answer whether the configuration of governing and executive authority influences financial performance. This distinction constitutes an important conceptual and empirical gap. The present study addresses this gap by focusing specifically on the formal structure through which leadership authority is distributed, supervised, and coordinated.

The SDA context presents an additional empirical gap because its governance arrangements differ from those of conventional corporations. The thesis notes that faith-based ventures operate under mission-driven governance models that prioritize stewardship and service alongside financial sustainability and that the governance and doctrinal characteristics of SDA ventures differ significantly from those of corporate or secular nonprofit organizations. The implications of these distinctive arrangements for financial performance therefore require context-specific investigation.

The constituency-based character of SDA governance makes this investigation particularly important. Whereas conventional agency models commonly assume identifiable principals and agents, SDA ventures involve multiple layers of institutional accountability associated with the Church constituency, ecclesiastical leadership, governing boards, and professional managers. Potential dual-hatting of ecclesiastical and venture leadership roles may further complicate the separation between oversight and management. At the same time, these same institutional relationships may enhance stewardship through strong mission alignment and commitment to the Church's objectives. The resulting tension between structural accountability and mission-oriented stewardship provides a distinctive theoretical setting for examining leadership structure and financial performance.

The empirical gap is therefore not simply whether leadership matters, but whether the formal configuration of leadership authority matters for financial performance within a faith-based constituency governance system. This distinction provides the basis for examining structural characteristics such as separation of governing and executive responsibilities, board oversight, reporting hierarchy, allocation of decision rights, delegation of authority, and centralization or decentralization of decision making. These dimensions provide a more precise operational representation of leadership structure than behavioural leadership characteristics.

The present study therefore examined the effect of leadership structure on the financial performance of SDA Church ventures in Kenya. Leadership structure was conceptualized as the formal governance architecture through which authority and accountability are distributed among governing bodies and executive management. The construct focuses on the configuration of governing and executive roles, separation of governance and management functions, board oversight, reporting relationships, allocation of decision rights, delegation of authority, and the degree of centralization or decentralization of decision making. Behavioural characteristics such as innovation, ethical leadership style, transformational leadership, employee motivation, and participatory leadership style were excluded from the construct to maintain conceptual clarity.

The study contributes to the corporate governance literature in three ways. First, it extends empirical research on leadership structure into the relatively underexplored context of faith-based ventures. Second, it distinguishes formal leadership architecture from leadership behaviour, thereby providing greater conceptual precision in examining governance-performance relationships. Third, it provides context-specific evidence on whether the structural organization of authority and accountability contributes to the financial performance of SDA Church ventures operating within a constituency-based ecclesiastical governance environment.

The study was guided by the following objective:

To establish the effect of leadership structure on the financial performance of SDA Church ventures in Kenya.

The corresponding null hypothesis was:

H_{02}: Leadership structure has no statistically significant effect on the financial performance of SDA Church ventures in Kenya.

Empirical Review

The empirical literature on leadership structure and organizational performance spans several related areas of corporate governance, including board oversight, CEO duality, separation of governance and management functions, allocation of decision authority, organizational hierarchy, and reporting relationships. However, the literature is not conceptually uniform. A substantial body of research examines leadership styles and behaviours, whereas the present study is concerned specifically with the formal architecture through which leadership authority is constituted, distributed, supervised, and controlled. The empirical review therefore focuses on structural governance mechanisms rather than transformational, transactional, innovative, democratic, ethical, or other behavioural leadership characteristics.

Board Oversight, CEO Duality, and Separation of Authority

Board oversight and the separation of governing and executive authority constitute important dimensions of formal leadership structure because they determine the extent to which executive decisions are independently reviewed and managers are held accountable for organizational outcomes. Fama and Jensen (1983) argue that effective organizational governance requires an appropriate distinction between decision management and decision control. Decision management involves the initiation and implementation of decisions, whereas decision control involves their ratification and monitoring. The separation of these functions can therefore provide checks and balances that constrain excessive managerial discretion.

