EFFECT OF TRANSFORMATIONAL LEADERSHIP STYLE ON EMPLOYEE PERFORMANCE IN REGULATORY STATE CORPORATIONS IN KENYA

BY

BENTA WANDEDE ANYIKO AWORI

UNITED STATES INTERNATIONAL UNIVERSITY-AFRICA

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A Dissertation Report Submitted to Chandaria School of Business in Partial Fulfilment of the Requirement for the Degree of Doctor of Business Administration (DBA)

UNITED STATES INTERNATIONAL UNIVERSITY -AFRICA

FALL 2017
STUDENT’S DECLARATION

I, the undersigned, declare that this is my original work and has not been submitted to any other institution, or university other than the United States International University – Africa Nairobi for academic credit.

Signed__________________________ Date__________________________

Benta W. Awori (ID 644373)

This dissertation has been presented for examination with our approval as the appointed supervisors.

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Signed__________________________ Date__________________________

Deputy Vice Chancellor, Academic & Student Affairs
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ABSTRACT

The purpose of this study was to establish the effect of the transformational leadership style on employee performance at regulatory state corporations in Kenya. The study was guided by five research questions: What is the effect of idealized influence on employee performance in regulatory state corporations in Kenya? What is the effect of inspirational motivation on employee performance in regulatory state corporations in Kenya? What is the effect of intellectual stimulation on employee performance in regulatory state corporations in Kenya? What is the effect of individualized consideration on employee performance in regulatory state corporations in Kenya? To what extent does the work environment affect the relationship between the transformational leadership style and employee performance in regulatory state corporations in Kenya? The study was anchored by the transformational leadership theory.

The study adopted positivism research philosophy and descriptive correlational research design. The population of the study consisted of 195 top level managers of the 21 regulatory state corporations in Kenya. Proportionate stratified random sampling method was used to draw a sample size of 130 senior level managers who reported directly to Chief Executive Officers of the corporations. Primary data was collected using structured questionnaires and analysed using the descriptive statistics. Data was further analysed using inferential statistics of Pearson’s Correlation Analysis, and linear regression analysis. Statistical tool of SPSS was used for analysis and results presented in figures and tables.

Idealized influence explained a significant proportion of variance in employee performance, $R^2 = .891, F\ (1,113) = 908.813, p<0.01$, with trust, ethical behaviour and role model having the most influence while respect had the least influence. Inspirational motivation showed a significant proportion of variance in employee performance, $R^2 = .800, F\ (1,113) = 443.661, p<0.01$, with leaders’ enthusiasm, optimism and confidence having the most influence while visionary had the least influence. Intellectual stimulation explained a significant proportion of variance in employee performance, $R^2 = .636, F\ (1,113) = 33.983, p<0.01$, with creativity and innovativeness, empowerment and arousing awareness showed the most influence while independence had the least influence. Individualized consideration showed a significant proportion of variance in employee performance, $R^2 = .725 = (1,113) = 12.886, p < 0.01$. With leader’s consideration for
individual needs, mentoring and coaching having the most influence, while communication had the least influence on employee performance. Work environment showed a significant influence on the relationship between transformational leadership style and employee performance, as shown by the coefficients (β = .209, t = 5.304, p < .05).

The study concluded that better employee performance was achieved when leaders applied idealized influence by being role models, behaved ethically, and were trustworthy and respectful. Employee performance was also achieved when leaders applied inspirational motivation by being visionary, optimistic, confident and enthusiastic. High employee performance was achieved when leaders applied intellectual stimulation by arousing awareness, empowering and allowing independence and encouraging creativity and innovativeness. Employee performance was achieved when leaders applied individualized consideration by giving consideration to individual needs, coached, and mentored and encouraged open communication with employees. Finally, the study concluded that work environment had a positive influence on employee performance and that work environment plays a significant role in moderating the relationship between transformational leadership style and employee performance.

The study recommends that for employees to perform beyond expectations leaders of state corporations need to practice idealised influence, inspirational motivation, intellectual stimulation and individual consideration to achieve high employee performance. The study further recommends that leaders in state corporations need to give consideration to work environment in which employees’ work, so as to achieve performance beyond expectations.
ACKNOWLEDGEMENTS

First and foremost, I would like to give thanks to the God almighty for providing me with the capability and opportunity to embark on this intellectual journey.

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I thank my family, my children Dr. Leon Ondiek, Joshua Awori, and Portia Awori for freeing me from my domestic duties so that I could pursue this doctorate. I am most grateful to my father, Timothy Anyiko, and my mother, Margaret Awino Anyiko, for being pillars of support in my entire academic journey.
DEDICATION

I dedicate this thesis to my parents, Timothy Anyiko and Margaret Awino Anyiko, for their immense love and advice on the need for me to pursue academics to the highest level possible. Mama, thank you for the countless prayers. Baba, thank you for being such a huge encouragement through insightful and inspirational reflections on life and living. I could never thank you both enough.
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<th>Full Form</th>
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<tr>
<td>AFA</td>
<td>Agricultural Food Authority</td>
</tr>
<tr>
<td>ANOVA</td>
<td>Analysis of Variance</td>
</tr>
<tr>
<td>AVE</td>
<td>Average Variance Extract</td>
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<tr>
<td>ERC</td>
<td>Energy Regulatory Commission</td>
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<tr>
<td>GDP</td>
<td>Gross Domestic Product</td>
</tr>
<tr>
<td>GoK</td>
<td>Government of Kenya</td>
</tr>
<tr>
<td>IT</td>
<td>Information Technology</td>
</tr>
<tr>
<td>KMO</td>
<td>Kaiser Meyer Olkin</td>
</tr>
<tr>
<td>KNBS</td>
<td>Kenya National Bureau of Statistics</td>
</tr>
<tr>
<td>KPMG</td>
<td>Klynveld Peat Marwick Goerdeler</td>
</tr>
<tr>
<td>MLQ</td>
<td>Multifactor Leadership Questionnaire</td>
</tr>
<tr>
<td>NACOSTI</td>
<td>National Commission for Science, Technology and Innovation</td>
</tr>
<tr>
<td>NEMA</td>
<td>National Environment Management Authority</td>
</tr>
<tr>
<td>OCD</td>
<td>Organizational Commitment Questionnaire</td>
</tr>
<tr>
<td>OECD</td>
<td>Organization for Economic Co-operation Development</td>
</tr>
<tr>
<td>SCAC</td>
<td>State Corporation Advisory Committee</td>
</tr>
<tr>
<td>SD</td>
<td>Standard Deviation</td>
</tr>
<tr>
<td>SME</td>
<td>Small and Medium Enterprises</td>
</tr>
<tr>
<td>SPSS</td>
<td>Statistical Package for Social Sciences</td>
</tr>
<tr>
<td>TIVET</td>
<td>Technical, Industrial, Vocational and Entrepreneurship Training</td>
</tr>
<tr>
<td>WASREB</td>
<td>Water Services Regulatory Board</td>
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CHAPTER ONE

1.0 INTRODUCTION

1.1 Background of the study

Leadership is one of the key driving forces for improving employee performance (Zhu, Chew, & Spangler, 2005). Leaders provide direction, leading by example, maintaining appropriate tools for process measurement, and creating high levels of credibility as time progresses (Kouzes & Posner, 2002), thus influencing employee performance. Leaders motivate employees by encouraging them to contribute ideas, which result in a fulfilling and enriching work environment (Khaliq, 2001). Effective and efficient employee performance are centred in the leader’s style, thus leadership self-perception is crucial for the success of the organization at any level (Rukmani, Ramesh, & Jayakrishnan, 2010). Accordingly, (Ghosh, Liang, Meng, & Chan, 2001) recognized that one of the key success factors among SMEs in Malaysia was the presence of strong, visionary and capable leadership.

Examining gaps between employee performance and leadership best practices assists organizations in developing a partnership for improving employee commitment, job satisfaction, and ultimately, organizational performance through best practices and consistency in leadership (Keiu, 2010). Effective leadership is viewed as a potential source of management development and sustained competitive advantage for organizational performance improvement (Avolio, 1999). Leadership is a process of generating change and not maintaining the status quo, where change is not imposed by leaders, but a process of sharing of the purpose and values (Britianu & Anagnoste, 2011). Therefore, if an organization wants to improve its performance, it is the leadership style that should be analysed and adapted to new requirements (Popa, 2012).

According to Daft (2011), leadership involves the influencing of people to bring about change toward a desirable outcome. Similarly, Băeșu and Bejinaru (2013) noted that a leader is characterized by a style and that leadership and change cannot be separated in theory and practice because they are interdependent. According to Ojokuku, Odetayo and Sajuyigbe (2012), the effect of the leadership style on organizational performance in Nigerian banks revealed that there was a strong relationship between leadership style and organizational performance. Additionally, Obiwuru, Okwu, Akpa, and Nwankwere (2011) noted that leadership style in an organization was one of the factors that played a
significant role in enhancing or retarding the interest and commitment of the individuals in the organization.

