

**EFFECT OF TRANSFORMATIONAL LEADERSHIP
STYLE ON ORGANISATIONAL PERFORMANCE OF
STATE CORPORATIONS IN KENYA**

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**Effect of Transformational Leadership Style on Organisational
Performance of State Corporations in Kenya**

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DECLARATION

This Thesis is my original work and has not been presented for a degree in any other University.

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DEDICATION

To my wife Juddie Mulure Nyakawa to whom am deeply indebted for her continuous encouragement and support. Juddie spent time praying for me and encouraging me in every way. Her emotional support, her incredible patience and understanding, and her deep affection were invaluable during the ups and downs of preparing this thesis. I also dedicate this thesis to my Children Billie, David and Trevor who kept me in check as I prepared this project.

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LIST OF ACRONYMS AND ABBREVIATIONS

AET	Affective Events Theory
AIM	Affect Infusion Model
ANOVA	Analysis of Variance
ASA	Attraction-Selection-Attrition
CEPH	Council of Education for Public Health
CFA	Confirmatory factor analysis
G.o.K	Government of Kenya
HR	Human Resources
ICC	Intraclass Correlation Coefficient
ISO	International Organization for Standardization
JAWS	Job-related Affective Well-being Scale
KPIs	Key Performance Indicators
LEAD	Leadership Effectiveness in Africa and the African Diaspora
LTPS	Leadership theory-practice symbioses
MD	Managing Director
MLQ	Multifactor Leadership Questionnaire
MSCEIT	Mayer-Salovey-Caruso Emotional Intelligence Test
MSI	Motivation Sources Inventory

PHP	Public Health Professional
SCAC	State Corporations Advisory Committee
SPH	School of Public Health
VEI	Valence, Instrumentality, and Expectancy
VIF	Variance Inflation Factor
WLEIS	Wong-Law Emotional Intelligence Scale

OPERATIONAL DEFINITION OF TERMS

- Charisma:** Humphreys and Einstein (2004), as cited in Obiwuru *et al.* (2011) define Charisma as a combination of idealised influence and idealised attributes, and is characterized by vision and a sense of mission, instilling pride in and among the group, and gaining respect and trust.
- Idealised attributes:** According to Bass and Avolio (2004), as cited in Boonyachai (2011), define an idealised attribute as one displayed in a situation where one is always acting in ways that build the respect for themselves and go beyond self-interest for the good of the group.
- Idealised behaviour:** Bass and Avolio (2004), as cited in Boonyachai (2011), define Idealised behaviour as one that is about important values and beliefs, and ethical consequences of decisions made by leaders.
- Individual Consideration:** Individual consideration is where leaders stimulate their followers for achievement and growth by acting as coaches and also help their followers to develop their strengths. This is in accordance to Bass and Avolio (2004), as cited in Boonyachai (2011).
- Innovations:** Innovation can be viewed as the application of better solutions that meet new requirements, unarticulated needs, or existing market needs. The term innovation can be defined as something original and, as a consequence, new, that breaks into the market or society (Frankelius, 2009).

Inspirational Motivation: According to Bass and Avolio (2004) as cited in Boonyachai (2011), inspirational motivation, leaders support staff to envision attractive future states and they always motivate their staff to achieve the organisational goals.

Intellectual Consideration: Where leaders like to encourage new ideas, and where creative solutions to problems are solicited from followers, Bass and Avolio (2004) as cited in Boonyachai (2011), referred this leadership style to *as* intellectual stimulation.

Leaders: These are the high-level employees in state corporations who are involved in organisation wide decision making and include top management team, managers, managing directors, General managers, departmental leaders and their deputies, Vice Chancellors and their Deputies, and Chief Executive Officers.

Leadership: Leadership is about setting and not just reacting to agendas, identifying problems, and initiating change that makes for substantial improvement rather than managing change (Pearce, 2008).

Organisation: This is a social unit of people that is structured and managed to meet a need or to pursue collective goals and has a management structure that determines relationships between the different activities and the members, and subdivides and assigns roles, responsibilities, and authority to carry out different tasks (BusinessDictionary.com). Where used in this research, organisation also means State Corporation or firm.

Organisational performance: This is defined as the weighted sum total of service delivery and operations as defined in performance contracting guideline for the year 2013/2014 (GoK, 2013c). Service delivery is made up of customer satisfaction, service delivery innovations, resolution of Public Complaints, ISO Certification and automation while Operations are made up of performance of priority indicators, project implementation including completion rate and cost efficiency, capacity utilization and ease of doing business.

Performance Indicator/Measure: Performance indicators (PIs) are data, usually quantitative in form, but not always, that provide a measure of some aspect of an individual's or organization's performance against which changes in performance or the performance of others can be compared (Harvey, 2004; as cited in Maingot & Zeghal, 2008)

Performance Outcome: The quantifiable indicators that gauge productivity or effectiveness or the measurable variables by which attainment of objectives may be judged (Woodhouse, 2007).

Transformational Leadership: Simola *et al.* (2012) define transformational leadership as a type of leadership in which interactions among interested parties are organized around a collective purpose in such a way that transform, motivate, and enhance the actions and ethical aspirations of followers. Transformational leadership style seeks positive transformations in those who follow and achieves desired changes

through the strategy and structure of the organization
(Geib & Swenson, 2013).

ABSTRACT

Performance of many State Corporations in Kenya has been below expected levels. The government spends billions to service loans defaulted by State Corporations annually. The Annual Public Debt Report 2011/2012, indicates that of the Kshs. 961.3 million payments made by the Government on Guaranteed Debt in 2011/12, 95.6% was on debt accruing to two State Corporations, pointing to significant defaults in payments. As at June 2013, the status of publicly guaranteed debt for state corporations stood at Ksh 47,168.60 million. This study sought to find out the effect of transformational leadership style on organisational performance of state corporations in Kenya. Specifically, the study sought to find out which transformational leadership style is required for improved organisational performance of State Corporation in Kenya. The specific objectives of this study analysed the effect of charisma, inspirational motivation, intellectual stimulation and individualised consideration on performance of State corporations in Kenya. In order to meet the objectives of this study, relevant leadership theories and various leadership styles were reviewed thoroughly. Literature relating to each of the four independent variables was reviewed, as well as literature relating to the dependent variable. The study adopted a descriptive research design where the use of measures of central tendency such as mean and standard deviation was common. This study used primary data obtained from the original sources using a structured and semi-structured questionnaire and captured through a 5-point type Likert scale. The questionnaires were self-administered using the drop and pick method. A pilot study was undertaken on the sample population. The questionnaire was subjected to overall reliability analysis of internal consistency. The study used construct validity employing both convergent and discriminant validity dimensions. After quantitative data was obtained through questionnaires, it was prepared in readiness for analysis by editing, handling blank responses, coding, categorizing and then keyed into Statistical Package for Social Sciences (SPSS) version 24 for analysis. The specific descriptive statistics included percentages and frequencies while the inferential statistics included a multiple linear regression model. The results were presented in form of figures and tables. From a population of 5,140 leaders, data was collected from a sample of 165 respondents randomly selected, from 8 randomly selected state corporations in Kenya. More data on the performance of these 8 State corporations was collected from the division of performance contracting of the Ministry of Devolution and Planning. The study found that there was a significant relationship between charismatic leadership style and organisational performance, inspirational motivation and organisational performance, intellectual stimulation and organisational performance, individualized consideration and organisational performance of state corporations in Kenya. The study concludes that a leadership that is charismatic, individually considerate, motivationally inspiring and intellectually stimulating exerts a positive and significant influence on the performance of state corporations in Kenya. The study recommends that Cabinet Secretaries who are the majority involved in appointing leaders of State corporations should take note of the critical role of transformational leadership in state corporations. Appointments, particularly of chairpersons of state corporations, should seriously consider the transformative configuration of the holder of this office.

Political considerations should, therefore, be surrogate to transformational leadership considerations.

CHAPTER ONE

INTRODUCTION

1.1 Overview

This chapter provides the background information to leadership generally and in relation to state corporations globally, in the region and in Kenya. A distinction is made at the very beginning on the difference between leadership and management. The chapter then makes a statement of the problem for the study, provides the objectives, the research hypotheses and justification for the study. In this chapter, the study further discussed the scope of the study and its limitations.

1.2 Background of the Study

Kenya, like many other African countries, emerged from the structural adjustment programmes (SAPS) era of the 1980s both strained and scorched by the several reforms in public sector management. These programmes have been linked to the high rate of income inequality, inflation, unemployment, retrenchment, and so on, which have lowered living standards (Mbithe, Mwabu, & Awiti, 2017). Consequently, emphasis was then shifted to the introduction of New Public sector Management models in reform programmes of several public sector institutions, State Corporations included. The Public Sector reforms of 1993 were implemented in three phases. The first phase focused on cost containment, the second focused on rationalization of government ministries and departments, while the third, which was guided by Economic Recovery policy directions, adopted Performance Contracting (PC) in public service as a strategy for improving service delivery to Kenyans. Although the economy grew at an average of 5.4% during the period 2003-2007, this could not be sustained and quickly dropped to an average of 4.2% during the period 2008-2011 (Randa & Gubbins, 2013).

During the year 2012 evaluation of State Corporations, it was noted that the performance of State Corporations had declined from 64.8% in 2009/2010 to 64.6% in 2010/2011

(GoK, 2012). According to the Budget implementation Review Report for the period 2012/2013, the performance of many State corporations in Kenya has been disappointing (GoK, 2013). The report of the presidential taskforce on parastatal reforms (GoK, 2013b) points out cases of complete failure and missed opportunities from established State Corporations. For most of these corporations, the report attributed their failure to the lack of strategic vision of what this entity could and should do. For State corporations to be part of the engine to drive Vision 2030, where the economy is projected to grow at a sustained annual rate of 10 per cent, attention will now need to shift to leadership development. As seen from literature reviewed, transformational leadership is critical in enhancing the motivation, the morale and performance of staff leading to improved organisational performance. According to Bass and Avolio (2004), as cited in Amirul and Daud (2012), transformational approach creates significant change in the life of people and organizations. With this in mind, it is safe to conclude that realization of the outcomes envisaged in Vision 2030 is almost guaranteed under transformational leadership.

1.1.1 Global Perspectives of Transformational Leadership

Globally, leadership research on transformational leadership has focused on the content and impact of leaders (Sahgal & Pathak, 2007). According to Sahgal and Pathak (2007), emphasis has been on qualities and dispositions of leaders; how they influence change in organizations and how they inspire followers to increase their performance, motivation, and morale. Inspiration and motivation are items of inspirational motivation, a construct of transformational leadership.

The GLOBE study of 62 societies examines culture as it relates to leadership in all the major regions of the world. According to this study, effective leadership styles of participation common in the individualist west are questionable in the collectivist east while Asian managers heavily emphasize paternalistic leadership and group maintenance activities. According to this global study, charismatic leaders are recognizable but may demonstrate high degrees of assertive, such as John F. Kennedy and Martin Luther King,

Jr., or quietly non-assertive, like Mahatma Gandhi, Nelson Mandela and Mother Teresa. The GLOBE study by House and Javidan (2004), as cited in Shebaya (2011), found out that in the U.S, leaders who listens carefully to what the follower is saying is valued, while in China, it's the leader who praises the follower in the presence of other followers who is valued. Careful listening is an aspect of individual consideration in transformational leadership, while praising a follower is an aspect of idealised influence in transformational leadership.

House and Javidan (2004), as cited by Shebaya (2011) observed that Prevailing North American theories have been individualistic and rationalistic. The theories have stressed individual incentives and follower responsibilities, and they have assumed hedonistic motivation, the centrality of work and democratic orientation. The shift in the GLOBE study, is from individual motivations to cultural forces as the major determinants of leaders and of the framing of leadership. In the study, analysis of the 65 leader traits that constitute the six leader styles showed 22 of them to be universally desirable characteristics. The 22 are characteristics that make it likely for a leader to be perceived as outstanding. Of the 22 characteristics, fifteen of them could easily form the items of transformational leadership; five under the charisma construct, three under individualised consideration construct, three under inspirational motivation and four under intellectual stimulation construct. Items under charisma include trustworthy, honesty, foresight, confidence builder and dependable. The items under individualised consideration include encouraging, team builder, win-win problem solver while under inspirational motivation we have positive thinker, motive arouser and motivational. Under intellectual stimulation the four leader traits identified are decisiveness, forward planner, intelligent and one who is administratively skilled.

1.1.2 Regional Perspectives of Transformational Leadership

According to Mwambazambi and Banza (2014), although much of sub-Saharan Africa has been politically independent for the last 50 years, most of the nations of the continent have been facing issues of persistent dictatorship, poverty, corruption,

selfishness, exploitation, tribalism, social injustices, neo-colonialism and aimless armed conflicts, which challenges call for transformational leadership in order to bring about effective transformation. Mentan (2002), as cited in Mwambazambi and Banza (2014) argues that the problem of unethical and exploitative sub-Saharan African leadership has been compounded and sustained by neo-colonial support to this leadership, poor self-leadership models of African leaders and lack of referral terms of efficient leadership development.

Gonye and Moyo (2013) in the study of African leadership, argue that that the lack of transformational leadership is the bane of African politics. According to the study, a cursory look at the relationship between the current crop of African political leaders and their nations' citizens, prompts effective performance and good governance enthusiasts to question the apparent absence of important transformational leadership tenets among most African leaders. That relationship is often marked with a literal cordoning off of the masses from the person they made leader; the leader and the led seem not to share a vision, yet the leader professes to champion a national vision towards which he pulls the followers. Using various examples of African political leaders, Gonye and Moyo (2013) argue that, the conduct of national politics in post independent Africa has been fundamentally antithetical to the tenets of transformational leadership maybe because after independence most liberation movements either failed or refused to transform themselves into governing movements with all that goes with statecraft.

The research by Gonye and Moyo (2013) suggests that African politicians could benefit from borrowing leadership styles from Burns' and Bass' transformational models of leadership. The study contends that Africa needs transformational leaders able to personify, articulate and defend a national vision, and thus garner voluntary support from the diverse masses, but, instead, has lately been 'blest' with inconsistent leaders, those who rule by quid pro quo and, at worst, outright dictatorship. Bolden and Kirk (2009), in their article on leadership in sub-Saharan Africa found out that data on the nature of leadership in this region is fairly limited. They observed that the GLOBE study presents just one page on sub-Saharan Africa in its book of studies and limited findings

in its analysis of empirical data (House & Javidan, 2004; as cited by Shebaya, 2011). Using data from Namibia, Nigeria, South Africa (Black sample), Zambia and Zimbabwe, the study by Bolden and Kirk (2009) found a preference for charismatic style of transformational leadership.

Despite a growing body of scholarship in the area of leadership in Africa, the literature remains small in comparison to the wealth of research and applications available elsewhere in the general area of leadership (Senaji, Metwally, Sejjaaka, Puplampu, Michaud, & Adedoyin- Rasaq, 2014). Quoting a number of scholars since 2004, Senaji et al. (2014) noted that cumulatively, these scholarly outputs show that there is significant impact of leadership action and/or inaction on the profitability of African organizations and nations; there is growing interest in leadership and management issues in and on Africa; and there is limited availability of relevant scholarly material, requiring continuous and consistent effort on the part of researchers (Senaji et al., 2014, Avolio, & Aryee, 2011; Muchiri, 2011; Nkomo & Kriek, 2011; Lituchy, Ford, & Punnett, 2013).

1.1.3 Local Perspectives of Transformational Leadership

In the book on *Challenging the Rulers: A Leadership Model for Good Governance*, edited by Kwaka, Okombo, Muluka and Sungura-Nyabuto (2011), it is argued that one of the most widely held opinion the world over is that poor leadership has failed Africa. The book further records that development literature is awash with observations that Africa has enormous resources and, in fact, would be the next economic growth spot for the world economy. It is further argued that in Kenya, hardly a week passes without a headline related to leadership failure in the newspapers' regular columns, occasional commentaries and letters to the editor. One comes across headlines such as, *Famine Caused by a Leadership Draught*, or *Accidents Kill Hundreds of Kenyans as Leaders Plead with Drivers*, or *Poverty: Sign of Poor Leadership*.

The practice of transformational leadership has begun to emerge in Kenya on the background of poor results of transactional leadership (Bukachi, 2009). According to Bukachi, transactional leadership in Kenya has resulted in gross mismanagement. However, people in Kenya have started to demand better leadership whose qualities are drawn from transformational leadership (Bukachi, 2009). In his report, Bukachi noted that there is now a new group of leaders in the public and private sectors in Kenya that have begun to demonstrate transformational leadership.

The few studies carried out in Kenya have focused mainly on the role of transformational leadership of education outcomes. For instance, Mwangi, Mukulu and Kabare (2011), analysed the significance of emotional intelligence on transformational leadership in public universities in Kenya. Results in this study showed that emotional intelligence is significant in transformational leadership. Ayiro (2014) also carried out a study on transformational leadership and school outcomes in Kenya and found out that emotional intelligence is a critical component. The Ayiro (2014) study has a specific purpose of advancing and expanding research on emotional intelligence and transformational leadership in schools in Kenya.

1.2 Statement of the Problem

According to the Budget implementation Review Report for the period 2012/2013, the performance of many State corporations in Kenya has been disappointing. The report gives an example where Ksh 1.93 billion was spent to service loan defaulted by three State Corporations (GoK, 2013). The Annual Public Debt Report 2011/2012, indicates that of the Kshs. 961.3 million payments by the Government on Guaranteed Debt in 2011/12, 95.6% was on debt accruing to two (2) State Corporations, pointing to significant defaults in payments. As at June 2013, the status of publicly guaranteed debt for state corporations stood at Ksh 47,168.60 million.

According to the Parliamentary Public Investment Committee (GoK, 2011), Leaders in State corporations have failed to position these organizations for success. The report by

Mwaura (2007) revealed that failure in state corporations is largely a function of weak leadership arising from the dependence of directors on political actors. Kihara, Yano and Mori (2013), concluded that commitment of leaders affects the process of implementing the performance systems in an organization to a great extent.

The report of the presidential taskforce on parastatal reforms (GoK, 2013b) points out a number of cases of complete leadership failure and missed opportunities from established state corporations. For instance, the Kenya Railways Corporation is a shell of its former self, despite its earlier significant role in Kenya's wealth creation. The lack of leadership vision of what this entity could and should do has led to selection of sub-optimal choices that have cascaded negative effects into the wider economy, beyond the railways itself.

Research has shown that leadership effectiveness and motivation can contribute to growth and social good in Africa (Agulanna, 2006). Even with this finding, the concept of leadership effectiveness and motivation are poorly contextualised because the African perspective of leadership effectiveness and motivation are poorly articulated and understood (Senaji et al., 2014). Further, a limited number of studies have paid attention towards understanding the process of transformational leadership behaviour in enhancing organisational performance. The GLOBE study for instance presents just one page on sub-Saharan Africa in its book of studies and offers limited findings in its analysis of empirical data (House & Javidan, 2004; as cited by Shebaya, 2011).

It is against this backdrop that this study investigated the effect of transformational leadership styles on the performance of State corporations in Kenya. The limited number of studies for Kenya on the role of charisma, inspirational motivation, intellectual stimulation and individualised consideration on organisational performance of state corporations called for this study.

1.3 Objectives

1.3.1 Overall Objectives

The study sought to find out the effect of transformational leadership on organisational performance of State Corporations in Kenya.