CEO duality represents one of the most prominent structural arrangements examined in this literature. It occurs when the chief executive officer simultaneously serves as chair of the board. Combining these positions concentrates executive and oversight authority in one individual and may consequently reduce the independence of board monitoring. From an agency

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perspective, separation of the two positions provides a clearer distinction between executive management and governance oversight and may reduce the potential for managerial decisions to escape effective scrutiny (Jensen & Meckling, 1976; Fama & Jensen, 1983).

Empirical evidence, however, does not establish a universal performance advantage for either separation or combination of roles. Pucheta-Martínez and Gallego-Álvarez (2020) found that the relationship between CEO duality and organizational performance varies according to institutional circumstances. This finding is important because it challenges a simple assumption that structural separation necessarily produces superior financial outcomes. Concentration of authority may, under some circumstances, facilitate coordination and speed of decision making, whereas separation may strengthen independent oversight. The performance consequences therefore appear to depend on the broader governance environment in which the leadership arrangement operates.

Al-Matari (2020) similarly found that leadership structures and role separation were associated with organizational performance in the financial sector in Oman. The study emphasized the importance of checks and balances and clearly defined governance responsibilities. Although this evidence supports the proposition that formal leadership arrangements have performance implications, its generalizability to SDA Church ventures is limited by differences in institutional context. Financial institutions operate under extensive regulatory and commercial governance requirements that differ from those governing faith-based ventures.

The relevance of board oversight becomes more distinctive in the SDA context because SDA Church ventures operate within a broader ecclesiastical governance system. The underlying thesis indicates that SDA ventures have distinctive governance characteristics and must balance mission-oriented objectives with financial sustainability. Consequently, governance cannot be examined solely through the conventional shareholder-board-management framework used in investor-owned corporations.

The SDA governance environment can be understood as having a constituency-based character, whereby accountability extends beyond conventional shareholders to the wider Church constituency and its institutional representatives. This creates a distinctive governance arrangement in which individuals involved in venture oversight may also possess wider ecclesiastical responsibilities. The underlying thesis identifies the interaction between spiritual leadership and administrative responsibilities as an important governance consideration and notes that leadership appointments may place significant emphasis on spiritual and doctrinal commitment.

Such arrangements create the possibility of dual-hatted leadership, whereby an individual may simultaneously occupy an ecclesiastical leadership position and participate in the governance of a venture. This should not automatically be interpreted as evidence of governance failure or individual misconduct. Rather, it represents a structural condition that raises questions about the independence and clarity of oversight. From an agency perspective, overlapping responsibilities may make it more difficult to distinguish decision management from decision control. From a stewardship perspective, however, such institutional connections may strengthen mission alignment and commitment to the responsible management of Church resources.

The empirical implication is therefore that the existence of a governing board is not sufficient for assessing leadership structure. What matters is the extent to which the formal governance arrangement establishes meaningful oversight, distinguishes governing and executive

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responsibilities, and provides clear accountability for financial decisions.

Centralization, Decentralization, and Allocation of Decision Authority

The distribution of decision-making authority represents a second important dimension of leadership structure. Centralization refers to the concentration of decision authority at higher levels of the organizational hierarchy, while decentralization involves the delegation of authority to lower organizational levels. The configuration of decision authority determines who can authorize expenditure, approve investments, allocate resources, make operational decisions, and respond to emerging organizational requirements.

Mintzberg (1979) identifies the distribution of decision-making authority as a fundamental characteristic of organizational structure. Similarly, Finkelstein et al. (2009) emphasize that the formal configuration of executive authority influences strategic decision processes. Centralized structures may enhance consistency and control by retaining major decisions at higher levels, whereas decentralized arrangements may improve responsiveness by allowing managers closer to operational activities to make decisions within established boundaries.

The empirical implications of centralization and decentralization are therefore potentially mixed. Excessive centralization may result in delays because operational decisions require approval from higher authorities. It may also limit managerial autonomy and create bottlenecks within the decision-making process. Excessive decentralization, on the other hand, may weaken coordination and consistency if decision rights are delegated without clearly defined limits, reporting requirements, and accountability mechanisms. The relevant governance question is therefore not whether centralization is inherently better than decentralization, but whether the distribution of authority is appropriate to the organization's complexity and accompanied by adequate accountability.