According to Ali, Abdul and Hussein (2015), leadership style influences the overall operational performance of organizational efficiency, effectiveness, income, colossal market share and organizational commitment for the purpose of achieving the goal. They further assert that a critical element in all successful productivity efforts today is good leadership style. However, Amanchukwu, Stanley, and Ololube (2015) note that leadership styles are the approaches used to motivate followers and therefore the leadership styles should be selected and adapted to fit organizations, situations, groups, and individuals. They further note that it is beneficial to possess a thorough understanding of the different styles which enable them to increase the tools available for effective leadership. Subsequently, the various leadership styles are autocratic leadership style, laissez-faire leadership styles, bureaucratic leadership style, transactional leadership style, participative leadership style, and transformational leadership style (Amanchukwu et al., 2015).

Laissez-faire leaders usually allow their subordinates the power to make decisions about their work (Chaudhry & Javed, 2012). Laissez-faire leadership can also occur when managers do not have sufficient control of their staff (Ololube, 2013). An avoidant leader may either not intervene in the work affairs of subordinates or completely avoid responsibilities as a superior and is therefore unlikely to put in effort to build a relationship with the subordinates (Koech & Namusonge, 2012). The laissez-faire style is associated with dissatisfaction, unproductiveness and ineffectiveness among employees (Deluga, 1992). On the other hand, bureaucratic leaders follow rules rigorously, and ensure that their staff also follow procedures precisely (Amanchukwu et al., 2015). The autocratic leadership style allows managers to make decisions alone without the input of others and the managers possess total authority enabling them to impose their will on employees (John, 2002). Autocratic leaders can damage an organization irreparably as they force their employees to execute strategies and services in a very narrow way based on a subjective idea of what success looks like and thus commitment, creativity and innovation are typically eliminated by autocratic leadership (Germano, 2010). A participative leadership style encourages the input of team members and peers, but the responsibility of making the final decision rests with the participative leader (Yahaya,
Osman, Mohammed, Gibrilla, & Issah, 2014). The transactional leadership style provides rewards or punishment to followers based on performance results (Trottier, Van Wart, & Wang, 2008). Transformational leadership is a leadership style that seeks a positive transformation of the followers and achieves desired changes through the strategy and structure of the organization (Geib & Swenson, 2013).

Organizations need transformational leadership to improve their performance in changing real-life business environments. Management style of transformational leadership, through organizational learning and innovation, simultaneously influences organizational performance (García-Morales, Jiménez-Barrionuevo, & Jiménez-Barrionuevo, 2012). Transformational leadership aids to add value and positive variations among the supporters by exhibiting the role model features, offer intellectual motivation, and show individual concern for the groups (Shibru & Darshan, 2011). According to Bushra, Usman, and Naveed, (2011) the philosophical approach to the transformational leadership style involves empowering employees and increasing their organizational commitment, thus the transformational leaders articulate a vision that empowers employees and engages them to contribute to the organization, and also motivating them to transcend their own self-interests for the sake of the larger organization.

Transformational leadership style is composed of four components namely: idealized influence, inspirational motivation, intellectual stimulation and individualized consideration (Bass & Avolio, 1994). Idealized influence occurs when leaders choose to do what is ethical and are guided by moral commitment to their followers and they go beyond self-interest in the interests of the organization (Kelloway, Turner, Barling, & Loughlin, 2012). The inspirational motivation behaviour of a leader encourages employees to achieve more than what was once thought possible through developing and articulating a shared vision and high expectations that are motivating, inspiring, and challenging (Wang, Oh, Courtright, & Colbert, 2011). Leaders who manifest intellectual stimulation help employees to question their own commonly held assumptions, reframe problems, and approach matters in innovative ways (Kelloway et al., 2012). Individual consideration occurs when leaders pay special attention to the employees’ need for achievement and development; they provide needed empathy, compassion, support, and guidance that influence employees’ well-being (Kelloway et al., 2012). Thus,
transformational leadership behaviours motivate followers to achieve higher levels of performance (Bass, 1985).

Employee performance ultimately affects the organizational effectiveness. Hammed and Waheed (2011) confirm this view, noting that the individual performance of an employee leads to organizational effectiveness. From the aforementioned, the transformational leadership style is a key factor for improving employee performance of the organization because it has an influence on employee behaviour towards work assignment and other organizational factors. According to Gavrea, Ilies, and Stegerean (2011), employee performance is the focus of most organizations because it is only through employee performance that organizations grow and progress, and as such organizational performance is one of the most important variables in management research. High performing firms are able to generate a variety of organizational and societal benefits, such as attracting resources, wealth creation and jobs generation (Madrid, Auken, & Garcia, 2007). Employee’s operating at their highest level of performance is of paramount importance in the 21st century organizations (Drucker, 1999). Therefore, employee performance is vital for the success of every organization in this dynamic environment (Chien, 2004).

The physical and psychological well-being of employees is determined by the environment in which they work (Briner, 2000). Work environment involves all the aspects which act and react on the body and mind of an employee and includes the physical, psychological and the social aspects that make up the work condition, which should generate an environment which ensures ease of effort and elimination of all the causes of frustration, anxiety and worry among organizational employees (Jain & Kaur, 2014). Consequently, organizations must provide a sense of security and comfort for employees at work because the work environment plays a significant role in job satisfaction for employees (Holman, 2002), which in turn has an effect in performance outcomes. It is important to note that nowadays, giving the work environment primary consideration for potential employees is a common practice among the most admired companies such that the relationship between work, the work place environment and the tools of work becomes an integral part of work itself (Chandrasekar, 2011).
A study carried out by Cavazotte, Moreno and Bernado (2013) to investigate the connections between transformational leadership and subordinate formal and contextual performance among Brazilian employees revealed that perceived transformational leadership was associated with higher levels of task performance and helping behaviours, whereby subordinates of individuals that were perceived as transformational leaders reported stronger identification with their superiors and higher levels of self-efficacy regarding their work. Similarly, a study by Mangkunegara (2016) on the effect of transformational leadership and job satisfaction on employee performance in Indonesia, revealed that transformational leadership and job satisfaction had a positive and significant influence on employee performance.

Study findings by Tsai, Chen, and Cheng (2009) revealed that transformational leadership directly influenced employee task performance and helped co-worker behaviour, but had an indirect effect through employee positive moods in Taiwan. Thamrin (2012), in a study on the influence of transformational leadership and organizational commitment on job satisfaction and employee performance among employees of a shipping company in Jakarta, Indonesia, revealed that transformational leadership had a positive significant influence on organizational commitment and employee performance. However, the study revealed that transformational leadership had no positive significant influence on job satisfaction.

Sundi (2013) study of the Konawe Education Department in the Southeast Sulawesi Province of Indonesia explored the effect of transformational leadership on employee performance and the study established that transformational leadership had a positive and significant influence on employee performance. Khan and Nawaz (2016) also analysed the effect of leadership styles on employee performance and concluded that transformational leadership had a positive influence on employees work outcomes. On the other, hand Paracha, Qamar, Mirza, Hassan, and Waqas (2012) study in private school in Pakistan to determine the impact of transformational and transactional leadership style on employee performance and mediating role of job satisfaction, revealed that both the transformational leadership style and transactional leadership style positive and significantly influenced employee performance.
In Africa, Ojokuku, Odetayo, and Sajuyigbe (2012) examined the impact of leadership style on organizational performance in selected banks, in Ibadan Nigeria. The study findings concluded that transformational and democratic leadership styles should be employed by the management of banks in order to survive in a global competitive environment. Babatunde (2015) examined the impact of leadership style on employee performance of an organization revealed that there was a significant relationship between leadership style and employees performance in the attainment of organizational goals and objectives. Shurbagi (2014) sought to investigate the relationship between transformational leadership, job satisfaction and organizational commitment and the effect of organizational commitment as a mediating variable on this relationship in the petroleum sector in Libya. The findings discovered a positive and significant relationship between transformational leadership style, job satisfaction and organizational commitment.

A study conducted by Dartey-Baah and Ampofo (2015) on the influence of transformational and transactional leadership styles on job stress among employees in Ghana’s banking industry recommended that managers should adopt transformational leadership behaviours in order to reduce job stress among employees in the banking industry. Still in Ghana, a study conducted by Tetteh and Brenyah (2016) on organizational leadership styles and their impact on employees’ job satisfaction in a mobile telecommunications sector revealed a positive and significant relationship between transformational leadership and employee job satisfaction. In neighbouring Nigeria, Udoh and Agu (2012) investigated the impact of transformational and transactional leadership styles on performance of manufacturing organizations in Cross River State and revealed a positive and significant relationship between transformational leadership and organizational performance.