1.3.2 Specific Objectives

The specific objectives of this study were as follows:

- i. To analyse the effect of charisma on organisational performance of state corporations in Kenya.
- ii. To find out the effect of inspirational motivation on organisational performance of State corporations in Kenya
- iii. To assess the extent to which intellectual stimulation style of leadership influences organisational performance of State corporations in Kenya.
- iv. To determine the effect of individualized consideration on organisational performance of State corporations in Kenya

1.4 Hypotheses for the study

The following are the hypotheses for this Study:

H₀₁: Charismatic style of transformational leadership has no significant effect on organisational performance of State corporations in Kenya

H₀₂: Inspirational Motivation style of transformational leadership has no significant effect on organisational performance of State corporations in Kenya

H₀₃: Intellectual stimulation style of transformational leadership has no significant effect on organisational performance of State corporations in Kenya

H₀₄: Individual consideration style of transformational leadership has no significant effect on organisational performance of State corporations in Kenya

1.5 Justification of the study

State Corporations play a major role in the growth of the Kenyan economy. Despite this, their contribution has been growing only marginally and in some cases stagnated or declined altogether. There is widespread condemnation on failure of leadership in these organisation. Besides, most state corporations were set up to become financially independent within the shortest period of time, but State corporations have continued to exert pressure on the exchequer. Given below are specific beneficiaries of the study.

1.5.1 International and Local Investors

The study findings will be of great importance to the international and local investors since it will address the most critical factors pertaining to failure by regulatory State Corporations to provide an enabling environment for investment in Kenya. Proposals in this study, once implemented will lead to improved regulatory environment for businessmen. Similarly, the likely reduction in production costs by State Corporation will translate to lower taxation which will attract more investors into the country, mainly resulting from overall cost of production, and in particular lower labour wages.

1.5.2 Government of Kenya

The study findings will be of great importance to the Government of Kenya since improved performance of State corporations will lead to large savings for the government to invest in the social sector, particularly in Water, Health and Education.

1.5.3 Policy makers

The study findings will be of value to policy makers as this will bring into light various aspects related to human resource management which require policy direction.

1.5.4 Researchers and Scholars

The study will be of great importance to other study teams who will gain both theoretical and practical experience on effects of transformational leadership style on organisational performance.

1.6 Scope of the study

The study focused on the effects of transformational leadership style in Kenya's state corporations. The study was carried out in Kenya and covered all State corporations. The study covered leaders of the state corporations. The study covers the period 1963 to 2015. The study looked into the relationship between five variables, of which four were independent while one was a dependent variable. The independent variables were charisma, Inspirational Motivation, Intellectual Stimulation and individualised consideration. Organisational performance was the dependent variable.

1.7 Limitation of the study

One of the limitations is the fact that relationships between measures and performance are influenced by measures the firm used internally and how they were embedded into incentive and control systems within the firm such as, the firm's own Key Performance Indicators (KPIs). The researcher tried to mitigate this by taking samples across all types of state corporations in Kenya.

The other limitation was that the measurement of performance had to take into account heterogeneity of environments, strategies and management practices. The study assumed that State corporations were relatively similar. However, and in reality, State corporations were different in Nature. For instance, regulatory State corporations are by far different from commercially oriented state corporations. To mitigate this, leaders who provided opinions for the study were selected from all the 8 categories of state corporations in Kenya.

There were cases where it was feared that respondents to this study did not provide honest opinions due to fear of being victimized. This was mitigated by assuring the respondents that their observations remained anonymous and the study was for academic purposes only.

Finally, the researcher found most leaders too busy to provide responses on time as some were away for prolonged periods. I mitigated this by dropping the questionnaires and picking them later, and in some cases providing sufficient time for the leaders to respond.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter reviewed the literature, both the theoretical and the empirical literature. The chapter presented the theory behind each of the four leadership constructs which defined transformational leadership. The chapter discussed the empirical literature testing the relevance of the theories presented. The chapter presents the conceptual framework, provides a summary to the reviewed literature and identified the research gaps.

2.2 Theoretical Review

A number of leadership theories have been identified throughout history. Those that have a direct relationship to transformational leadership include traits theory, leader-member-exchange theory, situation theory and Path-Goal Theory.

2.2.1 Trait Leadership theory

Trait leadership is defined as integrated patterns of personal characteristics that reflect a range of individual differences and foster consistent leader effectiveness across a variety of group and organisational situations (Zaccaro, Kemp & Bader, 2004, as cited in Zaccaro, 2007). The theory of trait leadership developed from early leadership research which focused primarily on finding a group of heritable attributes that differentiated leaders from non-leaders. Traits theory focuses purely on a leader's personality traits.

Yukl (2013), suggests that the big five broadly defined personality traits are surgency, dependability, agreeableness, adjustment and intellectual outlook. Surgency in a leader requires extroversion, energy and a high activity level, and a need for power (assertiveness). Conscientiousness in leaders requires dependability, personal integrity and the need for achievement. Agreeableness in leaders requires a need to be cheerful

and optimistic, nurturing (sympathetic, helpful) and a need for affiliation. Adjustment means that a leader must show emotional stability, self-esteem and self-control. Intellectual outlook in leaders indicates their curiosity and inquisitively, open mindedness and learning oriented.

The Conscientiousness trait can be linked to charisma where because of dependability and personal integrity, the leader can instil pride, faith and respect in the follower. Further, personal integrity positions a leader to be a role model. The agreeableness and adjustment traits positions the leader to provide emotional appeals, to motivate and inspire the follower and enable the follower to envision an attractive future, all of which are proxies of inspirational motivation in transformational leadership. The intellectual outlook trait can be linked to intellectual stimulation style in transformational leadership. In both cases, leadership stimulates effort for innovation and creativity, remains open-minded, and promotes logical thinking. This theory supports the variable intellectual stimulation since personal characteristics here influence leadership.

2.2.2 The Leader-Member-Exchange (LMX) theory

The Leader-Member-Exchange (LMX) theory challenges the assumption that leaders treat followers in a collective way, as a group. The theory explains that the relationship between managers and their subordinates develops over time as a result of role-making processes and social exchange between them. According to LMX theory, leadership resides in the quality of the exchange relationship developed between leaders and their followers where high quality exchanges are characterized by mutual respect, trust and liking. The nature of the relationship quality has implications for job effectiveness at the work place.

In this theory, researcher has relied more on a social exchange-based rationale to predict the nature of the relationship between outcomes and LMX quality whereby high-quality relationships are characterized by the exchange of valued resources. As these relationships continue to improve, leaders continue to support their followers in

developmental opportunities such as sponsorship to learning, mentorship, and extending other benefits to the follower. The provision of such extra benefits to the follower by the leader results in a motivation to reciprocate to the leader on the part of the follower, by demonstrating behaviors such as loyalty and higher levels of voluntary behaviors. The feeling of obligation and high level of commitment to the leader become the link between high LMX quality and pro leader behavior. Further, the extent to which the follower regard their leader's promises to be fulfilled is a good link between LMX quality and outcomes.

Due to its role-making processes between a leader and follower, this theory is closely linked to individual consideration where the coaching and mentorship are key ingredients, the follower is treated individually and learning opportunities are created.

2.2.3 The situational leadership theory

The situational leadership theory is a leadership theory that was developed by Hersey, professor and author of the book *Situational Leader*, and Blanchard, leadership guru and co-author of *Leading at a Higher Level and Creating High Performing Organizations* (2010). The fundamental underpinning of the situational leadership theory is that there is no single best style of leadership. Effective leadership is task-relevant, and the most successful leaders are those that adapt their leadership style to the maturity of the individual or group being influenced. In situational theory, effective leaders must correctly identify the behaviours each situation requires and then be flexible enough to understand how that can be applied in that particular situation. Each situation requires a different leadership style; in every situation there is a leadership style that will be effective.

Yukl (2013) noted that Hersey and Blanchard characterized leadership style in terms of the amount of Task Behaviour and Relationship Behaviour that the leader provides to their followers. Hersey and Blanchard categorized all leadership styles into four behaviour types, namely; S1 to S4, where S1, also known as Telling is characterized by

one-way communication in which the leader defines the roles of the individual or group and provides the what, how, why, when and where to do the task. Behaviour type S2, also known as Selling postulates that while the leader is still providing the direction, a two-way communication is taking place and the leader is providing the socio-emotional support that will allow the individual or group being influenced to buy into the process. Type S3, known as participating is one where decision making is a shared responsibility where decision making is about aspects of how the task is accomplished and the leader is providing less task behaviours while maintaining high relationship behaviour. S4 is known as the delegation type, where the leader is still involved in decisions; however, the process and responsibility has been passed to the individual or group. The leader stays involved to monitor progress.

In relation to transformational leadership, a situational leader type S1, also known as telling, will exhibit an inspirational motivation transformational leadership style with regard to the leader defining what needs to be done and why it needs to be done, when it needs to be done and where. In this case the leader, while telling the follower what to do sets higher standards and communicates higher expectations. However, an inspirational motivation speaker does not deal with the how of the task as this is left to the inspired follower. A situational leader type S2, also known as selling is closely linked to charisma where the leader provides the socio-emotional support through instilling pride, faith and respect; reassuring the follower and promoting the follower's confidence. In both cases, a two-way communication is promoted.

A situational leader type S3, participating, is closed linked to intellectual stimulation style in transformational leadership where the leader stimulates the efforts of a follower for innovation and creativity. The leader in both cases breaks away from old thinking and solicits for new ideas from the follower. The only difference is that in intellectual stimulation, leaders promote logical thinking, which is not apparently clear from situational leadership type S3. A situational leader type S4, also known as delegation is linked, in one way or another to all the four constructs of transformational leadership, namely; charisma, inspirational motivation, and intellectual stimulation.

2.2.4 The path–goal theory

Northouse (2013) has referred the path–goal theory as a leadership theory first developed by Robert House, an Ohio State University graduate in 1971. In the Path-Goal theory, the main concept of this theory is that the leaders have to support their subordinates in achieving the goals of their organisations. The Path-Goal Theory of leadership was developed to describe the way that leaders encourage and support their followers in achieving the goals that have been set by making the path that should be taken clear and easy. The path-goal theory can best be thought of as a process in which leaders select specific behaviours that are best suited to the employees' needs and the working environment that guides the employees through their path in the obtainment of daily work activities (Northouse, 2013). In transformational leadership, coaching and mentorship are key actions through which a follower is supported to finalise a task. The leader teaches the follower to develop strengths in their specific focus area and to be attentive listeners.

Northouse (2013) talks about facilitating measurement of the theory by proposing four distinct types of behaviour namely; directive path-goal clarifying behaviour, supportive leader behaviour, participative leader behaviour, and achievement-oriented behaviour. Directive path-goal clarifying leader behaviour is generally aimed at reducing role ambiguity, clarifying the link between follower effort and goal attainment, and linking follower goal attainment to extrinsic rewards. This is closely related to charisma in transformational leadership where the leader instils a sense of vision and mission in the follower.

Supportive leader behaviour focuses on the personal needs of followers. Specific supportive leader behaviours include making the work environment an enjoyable place and expressing concern for the personal welfare of followers (Northouse, 2013). This aspect of the theory can be linked to some aspects of inspirational motivation style in transformational leadership where the leader not only inspires and motivates the

follower, but also provides the necessary emotional appeals to enable the follower envision an attractive future.

The third type of behaviour specified by House and Mitchell is participative leader behaviour (Northouse, 2013). Participative leader behaviour involves considering followers' input and valuing their opinions when making decisions that affect them. This type of leader behaviour is essentially a combination of directive and supportive leader behaviour. House and Mitchell claimed that the impact of this type of behaviour is highly contingent on follower personality. Intellectual stimulation style of transformational leadership equally involves of the leader considering the followers input. The leader values the follower rationality and intellect and takes a risk to solicit for new ideas from the follower.

Finally, achievement-oriented behaviour, which is also a combination of directive and supportive leader behaviour, is concerned with enhancing follower performance in an almost inspirational manner. Leaders engaging in such behaviour express confidence in the capability of followers to reach their goals and encourage followers to set high goals and elevate standards of excellence (Northouse, 2013). The net result is an overall increase in follower performance and satisfaction. It is clear from this explanation that achievement-oriented behaviour very closely relates to all the constructs of transformational leadership including charismatic aspects such as leader reassuring follower, leader promoting confidence in the follower, leader inspiring, Coaching and mentoring the follower in order for results to exceed expectations.

2.3 The Conceptual Framework

A conceptual framework is a written or visual presentation that explains either graphically, or in narrative form, the main things to be studied, the key factors, concepts or variables and the presumed relationship among them (Miles, Huberman & Saldana, 2014).

This research adopted the exposition of Transformational leadership philosophy by Bass and Riggio (2010), as cited in Bolkan *et al.* (2011), who depicted transformational leadership as comprising four distinct factors or styles: charisma, inspirational Motivation, individualised consideration and intellectual stimulation. The first dimension, charisma is shown by leaders who act as role models, create a sense of identification with a shared vision, and instil pride and faith in followers by overcoming obstacles. Inspiration Motivation (IM) is defined as inspiring and empowering followers to enthusiastically accept and pursue challenging goals and a mission. Individual consideration (IC) consists of behaviours such as communicating personal respect to followers by giving them specialized attention, by treating each one individually, and by recognizing each one's unique needs. Finally, leaders who consider old problems in new ways, articulate these new ideas, and encourage followers to rethink their conventional practice and ideas are said to be intellectually stimulating (IS).

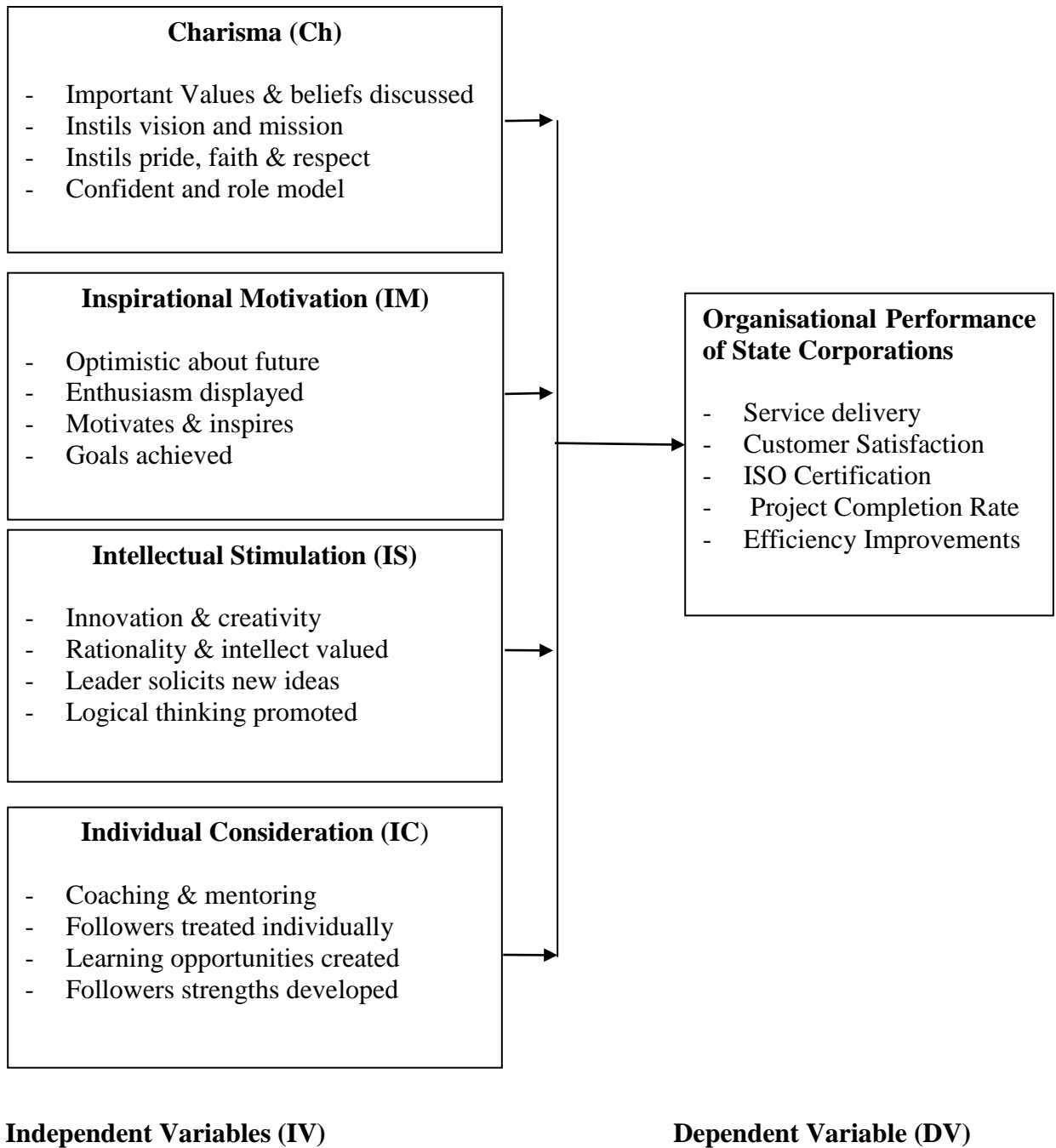


Figure 2.1: Conceptual Framework

Figure 2.1 shows the conceptualized relationship between the dependent variables and the independent variables as those variables relate to transformational leadership. Sub-sections 2.3.1 to 2.3.5 provides detailed discussions on how to operationalize each of the variables in the model.

2.3.1 Charisma

According to Humphreys and Einstein (2004), as cited in Ayiro (2014), Charisma, is characterized by vision and a sense of mission, instilling pride in and among the group, and gaining respect and trust. According to Conger and Kanungo (2002), as cited in Tauber (2012), Charismatic leader behaviour directly generate in followers a feeling of reverence, a sense of group collective identity, and perceptions of group task performance. Charisma represents role-modeling behavior where the leader instills pride, faith, and respect, and has a gift for seeing what is really important, and transmits a sense of mission (Johnson, 2006).

According to Bass and Bass (2009), in charisma, transformational leaders behave in ways that allow them to serve as role model for their followers. In this leadership style, leaders share with followers, important values and beliefs which drive decision making for the organisation. The leaders are admired, respected, and trusted. Followers identify with the leaders and want to emulate them; leaders are endowed by their followers as having extraordinary capabilities, persistence, and determination. According to Bass and Riggio (2010), as cited in Bolkan *et al.* (2011), there are two aspects to charisma: the leader's behaviours and the elements that are attributed to the leader by followers and other associates. When followers witness a leader's charismatic behaviours, followers attribute idealized influence to the leader. As a result, followers identify strongly with a leader, show high levels of trust in and commitment to the leader, and exert high levels of drive and motivation (Sosik & Jung, 2011).

2.3.2 Inspirational Motivation

Inspirational motivation represents the use of images and symbols that enable the leader to raise the expectations and beliefs of their follower concerning the mission and vision (Johnson, 2006). In Inspirational motivation (IM), transformational leaders behave in ways that motivate and inspire those around them by providing meaning and challenge to their follower's work. According to Bass and Alivio (2004), as cited in Bolkan *et al.* (2011), in inspirational motivation, team spirit is aroused. enthusiasm and optimism are displayed; leaders get followers involved in envisioning attractive future states; leaders create clearly communicated expectations that followers want to meet and also demonstrate commitment to goals and the shared vision. By using inspiration, transformational leaders' express confidence in followers and their shared vision. Through the content of this vision and behaviour that is consistent with the vision, inspirational leaders energize followers to exert extra effort in challenging situations. In addition, the leaders champion collective action and team synergy (Sosik & Jung, 2010).