This issue is particularly important for SDA Church ventures because the institutions operate across different sectors, including health, education, publishing, and other activities. The underlying thesis indicates that the ventures included in the study were drawn from different sectors and geographical locations, reflecting considerable organizational diversity. Such diversity means that the appropriate location of decision authority may differ according to operational complexity and the speed with which decisions must be made.

A hospital, for example, may require substantial operational authority at the institutional level because of the immediacy of clinical and administrative decisions, while a venture operating within a more standardized environment may accommodate greater central control. However, decentralization within a Church governance system must remain compatible with institutional accountability. Delegated authority must therefore be accompanied by clearly established reporting relationships and decision limits.

The literature consequently suggests that the financial consequences of centralization and decentralization depend on how authority is structured rather than on the mere presence of either arrangement. An appropriately designed structure can combine central oversight with sufficient operational autonomy, thereby allowing managers to respond to institutional requirements while remaining accountable to governing bodies.

Reporting Hierarchy and Dual Reporting Relationships

Reporting hierarchy constitutes another structural dimension of leadership because it establishes the formal channels through which authority, information, supervision, and accountability flow. A clearly defined hierarchy specifies who reports to whom, who exercises supervisory authority, and where responsibility for organizational decisions ultimately resides. Ambiguous or overlapping reporting relationships, in contrast, may create uncertainty concerning decision authority and accountability.

Agency theory provides a strong basis for examining reporting relationships. Jensen and Meckling (1976) emphasize the importance of monitoring mechanisms where organizational resources are managed by delegated agents. Fama and Jensen (1983) similarly emphasize the importance of decision control in limiting the risks associated with delegated authority. Clearly established reporting lines facilitate this monitoring process by enabling governing authorities to receive information concerning executive activities and evaluate managerial decisions.

Dual reporting relationships present a more complex structural arrangement. An executive may report simultaneously to a venture's governing board and to another institutional authority. Such arrangements may improve coordination where organizations form part of a larger institutional system, but they can also create ambiguity if the respective authorities have overlapping decision rights.

This issue is potentially significant in SDA Church ventures because their governance is embedded within a wider ecclesiastical structure. The underlying thesis identifies SDA ventures as operating within distinctive governance arrangements involving both spiritual and administrative responsibilities. Consequently, the reporting relationship of a venture executive may involve both organizational and wider institutional accountability.

Dual reporting is not necessarily dysfunctional. It may facilitate institutional alignment and ensure that venture decisions remain consistent with wider Church requirements. The critical structural issue is whether reporting responsibilities are clearly differentiated. Where two authorities have overlapping powers, managers may experience conflicting instructions, delays in decision approval, or uncertainty concerning accountability. Such conditions may affect financial management, particularly where timely decisions concerning expenditure, procurement, staffing, investment, debt, or resource allocation are required.

The literature therefore suggests that effective reporting hierarchy requires clarity concerning supervisory authority, escalation procedures, decision rights, and ultimate accountability. In the SDA context, this becomes especially important because the formal leadership architecture must connect venture management with the broader Church governance system without creating unnecessary duplication or ambiguity.

Separation of Governance and Management Functions

The separation of governance and management represents a fourth structural dimension of leadership. Governance is primarily concerned with direction, oversight, accountability, and strategic control, while management is responsible for implementing approved strategies and administering organizational operations. The formal distinction between these functions is central to agency theory because it provides a mechanism through which executive decisions can be independently reviewed.

Fama and Jensen (1983) provide a particularly relevant framework by distinguishing decision management from decision control. Where the same individuals initiate, implement, approve, and monitor decisions without adequate independent oversight, opportunities for unchecked decision making may increase. Separation of these functions creates a structural mechanism for accountability.

Empirical research generally supports the importance of role separation, although its effects depend on organizational circumstances. Al-Matari (2020), for example, associated appropriate role separation with stronger governance and organizational performance. Similarly, the broader corporate governance literature emphasizes that independent oversight can constrain managerial discretion and strengthen accountability.

The application of this principle to SDA Church ventures requires careful contextualization. The governance structure of a faith-based venture cannot simply be assumed to replicate that of an investor-owned corporation. Church ventures are embedded within a wider institutional and ecclesiastical system, and governance responsibilities may involve individuals with broader Church leadership roles. The underlying thesis identifies the potential tension between spiritual and administrative responsibilities within SDA governance.