In Kenya, Tiri, Ogollah, and Mburu (2015), established the influence of transformational leadership styles on virtual team project performance in Safaricom Company limited. This study concluded that there was a positive and significant relationship between transformational leadership styles and virtual team performance. Gitoho, Muchara and Ngugi (2016), in an examination of the influence of transformational leadership on employee job satisfaction in various companies listed at the Nairobi Stock Exchange, revealed that managers who promote and adhere to company values and mission, inspire
employees to follow them. The study findings further established that managers allow employee opinions when seeking solutions to situations, an aspect that greatly motivates them. These findings corroborate the views of Burns (1978) and Bass (2009) that transformational leaders have an effect on employee motivation and job satisfaction.

Chemobo, Kimani, Musiega, and Willy (2014), studying the effect of transformational leadership style on teacher efficiency in public secondary schools in Kakamega, Kenya, established that the transformational leadership style had a significant positive effect on teacher performance and teacher efficiency. The study recommended that the government should come up with a policy that would help secondary schools to incorporate good transformational leadership styles in secondary schools and that head teachers should prioritise leadership style as it had an effect in the school setup. This study supported the views of Yu, Leithwood, and Jantzi (2002) that all of the transformational leadership behaviours were significantly associated with and explained differences in all related components of teacher performance.

Koech and Namusonge (2012) study sought to investigate the main effects of leadership styles on performance of state-owned corporations in Kenya. The study was aimed at determining the impact of the laissez-faire, transactional and transformational leadership styles on the organizations performance. Grounded on the results, the study recommended that managers need to discard the laissez-faire leadership style by increasing their involved in offering guidance to subordinates, it was also recommended that public managers should formulate and implement an effective reward and recognition system. The study also discovered that all transformational leadership behaviours had a strong positive correlation with organizational performance and made recommendations that managers should strive to become role models to their subordinate, inspire subordinates by providing meaning and challenge to work; stimulate subordinate efforts to become more innovative and creative; and pay greater attention to each individual’s need for achievement and growth. Another study by Chaudhry and Javed (2012) found similar findings and made similar recommendations.

State Corporations are enterprises where the state has significant control through full, majority, or significant minority ownership (OECD, 2005). The role of state corporations in Kenya is to develop and maintain physical infrastructure for rapid and sustainable
economic growth and poverty reduction; the delivery of government information, services, and processes that are integrated, accessible, and customized; creation of an enabling environment; development, promotion and diversification of high quality products and services; strengthening of tripartite mechanisms in industrial relations; empowerment of all Kenyans including the marginalized groups; and maintenance of sustainable industrial harmony and employment (GoK, 2013). According to the State Corporations Advisory Committee (SCAC, 2016), there are 130 state corporations in Kenya categorized into eight functional categories namely: Financial, Commercial and Manufacturing, Public Universities, Training and Research, Service Corporations, Regional Development, Tertiary Education & Training and Regulatory.

State Corporations remain an integral part of socio-economic activity in Kenya. Thus, the Kenya vision 2030 envisaged the achievement of an annual growth rate of 10% from the year 2012 (GoK, 2007). According to Njiru (2008), the factors that have a great potential for the facilitation of growth will improve performance in state corporations. Oluoch (2013) confirmed this view, but noted that dismal performance was an issue of concern. According to the (KNBS, 2016), the GDP annual growth rate has not achieved the expected growth rate of 10% and has stood at 5.3 % in 2014 and 5.6 % in 2015. Furthermore, the Report of the Presidential Taskforce on Parastatals Reforms (GoK, 2013), revealed that the performance of state corporations had been a matter of on-going concern in an environment of resource scarcity and mounting needs, because of poor governance, weak human resource and institutional capacity and inadequate performance management framework.

State corporations in Kenya are further faced with the challenges created by globalization and increased competition. Gulledge and Sommer (2003) asserted that public sector organizations needed to change the way they managed their non-unique business processes by following private sector initiatives that had led to competitive advantage, better management control, and cost reductions. Hoption, Barling, and Turner (2013) acknowledged the critical role of leadership in organizations and the direct correlation between effective leadership and efficient organizations. Therefore, state corporations in Kenya require a broader range of leadership skills and styles that are adaptive to diversity and to dramatic, often discontinuous changes in the work environment (Kirui, Iravo, & Kinali, 2015).
Employees in the public sector need capable leaders to motivate them in their daily operations to achieve organizational goals, because effective public sector leadership depends on transformational leadership behaviours (Aydin, Sarier, & Uysal, 2013). According to Braun, Peus, Weisweiler, and Frey (2013), transformational leaders are agents of change with the ability to steer organizations through turbulent times to make a success story. From the aforementioned, transformational leaders play important roles in the management of organizations. This leaves the question whether transformational leadership may have an effect in the management and leadership of regulatory state corporations in Kenya. The current study focussed on the 21 regulatory state corporations in Kenya. Regulatory state corporations act as regulators to the different sub-sectors in the Kenyan economy. The roles of regulatory state corporations involve the development of a sub-sector, regulation of production and prices, and marketing by the private sector (Mwaura, 2007). This study has contributed to the already existing debate on the effect of transformational leadership on employee performance of state corporations.

1.2 Statement of the Problem
Performance of state corporations has been a matter of on-going concern due to poor governance, weak human resource and institutional capacity, and inadequate performance management framework which has failed to effectively link performance of state corporations to national development goals and individual employee performance to institutional performance (GoK, 2013). One of the reasons for poor performance has been the type of leadership styles in the state corporations. To address this, the Government of Kenya has taken up several initiatives towards better performance and for this reason performance contracts for CEOs in the public sector in Kenya were introduced (Kobia & Mohammed, 2006). However, dismal performance has remained an issue of concern (Oluoch, 2013), yet the Government of Kenya depends on the performance of state corporations for service delivery and sustained economic growth. Thus the question that needed to be answered was; as to whether transformational leadership style has an effect on employee performance of regulatory state corporations in Kenya.

Globally, studies conducted include, Brown and Arendt (2010) who revealed a positive relationship between transformational leadership and employee work outcome. Paracha et al. (2012) concluded that transformational leadership style positively influenced
employee performance. This view was supported by Thamrin (2012) and Imran, Fatima, Zaheer, Yousaf, and Batool (2012) who argued that transformational leadership had a positive and significant influence on employee performance. From the foregoing, it is evident that transformational leadership style has a positive effect on employee performance, however these studies were done in developed countries, so it remains to be found whether similar findings would apply in the Kenyan context, which is a developing country.

In Africa, Obiwuru et al. (2011) revealed that transformational leadership style had positive but insignificant effect on performance. In another study, Ojokuku et al. (2012) revealed that transformational leadership styles enhanced organizational efficiency. Ejere and Abasilim (2013) also concluded that transformational leadership style has a positive and significant impact on organizational performance. The opposing findings also call for a study on the effect of transformational leadership style on employee performance in Regulatory State Corporations in Kenya.

In Kenya, studies by Mwangi, Mukulu, and Kabare (2011) have revealed a positively significant relationship between transformational leadership and organizational performance. Ngaithe (2016) revealed a positive relationship between transformational leadership and staff performance in commercial and strategic state owned enterprises and how organizational culture moderated the relationship between transformational leadership and performance of staff in strategic and commercial state corporations in Kenya, and recommended that similar studies to be conducted in private owned companies. Similar study findings were revealed by Datche and Mukulu (2015), who recommended similar studies with employee engagement moderating the variables. Other scholars have recommended a replica to these studies in other countries and how work environmental factors influence the relationship between transformational leadership and employee performance (Tsai et al., 2009). This study was therefore motivated by this recommendation and thus sought to contribute to knowledge by addressing them.

1.3 The Purpose of Study
The purpose of the study was to examine the effect of transformational leadership style on employee performance of regulatory state corporations in Kenya.
1.4 Research Questions
The research questions addressed in this study were:

1.4.1 What is the effect of idealized influence on employee performance in regulatory state corporations in Kenya?

1.4.2 What is the effect of inspirational motivation on employee performance in regulatory state corporations in Kenya?

1.4.3 What is the effect of intellectual stimulation on employee performance in regulatory state corporations in Kenya?

1.4.4 What is the effect of individual consideration on employee performance in regulatory state corporations in Kenya?

1.4.5 To what extent does work environment moderate the relationship between transformational leadership style, and employee performance in regulatory state corporations in Kenya?

1.5 Hypotheses
The following were the hypotheses of the study:

1.5.1 $H_1$: Idealized influence has a significant effect on employee performance in regulatory state corporations in Kenya.

1.5.2 $H_2$: Inspirational motivation has a significant effect on employee performance in regulatory state corporations in Kenya.

1.5.3 $H_3$: Intellectual stimulation has a significant effect on employee performance in regulatory state corporations in Kenya.

1.5.4 $H_4$: Individual consideration has a significant effect on employee performance in regulatory state corporations in Kenya.

1.5.5 $H_5$: Work Environment has a significant moderating effect on the transformational leadership style and employee performance in regulatory state corporations in Kenya.