2.3.3 Intellectual Stimulation

In Intellectual stimulation (IS), transformational leaders stimulate their follower's effort to be innovative and creative by questioning assumptions, reframing problems, and approaching old situations in new ways, creativity is encouraged, new ideas and creative problem solutions are solicited from followers, who are included in the process of addressing problems and finding solutions. According to Bass and Riggio (2010), as cited in Bolkan *et al.* (2011), followers are encouraged to try new approaches, and their ideas are not criticized because of their differences from the leaders' ideas. While inspirational motivation triggers the emotions of followers, intellectual stimulation values followers' rationality and intellect (Sosik & Jung, 2010). According to Judge and Piccolo (2004) as cited in Ayiro (2014), intellectual stimulation is the degree to which the leader challenges assumptions, takes risks, and solicits followers' ideas. Leaders with this trait stimulate and encourage creativity in their followers. Intellectual stimulation represents cognitive development of the follower and occurs when the leader

arouses followers to think in new ways and emphasizes problem solving and the use of reasoning before taking action (Johnson, 2006).

2.3.4 Individual Consideration

The fourth dimension of transformational leadership is individual consideration which is concerned with developing followers by coaching and mentoring. According to Bass and Riggio (2010), as cited in Bolkan *et al.* (2011), followers are treated individually in order to raise their levels of maturity and to enhance effective ways of addressing their goals and challenge. In Individualized consideration (IC) transformational leaders pay special attention to each individual follower's needs for achievement and growth by acting as a coach or mentor. Followers and colleagues are developed to successively higher levels of potential. Individual consideration is practiced when new learning opportunities are created along with a supportive climate. Individual differences in terms of needs and desires are recognized. In this leadership dimension, a two-way exchange in communication is encouraged, and management by walking around workspace is often practiced.

2.3.5 Organisational performance

In recent years, Organisational Performance has been defined as comprising the actual output or results of an organization as measured against its intended goals and objectives. According to Richard *et al.* (2009) organisational performance encompasses three specific areas of firm outcomes; financial performance (profits, return on assets, and return on investment,), product market performance (sales, and market share); and shareholder return (total shareholder return, and economic value added).

The conceptual domain of organisational performance can be specified only by relating this construct to the broader construct of organisational effectiveness. Combs *et al.* (2005), as cited in Gentry and Chen (2010) define organisational performance as the economic outcomes resulting from the interplay among an organization's attributes,

actions, and environment The definition of organisational performance corresponds to measurement practices in strategic management research because a majority of researchers assess organisational performance based on economic indicators (Richard et al., 2009).

Combs *et al.* (2005), as cited in Gentry and Chen (2010) propose a consistent organisational framework with three dimensions: accounting returns, stock market performance, and growth. Accounting returns are defined as the historical performance of organizations that is assessed through the use of financial accounting data as published in annual reports. Combs *et al.* (2005), as cited in Gentry and Chen (2010) argues for a single accounting returns dimension, whereas other studies identify several dimensions that are derived from accounting returns indicators. However, we expect at least two separate dimensions to be reflected by accounting returns indicators. First, a liquidity dimension, which is defined as a firm's ability to meet its financial obligations based on cash flows generated from its current operations, is expected (Weygandt, Kimmel, & Kieso, 2010). Second, a profitability dimension, defined as an organization's efficiency in utilizing production factors to generate earnings, is expected.

2.4 Empirical Review

Durić (2013), in the research on transformational Leadership Styles in Slovenian Police, published in the Journal of Criminal Justice and Security, found out that there were transformational leadership styles than transactional leadership styles and laissez-faire leadership styles demonstrated among Slovenian Police managers. The purpose of the study was to examine leadership styles among managers at different organisational levels in Slovenian Police organization and examine relationships between leadership styles and outcomes criteria (effectiveness, satisfaction, and extra effort). The study took a quantitative approach to test the Full Range Leadership Model (FRLM) with Multifactor Leadership Questionnaire (MLQ). Survey included police managers at local (290), regional (122), and state (74) level of Slovenian Police organization. One of the major findings of the study was that there are more transformational leadership styles

than transactional leadership styles and laissez-faire leadership styles demonstrated among Slovenian Police managers.

Zaccaro and Horn (2003), as cited in Spano (2015), in their review research on Leadership theory and practice, observed that leadership theory has not lived up to its promise of helping practitioners resolve the challenges and problems that occur in organisational leadership. The study further observed that theories and models are not contextualized nor do the dynamic and critical issues facing leaders drive their construction. The purpose of the review was to offer a framework and principles that should foster more effective leadership theory-practice symbioses (LTPS). The review build on past systematic efforts to articulate such a framework in leadership literature.

Zaccaro and Horn (2003), as cited in Spano (2015),) summarised their findings by appreciating the fact that in spite of a long history of leadership research and an even longer interest in leadership, the research and practice communities remain too far apart in terms of addressing leadership problems with strong leadership concepts. The review sought to highlight the particular barriers on each constituency that constraint an effective symbiosis between leadership theory and leadership practice. The study offered a number of propositions and guidelines that can break through these barriers.

The review by Zaccaro and Horn (2003), as cited in Spano (2015), concluded that the effective integration of leadership theory and practice needs to be grounded in an ongoing dialogue between researchers and practitioners that respects the values, perspectives, and agendas of each constituency. Such dialogue is often difficult to achieve because researchers and practitioners do not engage each other all that often. When engagement is done, members of each group can rarely put aside their own frames of reference to view leadership from the frame of the other group. If such interaction and dialogue can begin to be effective, then the leadership community as a whole, will begin to experience more problems that are informed by concepts, and more theories that are moulded by contextual realities. The gap between leadership theory and practice should, in turn, begin to narrow to a close.

Yang et al. (2008) found out that although theory suggests that Chief Executive Officers (CEOs) who engage in transformational leadership should have a positive effect on firm performance, most empirical examinations using data drawn from larger firms have failed to find support for this linkage. Given that the organisational complexity associated with larger firms has been viewed as a central obstacle to establishing this important link, the authors examined the impact of CEO transformational leadership on firm performance in smaller, privately held firms. After first explaining why the less complex context of these firms provides a setting for transformational CEOs to play a more direct role in enhancing firm performance, Yang and team then further clarified the nature of this link by hypothesizing three contingencies that are particularly salient which include firm size, CEO founder status (founder or non-founder), and CEO tenure. Results from a multisource survey of CEOs and their top management teams in one hundred and twenty one firms and two time-lagged measures of performance, one objective and one perceived, provided consistent support for these hypotheses.

2.4.1 Charisma

The study on leadership effectiveness, motivation and culture in Africa by Senaji et al. (2014), found out that vision was an important descriptor of what makes a leader effective. On average, being visionary was rated as number one descriptor of an effective leader in Kenya with a score of 4.80. This exploratory study conducted in Ghana, Egypt, Nigeria and Uganda used the Delphi technique with a small sample of corporate, community and religious leaders.

Obiwuru, Okwu, Akpa, and Nwankwere (2011), evaluated the effect of leadership styles on organisational performance in selected small scale enterprises. The analysis has shown that charismatic leadership style exerts positive but insignificant effect on followers and performance. The major objective of this study was to determine effect of leadership styles on performance in small scale enterprises in Ikosi-Ketu Council development area of Lagos state, Nigeria. Transformational and transactional leadership styles were considered in this study. Transformational leadership behaviours and

performance/outcome considered relevant in the study were charisma, inspirational motivation and intellectual stimulation/individual consideration; and effectiveness, extra effort and satisfaction, respectively.

The study by Krishna (2011) examined the effects of transformational leadership on team performance and commitment. In the study, hypotheses were tested in two levels. First, correlations among transformational leadership, team performance, psychological empowerment and organisational commitment were analysed. In addition, to correlation analysis a series of regression analysis were conducted to test the hypotheses. Hierarchical regression analysis was also performed to test the mediating role of psychological empowerment. Results revealed a positive relation between transformational leadership and effectiveness, extra effort, satisfaction, and psychological empowerment.

Tosi, Misangyi, Fanelli, Waldman, and Yammarino (2004), as cited in Ling *et al.* (2008), examined a sample of Fortune 500 companies over a 10-year period and reported that the top managers' ratings of CEO charisma, a key attribute of transformational leadership, were unrelated to firm performance. Using data from 48 Fortune 500 firms, Waldman, Ramirez, House, and Puranam (2001), as cited in Ling *et al.* (2008), failed to find any main effects of CEO charisma on firm performance. Likewise, on the basis of 770 surveys from top management team members in 128 companies, Agle, Nagarajan, Sonnenfeld, and Srinivasan (2006), found that although previous organisational performance was attributed to perceptions of CEO charisma, subsequent performance was not. Similarly, Ensley, Pearce, and Hmieleski's (2006), study of 66 firms found no evidence to support a positive main effect of CEO transformational leadership on firm performance. One known exception to these findings is by Waldman, Javidan, and Varella (2004), as cited in Ling *et al.* (2008), who found charisma to be positively related to firm performance. Unfortunately, this study neither considered the other three attributes of a transformational leader nor did it control for prior firm performance, a variable that research by Waldman *et al.* (2004), as cited in Ling *et al.* (2008), has previously identified as an important covariate.

Scholars such as De Hoogh have integrated the wide variety of personality-centred research on the antecedents of charismatic leadership by focusing on the Big Five personality traits, such as leaders' extraversion, openness to experience, agreeableness, conscientiousness, and neuroticism (Kalshoven *et al.*, 2011). With these Big Five traits representing broad constructs that incorporate many other personality dispositions it appears useful for systematically cumulating prior research findings. Accordingly, Bono and Judge (2004), as cited in Ayiro (2014), meta-analysed 26 independent studies on the personality antecedents of charismatic leadership, utilizing the Big Five framework to organize prior results. Together, the Big Five were found to explain a total of 12% of the variance in charismatic leadership behaviours, with a significant positive effect for extraversion ($p = .22$) and a significant negative effect for neuroticism (Bono & Judge, 2004; as cited in Ayiro, 2014).

Empirical studies have been inconclusive, offering support for both of these perspectives. Bligh, Kohles, and Meindl (2004), as cited in Willis *et al.* (2013) found president George W. Bush's rhetorical language to contain more charismatic elements in the aftermath of the crisis induced by the September 11, 2001, terrorist attacks. In contrast, Bligh, Kohles, and Pillai (2011), as cited in Willis *et al.* (2013) reported charismatic leadership ratings for California's then governor Gray Davis to be negatively related to raters' perceptions of a state of crisis in California. In summary, the literature suggests that crisis and threat situations may be important for the emergence of both charismatic and prevention-oriented leadership behaviours. It is noteworthy, however, that research findings on the specific effects of such conditions on charismatic leadership have been contradictory.

The study by Bono and Timothy (2004), as cited in Ayiro (2014), was a meta-analysis of the relationship between personality and ratings of transformational and transactional leadership behaviours. Using the 5-factor model of personality as an organizing framework, the authors accumulated 384 correlations from 26 independent studies. Personality traits were related to 3 dimensions of transformational leadership, idealized influence, inspirational motivation (charisma), intellectual stimulation, and

individualized consideration and 3 dimensions of transactional leadership contingent reward, management by exception—active, and passive leadership. Extraversion was the strongest and most consistent correlate of transformational leadership. Although results provided some support for the dispositional basis of transformational leadership—especially with respect to the charisma dimension—generally, weak associations suggested the importance of future research to focus on both narrower personality traits and non-dispositional determinants of transformational and transactional leadership.

Some visionary, passion driven and influential leaders, possessing all qualities of charismatic leaders have proven themselves to be more dictators than leaders. Thus, charisma has often been couched in terms of positive and negative side of leadership with the inclusion of qualities such as narcissism, manipulation, alienation of people and defensiveness. Bass and Riggio (2010), have written about international charismatic leaders who wreaked havoc, death and destruction, well known examples being Adolf Hitler, Pol Pot, Josef Stalin and Osama Bin Laden. These leaders are referred to as Pseudo transformational since they exhibit many elements of transformational leadership, but have personal, exploitative and self-aggrandizing motives (Bass & Riggio, 2010). As a result of the identified shadow side of charisma including extreme narcissism, in which a leader loses touch with reality and leads others towards their own self-serving gains at the organisations' peril.

From the foregoing literature, it is apparent that Charismatic leadership can be learned, contrary to popular belief that leaders are not born with the capability of creating a collective feeling amongst followers by making use of a compelling vision. By providing leaders with practical training sessions regarding the use of charismatic leadership, humor, and how to convey the organisational strategy properly, leaders can learn how to influence followers with their compelling vision, through role modelling, by instilling pride, faith and respect and by discussing important values and beliefs for their respective organizations.

2.4.2 Inspirational Motivation

Obiwuru, Okwu, Akpa, and Nwankwere (2011) evaluated the effect of leadership styles on organisational performance in selected small scale enterprises. The major objective of this study was to determine effect of leadership styles on performance in small scale enterprises in Ikosi-Ketu Council development area of Lagos state, Nigeria. Transformational leadership behaviours and performance/outcome considered relevant in the study were charisma, inspirational motivation and intellectual stimulation/individual consideration; and effectiveness, extra effort and satisfaction, respectively. The study followed a survey design, and employed evaluative quantitative analysis method. Analysis was based on primary data generated through a structured MLQ administered on respondents. Responses to research statements were scaled and converted to quantitative data via code manual developed for the study to enable segmentation of the data responses into dependent and independent variables based on leadership behaviours and associated performance variables. OLS multiple regression models were specified, estimated and evaluated. The analysis shows that, inspirational motivation, exerts negative but insignificant effect on performance, and the trait is weak in explaining variations in performance.

Barbuto (2005), as cited in Saxe (2011), while examining the relationships between leaders' motivation and their use of charismatic, transactional, and / or transformational leadership used a sample of One hundred eighty-six leaders and 759 direct reports from a variety of sampled organizations. Leaders were administered the Motivation Sources Inventory (MSI) while followers reported leaders' full range leadership behaviours using the Multifactor Leadership Questionnaire (MLQ)-rater version. Leaders were also administered the self-rating version of the MLQ-rater version. The Motivation Sources Inventory subscales subsequently significantly correlated with leader self-reports of inspirational motivation, idealized influence (behaviour) and individualized consideration (range, $r = .10$ to $.29$), as well as with raters' perceptions of inspirational motivation, idealized influence (behaviour) and individualized consideration (range, $r = .18$ to $.19$).

The study in Lagos, Nigeria found a negative but insignificant between leader inspirational motivation and organisational performance, while that by Barbuto found a positive significant relationship. This studies do not therefore contradict each other at all although more research is necessary. A leader who is inspired is likely to value individual followers and the inherent strengths and contributions each makes. This is expected to improve the effectiveness of the concern organizations.

2.4.3 Intellectual Stimulation

Teachers provide leadership in college classrooms, and the behaviours exhibited as leaders impact a variety of student outcomes (Bolkan & Goodboy, 2009; Pounder, 2008). Specifically, transformational leadership has been shown to be an important predictor of student learning (Bolkan & Goodboy, 2009). A study by Bolkan, Goodboy, and Griffin (2011) examined a specific component of transformational leadership to find out how communicating intellectual stimulation transforms the nature of the classroom by encouraging student motivation and, subsequently, students' approaches to their studying. Results suggest that when teachers influence students' intrinsic motivation through the use of intellectually stimulating behaviours, students approach their learning in deep and strategic ways, and are less likely to adopt a surface-level approach to their studies.

Obiwuru *et al.* (2011), evaluated the effect of leadership styles on organisational performance in selected small scale enterprises. The major objective of this study was to determine effect of leadership styles on performance in small scale enterprises in Ikosi-Ketu Council development area of Lagos state, Nigeria. The effect of intellectual stimulation behaviour on transformational leadership was considered. The study followed a descriptive design, and employed evaluative quantitative analysis method. Analysis was based on primary data generated through a structured MLQ administered on respondents. Responses to research statements were scaled and converted to quantitative data via code manual developed for the study to enable segmentation of the data responses into dependent and independent variables based on leadership behaviours

and associated performance variables. OLS multiple regression models were specified, estimated and evaluated. The analysis has shown that, intellectual stimulation, exerts positive but insignificant effect on followers and performance.

In their study on the effects of Gender, Education and age upon leaders' use of influence tactics and full range leadership behaviours, Barbuto, Fritz, Matkin and Marx (2007), observed the four subscales of leaders' transformational behaviours (inspirational motivation, charisma, individualized consideration, and intellectual stimulation). According to the study, intellectual stimulation (re-examines critical assumptions to question whether these are appropriate) achieved acceptable reliability estimates ($\alpha = 0.69$ to 0.81). In the same study, The effect of the leader's age on followers' ratings of transactional and/or transformational leadership style was significant, as clear differences emerged based on the age group occupied by the leader (22–35; 36–45;46+). Overall the 46+ age group was rated the highest for transformational leadership. The same is true for the subscales idealized influence, intellectual stimulation, individualized consideration, and effectiveness. Lowest ratings were given to the 36–45 age groups for intellectual stimulation.

2.4.4 Individual Consideration

The study by Krishna (2011) examines the effects of transformational leadership on team performance and commitment. In this study, hypotheses are tested in two levels. First, correlations among transformational leadership, team performance, psychological empowerment and organisational commitment are analysed. In addition, to correlation analysis a series of regression analysis are conducted to test the hypotheses. Hierarchical regression analysis is also performed to test the mediating role of psychological empowerment. Results revealed a positive relation between transformational leadership and effectiveness, extra effort, satisfaction, and psychological empowerment. Against expectations, transformational leadership was not positively related to affective commitment, and normative commitment. In accordance with the hypothesis psychological empowerment was significantly related to affective commitment and

normative commitment. When regression analysis is performed on individual items of transformational leadership, all the five items of transformation leadership are positively related with Perceived Control.

Obiwuru *et al.* (2011), evaluated the effect of leadership styles on organisational performance in selected small scale enterprises. The major objective of this study was to determine effect of leadership styles on performance in small scale enterprises in Ikosi-Ketu Council development area of Lagos state, Nigeria. Transformational leadership behaviours and performance/outcome considered relevant in the study were charisma, inspirational motivation and intellectual stimulation/individual consideration; and effectiveness, extra effort and satisfaction, respectively. The study followed a survey design, and employed evaluative quantitative analysis method. Analysis was based on primary data generated through a structured MLQ administered on respondents. Responses to research statements were scaled and converted to quantitative data via code manual developed for the study to enable segmentation of the data responses into dependent and independent variables based on leadership behaviours and associated performance variables. OLS multiple regression models were specified, estimated and evaluated. The analysis has shown that, individualized consideration, exerts positive but insignificant effect on followers and performance.

According to Antonakis *et al.* (2003), prototypical leadership behaviours may differ depending on the organisational levels at which leadership is observed. At low hierarchical levels, individualized consideration could be more evident than at higher hierarchical levels (Antonakis *et al.*, 2003; as cited in Magno, 2013). Furthermore, lower-level leadership could be characterized as being more task focused than higher-level leadership that scopes out the strategy or vision for an organization suggesting more active management-by-exception behaviours at lower levels.

Parry and Proctor (2002), as cited in Tauber (2012), on their study on perceived integrity of transformational leaders in organisational settings found out that a moderate to strong positive relationship exists between perceived integrity and the demonstration of

transformational leadership behaviours. A similar relationship was found between perceived integrity and developmental exchange leadership. A systematic leniency bias was identified when respondents rated subordinates vis-à-vis peer ratings. In support of previous findings, perceived integrity was also found to correlate positively with leader and organisational effectiveness measures. According to Parry and Proctor (2002), as cited in Tauber (2012), it is this very factor at the core of transformational leadership, that some scholars believe contributes to its potential to be unethical.

Burke and Collins (2001), as cited in Shebaya (2011), reveal that females are more likely than males to be Transformational Leaders. Females had a higher perceived effectiveness in three management skills: coaching and developing and communicating. Female receive more developmental opportunities than male colleagues. Layraman (2004), as cited in Boonyachai (2011) found out that Transformational Leadership has been identified as one leadership style which data suggests is indicative of success for women leaders and managers in organisations. Leaders who demonstrated a Transformational Leadership style tended to motivate their subordinates to work hard within their organisations. This style of leadership was therefore beneficial within their organisations.