The resulting structural question is whether governing bodies exercise appropriate oversight while allowing professional managers sufficient authority to conduct routine operations. Excessive board involvement in routine management may blur the distinction between governance and management, whereas excessive separation may weaken the board's understanding of operational and financial conditions. An effective leadership structure should therefore establish an appropriate boundary between oversight and executive responsibility.

This distinction has direct implications for financial performance. Governing bodies require sufficient authority to approve major financial decisions and monitor financial outcomes, while executive managers require sufficient authority to implement approved strategies and manage daily operations. Clear differentiation of these functions can strengthen accountability and reduce uncertainty concerning responsibility for financial outcomes.

The underlying thesis identifies governance weaknesses, including limited accountability, inadequate board supervision, and unstructured decision-making processes, as concerns relevant to SDA ventures. These observations provide contextual justification for examining whether the formal separation of governance and management is associated with financial performance.

Leadership Structure and Performance in Religious Organizations

Evidence from religious organizations provides a useful but relatively limited basis for examining the leadership structure-performance relationship. Ouma and Muthimi (2024), for example, examined strategic leadership and organizational controls among churches affiliated with the Evangelical Alliance of Kenya and reported a significant relationship with organizational performance. Although relevant because it demonstrates the importance of governance and oversight within Kenyan churches, the study's focus on the Evangelical Alliance of Kenya limits its direct applicability to SDA Church ventures.

Kibaara (2023) reported a substantial relationship between leadership structures and church success among churches in Nairobi. This finding is potentially relevant because it directly concerns leadership structure rather than solely leadership style. However, its interpretation requires caution for both contextual and methodological reasons. First, the study was geographically restricted to Nairobi and therefore may not adequately represent churches operating across Kenya. Second, the governance arrangements of the churches examined may differ from those of SDA ventures. Third, the very high proportion of variance reported requires critical evaluation before being interpreted as evidence of a correspondingly strong structural effect.

The reported 87.9% explanatory power in Kibaara (2023) should therefore not be treated uncritically. An exceptionally high R^2 in a cross-sectional organizational study may reflect

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strong substantive relationships, but it may also be influenced by common-method variance, construct overlap, multicollinearity, model specification, or overfitting. The possibility is particularly relevant where predictor and outcome variables are collected from the same respondents using similar perceptual scales. Without sufficient evidence concerning diagnostic testing, model specification, and the ratio of sample size to model complexity, a very high R^2 should be interpreted cautiously rather than regarded as evidence of a universal or causal relationship.

This methodological caution also explains why studies focused exclusively on behavioural leadership styles are not treated as direct evidence in the present review. Katsaros et al. (2020), for example, examined autocratic, democratic, and laissez-faire leadership styles, while Fonias and Rockland (2021) examined transactional leadership. Mutua et al. (2023) focused on transformational leadership, and Ndetto et al. (2024) examined innovative leadership. These studies address how leaders behave or influence organizational members rather than how authority is formally structured. Their findings may demonstrate that leadership behaviour is associated with organizational outcomes, but they do not directly establish the effect of board oversight, CEO duality, reporting hierarchy, decision-right allocation, or governance-management separation on financial performance.

Ndetto et al. (2024) is particularly instructive because the study reportedly found that innovative leadership explained more than 64% of the variance in church performance. Although such a finding may indicate a substantial statistical relationship, it cannot be interpreted as evidence that formal leadership structure explains 64% of financial or organizational performance. Innovative leadership is conceptually distinct from leadership structure. Furthermore, as with the Kibaara (2023) finding, an unusually high explanatory value should be evaluated in relation to possible common-method variance, multicollinearity, measurement overlap, and model specification.

Accordingly, these behavioural studies are excluded from the core evidence supporting the present hypothesis. Their exclusion is not a judgment about the quality or importance of leadership-style research; rather, it reflects the need for construct alignment. Evidence concerning leadership behaviour cannot substitute for evidence concerning formal governance architecture.