1.6 Justification of the Study
The findings of this study benefits the following stakeholders:

1.6.1 Future Research and Academics
The study may be of significance to future researchers and academicians who would wish to further explore this topic. The findings of this study address the literature gap that
exists, and is a contribution to the existing knowledge and literature related to leadership style, work environment and employee performance in organizations. The findings of the study would be of importance to theory.

1.6.2 Public Policy Makers

The findings of this study would be of importance to policy makers and stakeholders in state corporations. By establishing the relationship between leadership style and employee performance, the findings would provide a key ingredient in planning, designing and implementing recruitment policy of Chief Executive Officers and senior management of state corporations in Kenya. This would benefit the country as a whole due to the fact that greater performance of state corporations would enhance and sustain economic growth in Kenya.

1.6.3 State Corporations in Kenya

Regulatory State Corporations play an integral part in promoting economic and social development in Kenya. Since they operate in a dynamic environment, the findings of this study is of importance to them in identifying the appropriate leadership style and work environment that may impact employee performance for better productivity and efficiency.

1.6.4 Management and Stakeholders

The findings of this study may contribute to knowledge, which might justify stakeholders’ expectations of the CEOs of state corporations. Likewise, the CEOs of state corporations may apply recommended leadership styles derived from the results of the study and thus be able to lead their organizations towards achieving a sustained competitive advantage. Further, the study may provide additional knowledge and better understanding of the preferred leadership approach and style when dealing with subordinates at various professional levels. Consequently, the findings of this study may be used by leaders to adjust their behaviours in practical ways to enhance subordinates’ job performance, thereby reaping increased productivity for their organizations.
1.7 Scope of Study
The study was aimed at determining the effect transformational leadership style had on performance of employee working in regulatory state corporations in Kenya. It focused on 195 top level managers of the 21 regulatory state corporations in Kenya in the year 2016, as per the State Corporations Advisory Committee report (SCAC, 2016). The study was conducted in Nairobi, Kenya in the year 2017.

1.8 Definitions of Terms

1.8.1 Idealized Influence
Idealized influence refers to the extent to which can engage and encourage the follower to generate trust and follow the leader by acting as a role model (Judge & Piccollo, 2004).

1.8.2 Inspirational Motivation
Inspirational motivation refers to the collective vision that leaders articulate to their followers with an aim of inspiring and motivating them to attain ambitious and challenging goals (Bass, 1985).

1.8.3 Intellectual Stimulation
Intellectual stimulation refers to a leader’s ability to inspire followers to explore new methods of doing things by appealing to the intelligence of followers, to prompt them to question their own ideas, thus motivating innovative and creative decision making (Cavazotte et al., 2013).

1.8.4 Individual Consideration
Individualized consideration denotes the devotion that leaders pay to the needs of each individual for the accomplishment and growth to their full potential (Bass & Avolio, 1990).

1.8.5 Employee Performance
Employee performance is the productivity and quality of work of an individual employee (Indermun & SaheedBayat, 2013).
1.8.6 State Corporations

The term state corporation refers to an entity however incorporated that is solely or majority owned by the government or its agents for commercial and social purposes (GoK, 2013).

1.8.7 Work Environment

Work environment is an entirely which comprises the totality of forces, actions and other influential factors that are currently and, or potentially contending with the employee’s activities and performance (Kohun, 1992).

1.8.8 Transformational Leadership

Transformational leadership is a type of leadership in which interactions among interested parties are organized around a collective purpose in such a way that the followers are transformed, motivated, enhanced by their actions and ethically aspired (Simola, Barling, & Turner, 2012).

1.9 Chapter Summary

The chapter introduced the research study. It focused on the background of the study, which highlighted the empirical foundation of the study. The chapter then discussed the research problem which illustrated the gaps that the study addressed. The chapter also outlined the five research questions, hypotheses as well as stated the justification for the study. This section also outlined the scope of the study and definition of terms. The chapter set the background that informed the discussion in chapter two; this included the theoretical and conceptual framework as well as literature review from past studies. Chapter three focused on the research methodology applied for the study as well as the research philosophy and justification. The general population and target population were also identified as well as the data collection methods, research procedures and data analysis methods used in this research. Chapter four offers the results and findings of the study as per the research questions. Lastly, chapter five outlines the summary, discussion, conclusions and recommendations of the study.
CHAPTER TWO

2.0 LITERATURE REVIEW

2.1 Introduction

This chapter offers a theoretical review, conceptual framework and empirical literature review based on past and related studies. In the theoretical framework, the key theory and concepts of transformational leadership are presented. In the conceptual framework, the independent, moderating and dependent variables are presented. The chapter also addresses the review of critical literature on transformational leadership where the foundation of transformational leadership theory is laid. The empirical literature review has focused on previous studies and revelations in relation to aspects of transformational leadership and employee performance, with work environment as the moderating variable. Subsequently, a summary of the chapter and an introduction of chapter three are presented.

2.2 Theoretical Review

Theories are formulated to explain, predict, and understand phenomena and, in many cases, to challenge and extend existing knowledge within the limits of critical bounding assumptions, while the theoretical framework is the structure that can hold or support a theory of a research study (Swanson, 2013). The theoretical framework gives the researcher a chance to make observations and build perceptions of certain aspects of the phenomenon under study while some are concealed (Silverman, 2001). With reference to this study, the transformational leadership theory by Bass (1985) addresses the position that transformational leadership style influences employee performance.

2.2.1 Transformational Leadership Theory

Transformational leadership theory is a prominent representative of the new theories that have occupied centre stage in leadership research in the last two decades. Burns (1978) established the concept of transformational leadership and emphasised that transformational leaders inspired groups to work towards achieving the common goals to attain higher level self-actualization desired instead of self-interest by instilling a clear mission and vision and building up trust and confidence among them. Bass (1985) further developed and enhanced Burns’ leadership theory by putting more focus on the followers’ needs as opposed to the leaders’ needs. Bass (1985) refined Burns’ (1978) interpretation on transactional and transformational leadership with a suggested theory of
transformational leadership. Bass (1985) observed that an effective leader who possess transformational attributes and abilities was able to transform his or her firm to greater heights to a position of achieving greater performance.

Burns’ theory of transformational leadership focuses to a greater extent on social reform by moral elevation of followers’ values and needs. Bass focuses on attaining practical organizational objectives (Yukl, 2010). Transformational leadership theory describes how effective leaders inspire and transform followers by appealing to their ideals and emotions, whereby, transformational leaders make followers more aware of the importance and value of their work, thereby inducing them to transcend self-interest for the sake of the organization (Bass, 1985). The leaders develop follower skills and confidence to prepare them to assume more responsibilities and as a result, followers trust the leader and are motivated to do more than originally expected (Yukl, 2002).

The Transformational Leadership theory states that leadership is a process by which a person interacts with others and is able to create a solid relationship that results in a high percentage of trust that later result in an increase of motivation, both intrinsic and extrinsic, in both leaders and followers (Bass, 1990). People who demonstrate transformational leadership behaviours have a strong set of internal values and ideals and motivate followers to act in ways that support the whole, rather than their own self-interests (Kuhnert, 1994). Transformational leaders understand the importance of maintaining tangible transactions with the followers as a basis for effective leadership (Korbi, 2015), the effect being positive impact on employee performance and outcome of organizations (Law, 2011). Similarly, Tichy and Devanna (1986), viewed transformational leadership as a process of influencing major changes in attitudes of members of an organization and receiving their commitment towards the mission, the objectives and strategies of the organization.

Transformational leadership has been criticized due to the leader’s ability to motivate followers by appealing to their strong emotions regardless of final effect on the followers (Hall, Johnson, Wysocki, Kepner, Farnsworth, & Clark, 2002) and may subsequently exert such powerful influence over the followers who offer them trust and respect (Stone, Russell, & Patterson, 2003). Consequently, leaders may have the potential to abuse the trust and respect, and manipulate the followers for their own benefit. Bass (1997) noted
that transformational leadership lacked the mitigation of countering interests, influences and power that might help avoid dictatorship and oppression of the followers by the leaders, and therefore transformational leadership calls for a moral self-promotion on the part of the leaders to avoid taking advantage of followers for self-interest.

Transformational leadership lacks conceptual clarity because it covers a range of activities and characteristics such as creating a vision, motivating, being an agent of change, building nurturance and building trust, thus making it difficult to define its exact parameters (Suresh & Rajini, 2014). Further, the transformational leadership theory treats leadership as a personality trait or a personal predisposition rather than a behaviour that can be learnt (Bryman, 1992), with Northouse (2013) arguing that it would be difficult to train people on how to change their traits. Yukl (1999) observed that transformational leadership suffers from a heroic leadership bias because the theory stresses that it is leaders who move followers to perform exceptionally. Tejeda, Scandura and Pillai (2001) were of the view that the four dimensions of transformational leadership correlate with each other, bringing into question the validity of the Multifactor Leadership Questionnaire (MLQ) and that some of the transformational factors are not unique solely to the transformational model.