2.4.5 Organisational Performance of State Corporations in Kenya

A number of studies have concluded that transformational leaders are more likely to influence organisational performance than their less transformational counterparts. For example, Agle et al. (2006) argued that transformational CEOs will influence firm performance because of their ability to overcome the inertial forces that impair firms from successfully adapting to a dynamic environment. Similarly, Waldman, Javidan, and Varella (2004), as cited in Ling *et al.* (2008) observed that such leaders can induce organisational members to constantly anticipate and adapt to environmental change. Avolio, Zhu, Koh, and Puja (2003), as cited in Amirul and Daud (2012), have asserted that firm performance should be enhanced as transformational CEOs exhibit enthusiasm

for innovation and show how volatility in the firm's competitive environment can be turned into a vision of opportunity.

Ling, Simsek, Lubatkin and Veiga, (2008), found that Transformational CEOs had a significant, direct effect on both objective and perceived time-lagged measures of firm performance. In addition, given that the magnitude of the correlation between the two performance measures was modest ($r = .24, p < .01$), these findings suggest that although the measures may be capturing different, yet complementary, aspects of firm performance, both objective and perceived firm performance are influenced by transformational CEOs. Moreover, further attesting to the robustness of their findings, both performance measures were consistently influenced in the same way in all but one of their statistical tests.

Boonyachai (2011), while carrying out an investigation of the leadership styles of middle managers in the Thai hotel industry using the MLQ (5X-Short Form) and Hofstede's Cultural Dimensions, concluded that the marginally dominant leadership style in the survey of 4/5 star hotel middle managers is Hybrid T/T Leadership. Next comes Transformational Leadership followed by Transactional Leadership and Laissez-Faire Leadership. Hybrid T/T managers have the highest means of idealised attributes, inspirational motivation, intellectual stimulation, and individual consideration. Transformational Leaders and Transactional Leaders are appropriate leaders for the Thai hotel industry because the leaders are able to convince their associates to try for higher levels of potential, as well as higher moral and ethical standards (Boonyachai, 2011). In all these, no study focused on State corporations. Therefore, this study represents an investigation of the leadership styles of Kenyan State Corporations. The parastatal reform secretariat and managers of state corporations can adapt the results of this research to their work situations once completed.

Kaur (2012), in his study on Transformational and Transactional Leadership Behaviour in Selected Public and Private Sector Banks in Chandigarh, determined that the perception of employees towards transformational leadership behaviour does not differ

but this is not the case in transactional leadership behaviour, in which employees of public sector banks have more positive perceptions than employees of private sector banks. More concisely, employees of public sector banks perceive more positively towards charisma and Intellectual Stimulation dimensions of Transformational leadership and Management by exception dimension of Transactional Leadership than employees of private sector banks. Further, it was found that there are no differences between public and private bank employees towards leadership behaviour as far as different gender, age group, qualification and level of management categories are concerned. Although there are differences in the case of marital status and work experience as married employees show more positivity towards leadership behaviour than unmarried employees and employees having work experience of more than 15 years, these are significantly more positive about leadership behaviour than the other groups.

Mwaura (2007), in the article titled “The failure of Corporate Governance in State Owned Enterprises and The Need for Restructured Governance in Fully and Partially Privatized Enterprises”, argues that the initiatives adopted in order to make State Corporations more efficient are inadequate and will not realize the intended objectives unless the chief executives of State Corporations are hired on a competitive basis, given more autonomy and the government is committed not only to designing performance contracts that set realistic standards, but also enforcing them strictly. The study contends with the fact that there is a need to streamline the multiple regulations that govern State Corporations and reform the corporate regulatory framework of the private sector in order to raise standards of corporate governance and, as a result, ensure that the privatized services are managed prudently. The study argues that Directors of State Corporations are not able to perform efficiently because the government does not practice effective corporate governance. The study looks at failure from the lens of skewed appointment of Directors; the fact that some state corporations are supplementing the private sector instead of playing their own roles; the absence of a

clear remuneration structure; the lack of autonomy; overlapping regulations; fraudulent transactions and conditions imposed by lending agencies.

Chan and Chan (2005), as cited in Devine (2008), on their research on impact of Perceived Leadership Styles on Work Outcomes, empirically evaluated the transformational and transactional leadership styles among building professionals in the construction industry. This was part of a large-scale research project undertaken by the writers. Bass's transformational leadership theory reported in 1985 was employed and tested in a sample of 510 professional employees from a cross section of qualified building professionals selected from four countries. The main objectives of the study include the examination of the extent to which leaders who are perceived as either transformational and transactional; the identification of which of the two leadership styles is best able to predict outcomes of leader effectiveness, extra effort by employees, and employees satisfaction with the leaders; and offering insight into the management theory for building professionals in business organizations. Results of the study suggest that all five of the transformational factors and three of the transactional factors are significantly correlated with leadership outcomes of leader effectiveness, extra effort by employees, and employees' satisfaction. The results further supported the fact that transformational leadership could augment transactional leadership in producing greater amounts of performance and satisfaction.

2.5 Critique of the existing Literature

Despite the important advancement of situational leadership theories, the theories do not explain why one is more effective than another in guiding and engaging their followers. The cutthroat business world demands efficiency, effectiveness, and pro-activeness. Guessing the traits a leader has or adjusting behaviour to the situation are not good enough anymore. One has to create the situation in which a leader is efficient, effective, and pro-active. A new leadership paradigm, therefore, has come along, one that defines and predicts effective leaders and leadership behaviour. Transformational leadership

reframes the conversation and role between leaders and followers and the process through which a leader gains the loyalty of followers.

Despite many empirical studies, most leadership scholars agree that path-goal theory has not been adequately tested. One of the most frequently noted deficiencies in path-goal research is that of improper measurement (Knight, 2011). Most research on path-goal theory has relied on various versions of the leader behaviour description questionnaire (LBDQ) to measure leader behaviours. Yet, scholars have repeatedly noted the inappropriateness of this instrument in investigating the relationships posited by path-goal theory, arguing that the scale does not adequately tap the proposed constructs. In light of such findings, much of the early research on path-goal theory is in need of reassessment.

A second criticism of path-goal research is that it tends to be relatively simplistic, despite the complex nature of the theory (Knight, 2011). The majority of research on path-goal theory has focused on determining how task structure moderates the relationship between leader behaviour and follower performance and satisfaction. Investigations of directive leader behaviour and supportive leader behaviour have dominated the literature, while research has generally neglected the other types of leader behaviour about which the theory makes predictions. In order to comprehensively evaluate path-goal theory, all of the hypothesized relationships must be tested.

A third criticism of the research on path-goal theory is that it has not examined the basic motivational assumptions of the theory (Knight, 2011). Seminal reviews of the VIE research all noted some empirical support, but have also identified several problems. These problems have ranged from mismeasurement of the three key constructs (valence, instrumentality, and expectancy) to the use of inappropriate research designs to assess the validity of the theory. A late twentieth-century meta-analysis found that despite these problems, there is evidence that the three VIE components predict job performance

Although the theory underlying the impact of CEO transformational leadership on firm performance is compelling, some of the studies that have empirically examined this linkage have generally failed to find support for this. Tosi, Misangyi, Fanelli, Waldman, and Yammarino (2004), as cited in Ling *et al.* (2008), examined a sample of Fortune 500 companies over a 10-year period and reported that the top managers' ratings of CEO charisma, a key attribute of transformational leadership, were unrelated to firm performance. Using data from 48 Fortune 500 firms, Waldman *et al.* (2004), as cited in Ling *et al.* (2008) also failed to find any main effects of CEO charisma on firm performance. Likewise, on the basis of 770 surveys from top management team members in 128 companies, Agle *et al.* (2006) found that although previous organisational performance was attributed to perceptions of CEO charisma, subsequent performance was not. Similarly, Ensley, *et al.* (2006) study of 66 firms found no evidence to support a positive main effect of CEO transformational leadership on firm performance. This study is an attempt to provide some solution, at least for Kenya, on the extent to which individualised influence contributes to organisational performance.

Much of the literature reviewed leans more towards private sector development focussing small to large sized enterprises. For instance, Boonyachai (2011), looks at the Thai hotel industry, Kaur looks at Private sector Banks in Chandigarh while Obiwuru *et al.* (2011) looks at small scale enterprises. None of these studies has special leadership focus in the public sector. This study will study public sector organizations leadership behaviour and their impact to organisational performance.

Studies focussing on transformational leadership in Africa are very few. Attempts by this research to get hold of literature from Africa were not successful as only a handful, about 7 percent were available as can be seen from the references section of this research. Many of the recent studies are from Asia and Europe. Is leadership in Africa comparable to that of Asia and Europe? Are their cultural differences that may make the outcomes to be different? Is the case of Kenya likely to be unique? Most of the literature reviewed has not zoomed in to look at the relationship between organisational leadership

style and organisational performance within different Cultural backgrounds. This study will be one such an attempt.

Most empirical literature reviewed tends to cover one industry and hardly any that covers multiple industries. Leadership should be tested in a cross-section of industries within one particular country. The Globe study, was the only attempt to cover multi-industry and multi-country leadership. However, the findings in this study were too generalised for application, when considering organisational performance.

2.6 Summary of Literature

Section 2.1 of this chapter provided the introduction while section 2.2 considered the theoretical review and the Conceptual Framework. In this section review was made of the empirical and theoretical literature relevant to the problem being researched. The section indicates what was done by other studies including the methodologies used and identified gaps. The Conceptual framework is used to demonstrate an understanding of the variable influences on each other.

From the literature, there was an overwhelming support to the theory that transformational leadership results into improved organisational performance as opposed to other leadership styles. For instance, Duric (2013), studying on Slovenia police found that the successful police force exhibited more transformational leadership styles than transactional leadership style. Obiwuru et al. (2011), found out that Charismatic leadership exerts a positive but insignificant effect on followers. Yelamanchili (2011), found a positive relationship between transformational leadership and effectiveness, extra effort and commitment. The study also found out that charisma was positively related to goal internalisation. Parry and Proctor (2002), as cited in Tauber (2012), found a moderate to strong relationship between perceived integrity and the demonstration of transformational leadership behaviour. In the study, perceived integrity was found to correlate positively with leader and organisational effectiveness.

The literature reviewed also considered two important aspects on leadership namely, the age and the sex of the transformational leaders. Generally, it was found that females are more transformational leaders considered to their male counterparts, see for instance Burke and Collins (2001), as cited in Shebaya (2011). On age, Barbuto (2005), as cited in Saxe (2011), found out that age 46+ is rated as the highest in transformational leadership.

Of the four constructs of Transformational leadership, Charismatic leadership although critical, cannot on its own describe transformational leadership. While comparing Charismatic leadership and transactional leadership style, Obiwuru et al. (2011) found out that although charisma exerts positive but insignificant effect on followers performance and hence concluded that transactional leadership style was more appropriate in influencing organisational performance. Literature on the other three constructs is still scanty.

2.7 Research Gaps

As indicated in the reviewed literature, some scholarly work has been done to determine the relationship between transformational leadership and organisational performance. However, there are hardly any studies which focus attention on determining the relationship between transformational leadership and organisational performance of State enterprises. The closest that literature came to look at Public sector was in studies carried out in the security sector, such as one by Duric (2013) on Slovenia police. Secondly, nearly all the other studies had focused on private enterprises such as Banks and many small scale enterprises. This study shifted focus to transformational leadership in the public sector and in particular on state owned enterprises.

Thirdly, from the literature reviewed, it was learnt that empirical research on transformational leadership in Africa was scanty the closest known study was the Globe study. The study which was conceived in 1991 by Robert J. House of the Wharton School of Business, University of Pennsylvania and in 2004, was published in its first

comprehensive volume on Culture, Leadership, and Organizations. The other known study in Africa was the study by Obiwuru *et al.* (2011) which focused on charismatic leadership of small scale enterprises in Lagos Nigeria. This study aimed at improving the knowledge base of leadership in Africa's state enterprises.

Burke and Collins (2001), as cited in Shebaya, 2011), reveal that females are more likely than males to be Transformational Leaders. Females had a higher perceived effectiveness in three management skills: coaching and developing and communicating. Female receive more developmental opportunities than male colleagues. Layraman (2004), as cited in Boonyachai, 2011), found out that Transformational Leadership had been identified as one leadership style which data suggests was indicative of success for women leaders in organisations. Leaders who demonstrated a Transformational Leadership style tended to motivate their subordinates to work hard within their organisations. Eagly and Schmidt (2001), found out that after two years in their positions, female leaders are more likely to have an Autocratic style than male leaders (as cited in Cuadrado *et al.*, 2012). There was no conclusive research of the age when men were more likely to adopt transformational style compared to their female counterparts or if at all this relationship was likely to emerge. This study, while focusing on transformational leadership styles of both male and female, also attempted to disaggregate information according to age brackets of leaders under consideration with a view to determine the point both men and women transit from one leadership style to another.

Literature reviewed did not demonstrate the effect of Charisma, individual consideration, inspirational motivation and intellectual stimulation on performance of state corporations in Kenya. This reveals an important gap in academic publications as there is insufficient empirical evidence using firm performance as a dependent variable to account for the internal incentive systems operating in the firms being studied. This study will address this gap.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter presents the methodology that was used to carry out the research. It presents the research design, the population, the sample, sampling procedures and the instruments that were used for data collection, and analysis. According to Mugenda and Mugenda (2003), as cited in Murithi *et al.* (2016), the section should include the study area, research design, the target population, sampling procedure, data collection methods, tools and procedures and the methods of data analysis and thereafter, data presentation to fulfil the objectives of the study.

3.2 Research Design and Research Philosophy

3.2.1 Research Design

Research design is a roadmap of how one goes about answering the research questions (Bell & Bryman, 2007). Sekaran and Bougie (2010) states that a good research design has a clearly defined purpose, and is consistent between the research questions and the proposed research method. This study adopted a descriptive research design. Descriptive research design is a scientific method which involves observing and describing the behavior of a subject without influencing it in any way. Some subjects cannot be observed in any other way; for example, leadership styles of an individual subject is a descriptive research design and allows observation of leaders without affecting their normal behavior. The study utilized both descriptive and quantitative analysis.

The descriptive approach involved the presentation of details in number form using frequencies and others measures of central tendency such as the mean and the standard deviation. Frequencies presented the percentages and in some cases number, sex and age bracket of the respondents that are associated with each variable.

In quantitative analysis, the responses to the questions for the independent variables were pre-determined. The 21 item questionnaire covered four categories measuring the four constructs of transformational leadership. For the dependent variable, the study utilized one category of five constructs on organisational performance.

3.2.2 Research Philosophy

A large number of paradigms have been proposed by researchers but the four commonly used are the Positivist Paradigm; the Interpretivist /Constructivist Paradigm; the Critical /Transformative Paradigm and the Pragmatic Paradigm. This research briefly examines each of this and makes proposal on the one adopted.

3.2.2.1 Positivist Paradigm

According to French Philosopher Auguste Comte (1956), (as cited in Kivunja, 2017), the Positivist paradigm defines a worldview to research, which is grounded in what is known in research methods as the scientific method of investigation. Comte (1956), as cited in Kivunja (2017), postulated that experimentation, observation and reason based on experience ought to be the basis for understanding human behaviour, and therefore, the only legitimate means of extending knowledge and human understanding. In its pure form, the scientific method, involves a process of experimentation that is used to explore observations and answer questions. It is used to search for cause and effect relationships in nature. According to Fadhel (2007), as cited in Kivunja (2017), this paradigm is chosen as the preferred worldview for research, which tries to interpret observations in terms of facts or measurable entities. Research located in this paradigm relies on deductive logic, formulation of hypotheses, testing those hypotheses, offering operational definitions and mathematical equations, calculations, extrapolations and expressions, to derive conclusions. It aims to provide explanations and to make predictions based on measurable outcomes. Those measurable outcomes are undergirded by four assumptions explained by Cohen, Manion and Morrison (2000), as cited in Kivunja (2017), as determinism, empiricism, parsimony and generalizability. In terms of

the four foundational elements or assumptions of a paradigm, for the Positivist paradigm, its epistemology is said to be objectivist, its ontology naive realism, its methodology experimental, and its axiology beneficence.

3.2.2.2 The Interpretivist Paradigm/Constructivist Paradigm

According to Guba and Lincoln (1989), as cited in Kivunja (2017), the central endeavour of the Interpretivist paradigm is to understand the subjective world of human experience. This approach makes an effort to get into the head of the subjects being studied so to speak, and to understand and interpret what the subject is thinking or the meaning being made of the context. Every effort is made to try to understand the viewpoint of the subject being observed, rather than the viewpoint of the observer. Emphasis is placed on understanding the individual and their interpretation of the world around them. According to Bogdan and Biklen (1998), as cited in Kivunja (2017) the key tenet of the Interpretivist paradigm is that reality is socially constructed. This is why sometimes this paradigm has been called the Constructivist paradigm.

In this paradigm, theory does not precede research but follows it so that it is grounded on the data generated by the research act. Hence, when following this paradigm, data are gathered and analysed in a manner consistent with grounded theory. This paradigm assumes a subjectivist epistemology, a relativist ontology, a naturalist methodology, and a balanced axiology.

3.2.2.3 The Critical Paradigm/Transformative Paradigm

The Critical paradigm situates its research in social justice issues and seeks to address the political, social and economic issues, which lead to social oppression, conflict, struggle, and power structures at whatever levels these might occur. Because it seeks to change the politics so as to confront social oppression and improve the social justice in the situation, it is sometimes called the Transformative paradigm. This paradigm assumes a transactional epistemology, (in which the researcher interacts with the

participants), an ontology of historical realism, especially as it relates to oppression; a methodology that is dialogic, and an axiology that respects cultural norms.

3.2.2.4 The Pragmatic Paradigm

This Paradigm arose among philosophers who argued that it was not possible to access the truth about the real world solely by virtue of a single scientific method as advocated by the Positivist paradigm, nor was it possible to determine social reality as constructed under the Interpretivist paradigm. For them, a mono-paradigmatic orientation of research was not good enough. Rather, these philosophers such as Alise, Teddlie, Biesta, Tashakkori and Teddlie (2010), as cited in Kivunja (2017) argued that what was needed was a worldview which would provide methods of research that are seen to be most appropriate for studying the phenomenon at hand. So, these theorists looked for approaches to research that could be more practical and pluralistic approaches that could allow a combination of methods that in conjunction could shed light on the actual behaviour of participants, the beliefs that stand behind those behaviours and the consequences that are likely to follow from different behaviours. This gave rise to a paradigm that advocates the use of mixed methods as a pragmatic way to understand human behaviour – hence Pragmatic paradigm. This paradigm advocates a relational epistemology (i.e. relationships in research are best determined by what the researcher deems appropriate to that particular study), a non-singular reality ontology (that there is no single reality and all individuals have their own and unique interpretations of reality), a mixed methods methodology (a combination of quantitative and qualitative research methods), and a value-laden axiology (conducting research that benefits people).

3.2.2.5 Study Philosophy

This study used the positivism philosophy since it is a survey research study. The study focused on the descriptive, relational and causal aspects of the research variables. According to Burke (2007), interpretive paradigm is used to understand the World of human experiences. In interpretive paradigm, researcher recognizes the impact on

research of background and experience (Burke, 2007). Phenomenology is qualitative in nature (it is mainly applicable in exploratory theory building rather than theory testing) and suffers from generalization of research findings. Both phenomenology and interpretive finds much use in qualitative research.

Mackenzie and Knipe (2006) argued that positivism is the oldest and most widely used philosophy in the research papers. Positivist research allows for application of quantitative methods, empirical rational techniques and is associated with testing of hypothesis. Positivists hold that facts do exist; and can actually be measured. Positivism also allows for use of survey approach hence covering a wider population area (Mukherji & Albon, 2010). Thus, it is widely favoured in the use of survey research.