Structural Governance Evidence from the Kenyan Context

Evidence from Kenya provides additional support for examining formal governance arrangements, although much of it comes from commercial rather than faith-based organizations. Kinyua et al. (2015) found that internal control environments were associated with the financial performance of companies listed on the Nairobi Securities Exchange. While internal control is conceptually distinct from leadership structure, the findings demonstrate the broader importance of governance arrangements and oversight in safeguarding financial performance. The study is therefore relevant as contextual evidence concerning governance-performance relationships but should not be interpreted as direct evidence of the effect of leadership structure.

Similarly, Bett and Memba (2017) reported a positive relationship between internal control mechanisms and financial performance in a Kenyan processing firm. Again, the study provides evidence concerning governance and accountability mechanisms rather than leadership structure itself. Its relevance to the present study lies in demonstrating that formal organizational arrangements affecting control and accountability can have financial consequences.

These studies also illustrate the importance of maintaining conceptual boundaries among governance variables. Internal controls, board composition, leadership structure, stakeholder engagement, and risk management may interact within an organizational governance system, but evidence concerning one mechanism cannot automatically be generalized to another. The present study therefore isolates leadership structure as an independent governance construct rather than treating all governance-related arrangements as interchangeable.

The underlying thesis similarly identifies leadership structure, internal controls, risk management, board composition, and stakeholder engagement as related but distinguishable governance mechanisms. This supports the methodological decision to examine leadership structure independently in order to determine its specific relationship with financial performance.

Critical Synthesis and Research Gap

The empirical literature provides a basis for expecting a relationship between formal leadership structure and organizational performance, but the evidence remains fragmented across different structural dimensions and institutional contexts. Four major structural mechanisms emerge from the review: board oversight and CEO duality, distribution of decision authority, reporting hierarchy, and separation of governance from management.

The evidence concerning board oversight and CEO duality indicates that the concentration or separation of executive and governing authority can influence organizational outcomes, although the direction of the relationship is context dependent (Pucheta-Martínez & Gallego-Álvarez, 2020). This suggests that the effectiveness of a leadership structure cannot be assessed solely by whether particular roles are combined or separated. Rather, attention must be given to the wider configuration of authority and accountability.

The literature on centralization and decentralization similarly suggests that the location of decision rights has both control and responsiveness implications. Centralization can enhance consistency, while decentralization can improve operational responsiveness. The relevant issue is therefore whether decision authority is appropriately allocated and accompanied by clear reporting and accountability mechanisms.

Reporting hierarchy provides another mechanism through which leadership structure may influence performance. Clearly defined reporting relationships facilitate monitoring and accountability, while ambiguous or overlapping reporting arrangements may produce delays and uncertainty. This issue is particularly relevant in SDA ventures because their organizational accountability is embedded within a wider ecclesiastical system.

Separation of governance and management provides a further structural mechanism. Agency theory suggests that distinguishing decision management from decision control can reduce agency problems, while stewardship theory suggests that appropriate structures can provide managers with sufficient autonomy to exercise responsible stewardship. The optimal structure must therefore balance oversight with managerial authority.

The empirical literature nevertheless reveals several limitations. First, a substantial proportion of leadership research examines behavioural leadership styles rather than formal governance architecture. Such studies cannot be used as direct evidence for the present study's leadership structure construct. Second, much of the structural governance literature originates from conventional commercial organizations whose shareholder-board-management relationships

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differ from those of faith-based ventures. Third, evidence from Kenyan religious organizations remains limited and is concentrated in denominations and geographical settings other than the SDA Church.

Fourth, some reported relationships are exceptionally large and require methodological caution. The 87.9% explanatory power reported by Kibaara (2023) and the more than 64% reported for innovative leadership by Ndetto et al. (2024) should not be interpreted automatically as evidence of equivalent causal explanatory power. Potential common-method variance, construct overlap, multicollinearity, model overfitting, and sample-specific effects may contribute to unusually high explanatory power. Such findings are therefore useful as indications of potentially important relationships but should be replicated using clearly delimited constructs and appropriately specified models.

The SDA context presents an additional and important empirical gap. SDA Church ventures operate within a constituency-based ecclesiastical governance environment in which accountability extends beyond conventional ownership relationships. The underlying thesis identifies the distinctive governance and doctrinal characteristics of SDA ventures and emphasizes the interaction between mission objectives, governance, and financial sustainability. Potential overlap between ecclesiastical responsibilities and venture governance may further complicate the conventional distinction between oversight and management.