The transformational Leadership theory assumes that the underlying leadership processes and outcomes are essentially the same in all situations (Odumeru & Ogbonna, 2013). Similarly, Bass (1998) had suggested that transformational leadership was beneficial to both followers and organizations regardless of the situation. However, Yukl (1999) noted that studies had shown that situational factors such as stability of environment, organic structure and entrepreneurial culture could influence the effects of transformational leadership on followers and work outcomes.

Bass and Avolio (1994) established four primary behaviours and dimensions that constitute transformational leadership namely; idealized influence (or charismatic influence); inspirational motivation; intellectual stimulation and individualized consideration. The primary behaviours and dimensions that identify the characteristics that accompany them will be discussed thereafter. Figure 2.1 summarizes the dimensions of transformational leadership theory.
2.2.1.1 Idealized Influence

Idealized influence refers to a leader’s ability to promote cooperation and teamwork by instilling in followers a desire to work towards common goals (Saboe, Taing, Way, & Johnson, 2015). According to Bass and Riggio (2006), idealized influence can be most conveyed through a transformational leader's keenness to take certain degrees of threats and follow a core set of values, opinions and virtuous principles. Transformational leaders behave as role models and display a charismatic personality that induces others to want to become more like the leader. Consequently, the leader builds confidence with his followers and the followers, in turn, create confidence in their leader (Bass & Riggio, 2006). Similarly, Chu and Lai (2011) regarded idealized influence as a transformational leadership paradigm where followers trust and respect leaders to offer them the support and resources. Consequently, employees will be eager to accept the orders provided by the head of the pack, regardless of their complication or difficulty.

Idealized influence may have inferences for employee commitment and satisfaction to facilitate engagement and inspiration while on the job (Chen, 2004), thus transformational leadership inspires employee performance and by extension organizational results. The
leader does promote cooperation and teamwork in the followers by articulating a group vision (Conger & Kanungo, 1994) and fostering acceptance of group goals (Podsakoff, MacKenzie, & Bommer, 1996). Emphasizing group goals is important as it elevates follower values and goals from self-interest to social interest and thus cultivates group cohesion. The leader demonstrates high ethical norms and becomes a role model for the subordinates (Bono & Judge, 2004). It is worth noting that it is through idealized influence, that the leader provides role modelling for high ethical behaviour and instils pride in the followers thereby gaining the respect and trust of such followers.

### 2.2.1.2 Inspirational Motivation

Inspirational motivation refers to the style which creates an attractive goal of the future and the demonstration of optimism and enthusiasm (Bruch & Walter, 2007) and leader’s behaviours aimed at inspiring and motivating followers to attain ambitious and challenging goals, or even apparently unattainable ones (Bass, 1985). Inspirational motivation involves a leaders’ ability to inspire enthusiasm and optimism in subordinates (Indrayanto, Burgess, & Dayaram, 2014). The outcome of this is the improvement of organizational performance (Hancott, 2005). According to Kantabutra (2003), the seven vision attributes of brevity, clarity, challenge, abstractness, stability, future orientation, desirability or ability to inspire do interact to generate a positive influence on the overall firms’ performance, initially via follower satisfaction. However, Kantabutra and Avery (2005) contend that a vision that is brief, clear, abstract, challenging and stable will not lure follower commitment in working toward the vision unless the vision is an inspiring or desirable one. On the other hand, when a vision is not inspiring or desirable, it is unlikely to develop and nurture a shared vision, which is critical to employee performance.

Bass and Roggio (2006), referred to inspirational motivation as the leader’s ability to motivate confidence and a sense of being responsive to followers’ ideas and thoughts, whereby the transformational leader enunciates a clear vision for the future, transmits expectations of the group and exhibits a commitment to the goals that have been laid out for the group to accomplish. Inspirational motivation is extensively reviewed by Doody and Doody (2012), who contend that the process comprises of inspiring followers to align personal goals with the goals of the firm. And that through this process the objectives of the institute are simultaneously attained, with the outcomes having implications for both
the employee and the firm. Rawung, Wuryaningrat, and Elvinita (2015) noted the role of inspirational motivation in building trust and gratification for the employee, acts as the foundation for knowledge sharing, which is an important component of facilitating the success of the organization.

Inspirational motivation leaders are great communicators who make the vision comprehensible, specific, influential and engaging (Balyer, 2012). The characteristics of leaders with inspirational motivation include the display of continued enthusiasm, optimism about the future and belief in their abilities and the ability to emphasize on the positive, in addition to high expectations and support for the followers’ experiences (Balyer, 2012). More importantly, inspirational motivation refers to the strong vision of leaders for the future based on values and ideals (Bono & Judge, 2004). Thus the leader articulates a vision that is appealing and inspiring to followers.

2.2.1.3 Intellectual Stimulation

Intellectual stimulation refers to a leader’s ability to motivate subordinates to discover new ways of accomplishing tasks (Levine, Muenchen, & Brooks, 2010). Intellectual stimulation is the dimension of transformational leadership that encourages ingenuity and self-sufficiency among the followers, by encouraging them to get involved in the decision-making process and motivate their efforts to be as creative and innovative as possible to ascertain solutions (Bass & Riggio, 2006). In addition, intellectual stimulation in leaders facilitates follower empowerment via communication and reassurance to identify issues and their remedies (Smothers, Doleh, Celuch, Peluchette, & Valadares, 2016), leads to the development of staff commitment to the institutions, implying that organizational goals are achieved based on the dedication and industrious nature of the employees (Anjali & Anand, 2015).

Intellectually stimulating leaders focus on helping their followers to be more innovative and creative, whereby the followers are encouraged to question assumptions, reframe and look at old problems in new ways and being adaptive to the dynamic environment (Bass & Bass, 2009). Transformational leaders solicit feedback and new ideas and do not publicly criticize the mistakes of individual members (Bass & Riggio, 2006). Intellectual stimulation also involves the leader empowering followers by persuading them to propose new and controversial ideas without fear of punishment or ridicule (Stone et al., 2003).
This encourages follower initiative and independence in handling issues. Similarly, intellectual stimulation is seen in subordinates’ conceptualization, comprehension, and analysis of problems they face and solutions they generate (Yammarino, Spangler, & Bass, 1993).

2.2.1.4 Individualized Consideration

Individual consideration refers to a leader’s ability to act as a coach or mentor for subordinates by giving attention to each individual’s need for achievement and growth, in the hope that subordinates can reach their potential (Indrayanto et al., 2014). Individualized consideration is the ability of the transformational leader to identify or determine by way of observation and evaluation, what motivates each member of the team (Bass & Riggio, 2006). Through individual tutoring and with the guidance of a mentor, the transformational leader provides prospects for customized training sessions for each member of the team, thus enabling team members to develop and become accomplished in their positions (Bass & Riggio, 2006). While according to Zacher, Pearce, Rooney, and McKenna (2014), the scope of individual consideration is a process that involves the willingness and ability of the leader to provide nurturing support for each follower. Individual consideration positively influence employee job satisfaction, leading to higher levels of engagement and motivation within the organization leading to improved performance (Snell, Yi, & Chak, 2013).

Individual consideration is accomplished when the leader sets examples, assigns subordinates specific and relevant tasks, and creates new learning opportunities in a supportive environment (Avolio, Waldman, & Yammarino, 1991). Transformational leaders serve as mentors and coaches to followers, provide individualized consideration of follower needs, and encourage two-way communication to achieve organizational goals (Bass & Bass, 2009). Similarly, individualized consideration affords leaders the opportunity to make interactions with followers more meaningful and leaders who personalize communication and encourage two-way communication can find it to be a valuable asset for their organization (Shadraconis, 2013).

In individualized consideration, the leader responds to the specific and unique needs of followers to ensure they are included in the transformation process of the organization (Simic, 1998). Transformational leaders, through individualized consideration, pay
attention to the followers’ developmental needs and delegate work projects in a manner that stimulates learning experiences (Hater & Bass, 1988). Similarly, people are treated individually and differently on the basis of their talents and knowledge (Shin & Zhou, 2003) and with the intention of allowing them to reach higher levels of achievement that might otherwise have not been achieved (Chekwa, 2001). Individualized consideration may be done through words of appreciation and praise to the subordinate, individualized career counselling, mentoring, professional development activities and by the leader comprehending those things that motivate followers as individuals (Simic, 1998), thus leading to employee engagement and improved employee performance.

2.2.1.5 Performance beyond Expectations

Bass and Riggio (2006), viewed a transformational leader as an individual who stimulates and inspires followers to achieve extraordinary outcomes and, in the process, develops his own leadership capacity. Similarly, Avolio, Zhu, Koh, and Bhatia (2004) describe transformational leadership as the ability to motivate followers and encourage intellectual stimulation by inspiring followers. Transformational leaders inspire followers to exert effort beyond self-interest in favour of collective group accomplishment (Berson & Avolio, 2004). Of similar view is Bono & Judge (2003), who observe that transformational leaders influence the followers to achieve goals, as well as increase confidence, commitment and job performance.