3.3 Study Population

Zikmund (2003), as cited in Boonyachai (2011) defines a study population as any complete group, and a population element refers to an individual member of the population. The leaders from all State corporations formed the population for this study. These are the high-level employees in state corporations who are involved in organisation wide decision making. They included top management team, managers, managing directors, General managers, departmental leaders and their deputies; Vice Chancellors and their Deputies, and Chief Executive Officers. The total number of leaders in state corporations is estimated at 5,140. This was obtained by analysing organisational structures for State corporations that were available at the State Corporations Advisory Committee (SCAC) complimented by interviews held with SCAC Senior Officers. A total of 165 leaders provided feedback for this study. A full list of State corporations in Kenya is available in appendix IV.

3.4 Sampling Frame

A simple definition of a sampling frame is the set of source materials from which the sample is selected. The definition also encompasses the purpose of sampling frames, which is to provide a means for choosing the particular members of the target population that are to be interviewed in the survey (Tuner, 2003). A perfect sample frame is one that is complete, accurate and up-to-date (Tuner, 2003). The ideal frame would be complete with respect to the target population if all of its members are covered by the frame; accurate if each member of the target population is included once and only once; and a frame should be current in order for it to fulfil the other two properties of completeness and accuracy (Tuner, 2003).

3.5 Sample Size and sampling technique

The sample size (n) for the survey research was determined by applying the statistical formula shown in Equation 1.

$$n = \left(\frac{zS}{E} \right)^2 \dots\dots\dots \text{Equation 1}$$

Where z is the Z value of the confidence level, in our case, this was 1.96 which corresponds to 95% confidence level; s is the standard deviation of the leaders working in state corporations in Kenya and E is the range of errors. Given the sampling frame and assuming an E of 3.079, a sample of 200 leaders was sufficient for this study.

$$n = [(1.96 \times 22.22)/3.079]^2$$

$$n = (14.15)^2 = 200$$

State corporations are classified into 8 categories namely; financial, commercial and manufacturing, regulatory, service corporations, regional development, public universities, tertiary learning institutions, and Research and training institutions. To represent each of these classes, simple random sampling was used to select one State Corporations from each of these categories. Table 2.1 contains the names of the selected state corporations.

Table 2.1: Sample Selected State Corporations by category

No.	Category of State Corporation	Name of State Corporation
1	Financial	Kenya Re-insurance
2	Commercial and Manufacturing	Kenya Power
3	Regulatory	Kenya Bureau of Standards
4	Service Corporation	Coast Water Services Board
5	Regional Development	Kerio Valley Development Authority
6	Public Universities	Jaramogi Oginga Odinga University
7	Tertiary Institutions	Kenya Medical Training College
8	Training and Research	Kenya Marine and Fisheries Research

This table was developed for this Research, using information available at State Corporations Advisory Council.

From each of the 8 selected state corporations, 25 Questionnaires were sent to be administered to 25 randomly selected leaders in the state corporations. This was translated to a total of 200 questionnaires sent out for administration administered. For State Corporations outside Nairobi city namely Jaramogi Oginga Odinga, Kenya Marine and Fisheries Research, Kerio Valley Development Authority and Coast Water Services Board, questionnaires were sent and received by post while the ones in Nairobi, the questionnaires were hand delivered and picked.

3.6 Data Collection Instruments.

For the measurement of leadership attributes, and leadership outcomes, a 21 items structured Questionnaire was used for data collection. This was a detailed 4 leadership scales instrument, with four items per scale. The instruments were used to assess perceptions of leadership effectiveness from many different levels of the organization. The study made use of a four item scale for each variable because of its high reliability. Gliem and Gliem (2003), as cited in Cureton (2014) have demonstrated that single-item questions pertaining to a construct are not reliable and should not be used in drawing conclusions. By comparing the reliability of a summated multi-item scale versus a single-item question, the authors have shown how unreliable a single item is; and therefore it is not appropriate to make inferences based upon the analysis of single-item questions. These measures are not only consistent with measures used on other operational performance scales (Inman et al., 2011; Zelbst, Green Jr, & Sower, 2010), but they were also very close to what is widely accepted as the four basic factors of operational priorities: cost, quality, delivery, and flexibility (Yeung et al., 2006). Recent literature has also suggested that there is a positive relationship between operational performance and financial performance of the firm (Britto, Corsi, & Grimm, 2010; Inman et al., 2011).

A third instrument involved discussions with 13 selected leaders from the sample of selected state corporations. The state corporations from which managers were sampled include KMTC, Kenya Power, Coast water Services Board and Kenya Bureau of Standards. During the interview session, leaders shed some light on leadership attributes, which in their view, had contributed to the performance of their respective state corporation. The discussion was used to validate some of the questions covered in the structured questionnaire.

3.7 Pilot Testing

A pilot test was conducted at Egerton of Standards and Rift Valley Water Services Board. This enabled the researcher test for reliability and validity of the instruments.

3.7.1 Reliability of Instruments

This study measured reliability using Cronbach alpha coefficient. Cronbach (2003), interpreted the measure as reliable for an alpha of 0.7 and above. Were (2013), adopted Cronbach's alpha of 0.7 and found her measures to be reliable. The Cronbach's alpha for this study was 0.934, which was greater than 0.7.

3.7.2 Validity of Instruments

In order to ensure the instruments and measures were valid, the study utilized Construct Validity instruments. Construct Validity was used to ensure that the measure actually measured what it was intended to measure, and no other variables. Construct validity was measured from two different dimensions, namely; convergent validity and discriminant validity.

3.8 Data Processing and analysis.

Data Analysis is the process of systematically applying statistical and/or logical techniques to describe and illustrate, condense and recap, and evaluate data. Various analytic procedures provide a way of drawing inductive inferences from data and distinguishing the phenomenon of interest from statistical fluctuations. Zikmund, Babin, Carr, and Griffin (2010) views data analysis as the application of reasoning to understand the data that has been gathered with the aim of determining consistent patterns and summarizing the relevant details revealed in the investigation.

In the questionnaire, the researcher modelled questions that attracted qualitative responses. For the qualitative data emanating from the dichotomous questions, simple percentages were used and these lead to descriptive statistics. Responses to the how questions were put in thematic areas, from which descriptive statistics emerged. To be able to make inference from such responses, the researcher considered the various themes created together with the literature and develop arguments thereafter which were then used to make conclusions.

After quantitative data was obtained through questionnaires, it was prepared in readiness for analysis by editing, handling blank responses, coding, categorizing and keyed into statistical package for social sciences (SPSS) computer software for analysis. The statistics generated were descriptive statistics and inferential statistics. The specific descriptive statistics included percentages and frequencies while the inferential statistics included multiple linear regression model and Pearson correlation. The multiple linear regression models were used to measure the relationship between the independent variables and the dependent variable which were explained in the model. The regression model helps to explain the magnitude and direction of relationship between the variables of the study through the use of coefficients like the correlation, coefficient of determination and the level of significance.

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

Where:

Y = Organisational Performance

{ β_i ; $i=1,2,3,4,5$ } = The coefficients for the various independent variables

X₁ = Charismatic Leadership

X₂ = Inspirational Motivation

X_3 = Intellectual Stimulation

X_4 = Individualized Consideration

ε is the error term which is assumed to be normally distributed with mean zero and constant variance.

Data analysis led to production of graphs, tables, descriptive statistics and inferential statistics. The analyzed data was presented in form of tables and figures.

3.9 Diagnostic Tests

It was essential to ensure non-violations of the assumptions of the classical linear regression model (CLRM) before attempting to estimate equation. Estimating these equations when the assumptions of the linear regression are violated runs the risk of obtaining biased, inefficient, and inconsistent parameter estimates (Brooks, 2008). Consequently, linearity test, the multi-collinearity, and heteroscedasticity were conducted to ensure proper specification of equations and as given above

3.9.1 Linearity Test

Linearity means that two variables, "x" and "y," are related by a mathematical equation " $y = cx$," where "c" is any constant number. The importance of testing for linearity lies in the fact that many statistical methods require an assumption of linearity of data. This occurs when data is sampled from a population that relates the variables of interest in a linear fashion. This means that before using common methods like linear regression, tests for linearity must be performed (Jin, Parthasarathy, Kuyel, Geiger, & Chen, 2005). Linearity test was conducted for each variable. SPSS, statistical software tool through scatter graph graphical method was used to observe with ease the possibility of the data arriving from a linear population.

3.9.2 Normality Tests

Parametric tests such as correlation and multiple regression analysis require normal data. When data is not normally distributed it can distort the results of any further analysis. Preliminary analysis to assess if the data fits a normal distribution was performed. To assess the normality of the distribution of scores, Kolmogorov-Smirnov test and graphical method approach were used. When non-significant results (> 0.05) are obtained for a score it shows the data fits a normal distribution (Tabachnik & Fidell, 2007).

3.9.3 Multi-collinearity

Tests for multi-collinearity were carried out because in severe cases of perfect correlations between predictor variables, multi-collinearity can imply that a unique least squares solution to a regression analysis cannot be computed (Field, 2009). Multi-collinearity inflates the standard errors and confidence intervals leading to unstable estimates of the coefficients for individual predictors. Multi-collinearity was assessed in this study using the variance inflation factor and tolerance.

3.9.4 Heteroscedasticity

Since the data for this research was a cross-section of organizations, it raised concerns about the existence of heteroscedasticity. The Classical Linear Regression Models (CLRM) assumes that the error term is homoscedastic, that is, it has constant variance. If the error variance is not constant, then there is heteroscedasticity in the data. Running a regression model without accounting for heteroscedasticity would lead to biased parameter estimates. To test for heteroscedasticity, the Breusch-Pagan/Godfrey test (1979) was used. The null hypothesis of this study was that the error variance is homoscedastic. If the null hypothesis is rejected and a conclusion made that heteroscedasticity is present in the panel data, then this would be accounted for by running a Feasible Generalized Least Squares (FGLS) model.

3.10 Ethical Issues Encountered

The researcher did not encounter any ethical issues during this study.

CHAPTER FOUR

RESEARCH FINDINGS, ANALYSIS AND DISCUSSION

4.1 Introduction

The study sought to find out the effect of transformational leadership on organisational performance of state corporations in Kenya. The study variables were charisma, inspirational motivation, intellectual stimulation and individualized consideration. The effect of the study variables on the performance of state corporations was investigated.

This chapter gives a brief introduction, discusses the response rate; the pilot test results which include reliability test and validity analysis; the demographic characteristics; the descriptive statistics of all the dependent and independent variables; test of assumptions; inferential statistics and hypothesis testing. The final section of this chapter presents the optimal model for the study.

4.2 Response Rate

Table 4.1, provides a summary of responses received during the survey, both in figures and percentages.

Table 4.1: Response Rate

Response	Frequency	Percent
Returned	165	82.5%
Unreturned	35	17.5%
Total	138	100.0%

The study targeted a sample size of 200 respondents from which 165 completed and returned the questionnaires making a response rate of 82.5%. This response rate was sufficient for satisfactory drawing of conclusions for the study. According to Mugenda

and Mugenda (2003), as cited in Murithi *et al.* (2016), a response rate of 50% is adequate for analysis and reporting; a rate of 60% is good and a response rate of 70% and over is excellent. Based on the assertion, the response rate was excellent.

4.3 Pilot Test Results

A pilot test is an evaluation of the specific questions, format, question sequence and instructions prior to use in the main survey. Reliability and Validity tests were carried out before the actual study was conducted.

4.3.1 Reliability Test

The most common reliability coefficient is Cronbach's Alpha which estimates internal consistency by determining how all items on a test relate thus testing the internal coherence of data. According to Sekaran (2006), Cronbach's alpha has the most utility for multi-item scales at the interval level of measurement, it requires only a single administration and provides a unique, quantitative estimate of the internal consistency of a scale. The reliability is expressed as a coefficient between 0 and 1. The higher the coefficient, the more reliable the test is.

Reliability of this instrument was evaluated using Cronbach Alpha which measures the internal consistency. A Cronbach Alpha of 0.7 and above indicates the presence of internal consistency and that the instrument is reliable for use in the study (Babbie & Mouton, 2009). Internal consistency means that the questions or item measures included for a construct actually belong to that construct (Babbie & Mouton, 2009). Cronbach alpha was established for every objective which formed a scale. The questionnaire responses were input into statistical package for social sciences (SPSS) and Cronbach's alpha coefficient generated to assess reliability. Table 4.2 provides reliability tests for the five constructs of transformational leadership for this study.

Table 4.2: Reliability Test

Leadership Construct	Cronbach Alpha score	Number of Items	Comment
Charisma	0.822	4	Reliable
Individual Consideration	0.712	4	Reliable
Inspirational Motivation	0.835	4	Reliable
Intellectual Stimulation	0.761	4	Reliable
Combined Variables	0.936	16	Reliable
Organisational Performance	0.841	5	Reliable

Table 4.2 shows that all the variables had a Cronbach Alpha above 0.7 and thus were accepted. These represented a high level of reliability and on this basis, it was supposed that scales used in this study were reliable to capture the variables.

4.3.2 Validity Analysis

Validity refers to how well a test measures what it is purported to measure. Reliability in the form discussed in 4.3 is not sufficient on its own. According to Mugenda and Mugenda (2003), as cited in Murithi *et al.* (2016), for a test to be reliable, it also needs to be valid. In order to ensure the instruments and measures are valid, the study will made use of Construct Validity.

The aim of construct validation is to embed a purported measure of a construct in a nomological network, that is, to establish its relation to other variables with which it should, theoretically, be associated positively, negatively, or practically not at all. Any procedure designed to help quantify construct validity should provide a summary index not only of whether the measure correlates positively, negatively, or not at all with a series of other measures, but the relative magnitude of those correlations. It should be an index of the extent to which the researcher has accurately predicted the pattern of findings in the convergent-discriminant validity array. Such a metric also provides a test

of the statistical significance of the match between observed and expected correlations, and provides confidence intervals for that match, taking into account the likelihood that some of the validating variables may not be independent of one another.

Construct validity was measured from two different dimensions, namely; convergent validity, and discriminant validity. To what extent do these four indicators measure the construct is the question of concern here. In this study, convergent validity was assessed using standardized factor loadings. Factor loadings with the theoretically predicted sign, an estimate above 0.5 will be classified as acceptable convergence and statistical significance constitute evidence of convergence (Carlson & Herdman, 2010).

This study tested whether indicators for a construct are distinct and will not measure another construct. In this study, discriminant validity was assessed using the Chi-square difference test. In this test, two measurement models were compared for each possible combination of pairs of factors. In one model, the correlation between the two factors is constrained to 1.0, whereas this correlation parameter is freely estimated in the other model. Finally, a chi-square difference test between the chi-square values of these two models was performed. A statistically significant difference indicates adequate discriminant validity.

Convergent and Discriminant Validity

Table in Appendix III is a summary of correlations for all the 21 items for this study. The correlation Matrix shows that all correlates are below 0.8, the highest being the correlation between individualized consideration and organisational performance at $0.792 < 0.8$. There is therefore no close correlation between the variables. Kaiser-Meyer-Olkin Measure, $KMO = 0.923$ which is greater than 0.8 indicating sampling adequacy

4.4 Demographic Characteristics

4.4.1 Gender of the Respondents

The population of this study consisted of men and females were arrived by inputting the data into the SPSS software, then running the descriptive frequencies to generate the gender frequencies. At the end of data collection, 60% male, 36% female and 4% without gender disclosure questionnaires were received, processed and analysed using excel software. This shows that majority of the respondents were male.

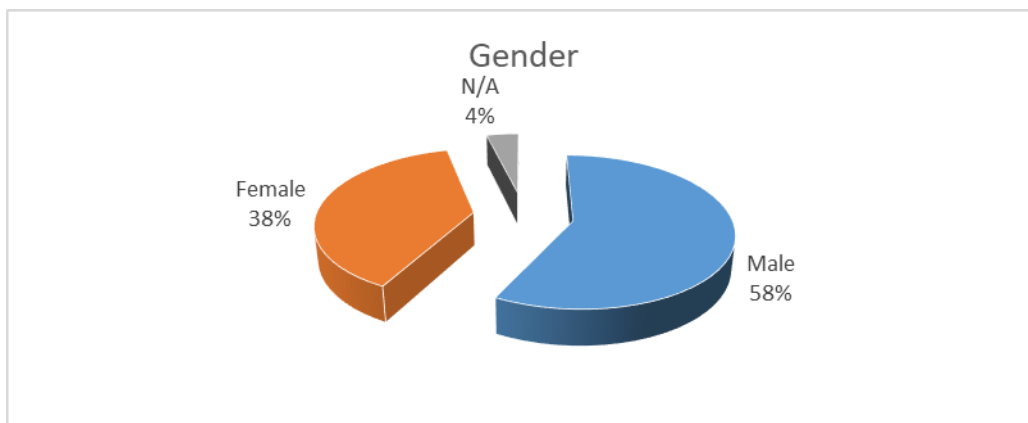


Figure 4.1: Gender of Respondents

4.4.2 Highest Level of Education

From the results in Figure 4.2, 61% of the respondents had their highest level of education being university level, 32% had post graduate level of education while 7% had college qualification. In as far as the title of study was concerned, the results implied that, the respondents were expected to understand the questionnaire and give valid response since they had a better understanding as guided by their level of education which in this case majority having university as the highest level of education.

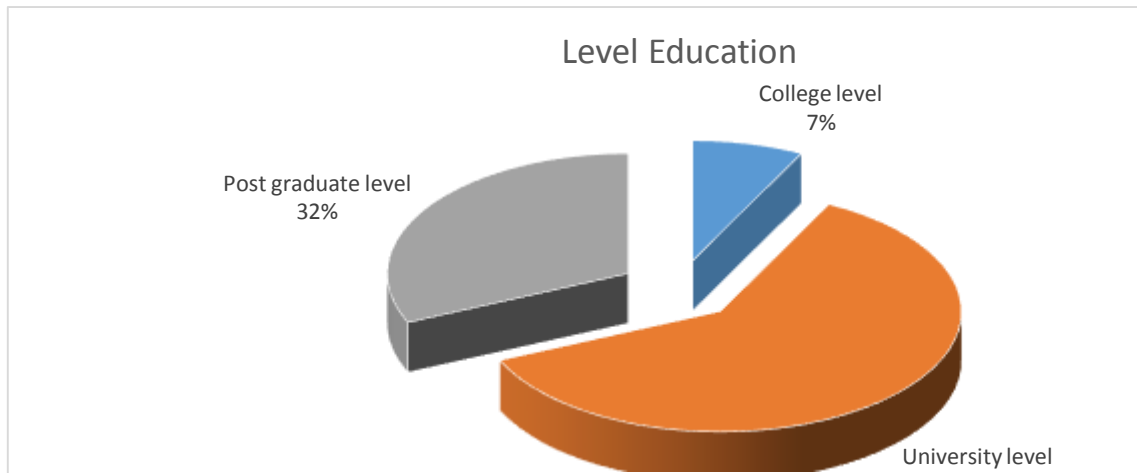


Figure 4.2: Highest level of Education of Respondents

4.4.3 Duration of Being in the Organization

From the results in Figure 4.3, 38.5% had worked for over 10 years, 27.3% had worked for less than 2 years, 20.5% had worked for between 3 to 6 years while 13.7% have had worked for between 6 and 10 years.