This context creates a theoretically distinctive relationship between agency and stewardship. On one hand, overlapping governance responsibilities may create potential agency problems by complicating the separation between decision management and decision control. On the other hand, strong institutional and mission alignment may encourage stewardship and responsible resource management. The performance implications of this combination cannot be assumed from evidence derived from conventional corporations or other religious denominations.

The empirical gap is therefore specifically the limited evidence on whether the formal architecture of leadership authority affects the financial performance of SDA Church ventures in Kenya. In particular, there is insufficient empirical evidence concerning the effects of board oversight, separation of governing and executive functions, centralization or decentralization of decision authority, reporting hierarchy, and formal allocation of decision rights within SDA ventures.

The present study addresses this gap by examining leadership structure as a formally defined governance construct rather than as a collection of leadership behaviours. The study focuses on the structural organization of authority, accountability, supervision, and decision making within SDA Church ventures and examines whether these arrangements are associated with financial performance.

Based on the reviewed empirical evidence and the theoretical propositions of agency and stewardship theories, the study tested the following null hypothesis:

H_{02}: Leadership structure has no statistically significant effect on the financial performance of SDA Church ventures in Kenya.

METHODOLOGY

The study adopted a quantitative cross sectional research design. The design was appropriate because it enabled the collection of numerical data and the examination of relationships between corporate governance variables and financial performance at a single point in time.

The broader study employed descriptive, correlational, and causal comparative approaches to examine variations in governance practices and their association with financial performance.

The study was conducted among SDA affiliated ventures in Kenya. The study population comprised institutions operating in the health, education, publishing, and hospitality sectors. The study targeted 100 respondents drawn from ten ventures and obtained 97 usable responses. The respondents included individuals occupying leadership, management, financial, and pastoral roles, including chief executive officers, business managers, accountants, and chaplains.

Primary data were collected using structured self administered questionnaires. The questionnaire used Likert type response scales to measure respondents' perceptions of leadership structure and financial performance. The leadership structure construct included items relating to supervisory committees, separation of powers, leadership effectiveness, clarity of roles and responsibilities, stakeholder participation in decision making, openness to new ideas and innovations, and commitment to ethical standards.

A pilot study was undertaken before the main data collection to assess the clarity, appropriateness, and suitability of the research instrument. Validity was addressed through literature review, expert assessment, and construct related procedures, while reliability was assessed using established approaches to evaluate the consistency and dependability of the measurement instrument.

Data were analyzed using descriptive and inferential statistics. Descriptive statistics were used to summarize respondents' perceptions of leadership structure. Pearson product moment correlation analysis was used to establish the direction and strength of the relationship between leadership structure and financial performance. Simple linear regression analysis was subsequently conducted to determine the effect of leadership structure on financial performance and to test the null hypothesis.

RESULTS AND DISCUSSION

Descriptive Findings on Leadership Structure

The descriptive findings indicate generally positive perceptions of leadership structures among the sampled SDA Church ventures. Respondents largely agreed that their institutions had established supervisory arrangements, appropriate separation of powers, clear leadership responsibilities, and leadership systems capable of guiding the institutions towards their objectives. The results also suggest that leadership structures generally supported stakeholder participation and openness to innovation.

Table 1 presents selected descriptive results for the leadership structure construct.

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Table 1: Descriptive Statistics for Leadership Structure

Leadership structure indicator	M	SD
Supervisory committees are established	4.13	0.97
There is separation of powers between the board and executive leadership	4.19	0.97
Leadership effectively guides the institution towards its goals	4.27	0.99
Roles and responsibilities are clearly outlined	4.40	0.79
Leadership involves stakeholders in decision making	4.02	1.05
Leadership is open to new ideas and innovations	4.23	0.91
Leadership is committed to ethical standards and values	3.89	1.27

Note. Responses were measured on a five point Likert scale. The statistics are derived from the leadership structure findings reported in the thesis.

The highest rated indicator was the clarity of roles and responsibilities ($M = 4.40$, $SD = 0.79$), indicating broad agreement that leadership responsibilities were generally well defined within the institutions. This finding is important because role clarity provides a basis for accountability and can reduce uncertainty regarding decision making responsibilities.