Studies by Shin and Zhou (2003) and Gumusluoglu and Ilsev (2009) note that transformational leadership has been closely associated with followers’ creativity at the individual level, because the subordinates are inspired to perform beyond their abilities for better performance outcomes. Robbins and Coulter (2007) also refer to a transformational leader as one who excites and inspires his/her followers to achieve astonishing outcomes. Dvir, Eden, Avolio and Shamir (2002) are of the view that the realization of transformational leadership occurs when the leader broadens and elevates followers’ goals. The transformational leader provides the followers with confidence to perform beyond the expectations specified in the implicit or explicit exchange agreement (Shin & Zhou, 2003). According to Khorshid & Pashazadeh (2014), the transformational leader creates an atmosphere of trust and motivates employees to work for the organization beyond their self-interests.
The transformational leadership theory was applied in this study due to the fact that, demonstration and research of the transformational leadership characteristics and features done over the years, has proved that transformational leaders have great capabilities to increase performance beyond expectations, thereby making massive changes among individuals and organizations. Furthermore, transformational leadership has proved to facilitate a redefinition of employee’s mission and vision, a renewal of their commitment and restructuring of their systems for goal attainment.

2.3 Conceptual Framework
Jabareen (2009) define a conceptual framework as a network of interlinked concepts that together provide a comprehensive understanding of a phenomenon or phenomena. According to Regoniel (2015), the conceptual framework steers the whole research activity and serves as a “map” or “radar” that guide the researcher towards realizing the objectives or intent of the study. McGaghie, Bordage, and Shea (2001) argue that conceptual framework sets the stage for the presentation of the particular research question that drives the investigation being reported, based on the problem statement.

The conceptual framework for this study was derived from the theoretical model of transformational leadership. Transformational leadership dimensions are hypothesized to directly stimulate employee performance. Work environment was hypothesized to moderate the association between transformational leadership and employee performance. The conceptual framework is presented in Figure 2.2
Figure 2.2: Conceptual Framework
### Table 2.1: Operational Framework

<table>
<thead>
<tr>
<th>Hypothesis</th>
<th>Independent Variable</th>
<th>Dependent Variable Test</th>
<th>Tests</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Idealized Influence</td>
<td>Measurement • Role Model • Ethical behaviour • Trustworthy • Gains respect</td>
<td>Measurement • Job satisfaction • Work effectiveness • Extra Effort • Commitment</td>
</tr>
<tr>
<td>2</td>
<td>Inspirational Motivation</td>
<td>Measurement • Visionary • Optimistic • Confident • Stimulating</td>
<td>Measurement • Job satisfaction • Work effectiveness • Extra Effort • Commitment</td>
</tr>
<tr>
<td>3</td>
<td>Intellectual Stimulation</td>
<td>Measurement • Arouse awareness • Creative and innovative • Empowers • Independence</td>
<td>Measurement • Job satisfaction • Work effectiveness • Extra Effort • Commitment</td>
</tr>
<tr>
<td>4</td>
<td>Individualized Consideration</td>
<td>Measurement • Individual needs • Coach • Mentor • Communication</td>
<td>Measurement • Job satisfaction • Work effectiveness • Extra Effort • Commitment</td>
</tr>
<tr>
<td>5</td>
<td>Work Environment</td>
<td>Measurement • Safety and Health Aspects • Working tools and Equipment • Relations with co-workers • Reward and Recognition</td>
<td>Measurement • Job satisfaction • Work effectiveness • Extra Effort • Commitment</td>
</tr>
</tbody>
</table>

Source: Researcher 2017

### 2.3.1 Dependent Variable

The subsection discusses the dependent variable as follows.

#### 2.3.1.1 Employee Performance

Employee performance refers to an employee’s productivity and output as a result of the effect of transformational leadership behaviour which ultimately affects the
organizational effectiveness (Hameed & Waheed, 2011). The main goal of any organization is to enhance the job performance of its employees so as to survive in the highly competitive environment and an employee with greater job satisfaction and commitment has higher job performance (Walumbwa & Hartnell, 2011). Performance can be defined as the achievement of a specified task measured against predetermined or identified standards of accuracy, completeness, cost and speed (Sultana, Irum, Ahmed, & Mehmood, 2012). Employee performance is a function of the interaction between ability and motivation, thus the employee’s individual performance in an organization takes part in the overall organization's performance and can determine the performance of that organization (Robbins, 2001). This section reviews the dimensions that embrace employee performance, such as job satisfaction, work effectiveness, extra determination and commitment.

2.3.1.1.1 Job Satisfaction

Job satisfaction is well-defined as an attitudinal evaluative judgment of one’s job or job practices (Ilies, Wilson, & Wagner, 2009). Job satisfaction is viewed as the general behaviour and the employee’s attitudes towards his or her job (Robbins, Decenzo, & Coulter, 2010) and the outcome of a worker’s appraisal of the extent to which the work environment fulfils the individual’s needs (Dawis & Lofquist, 1984). On the other hand, job satisfaction explains how employees are enthused to come to work and how they get enforced to perform their jobs (Ramayah, Jantan & Tadisina, 2001). Accordingly, Rao (2005) notes that satisfaction at the job for an employee acts as a motivation to work and motivation leads to job satisfaction. Velnampy (2008), in his study on job attitude and employee performance concludes that job satisfaction contains positive influence on the performance of the employees as it enhances job involvement and the higher performance also makes people feel more satisfied and committed to the organization.

Researchers have argued that job satisfaction is the most significant factor in understanding worker motivation, effectiveness, retention and performance (Bashayreh, 2009). Job satisfaction has been linked with enhanced job performance, positive work values, high levels of employee motivation, and lower rates of absenteeism, turnover and burnout (Ngo, 2009). A study by Khan, Nawaz, Aleem, and Hamed (2012) concludes that facets of job satisfaction such as pay, promotion, job safety and security, working conditions, job autonomy, relationship with co-workers, relationship with supervisor, and
nature of the work, significantly affect the level of job satisfaction among autonomous medical institutions of Pakistan. Therefore, it is essential that managers be concerned with the level of satisfaction in their organisation. Accordingly, leadership has a stronger effect on the attitude of employees towards their jobs, such that the role of leaders in today’s organizations has changed and the success of any organization relies on the leadership styles practiced by the leaders (Saleem, 2015).

Gupta and Joshi (2008) note that employees spend a considerable aspect of their time in the workplace and thus the need for job satisfaction, and that productivity can be viewed as an indicator of satisfaction. Employee commitment which consists of organizational and job commitment is positively related to job satisfaction, supervisory support and organizational career support (Allen, Drevs, & Ruhe, 1999). Employees who find their organization’s image attractive and positively evaluate their job performance in the organization are likely to exhibit a high level of both internal job satisfaction and organizational commitment (Yurchisin & Park, 2010), effectiveness in work, extra effort and dependability (Pradeep & Prabhu, 2011). Consequently, leaders today do not rely upon their legitimate power to persuade individuals to do as they are told, but take an interest in an interaction with their subordinates (Northouse, 2007).

Leadership is a process that influence the actions of employees, the choice of objectives for the group or organization and the dynamic interaction between superiors and employees (Belias & Koustelios (2014). The leadership style plays an important role in the organization because it has an influence on the employees’ job satisfaction (Bass, 1985). Transformational leaders inspire employees to work harder, provide them with the idea of a common vision, in the frame of which the company’s well-being is strongly related to their personal involvement and completion (Givens 2008).

Bushra et al. (2011) in an investigation of the relation between transformational leadership and job satisfaction among bank employees in Pakistan, discover that transformational leadership has a positive impact on the general job satisfaction experienced by employees, an indication of their preference for the transformational leadership style. Saleem (2015) studying the impact of leadership styles on job satisfaction reveals that transformational leadership has a positive impact on job satisfaction which means that the transformational leader, through their inspiring and
motivating behaviour, can induce changes in the psychological states of members of an organization.

Riaz and Haider (2010) in a bid to determine the impact of transformational and transactional leadership style on job success and career satisfaction, establish that the transformational leadership style is positively related to job success and career satisfaction. The results are consistent with the findings by Gill, Flaschner, Shah, and Bhutani (2010) who found that transformational leaders have more positive impact on job and overall satisfaction by employees. Bono and Illies (2006) also reported a positive relationship between charisma, positive emotion and mood contagion of leaders to provide inspirational motivation to their followers, which influences their job satisfaction.

Munir, Rahman, Malik, and Ma’amor (2012) studying the relationship between transformational leadership and employees’ job satisfaction among academic Staff in Malaysia, reveal a positive correlation between the transformational leadership style and employee job satisfaction. The study notes that transformational leadership plays an important role in influencing job satisfaction and therefore signifies the need for management to focus on its leadership styles to ensure higher employee commitment. Similarly, Scandura & Williams (2004) hypothesize that transformational leaders have incremental effects on job satisfaction and organizational commitment.