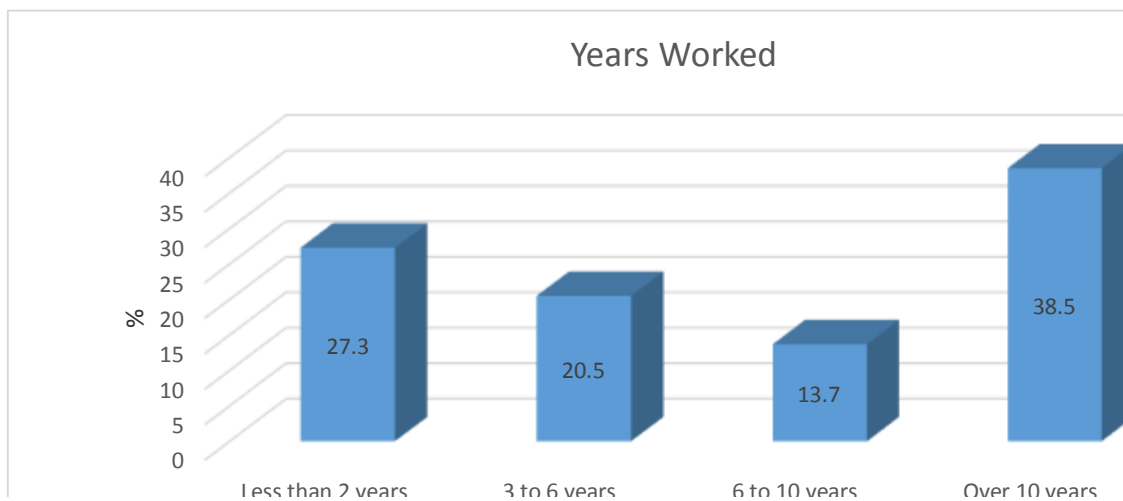


Figure 4.3: Duration of being in the Organization

4.5 Descriptive Statistics

This section presents the descriptive results on statements on charismatic leadership style, inspirational motivation, intellectual stimulation and individualized consideration on the organisational performance of state corporations in Kenya. Descriptive statistics were obtained through running the statements of each objective using descriptive custom table and presenting in percentages. The mean and the standard deviations were obtained through running the descriptive statistics. The highest of the mean was 4 while the lowest was 0. Therefore, a mean of 0=Not at all, 1= Once in a while, 2=Sometimes, 3= Fairly Often and 4=Frequently, if not always

4.5.1 Charismatic Leadership Style

In this study, charismatic leadership style was measured by four questions focusing on values and beliefs, vision and mission, pride, faith and respect, confidence and role model. The respondents were asked their opinion regarding charismatic leadership and organisational performance in state corporations. Specifically, they were asked to rate on a scale of 0=Not at all, 1= Once in a while, 2=Sometimes, 3= Fairly Often and 4=Frequently, if not always. The analysis is presented on Table 4.3.

Table 4.3: Charismatic Leadership Style

	Not at all	Once in a while	Sometime	Fairly Often	Frequently, if not always	Mean	Std. Dev
Instills in me a sense of Vision and Mission	9.9%	9.3%	8.7%	32.3%	39.8%	2.83	1.32
Talks about important values and beliefs	13.0%	7.5%	19.9%	28.6%	31.1%	2.57	1.35
Instills pride, faith and respect and considers moral & ethical consequences of decisions	19.3%	16.1%	13.7%	26.1%	24.8%	2.21	1.47
Displays confidence and is a role model	16.1%	18.0%	18.6%	19.9%	27.3%	2.74	1.44
Average						2.59	1.40

According to results in Table 4.3, majority of the respondents who represented 39.8% of the respondents agreed that their leaders frequently, if not always instills in them a sense of vision and mission, 32.3% indicated that their leader fairly often, 9.9% indicated that not at all, 9.3% indicated that once in a while 8.7% indicated that their leaders instilled a sense of vision and mission sometimes. 31.1% of the respondents agreed that their leaders frequently, if not always talks about important values and beliefs, 28.6% indicated that their leader fairly often. 26.1% indicated that their leaders fairly often instill pride, faith and respect and considers moral & ethical consequences of decisions, 24.8% indicated that they did so frequently, if not always. Finally, 27.3% indicated that their leaders displayed confidence and role model while 19.9% indicated fairly often.

On a five-point scale, the average mean of the responses was 2.59 which mean that majority of the respondents indicated fairly often response; however, the answers were varied as shown by a standard deviation of 1.40.

4.5.2 Inspirational Motivation

In this section, inspirational motivation was measured by four questions focusing on optimism about future, enthusiasm displayed, motivation and inspiration, goals achieved. The respondents were asked their opinion regarding inspirational motivation and organisational performance in state corporations. Specifically, they were asked to rate on a scale of 0=Not at all, 1= Once in a while, 2=Sometimes, 3 = Fairly Often and 4 = Frequently, if not always. The analysis is presented on Table 4.4.

Table 4.4: Inspirational Motivation

	Not at all	Once in a while	Sometime	Fairly Often	Frequently, if not always	Mean	Std. Dev
Talks optimistically about the future	13.0%	21.7%	9.3%	31.1%	24.8%	2.33	1.40
Talks enthusiastically about what needs to be accomplished	7.5%	5.0%	5.6%	45.3%	36.6%	2.99	1.14
Articulates a compelling vision of the future	4.3%	6.2%	12.4%	44.1%	32.9%	2.95	1.05
Expresses confidence that goals will be achieved	7.5%	3.1%	9.3%	49.7%	30.4%	2.93	1.09
Average						2.80	1.17

According to results in Table 4.4, majority of the respondents who represented 31.1% of the respondents indicated that their leaders fairly often talks optimistically about the future, 24.8% indicated that their leader frequently, if not always, 21.7% indicated once in a while, 13.0% indicated not at all while 9.3% indicated sometimes. 36.6% of the respondents agreed that their leaders frequently, if not always talks enthusiastically about what needs to be accomplished, 45.3% indicated that their leader fairly often talks enthusiastically about what needs to be accomplished. 44.1% indicated that their leaders fairly often articulate a compelling vision of the future, 32.9% indicated that they did so frequently, if not always. Finally, 49.7% indicated that their leaders expressed confidence that goals will be achieved while 30.4% indicated fairly often.

On a five-point scale, the average mean of the responses was 2.80 which mean that majority of the respondents indicated fairly often response; however, the answers were varied as shown by a standard deviation of 1.17.

4.5.3 Intellectual Stimulation

In this section, intellectual stimulation was measured by four questions focusing on innovation and creativity, rationality and intellect value, solicitation of new ideas and logical thinking promoted. The respondents were asked give their opinion regarding intellectual stimulation and organisational performance in state corporations. Specifically, they were asked to rate on a scale of 0=Not at all, 1= Once in a while, 2=Sometimes, 3= Fairly Often and 4=Frequently, if not always. The analysis is presented on Table 4.5.

Table 4.5: Intellectual Stimulation

	Not at all	Once in a while	Sometime	Fairly Often	Frequently, if not always	Mean	Std. Dev
Re-examines critical assumptions to question whether they are appropriate	6.2%	6.2%	4.3%	43.5%	39.8%	3.04	1.12
Seeks differing perspectives when solving problems	2.5%	7.5%	7.5%	42.9%	39.8%	3.10	1.00
Gets me to look at problems from many different angles	3.1%	4.3%	8.7%	40.4%	43.5%	3.17	0.98
Suggests new ways of looking at how to complete assignments	5.0%	6.2%	6.8%	39.8%	42.2%	3.08	1.09
Average						3.09	1.02

According to results in Table 4.5, majority of the respondents who represented 43.5% of the respondents indicated that their leaders fairly often re-examines critical assumptions to question whether they are appropriate, 39.8% indicated that their leader frequently, if not always, 6.2% indicated once in a while, 6.2% indicated not at all while 4.3% indicated sometimes. 39.8% of the respondents agreed that their leaders frequently, if not always sought differing perspectives when solving problems, 42.9% indicated fairly. 40.4% indicated that their leaders fairly often got them to look at problems from many different angles, 43.5% indicated that they did so frequently, if not always. Finally, 42.2% indicated that their leaders frequently, if not always suggests new ways of looking at how to complete assignments while 39.8% indicated fairly often.

On a five-point scale, the average mean of the responses was 3.09 which mean that majority of the respondents indicated fairly often response; however, the answers were varied as shown by a standard deviation of 1.02. The highest of the mean was 4 while the lowest was 0.

4.5.4 Individualised Consideration

In this section, individualised consideration was measured by four questions focusing on coaching and mentoring, followers treated individually, learning opportunities created, followers’ strengths developed. The respondents were asked give their opinion regarding individualised consideration and organisational performance in state corporations. Specifically, they were asked to rate on a scale of 0=Not at all, 1= Once in a while, 2=Sometimes, 3= Fairly Often and 4=Frequently, if not always. The analysis is presented on Table 4.6.

Table 4.6: Individualised Consideration

	Not at all	Once in a while	Sometime	Fairly Often	Frequently, if not always	Mean	Std. Dev
Spends time teaching and coaching	3.7%	5.0%	11.2%	50.9%	29.2%	2.97	0.97
Treats me as individuals rather than just as a member of a group	13.0%	13.0%	9.9%	32.3%	31.7%	2.57	1.39
Considers me as having different needs, abilities, and aspirations from others	23.4%	13.3%	3.4%	35.3%	14.6%	2.94	1.38
Helps me to develop my strengths	12.4%	16.1%	14.3%	35.4%	21.7%	2.38	1.32
Average						2.66	1.28

According to results in Table 4.6, majority of the respondents who represented 50.9% of the respondents indicated that their leaders fairly often spends time teaching and coaching, 29.2% indicated that their leader frequently, if not always spends time teaching and coaching. 31.7% of the respondents agreed that their leaders frequently, if not always treats them as individuals rather than just as a member of a group, 32.3% indicated fairly often. 35.3% indicated that their leaders fairly often consider them as having different needs, abilities, and aspirations from others. Finally, 21.7% indicated that their leaders frequently, if not always helped them to develop my strengths while 39.8% indicated fairly often.

On a five-point scale, the average mean of the responses was 2.66 which mean that majority of the respondents indicated fairly often response; however, the answers were varied as shown by a standard deviation of 1.28. The highest of the mean was 4 while the lowest was 0.

4.5.5 Organisational Performance of State Corporation in Kenya

In this section, organisational performance was measured by five questions focusing on service delivery and operations. The respondents were asked give their opinion on organisational performance of state corporations in Kenya. Specifically, they were asked to rate on a scale of 1=Strongly Disagree, 2=Disagree, 3=moderately agree, 4=Agree and 5=Strongly Agree. The analysis is presented on Table 4.7.

Table 4.7: Organisational Performance

Statements	Strongly Disagree	Disagree	Moderately Agree	Agree	Strongly Agree	Mean	Std. Dev
There is improved service delivery and service delivery innovations.	9.3%	12.4%	17.4%	32.3%	28.6%	3.58	1.28
Customer satisfactions feedback have improved over time due to better resolution of public complains.	3.7%	8.1%	10.6%	53.4%	24.2%	3.86	1.00
The organization has been ISO certified as a result of improved automation of services.	9.3%	2.5%	9.3%	55.9%	23.0%	3.81	1.11
Project implementation completion rate has improved over time.	5.0%	5.6%	11.8%	54.7%	23.0%	3.85	1.00
Project implementation cost Efficiency has been on the upward trend	13.0%	13.0%	9.9%	32.3%	31.7%	3.57	1.39
Average						3.78	1.10

According to results in Table 4.7, majority of the respondents who represented 60.9% agreed that there was improved service delivery and service delivery innovations, 77.6% agreed that customer satisfactions feedback have improved over time due to better resolution of public complains, 78.9% of the respondents agreed that the organization

has been ISO certified as a result of improved automation of services, 77.7% of the respondents agreed that project implementation completion rate has improved over time, while 64.0% of the respondents agreed that project implementation cost efficiency has been on the upward trend.

On a five-point scale, the average mean of the responses was 3.78 which mean that majority of the respondents agreed with most of the statements; however, the answers were varied as shown by a standard deviation of 1.10. The highest of the mean was 5 while the lowest was 1.

4.6 Tests of Assumptions / Diagnostic Tests

Linear regression makes assumptions about the data used including; it is normally distributed, there is linearity, and that there is no multi-collinearity and no heteroscedasticity. If these assumptions are not met by the data used statistical results may yield inappropriate results. Use of data which does not conform to these assumptions may lead to type I or type II errors or may lead to over or underestimation of statistical significance (Osborne & Waters, 2002). The results of the tests for normality, linearity, heteroscedasticity and multi-collinearity are presented below.

4.6.1 Linearity Test

Linearity means that two variables, "x" and "y," are related by a mathematical equation " $y = cx$," where "c" is a constant number. The importance of testing for linearity lies in the fact that many statistical methods require an assumption of linearity of data. This occurs when data is sampled from a population that relates the variables of interest in a linear fashion. This means that before using common methods like linear regression, tests for linearity must be performed (Jin, Parthasarathy, Kuyel, Geiger, & Chen, 2005). Linearity test was conducted for the variables. SPSS, statistical software tool through scatter graph graphical method was used to observe with ease the possibility of the data

arriving from a linear population. The scatter graph in figure 4.4 show that the data used was linear.

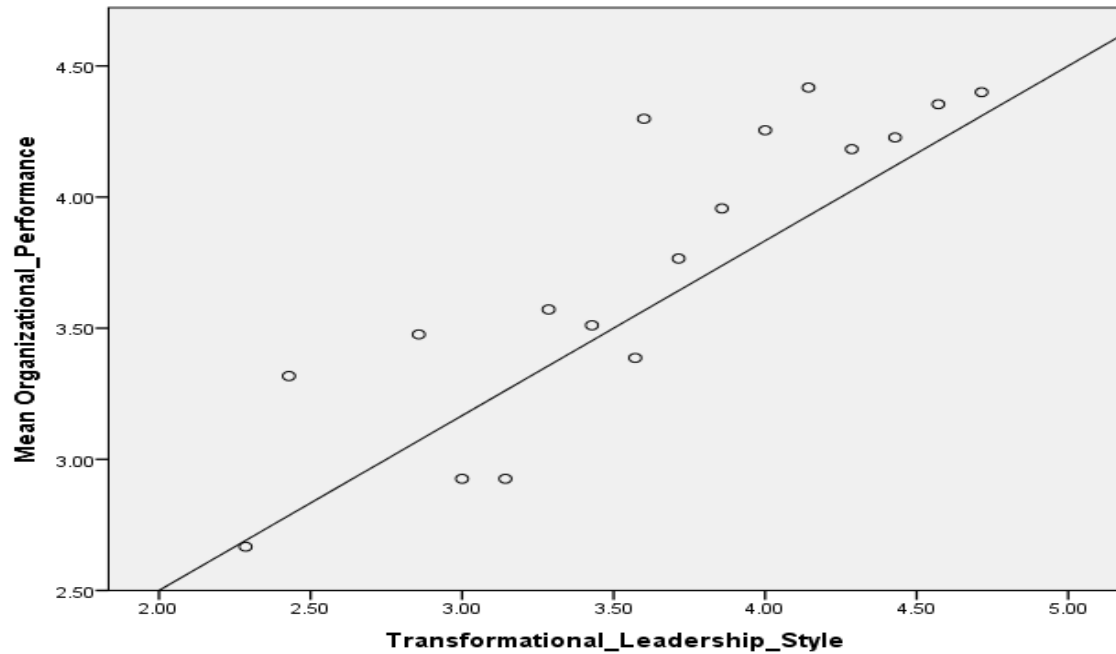


Figure 4.4: Scatter Graph

4.6.2 Normality Test

It was necessary to carry out the normality test as many of the statistical procedures used in the study including correlation, regression and t- test were based on the assumption that the data follows a normal distribution. This assumes that the population from which the sample was drawn was normally distributed (Ghasemi & Zahedias, 2012). Graphical interpretation was used as it has the advantage of allowing good judgment to assess normality in situations where statistical methods lack objectivity.

The test for normality of data was performed using both P-P plot and Kolmogorov-Smirnov test. According to figure 4.5 the graphical finding depicts that data is normally

distributed hence not significantly different from a normal distribution. It was thus concluded that the organisational performance data was normally distributed.

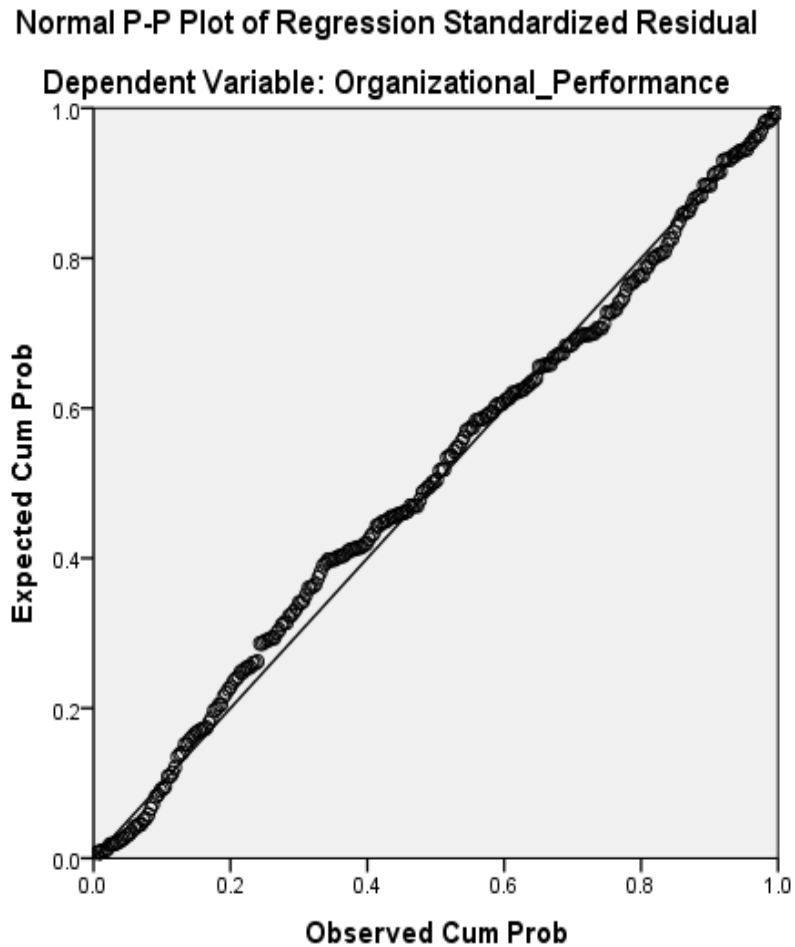


Figure 4.5: P-P Plot

To test for normality of data using Kolmogorov-Smirnov, the null hypothesis posits that the data is normally distributed that is, not significantly different from a normal distribution. The results presented in the table 4.8 and in figure 4.5.1.