Leadership effectiveness in guiding institutions towards their goals also received a relatively high rating ($M = 4.27$, $SD = 0.99$). Similarly, respondents expressed positive perceptions regarding openness to innovation ($M = 4.23$, $SD = 0.91$), separation of powers between the board and executive leadership ($M = 4.19$, $SD = 0.97$), and the establishment of supervisory committees ($M = 4.13$, $SD = 0.97$).

Stakeholder involvement in decision making recorded a positive mean score ($M = 4.02$, $SD = 1.05$), suggesting that participatory leadership was present across the institutions, although responses displayed greater variation than some of the other indicators. Commitment to ethical standards and values recorded the lowest mean ($M = 3.89$, $SD = 1.27$) and the greatest variability. This finding does not necessarily imply weak ethical leadership but indicates greater differences in respondents' perceptions across the sampled institutions.

Overall, the descriptive findings suggest that leadership structures within the SDA Church ventures generally emphasized role clarity, strategic guidance, supervisory arrangements, and separation of authority. These characteristics are consistent with the theoretical expectations of both agency and stewardship theories. Agency theory emphasizes clear accountability and oversight, whereas stewardship theory recognizes the importance of responsible leadership, trust, and commitment to institutional objectives.

Correlation between Leadership Structure and Financial Performance

Pearson correlation analysis was conducted to determine the strength and direction of the relationship between leadership structure and financial performance.

Table 2: Correlation between Leadership Structure and Financial Performance

Variable	1	2
1. Leadership structure	1	.494**
2. Financial performance	.494**	1

Note. $N = 96$. **Correlation is significant at the .01 level, two tailed.

The results revealed a moderate positive and statistically significant relationship between leadership structure and financial performance ($r = .494$, $p < .01$). This indicates that institutions with more effective leadership structures tended to report higher levels of financial performance.

The magnitude of the relationship suggests that leadership structure is an important determinant of financial performance, although it is not the only factor influencing financial outcomes. The finding is consistent with the proposition that leadership structures characterized by role clarity, accountability, effective supervision, and appropriate decision making arrangements can support improved organizational coordination and resource utilization.

The positive association also supports the theoretical arguments of agency and stewardship theories. From an agency perspective, effective leadership structures can reduce ambiguity and strengthen accountability. From a stewardship perspective, leadership arrangements that encourage responsible autonomy and alignment with organizational objectives may improve institutional commitment and effectiveness.

However, the correlation should not be interpreted as evidence of causation on its own. The correlation analysis establishes that leadership structure and financial performance move together in a statistically significant manner. The subsequent regression analysis provides a more direct assessment of the predictive effect of leadership structure on financial performance.

Effect of Leadership Structure on Financial Performance

Simple linear regression analysis was conducted to test the null hypothesis that leadership structure has no statistically significant effect on the financial performance of SDA Church ventures in Kenya.

The regression model was statistically significant and demonstrated that leadership structure was a meaningful predictor of financial performance.

Table 3: Regression Analysis of the Effect of Leadership Structure on Financial Performance

Model Summary

R	R^2	Adjusted R^2	SE of estimate	F	df1	df2	p
.494	.244	.236	.64300	30.357	1	94	< .001

Regression Coefficients

Predictor	B	SE	β	t	p
Constant	1.492	.454	—	3.288	.001
Leadership structure	.578	.105	.494	5.510	< .001

Note. Dependent variable: Financial performance.

The results show that leadership structure explained 24.4% of the variation in financial performance ($R^2 = .244$). The adjusted R^2 of .236 indicates that the explanatory power of the model remained relatively stable after adjustment for sample size and the number of predictors. The difference of .008 between R^2 and adjusted R^2 suggests limited shrinkage and indicates reasonable model stability.

The overall regression model was statistically significant, $F(1, 94) = 30.357$, $p < .001$. This demonstrates that leadership structure significantly predicted financial performance within the sampled SDA Church ventures.