Omar and Hussin (2013) exploring the relationship between transformational leadership dimensions and employee job satisfaction, disclose that inspirational motivation and intellectual inspiration have a constructive relationship with job satisfaction, while individual consideration is negatively linked. However, Long, Yosof, Kowang and Heng (2014) divulge an insignificant relationship between most transformational leadership traits and employee job satisfaction. Conversely, in the study, individualized consideration had a positive and significant relationship to job satisfaction. However, this finding does not support previous findings by Munir et al. (2012), Riaz and Haider (2010) and Bushra et al. (2011). Another construct of employee performance is work effectiveness.
2.3.1.1.2 Work Effectiveness

Work effectiveness represents the proficiency with which employees perform activities that are formally recognized as part of their jobs (Viswevaran & Ones, 2000). It is concerned with the accomplishment of duties and tasks that are specified in a job description (Murphy, 1989). Productivity is basic to organizational effectiveness and is the measure of how efficiently and effectively resources are brought together and utilized for the production of goods and services of the quality needed by the society in the long term (Amah, 2006). Improvement in productivity and work effectiveness involves time minimization, cost minimization and waste minimization, hence speed and time are important resources in work effectiveness (Amah & Ahiauzu, 2013).

Organizational effectiveness is the notion of how effectual an organization is in accomplishing the results the organization aims to generate (Mohammad, Habi, & Alias, 2011). Similarly, organizational effectiveness is the net satisfaction of all constituents in the process of gathering and transforming inputs into output in an efficient manner (Matthew, Grawich, & Barber, 2009). Thus, an internally satisfied, delighted and motivated worker or employee is actually a productive employee in an organization. He contributes in efficiency and effectiveness of the organization and this leads to the maximization of profits (Matthew et al., 2009).

Leadership is a social influence process in which the leader seeks the voluntary participation of subordinates in an effort to reach organizational goals (Omolayo, 2007). According to Nanjundeswaraswamy and Swamy (2014), organizations need effective leaders who understand the complexities of the rapidly changing global environment, such that if the task is highly structured and the leader has a good relationship with the employees, effectiveness will be high on the part of the employees. Hoogeboom and Wilderom (2015) argue that a leader has an influential effect on the work climate of a team and that if the work climate has an effect on team effectiveness, it would be possible for a leader to influence the team effectiveness, by influencing the work climate of the team.

According to Waldman et al. (2001), transformational leaders encourage employees to take risk, and such risk-taking yields positive effects on performance under an uncertain environment. They inspire and motivate employees to be innovative and to achieve
difficult goals, by encouraging innovation among employees. Iscan, Ersari, and Naktiyok (2014) study the effect of leadership style on perceived organizational performance and innovation and reveal a positive effect of transformational leadership on perceived organizational performance and innovation. Transformational leaders also aim at transforming individuals, teams, and firms to exceed the status quo with intention to improve ability of innovation and adaption (Ling, Simsek, Lubatkin, & Veiga, 2008). Transformational leaders are those who exhibit individualized consideration behaviour and are able to influence the employee’s constructive reaction which accordingly results in the employee’s high performance levels and work effectiveness (McColl-Kennedy, & Anderson, 2002). Another construct of employee performance is extra effort.

2.3.1.1.3 Extra Effort

Extra Effort refers to a scenario where followers interact in putting the efforts which are beyond their ability for high performance (Pradeep and Prabhu, 2011). The success of an organization depends on the hard working, loyal and involved managers and employees, while leadership is a bond which makes people to work together. Studies have indicated that the leadership style may directly impact an employee’s behaviour such as job satisfaction and workers putting extra work effort. Kuchinke (1998) study on the influence of leadership styles on the subordinates' levels of satisfaction with the leader, judgment of the effectiveness of the leader, and willingness to exert extra effort in work performance among 5,300 manufacturing employees in two US plants and one German plant reveals that different leadership styles, when adopted by leaders result in different levels of employee readiness for extra efforts.

Study findings by Spano-Szekely, Griffin, Clavelle, and Fitzpatrick, (2016) reveal that emotional intelligence is positively and significantly correlated with transformational leadership and outcome measures of extra-effort, effectiveness, and satisfaction, but negatively and significantly correlated with the laissez-faire leadership. Pounder (2008) note that transformational classroom leadership is significantly and positively associated with desirable classroom leadership outcomes such as extra effort. Asrar-ul-Haq and Kuchienke (2016) examine the impact of managers’ leadership styles on subordinates’ performance among 224 fulltime Banking sector employees in Pakistan and reveal that the transformational leadership style has the greatest effects on all outcome variables namely; effectiveness, satisfaction, extra effort, and organizational commitment while on
the other hand, the laissez-faire leadership style has a negative relationship with similar outcome variables. A study done by Obiwuru et al. (2011) to investigate the effects of leadership style on organizational performance in small scale enterprises in Nigeria reveals that transformational leadership style induces effectiveness, extra effort and satisfaction in the followers. Another construct of employee performance is commitment.

2.3.1.4 Commitment

Commitment refers to dedication to a particular organization’s cause or belief and a willingness to get involved. Commitment may refer to employee loyalty and attachment to the organization’s firm (Bass, 1985). Bello (2012) defines commitment as loyalty and attachment of an individual or group to the organization, while organizational commitment is a state in which an employee identifies with a particular organization and its goals and wishes to maintain membership in the organization.

The findings of a study by Aydogdu and Asikgil (2011) demonstrate that an individual’s work experiences, organizational and personal factors serve as antecedents to organizational commitment. Lo, Ramayah, and Min (2009) view leadership as a key determinant of employee commitment to the organizational objectives. Ali, Rehman, Ali, Yousaf, and Zia (2010) have noted that one of the antecedent determinants of a worker’s performance is his commitment. Riaz, Akram and Ijaz (2011) establish a strong positive interaction between transformational leadership and job commitment, suggesting that managers should adopt the transformational leadership style in order to increase employees’ commitment. Akintayo (2010) and Tumwesigye (2010) note that one of the reasons why commitment has attracted research attention is that organizations depend on committed employees to create and maintain competitive advantage and achieve superior performance.

Meyer and Allen (1997), categorize organizational commitment in to three namely; affective commitment, normative commitment and continuance commitment. Individuals with strong affective commitments identify with the organization and are more committed to pursue their goals and remain in the organization because they desire to stay (Darolia, Kumari, & Darolia, 2010). Employees who have high affective commitment are willing to exert extra effort whenever they can and tend to engage in more interpersonal and organizational citizenship behaviours (Colquitt, LePine, & Wesson, 2010). Normative
commitment is a desire to remain in an organization due to a feeling of obligation, while continuance commitment is a desire to remain a member of the organization because of awareness of the cost associated with leaving it (Allen & Meyer, 1990).

A study by Ismail, Mohamed, Sulaiman, Mohamad, and Yusuf (2011) reveals that transformational leadership is positively and significantly correlated with both empowerment and organizational commitment of employees. Similarly, a study by Lo (2009) on the relationship between transformational and transactional leadership styles and employee commitment reveals that transformational leaders have stronger and more significant relationships with employee commitment than transactional leaders. The implication is that the leaders who give advice, support, and pay attention to the individual needs of followers will enhance the level of employee commitment of the employees. Shastric, Shashi, and Sinha (2010) also examine the relationship between charismatic leadership and employee commitment in India and discovered that charismatic leadership and job satisfaction exert a strong effect on employee commitment, an indication that people tend to be more satisfied if their leader displays charismatic behaviour which makes them to be more committed to their organization.

2.3.2 Effect of Idealized Influence on Employee Performance

Idealized influence describes the degree to which leaders are perceived as inspiring role models and consists of two forms; the idealized influence attribute in which leaders receive trust plus respect, and the idealized influence behaviour in which leaders exhibit excellent behaviour and might sacrifice their own needs to improve the objectives of their workgroup (Moss & Ritossa, 2007). Idealized influence can either be attributed or behavioural. In attributed idealized influence, characteristics of leaders are considered important. On the other hand, actions of the leader are taken into consideration in behavioural influence (Asrar-ul-Haq & Kuchienke, 2016).

Idealized influence is the level of social identification that leaders create among their followers, resulting in the desire to closely identify with him or her (Oke et al., 2008). Increases in idealized influence can result from leaders sharing risk, cultivating trust and respect, and engaging in self-sacrificing behaviour (Oke et al., 2008). Using idealized influence, transformational leaders act in a way that permits them to function as role models to their subordinates. According to Bass (1985), idealized influence, or charisma,
refers to the attributes ascribed by followers to their leader, according to their perceptions of the leader’s power, confidence and transcendent ideals.