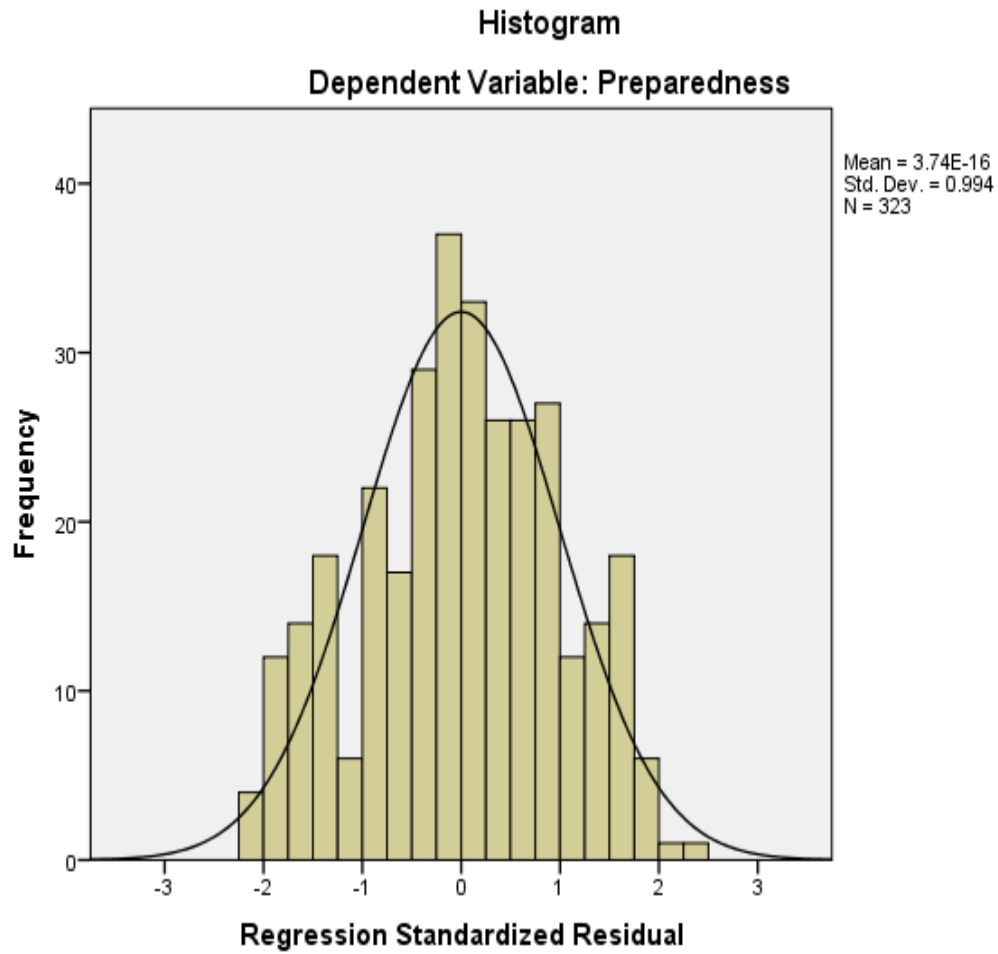


Figure 4.5.1: Test for Normality

Table 4.8: Results of Kolmogorov-Smirnov Test for Normality

Variable	K-S Test Statistic	Df	Sig.
Charisma	2.545	165	0.069
Individual Consideration	2.133	165	0.071
Inspirational Motivation	3.443	165	0.082
Intellectual Stimulation	3.161	165	0.073
Organisational Performance	2.025	165	0.093

Table 4.8 shows that the variables had p-value which were greater than 0.05 and thus the null hypothesis were not rejected. It was thus concluded that the variables were normally distributed. Graphical method results are shown in figure 4.5.1. The results indicate that the residuals are normally distributed.

4.6.3 Test for Multi-collinearity

Tests for multi-collinearity were carried out because in severe cases of perfect correlations between predictor variables, multi-collinearity can imply that a unique least squares solution to a regression analysis cannot be computed (Field, 2009). Multi-collinearity inflates the standard errors and confidence intervals leading to unstable estimates of the coefficients for individual predictors. Multi-collinearity was assessed in this study using the Variance Inflation Factor and tolerance. The results of the tests of multi-collinearity are presented in Table 4.9.

Table 4.9: Multi-collinearity Test Results

Variables	Tolerance	VIF
Charisma	0.78110	1.652
Individual Consideration	0.832	1.912
Inspirational Motivation	0.821	2.019
Intellectual Stimulation	0.689	2.344

Collinearity statistics in table 4.9 indicated a Variance Inflation Factor (VIF) < 5 and Tolerance > 0.2, an indication that the variables were not highly correlated, hence no existence of Multi-collinearity. This is an indication of the suitability of the variables for multiple regression. The cut off for VIF is 10 and should a variable have had anything over and above 10 it should have been dropped.

4.6.4 Test for Heteroscedasticity

Since the data for this research is obtained from a cross-section of organizations, it raise concerns about the existence of heteroscedasticity. The Breusch-Pagan/Cook-Weisberg test was carried out to confirm if the error variance was not constant in which case there could have been heteroscedasticity in the data. Running a regression model without accounting for heteroscedasticity may lead to biased parameter estimates. To test for heteroscedasticity was necessary to make a hypothesis in respect to the error variance and test the error variances to confirm or reject the hypothesis.

For the purposes of applying the Breusch-Pagan/Cook-Weisberg test, a null hypothesis (H_0) of this was formulated that the error variance is not heteroscedastic while the alternative hypothesis (H_1) was that the error variance is heteroscedastic. The Breusch-Pagan/Cook-Weisberg test models the error variance as $\sigma^2_i = \sigma^2 h(z_i \alpha)$ where z_i is a vector of the independent variables.

It tests $H_0: \alpha=0$ versus $H_1: \alpha \neq 0$. Table 4.10 shows the results obtained when the Breusch-Pagan/Cook-Weisberg test was conducted.

Table 4.10: Results of Breusch-Pagan / Cook-Weisberg Test for Heteroscedasticity

Breusch-Pagan / Cook-Weisberg test for heteroscedasticity
chi2(1) = 9.764
Prob > chi2 = 0.093

The results in Table 4.10 indicate that the p value is greater than 0.05 (0.093) and so the null hypothesis set up for this test was supported. It was found that the variables under this study did not suffer from heteroscedasticity.

4.7 Inferential Statistics

Inferential analysis was conducted to generate correlation results, model of fitness, analysis of the variance and regression coefficients. Pearson Product Moments correlation was used to test the association between key variables; Charisma, Inspirational Motivation, Individualized Consideration, Intellectual Stimulation and Organisational Performance of state corporations in Kenya and results presented in form of Pearson statistic, having been worked out at the significance level set at 0.05.

Regression model was used to check on the relationship between the variables and also used for hypotheses testing. The mean scores of statements of each variable were used to run correlation and regression analysis. The analysis of variance (ANOVA) was adopted to test the overall model significance. In particular, the calculated f statistic was compared with the tabulated f statistic. A critical p value of 0.05 was used to determine whether the overall model was significant or not. The individual regression coefficients were checked to see whether the independent variables Charisma, Inspirational Motivation, Intellectual Stimulation and Individualized Consideration significantly affected Organisational Performance. A critical p value of 0.05 was also used to determine whether the individual variables are significant or not.

4.7.1 Correlation Analysis

The data presented before on charisma, inspirational motivation, individualized consideration and intellectual stimulation were computed into single variables per factor by obtaining the averages of each factor. Pearson's correlations analysis was then conducted at 95% confidence interval and 5% 2-tailed significance level. The Table 4.11 indicates the correlation matrix between the factors idealized influence, inspirational motivation, individualized consideration and intellectual stimulation, and organisational performance.

Table 4.11: Correlation Matrix

		Organisational Performance	Charisma	Inspirational Motivation	Intellectual Stimulation	Individualized Consideration
Organisational Performance	Pearson Correlation	1.000				
	Sig. (2-tailed)					
Charisma	Pearson Correlation	0.634**	1.000			
	Sig. (2-tailed)	0.009				
Inspirational Motivation	Pearson Correlation	0.656**	.488**	1.000		
	Sig. (2-tailed)	0.008	0.000			
Intellectual Stimulation	Pearson Correlation	0.626**	0.071	.261**	1.000	
	Sig. (2-tailed)	0.026	0.037	0.001		
Individualised Consideration	Pearson Correlation	0.792**	.293**	0.078	0.077	1.000
	Sig. (2-tailed)	0.000	0.000	0.028	0.330	

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

The results revealed that there was a strong positive correlation between Charisma and Organisational Performance and the correlation was significant ($r=0.634$, $p=0.009$). The results further indicate that inspirational motivation and organisational performance had a strong positive correlation which was significant ($r=0.656$, $p=0.008$). It was further established that intellectual stimulation and organisational performance had a strong positive correlation which was significant at ($r=0.626$, $p=0.026$). Similarly, results showed that individualized consideration and organisational performance had a strong positive and the relationship was significantly at ($r=0.792$, $p=0.000$).

4.7.2 Regression analysis

Regression analysis were performed by using the composites of the key variables. The data was input to the SPSS software. Results were then presented in Tables 4.12, 4.13 and 4.14.

Table 4.12: Model Fitness for the Regression

R	R Square	Adjusted R Square	Std. Error of the Estimate
0.861	0.742	0.723	0.27745

Predictors: (Constant), Individualized Consideration, Intellectual Stimulation, Inspired Motivation, Idealized Influence

Table 4.12 present the fitness of model used in the regression model in explaining the study phenomena. Charisma, Inspirational Motivation, Individualized Consideration and Intellectual Stimulation were found to be satisfactory variables in explaining Organisational Performance. This was supported by coefficient of determination also known as the R square of 0.742. This means charisma, inspirational motivation, individualized consideration and intellectual stimulation explain 74.2% of the variations in the dependent variable which is Organisational Performance of state corporations in Kenya. This results further means that the model applied to link the relationship of the variables was satisfactory.

Table 4.13: Analysis of Variance

	Sum of Squares	df	Mean Square	F	Sig.
Regression	22.91	4	5.728	12.48	.000
Residual	71.594	160	0.459		
Total	94.504	164			

Dependent Variable: Organisational Performance

Predictors: (Constant), Charisma Individualized Consideration, Intellectual Stimulation, Inspired Motivation,

Table 4.13 provides the results on the analysis of the variance (ANOVA). The results indicate that the overall model was statistically significant. Further, the results imply that the independent variables are good predictors of organisational performance of state corporations in Kenya. This was supported by an F calculated statistic of 12.48 which is greater than F critical 3.80 and also the reported $p=0.000$ which was less than the conventional probability of 0.05 significance level.

This result further imply goodness of fit of the model.

Table 4.14: Beta Coefficients

	Unstandardized		Standardized	t	Sig.
	Coefficients	Std. Error	Coefficients		
	B		Beta		
(Constant)	1.821	0.524		3.475	0.001
Charisma	0.125	0.083	0.025	2.304	0.017
Inspired Motivation	0.130	0.088	0.028	4.340	0.004
Intellectual Stimulation	0.201	0.102	0.007	2.099	0.021
Individualized Consideration	0.534	0.079	0.497	6.778	0.000

Dependent Variable: organisational Performance

Beta coefficients results in Table 4.14 shows that a unit increase in Charisma will lead to a 0.125 increase in Organisational Performance and this relationship is significant ($r=0.125$, $p=0.017$). The Table further indicated that a unit increase in Inspired Motivation will lead to a 0.130 increase in Organisational Performance and the relationship is significant ($r=0.130$, $p=0.004$). It was further established that a unit increase in Intellectual Stimulation will lead to a 0.201 increase in Organisational Performance and the relationship was significant ($r=0.201$, $p=0.021$). Similarly, results

showed that a unit increase in Individualized Consideration would lead to a 0.534 increase in Organisational Performance and the relationship was significant ($r=0.534$, $p=0.000$).

Thus the optimal model of the study is;

$$Y = 1.821 + 0.534X_1 + 0.201X_2 + 0.1308X_3 + 0.125X_4 + \varepsilon$$

Where;

Y= Organisational Performance

X₁= Individualized Consideration

X₂= Intellectual Stimulation

X₃= Inspirational Motivation

X₄= Charisma

ε = the error term which is assumed to be normally distributed with mean zero and constant variance

Hypotheses testing was performed using the multiple regression model presented in Table 4.14 above. The regression analysis was done using a linear regression model as shown below

$$Y = \beta_0 + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + \beta_4X_4 + \varepsilon$$

Where: Y= Organisational Performance, X₁= Individualized Consideration, X₂= Intellectual Stimulation, X₃= Inspired Motivation, X₄= Charisma; β_0 represents the constant; $\beta_1, 2, 3, 4$, are regression coefficients; ε is error term

4.8 Hypothesis Testing

Multiple linear regression was used to test the hypothesis. The criteria used in hypothesis testing was that research hypothesis was not to be accepted if the p value is 0.05 or less. The research hypothesis was not to be rejected if the p value was greater than 0.05. In other words, if the p-value is less than 0.05 then it was concluded that the model was significant and had good predictors of the dependent variable and that the results was based on chance. If the p-value was greater than 0.05 then the model was not significant and was used to explain the variations in the dependent variable.

4.8.1 Charisma and Organisational Performance

The hypothesis was that Charismatic style of transformational leadership had no effect on organisational performance of State corporations in Kenya. The hypothesis was tested by using the ordinary least square regression. The acceptance/rejection criterion was that, if the p value is less than 0.05, the H_1 is rejected but if it's greater than 0.05, the H_1 is accepted. Results in Table 4.13 show that the p-value was $0.017 < 0.05$. This indicates that the hypothesis was rejected hence charismatic style of transformational leadership has effect on organisational performance of State corporations in Kenya.

The finding is in agreement with that of Senaji *et al.* (2014), who found out that vision was an important descriptor of what makes a leader effective. Krishna (2011) study revealed a positive relation between transformational leadership and effectiveness, extra effort, satisfaction, and psychological empowerment. Agle *et al.* (2006), found that previous organisational performance was attributed to perceptions of CEO charisma. Waldman, Javidan, and Varella (2004), as cited in Ling *et al.* (2008), found charisma to be positively related to firm performance.

4.8.2 Inspirational Motivation and Organisational Performance

The hypothesis was that inspirational motivation style of transformational leadership has no effect on organisational performance of state corporations in Kenya. The hypothesis

was tested by using the ordinary least square regression. Results in Table 4.13 show that the p-value was $0.004 < 0.05$. This indicates that the null hypothesis was not accepted hence inspirational motivation style of transformational leadership has effect on organisational performance of state corporations in Kenya.

This finding is consistent with that of Ayub and Rafif (2011) who attempted to explore the relationship between work motivation and job satisfaction. The examination found that there was a positive connection between inspirational motivation and occupation fulfilment. Obiwuru, et al. (2011), however, found that inspirational motivation exerts negative but insignificant effect on performance, and the trait is weak in explaining variations in performance.

4.8.3 Intellectual Stimulation and Organisational Performance

The hypothesis was that Intellectual stimulation style of transformational leadership has no effect on organisational performance of State corporations in Kenya. The hypothesis was tested by using the ordinary least square regression. Results in Table 4.13 above show that the p-value was $0.021 < 0.05$. This indicates that the null hypothesis was rejected hence intellectual stimulation style of transformational leadership has effect on organisational performance of State corporations in Kenya.

This finding is consistent with that of Obiwuru et al. (2011), who found that intellectual stimulation, exerts positive but insignificant effect on followers and performance. Barbuto et al. (2007), found that intellectual stimulation achieved acceptable reliability estimates ($\alpha = 0.69$ to 0.81).

4.8.4 Individualized Consideration and Organisational Performance

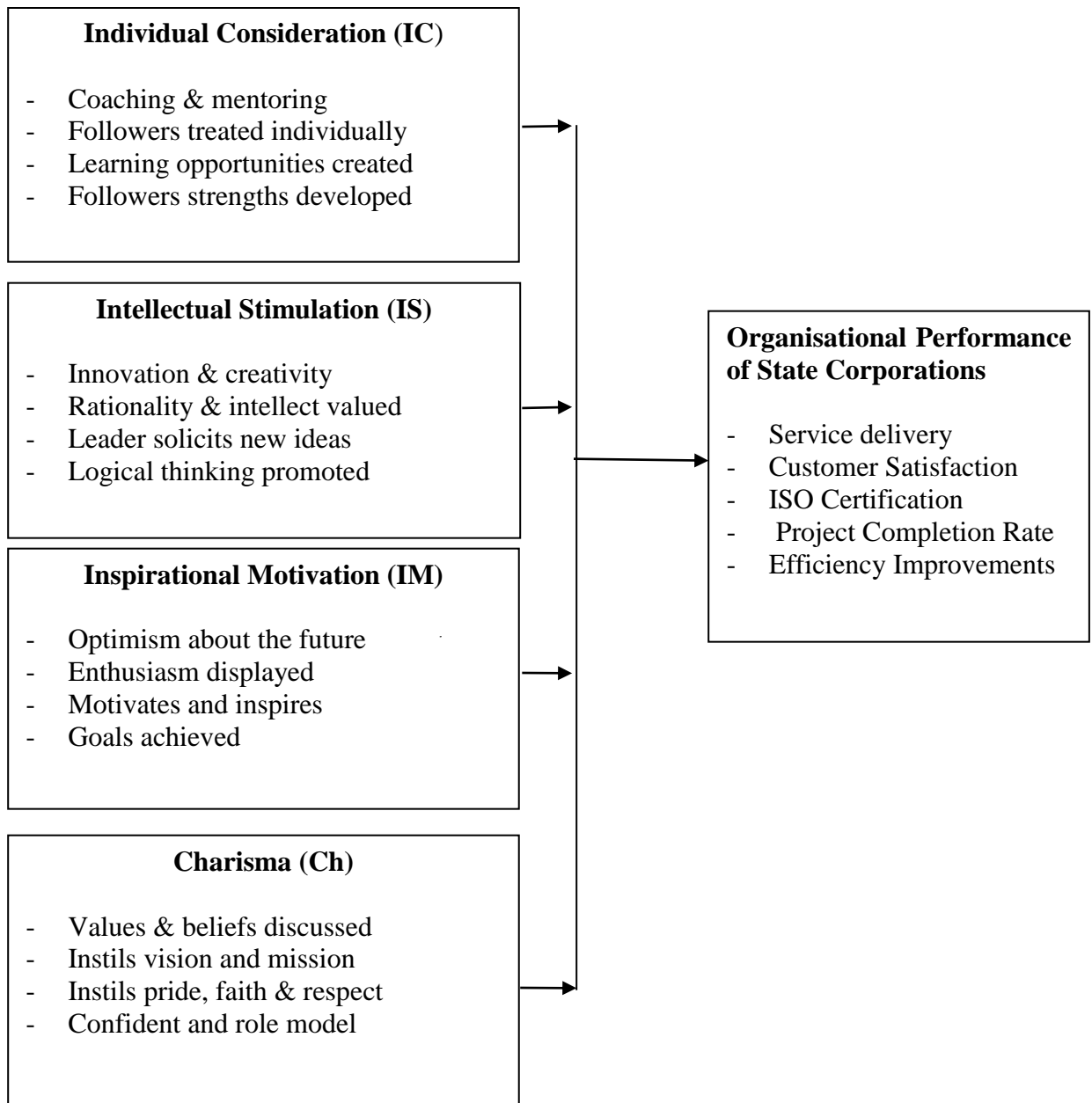
The null hypothesis was that individualized consideration style of transformational leadership has no effect on organisational performance of State corporations in Kenya. The hypothesis was tested by using the ordinary least square regression. Results in Table 4.13 show that the p-value was $0.000 < 0.05$. This indicated that the alternative hypothesis

was accepted hence Individual consideration style of transformational leadership has effect organisational performance of State corporations in Kenya.

According to Antonakis *et al.* (2003), as cited in Magno (2013), prototypical leadership behaviours may differ depending on the organisational levels at which leadership is observed. At low hierarchical levels, individualized consideration could be more evident than at higher hierarchical levels (Antonakis et al., 2003; as cited in Magno, 2013). Furthermore, lower-level leadership could be characterized as being more task focused than higher-level leadership that scopes out the strategy or vision for an organization suggesting more active management-by-exception behaviours at lower levels.

4.9 Optimal Model

Based on the outcomes of the multiple regression coefficients, revised conceptual framework was arranged based on the coefficient value optimality in the order of individualized consideration, intellectual stimulation, inspirational motivation, and charisma. Figure 4.6 show the optimal model.



Independent Variables (IV)

Dependent Variable (DV)

Figure 4.6: The Optimal Model

CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

The chapter provides a summary of the findings of this study with specific objectives and study hypothesis used as units of analysis. Data was interpreted and results of the findings were compared with both empirical and theoretical literature available. The conclusion relates to the specific hypothesis for this study. Recommendations in this study were deduced from conclusion and discussion of the findings.