The regression coefficient for leadership structure was positive and statistically significant ($B = .578$, $\beta = .494$, $t = 5.510$, $p < .001$). The unstandardized coefficient indicates that a one unit increase in leadership structure was associated with a .578 unit increase in the financial performance score, holding the structure of the simple regression model constant.

The standardized coefficient of β = .494 indicates a moderate positive effect. Thus, improvements in leadership arrangements were associated with improvements in financial performance. On the basis of these results, the null hypothesis that leadership structure has no statistically significant effect on financial performance was rejected.

Discussion

The findings demonstrate that leadership structure is an important predictor of financial performance among SDA Church ventures in Kenya. The positive correlation and regression results suggest that institutions with stronger leadership arrangements tend to experience better financial outcomes.

The descriptive results provide important context for this relationship. Respondents reported relatively high levels of role clarity, leadership effectiveness, separation of powers, supervisory arrangements, and openness to innovation. These dimensions collectively contribute to a leadership environment in which responsibilities are defined and decision making can be coordinated.

Role clarity was particularly important because unclear responsibilities can result in duplication of effort, delayed decisions, and weak accountability. The relatively high rating for separation of powers also suggests that respondents perceived a distinction between governance and executive functions. Such separation is consistent with agency theory, which emphasizes the value of checks and balances in reducing the potential for unmonitored decision making.

The findings also support stewardship theory. Leadership effectiveness, openness to innovation, stakeholder involvement, and ethical commitment reflect dimensions of leadership that extend beyond monitoring and control. In mission driven organizations, leaders must not only be accountable for the use of resources but must also mobilize organizational members towards shared objectives. The positive relationship between leadership structure and financial performance therefore suggests that financial sustainability may be strengthened when accountability is combined with leadership capacity and commitment to institutional goals.

The result that leadership structure explained 24.4% of the variance in financial performance is also significant. It demonstrates that leadership structure represents a meaningful component of financial performance, but it is not the sole determinant. Approximately 75.6% of the variation in financial performance was associated with other factors not included in the simple regression model. This is consistent with the multidimensional nature of financial performance, particularly in faith based institutions.

Financial outcomes may also be influenced by internal control systems, risk management practices, stakeholder relationships, resource availability, managerial competence, market conditions, and the broader economic environment. Consequently, improvements in leadership structure should be viewed as part of an integrated governance strategy rather than as an independent solution to financial challenges.

The finding is consistent with the empirical literature reviewed in the thesis, which identifies leadership and strategic oversight as important contributors to organizational performance. Studies involving church organizations in Kenya have similarly reported positive relationships between leadership practices and organizational outcomes, although their findings are contextually specific. The present study extends this body of evidence by providing empirical findings specifically from SDA Church ventures in Kenya.

The findings have important implications for faith based institutional governance. While mission commitment and spiritual leadership remain central to SDA Church institutions, the results indicate that effective institutional leadership also requires clear organizational structures and managerial competence. Leadership positions should therefore be supported by well defined responsibilities, appropriate delegation of authority, supervisory mechanisms, and systems of accountability.

Conclusion

This study examined the effect of leadership structure on the financial performance of SDA Church ventures in Kenya. The findings established a moderate positive and statistically significant relationship between leadership structure and financial performance (r = .494, $p < .01$). Regression analysis further demonstrated that leadership structure explained 24.4% of the variance in financial performance and had a positive and statistically significant effect (B = .578, β = .494, $p < .001$).

The null hypothesis that leadership structure has no statistically significant effect on the financial performance of SDA Church ventures in Kenya was therefore rejected.

The study concludes that effective leadership structures contribute positively to financial performance. Leadership arrangements characterized by clear roles and responsibilities, appropriate separation of authority, effective supervision, strategic guidance, participatory decision making, and openness to innovation can enhance organizational coordination, accountability, and financial sustainability.

However, leadership structure alone does not fully explain financial performance. The proportion of unexplained variance confirms that financial outcomes are influenced by multiple organizational and environmental factors. Leadership structure should therefore be strengthened alongside other governance and management mechanisms.

The findings suggest that SDA Church ventures should strengthen leadership frameworks by ensuring that leadership roles, responsibilities, and reporting relationships are clearly documented and consistently communicated. Role clarity is necessary to reduce ambiguity and establish accountability for institutional and financial outcomes.

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