5.2 Summary of Major Findings

The study sought to investigate the effect of transformational leadership style on organisational performance of State corporations in Kenya. Specifically, the study investigated the effect of charisma, individualised consideration, inspirational motivation and intellectual stimulation style on organisational performance of State corporations in Kenya.

5.2.1 Charisma and Organisational Performance

The first objective of the study was to determine the effect of charisma on organisational performance of state corporations in Kenya. This objective gave rise to hypothesis one (H1) which predicted that charismatic style of transformational leadership has no effect on organisational performance of State corporations in Kenya. Ordinary least squares regression was carried out to determine the relationship between charisma and organisational performance.

The regression model was thus fitted to the data and the model was found to be significant. The results of coefficients to the model estimates were significant at the 0.05 level of significance. This was because the significance was less than 0.05. This

indicated that the hypothesis was not accepted hence charismatic style of transformational leadership has effect on organisational performance of State corporations in Kenya.

5.2.2 Individualised Consideration and Organisational Performance

The study established the relationship between individualised consideration and organisational performance, by testing the null hypotheses in chapter 1. The null hypothesis stated that individual consideration style of transformational leadership has no effect on organisational performance of State corporations in Kenya.

Ordinary least squares regression was carried out to determine the relationship between individualised consideration and organisational performance. The results of coefficients estimates were significant at the 0.05 level of significance. This indicated that the hypothesis was rejected hence there exists a significant and positive relationship between individualised consideration and organisational performance of state corporations in Kenya.

5.2.3 Inspirational Motivation and Organisational Performance

Findings of this study revealed a clear relationship between inspirational motivation and organisational performance of state corporations in Kenya. This was done, by testing the null hypothesis which states that inspirational motivation style of transformational leadership has no effect on organisational performance of State corporations in Kenya. Findings of this study revealed that there exists a significant relationship between inspirational motivation and organisational performance of state corporations in Kenya. Besides, this relationship is positive and it conforms to underlying theory on transformational leadership.

Ordinary least squares regression was carried out to determine the relationship between inspirational motivation and organisational performance. The results of coefficients estimates were significant at the 0.05 level of significance. This indicated that the

hypothesis was rejected hence there exists a significant and positive relationship between inspirational motivation and organisational performance of state corporations in Kenya.

5.2.4 Intellectual Stimulation and Organisational Performance

The fourth objective determined the effect of individualized consideration on organisational performance of State corporations in Kenya. Based on this objective, null hypothesis four (H₄) was formulated which predicted that Individual consideration style of transformational leadership has no effect on organisational performance of State corporations in Kenya. Ordinary least squares regression was carried out to test this hypothesis.

The results of coefficients to the estimates were significant at the 0.05 level of significance. This null hypothesis was rejected in favour of the alternative, namely; intellectual stimulation has a positive significant effect on the performance of state corporations in Kenya.

5.3 Conclusions

A leadership that is charismatic, individually considerate, motivationally inspiring and intellectually stimulating exerts a positive and significant influence on the performance of state corporations in Kenya. This is a strong justification for this study. Sub-sections 5.3.1 to 5.3.4 present conclusions for each of the four independent variables determining organisational performance of State Corporations.

5.3.1 Charisma

From the results of this study, most leaders in State Corporations displayed charismatic characteristics which contribute to improved organisational performance of State Corporations in Kenya. The leaders instil pride, faith and respect in followers and consider moral and ethical consequences of the decisions they make. Furthermore, the

leaders display confidence and are role models to their followers. In order to achieve improved organisational performance of State corporations, there is need to invest in leadership training and capacity development programmes that will enhance leadership charismatic skills. In particular, leadership that instils a strong sense of Mission and Vision in the followers is required. Vision is an important descriptor of what makes a leader effective. Being visionary was rated as number one descriptor of an effective leader in Kenya. State Corporations in Kenya require a leadership that spends more time to talk about important values and beliefs of the organisation they lead. Values, and beliefs in an organisation constitute an integral part of and provides structure and stability for people as they attempt to understand the world around them. A goods value framework provides a framework for how leaders and followers treat each other at work, how customers are treated, and helps make a sense of leaders and followers working fit in the big picture. Values and beliefs provide a framework for achieving the vision and increasing the effectiveness of the organisation. This also creates an environment for conducive job satisfaction as well as finding work which is exciting and challenging.

5.3.2 Inspirational Motivation

Compared to the other three transformational leadership constructs, most leaders in State Corporations in Kenya exhibited inspirational motivation characteristics. In particular, most leaders expressed confidence that set goals will be achieved and articulated a compelling vision for the future. The leaders must talk enthusiastically about what needs to be accomplished and need to be more optimistic about the future. For true business success, entrepreneurs need to see failure as a new start and not an end. Optimism allows people to learn from failures, pick up the pieces and move on to something greater since failure presents opportunities for great business ideas. Secondly pessimism makes leaders contract and shy away from new or adventurous things, and causes people to fixate on the negative possibilities, eventually getting trapped by fear of failure. On the other hand, Optimism, opens us up to new ideas, new experiences and new possibilities. It frees up people to consider new options and change their businesses, and lives, for the

better. Thirdly, optimism helps people to get healthy. Optimists are generally happier and less stressed, and they tend to have healthier hearts.

Fourthly, optimism spreads good vibes. Having an upbeat attitude can inspire everyone around the leader. Optimism helps people see new opportunities, learn from different situations, and keep moving. State corporations in Kenya need movement and growth, which will be brought about by optimism of leaders in the State corporations.

5.3.3 Intellectual Stimulation

All items of intellectual stimulation were found to correlate significantly with organisational performance of state corporations. Leaders in State Corporations, lead followers to look at problems from many different angles. Similarly, leaders re-examine critical assumptions to question whether they are appropriate. Leaders in Kenya's state corporations suggest to followers' new ways of looking at how to complete assignments and more often seek differing perspectives when solving problems. Given the low performance of most state corporations in Kenya, this finding is rather inconsistent and further research may be necessary. It's not very common to find leaders who are innovative and creative and who establish safe conditions for experimentation and sharing ideas, but whose output is below expectation. It's also not very common to find leaders who encourage employees' creativity while challenging the status quo, but whose performance is below expectation.

5.3.4 Individualized Consideration

From the results of this study, individualized consideration was displayed by leaders in State Corporations, with 3 observed constructs loading into two latent variables. According to this study, leaders in State corporations spend time teaching and coaching followers, and help followers to develop their own strengths. Besides, leaders treat each follower as an individual rather than just a member of the organisation. However, this variable explains about 3% variance in transformational leadership. With this finding, it

is safe to conclude that the quality of teaching and coaching that followers receive is inadequate and perhaps inappropriate for the needs of State Corporations in Kenya. This calls for a review of the type and quality of teaching and coaching that employees of State corporations in Kenya receive. The extent to which leaders help followers to develop their strengths comes into sharp focus in this study. It is also safe to conclude that leaders treating followers as individuals rather than just members of the organisation, may not be translating into substantial improvement in the performance of state corporations in Kenya.

5.4 Recommendations

The study is a justification of the fact that a state corporation whose leaders are charismatic, individually considerate of their followers, who are inspirationally motivating and who are intellectually stimulating will steer their organisation to be more effective. In particular, the study recommends:

The Cabinet Secretaries, majority of them involved in appointing leaders of State corporations should take note of the critical role of transformational leadership in state corporations. Appointments, particularly of chairpersons of state corporations should seriously consider the transformative configuration of the holder of this office. Political considerations should therefore be surrogate to transformational considerations.

The Government and the private sector need to seriously consider investing in the development and implementation of a curriculum on transformational leadership. Training on transformational leadership must start early in the life of a child, if current and future investments are to be sustained. It is therefore necessary for basic education to make it mandatory for every child to cover substantial training on transformational leadership.

Company directors of medium sized and large enterprises should possess transformational leadership skills in order for them to effectively plan, organize and

control their enterprises. This will lead to improved performance and ultimately lead to the expansion of the entire economy. Policy makers should prepare policy instruments to protect the transformational leadership agenda.

Political leaders must start to embrace transformational leadership in their legislative agenda. Leadership must entail collaborative action with the ambition of generating political, social, and economic change at the most fundamental level. Planning and budgeting, for instance, in Kenya, will require at the forefront, truly tested transformational leaders.

Researchers should take up this study, critique it, and make more recommendations for improvements in transformational leadership.

5.5 Areas for Further Research

In this section, suggestions for further research in areas related to this study are given. In future, it is recommended that research be done to address the limitations of this study. While this study considered only state corporations in Kenya, future researchers could consider carrying out a similar study in a different sector or sectors to assess any variation in responses. It would be interesting to explore how the results obtained, when the methods applied in this study are applied in other contexts for example in other countries at higher or lower stages of development. It would be worthwhile establishing the extent to which the findings of this study are generalizable to other industries, sectors or settings.

Future researchers could also introduce different variables other than the ones used and test for moderation or mediating effect of such variables on the relationship between transformational leadership style and organisational performance. Studies using other additional variables, such as organization culture, government regulation as moderators or mediators can be carried out to gain further insights into the relationship.

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APPENDICES

Appendix 1: Letter of Introduction

Dear Respondent,

RE: REQUEST TO COLLECT DATA FOR ACADEMIC THESIS RESEARCH PROJECT

I am a post graduate student at Jomo Kenyatta and Technology University (JKUAT). I am doing a research project titled “*effect of transformational leadership style on organisational performance of state corporations in Kenya.*”. I have chosen your organization to be part of my sample population. Attached is a questionnaire, please answer all the questions with your own true agreement to each. There are no wrong responses for any of these statements. All information given in the questionnaire will be treated with strict confidentiality and used for the purpose of this research only.

Thank you for taking your time to fill in the questionnaire.

Thank you in advance,

Yours sincerely,

John Nyakawa Ondari

Appendix II: Questionnaire

This questionnaire has statements regarding effect of transformational leadership style on organisational performance of state corporations in Kenya. Kindly take about 10 minutes to complete the questionnaire as guided. Your responses will be handled confidentially and ethically.

Thank you for agreeing to participate in this academic study.

SECTION A: GENERAL /DEMOGRAPHIC DATA

1. Kindly indicate your gender

- a) Male
- b) Female

2. Please indicate the highest level of education you have ever attained

- a) Secondary level
- b) College level
- c) University level
- d) Post graduate level

3. How many years have been in the organization?

- a) Less than 2 years
- b) 3 to 6 years
- c) 6 to 10 years
- d) Over 10 years

SECTION B: CHARISMATIC LEADERSHIP AND ORGANISATIONAL PERFORMANCE

This section seeks to examine the effect of charisma influence on organisational Performance. Please give indication on how frequently each statement fits the leader you are describing. Tick (√) only one rating per question using the rating scale provided.

No	Statement regarding my leader	Not at all	Once in a while	Sometime	Fairly Often	Frequently, if not always
		0	1	2	3	4
1	Instills in me a sense of Vision and Mission					
2	Talks about important values and beliefs					
3	Instills pride, faith and respect and considers moral & ethical consequences of decisions					
4	Displays confidence and is a role model					

SECTION C: INSPIRED MOTIVATION AND ORGANISATIONAL PERFORMANCE

This section seeks to examine the effect of inspired motivation on organisational Performance. Please give indication on how frequently each statement fits the leader you are describing. Tick (√) only one rating per question using the rating scale provided.

N o	Statement regarding my leader	Not at all	Once in a while	Sometime	Fairly Often	Frequently, if not always
		0	1	2	3	4
1	Talks optimistically about the future					
2	Talks enthusiastically about what needs to be accomplished					
3	Articulates a compelling vision of the future					
4	Expresses confidence that goals will be achieved					

SECTION D: INTELLECTUAL STIMULATION AND ORGANISATIONAL PERFORMANCE

This section seeks to examine the effect of intellectual stimulation on organisational Performance. Please give indication on how frequently each statement fits the leader you are describing. Tick (√) only one rating per question using the rating scale provided.

No	Statement regarding my leader	Not at all	Once in a while	Sometime	Fairly Often	Frequently, if not always
		0	1	2	3	4
1	Re-examines critical assumptions to question whether they are appropriate					
2	Seeks differing perspectives when solving problems					
3	Gets me to look at problems from many different angles					
4	Suggests new ways of looking at how to complete assignments					

SECTION E: INDIVIDUALIZED CONSIDERATION ND ORGANISATIONAL PERFORMANCE

This section seeks to examine the effect of individualized consideration on organisational Performance. Please give indication on how frequently each statement fits the leader you are describing. Tick (√) only one rating per question using the rating scale provided.

No	Statement regarding my leader	Not at all	Once in a while	Sometime	Fairly Often	Frequently, if not always
		0	1	2	3	4
1	Spends time teaching and coaching					
2	Treats me as individuals rather than just as a member of a group					
3	Considers me as having different needs, abilities, and aspirations from others					
4	Helps me to develop my strengths					

SECTION F: PERFORMANCE OF STATE CORPORATIONS

This section seeks to examine the effect of transformational leadership style on organisational performance of state corporations in Kenya.

No	Performance assessment	Strongly disagree	Disagree	Moderately Agree	Agree	Strongly agree
		1	2	3	4	5
1	There is improved service delivery and service delivery innovations.					
2	Customer satisfactions feedback have improved over time due to better resolution of public complains.					
3	The organization has been ISO certified as a result of improved automation of services.					
4	Project implementation completion rate has improved over time.					
5	Project implementation cost Efficiency has been on the upward trend					

Appendix III: Correlation Matrix

		Organizational Performance	Charisma	Inspirational Motivation	Intellectual Stimulation	Individualized Consideration
Organizational Performance	Pearson Correlation	1.000				
	Sig. (2-tailed)					
Charisma	Pearson Correlation	0.634**	1.000			
	Sig. (2-tailed)	0.009				
Inspirational Motivation	Pearson Correlation	0.656**	.488**	1.000		
	Sig. (2-tailed)	0.008	0.000			
Intellectual Stimulation	Pearson Correlation	0.626**	0.071	.261**	1.000	
	Sig. (2-tailed)	0.026	0.037	0.001		
Individualised Consideration	Pearson Correlation	0.792**	.293**	0.078	0.077	1.000
	Sig. (2-tailed)	0.000	0.000	0.028	0.330	

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

Appendix IV: State Corporations in Kenya

No	Category	State Corporation
1	Financial	<ul style="list-style-type: none"> • Kenya Investment Authority • IDB capital • Agricultural Finance Corporation • Consolidated Bank • Deposit Protection Fund Board • Industrial and Commercial Development Corporation • Industrial Development Bank • Kenya Industrial Estates • Kenya National Assurance Co. • Kenya Re-Insurance Corporation • Kenya Revenue Authority • Kenya Roads Board • Kenya Tourist Development Corporation • National Bank of Kenya • National Hospital Insurance Fund • National Social Security Fund
2	Commercial & Manufacturing	<ul style="list-style-type: none"> • Agro-Chemicals and Food Company • Chemelil Sugar Company • East African Portland Cement Company • Gilgil Telecommunications Industries • Jomo Kenyatta Foundation • Kenya Airports Authority • Kenya Broadcasting Corporation

		<ul style="list-style-type: none"> • Kenya Electricity Generating Company • Kenya Literature Bureau • Kenya Ordinance Factories Corporation • University of Nairobi Enterprises and Services Limited • New Kenya Co-operative Creameries Ltd • Kenya Electricity Transmission Company • Kenya Pipeline Company • Kenya Ports Authority • Kenya Power and Lighting Company • Kenya Railways Corporation • Kenya Civil Aviation Authority • Kenya Safari Lodges and Hotels • Kenya Seed Company Limited • Kenya Wine Agencies • Kenyatta International Convention Centre • National Cereals and Produce Board • National Housing Corporation • National Oil Corporation of Kenya • National Water Conservation and Pipeline Corporation • Numerical Machining Complex • Nzoia Sugar Company • Postal Corporation of Kenya • Pyrethrum Board of Kenya • School Equipment Production Unit • South Nyanza Sugar Company • Telkom Kenya Limited
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3	Public Universities	<ul style="list-style-type: none"> • Chuka University • Cooperative University • Dedan Kimathi University • Egerton University • Embu University • Garissa University • Jaramogi Oginga Odinga University of Science and Technology • Jomo Kenyatta University of Agriculture and Technology • Karatina University • Multi-Media University of Kenya • Kenyatta University • Kibabii University College • Kirinyaga University College • Kisii University • Laikipia University College • Maasai Mara University • Machakos University College • Maseno University • Masinde Muliro University of Science and Technology • Meru University of Science and Technology • Moi University • Murang'a University • Pwani University • Rongo University
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		<ul style="list-style-type: none"> • South Eastern Kenya Universtiy- SEKU • Taita Taveta University • Technical University of Mombasa • The Technical University of Kenya • University of Eldoret • University of Kabianga • University of Nairobi
4	Training and Research	<ul style="list-style-type: none"> • Kenya Universities and Colleges Central Placement Service • Coffee Research Foundation • Kenya Agricultural Research Institute • Kenya Forestry Research Institute • Kenya Industrial Research and Development Institute • Kenya Institute of Administration • Kenya Institute of Public Policy Research and Analysis • Kenya Marine and Fisheries Research Institute • Kenya Medical Research Institute • Kenya Sugar Research Foundation • National Museums of Kenya • Tea Research Foundation • Kenya Institute of Education • Kenya Education Staff Institute
5	Service Corporations	<ul style="list-style-type: none"> • Agricultural Development Corporation • Bomas of Kenya • Tana Water Services Board

		<ul style="list-style-type: none"> • Coast Water Services Board • Higher Education Loans Board • Kenya Accountants and Secretaries National Examination Board • Kenya Ferry Services • Kenya National Library Services • Kenya Tourist Board • Kenya Wildlife Service • Kenyatta National Hospital • Lake Victoria North Water Services Board • Local Authorities Provident Fund • Moi Teaching and Referral Hospital • Athi Water Services Board • National Aids Control Council • National Council for Law Reporting • National Sports Stadia Management Board • Northern Water Services Board • Rift Valley Water Services Board • Water Resources Management Authority • Water Services Trust Fund • Lake Victoria South Water Services Board • National Authority for the Campaign Against Alcohol and Drug Abuse • Kenya National Examination Council
6	Regional Development	<ul style="list-style-type: none"> • Coast Development Authority • Ewaso Ng'iro North Development Authority • Ewaso Ng'iro South Development Authority

		<ul style="list-style-type: none"> • Kerio Valley Development Authority • Lake Basin Development Authority • Tana and Athi Rivers Development Authority
7	Tertiary Education & Training	<ul style="list-style-type: none"> • Kenya College of Communications Technology • Kenya Medical Training College • Kenya Utalii College • Kenya Water Institute
8	Regulatory	<ul style="list-style-type: none"> • Kenya Veterinary Board • Kenya Leather Development Council • Unclaimed Financial Assets Authority • Capital Markets Authority • Catering and Tourism Development Levy Trustee • Coffee Board of Kenya • Commission for University Education • Communication authority • Council for Legal Education • Energy Regulatory Commission • Export Promotion Council • Horticultural Crops Development Authority • Kenya Bureau of Standards • Kenya Dairy Board • Kenya Industrial Property Institute • Kenya Plant Health Inspectorate Services • Kenya Sisal Board • Kenya Sugar Board

		<ul style="list-style-type: none"> • Maritime Authority • National Environment Management Authority • National Irrigation Board • Public Benefits Organizations Regulatory Authority • Tea Board of Kenya • Water Services Regulatory Board • Transport Licensing Board • Catering Training & Tourism Development Levy Trustees • Export Promotion Council • Export Processing Zones Authority • Kenya Bureau of Standards
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Source: Government of Kenya (2016), State Corporations Advisory Committee