Transformational leaders with idealized influence attribute are admired, respected, and trusted by their subordinates, who identify them with their charismatic personality and are attracted to emulate them. Beside, these leaders are endowed by their followers as having extraordinary capabilities, persistence, and determination (Bass & Riggio, 2006). According to Bacha (2014), idealized influence is the highest level of transformational leadership and it refers to the behaviour of leaders that results in their being role models for their followers, and are admired, respected and trusted because of their consideration of the needs of others over their personal needs. Similarly, Chun, Yammarino, Dionne, Sosik and Moon (2009) indicate that a charismatic relationship between the leader and the follower implies trust, respect, admiration of and commitment to the leader by the follower. Thus the idealized influence constructs considered in this study are; role model, ethical behaviour, trust and respect (Bass, 1985). The study thus view role model as the first construct under idealized influence.

2.3.2.1 Role Model

A role model is someone who serves as an example and whose behaviour is emulated by other people and consistently leads by example. Leadership entails a relationship between leaders and followers, and thus the importance of focusing on the leader as a moral manager (Van den Akker, Heres, Lasthuizen, & Six, 2009). Role modelling in leadership is a display of charismatic personality that induces others to want to become more like the leader and the leader builds confidence with his followers and the followers, in turn, creates confidence in their leader (Bass & Riggio, 2006). According to Avolio et al. (1991), idealized influence is the philosophy that a leader can influence followers only when he practices what he preaches. The leaders act as role models that followers seek to match. They also stress group benefits over individual benefits (Bono & Judge, 2004). Role model leaders and employees set goals for their own work units and are visionary and innovative in order to achieve the mission and objectives of the organization. They lead by example, always exhibiting commitment, loyalty and support of the organization's values and its management team (Edosomwan, 2014).
Empirical research has been done on leadership role modelling and leadership best practices and the effect on employee performance. Consequently, Rich (1997) established that salespeople’s perceptions of their managers’ role-modelling behaviour related positively to trust in the sales manager and related indirectly, through trust, to both job satisfaction and overall performance of salespeople. Thompson and Webber (2016) conducted a study on leadership best practices among senior managers at a major telecommunications organization in Georgia, USA, and established that employee performance was improved when leaders created a working environment where there was increased employee engagement and participation; leaders communicated goals, gained employee understanding, and applied communication styles that fit the need of each employee at all levels; leaders identified opportunities of growth for employees and planned execution through training and development; and when leaders knew their employees in person. According to Jamil (2015), the character of a leader as a role model should be renowned to be upright and honest in all his or her matters; have the aptitude to be a leader; have undying commitment to his vision and a good personality and; be able to deal with personnel, clients, suppliers, regulators and the wide-ranging people within which they function.

Leaders need to model the way, but they must take time for consideration and think about lessons from admired leaders and create alignment around key values and speak about shared values with enthusiasm and confidence (Kouzes & Posner, 2007). It is through the idealized influence attribute that the leader acts as a role model by doing the right thing and inspiring the followers to do likewise and thus win their trust and respect (Sadeghi & Pihie, 2013). When employees trust and respect leaders to deliver support and resources, they will be willing to accept the directives presented by the leader, regardless of the complexity or difficulty they might face (Chu & Lai, 2011). Leaders serve as role models for their followers and demonstrate the behavioural boundaries set within an organization and the more the leader “walks the talk”, by translating internalized values into action, the higher the level of trust and respect he generates from followers (Mihelić, Lipičnik, & Tekavčič, 2010). When leaders are prepared to make personal sacrifices for followers or the company in general for the sake of acting in accordance with their values, the employees are more willing to do the same. The second construct of idealized influence is ethical behaviour.
2.3.2.2 Ethical Behaviour

Ethical behaviour is defined as behaviour which is morally accepted as “good” and “right” as opposed to “bad” or “wrong” in a given situation (Sims, 1992). Leaders are characterized by different values, attitudes, beliefs, conduct, habits and practices and that is to a certain extent dependent upon the organizational, professional or institutional culture (Mihelič et al., 2010). The criteria relevant for judging ethical behaviour of a leader include individual values, conscious intentions, freedom of choice, stage of moral development, types of influence used, and use of ethical as well as unethical behaviour (Yukl, 2006).

The ethical relationship between the leader and follower should be a process rather than a one-time sporadic event. Leaders should communicate ethical standards and continually evaluate real examples if they are to influence followers’ ethical behaviour (Brown, 2007). Ethical behaviour should be ingrained in each and every pore of organizational life. A survey done by Trevino, Brown, and Hartman, (2003) which involved interviewing senior executives and ethics officers in America found that, to be perceived as an ethical leader, one had to be honest, trustworthy, show credibility and demonstrate integrity, need to walk the ethical talk in addition to being courageous and strong. Ethical behaviour includes key principles such as honesty, integrity, fairness, and concern for others. This is a situation where leaders engage in behaviour that benefits others and refrain from behaviour that can cause harm to others (Toor & Ofori, 2009).

Leaders are the key to determining the outcome of organisational goals and to setting the tone for employee behaviour which may include promotion, appraisal and strategies (Brown & Mitchell, 2010). If leaders are perceived to be ruthless and inconsiderate in their business dealings with others, employees are likely to emulate the leaders (Crane & Matten, 2007). Organisations can achieve better employee attraction and retention when employees have the opportunity to work for truly responsible and ethical employers (Upadhyay & Singh, 2010). Failing to be a good leader can lead to increased employee turnover and a decrease in the likelihood of attracting new employees. This can also increase the costs associated with employee turnover, increase employee supervision, decrease job satisfaction and decrease the level of employee productivity (Bello, 2012).
Leaders win the trust and respect of their followers through their actions by placing their follower’s needs over their own, sacrificing their personal gains for them, and demonstrating high standards of ethical conduct (Bass, Avolio, Jung, & Berson, 2003). The third construct of idealized influence is Trust.

2.3.2.3 Trust

Trust is defined as an expectation or belief that one can rely on another person’s actions and words and that the person has good intentions to carry out their promises. Trust is most meaningful in situations in which one party is at risk or vulnerable to another party and for this reason, it becomes critical in relationships between leaders and followers, who by definition have different roles and different levels of status and power (Bligh, 2017). Trust influences organizational processes such as communication, cooperation, and information sharing, and it affects productivity. According to Dirks and Ferrin (2002), followers who trust in their leaders are more comfortable acting in ways that may put them at risk in the relationship with their leaders by admitting mistakes and reciprocating the efforts of their leaders by working hard on required tasks and going above and beyond in their performance. On the other hand, and as Hugo (2016) opined, when leaders consistently reward, punish, and monitor performance or underperformance, both high and low performing employees will develop trust in their leaders; that is, they will feel confident that their leaders will continue to engage in these behaviours over time.

Similarly, study findings by Hugo (2016) suggest that both transactional and transformational leadership behaviours and employee trust in leaders are positively associated with organizational performance, and that employee trust in leaders mediates the relationship between transformational and transactional leadership styles and organizational performance. This suggests that public leaders need to continue developing their leadership skills, as well as building trust to improve performance within their organizations. Savolainen and López-Fresno (2012) note that if a leader behaves in a manner that is trustful, with integrity, benevolence, and predictability, competence will be seen as one of the main dimensions of trustworthiness.

Trust between leaders and followers is manifested in frequency, quality of interaction, and communication, among others. Similarly, Möllering, Bachmann, & Lee (2004) also
notes that trustworthiness is shown by competence, integrity, benevolence and credibility. Distrust is associated with negative expectations and a lack of confidence in the other party. Distrust also involves the belief that one party may not care about the other’s welfare and may act harmfully (Lewicki, Tomlinson, & Gillespie 2006). Mutual trust and perceptions of trust play a crucial role in trustworthiness pertaining to cooperation and interpersonal and inter-group relationships in organizations (Ferrin, Bligh, & Kohles 2008). Personality is also a strong facet of trusting (Ben-Ner & Halldorsson, 2010).

Employees in organizations exhibit trustworthiness towards leaders by performing their daily tasks skilfully (Häkkinen, Ikonen, & Savolainen, 2010). If feelings of insecurity in workplaces prevail, it may often be a reason for atmosphere-related problems such as teasing, conflicts, and disputes. All of them affect the level of trust. Employees who trust their leaders work effectively and have a high level of commitment. In addition, they share ideas and knowledge, including tacit knowledge (Savolainen & Malkamäki, 2011). Trust in the behaviour of other people grows when cooperation is reciprocal. Psychologically, trust declines most often when positive expectations are disconfirmed (Lewicki et al., 2006).

Trust is an important aspect of the leader-follower relationship. Bernerth and Walker (2009) establish that leaders and followers with a high propensity to trust are more likely to develop positive exchange relationships, which in turn have a positive effect on employee performance outcomes. DeConinck (2011) also establishes that the relationship between ethical organizational climate and turnover intentions is mediated by trust and other factors, and that the perception of an ethical climate increases trust in the leader. Poon (2006) notes that high levels of organizational politics and job outcomes is moderated by trust, while Vigoda-Gadot and Talmud (2010) establish that the relationship between organizational politics and job outcomes is moderated by trust. Similarly, perceived organizational support has a strong relationship with trust, while unmet expectations may impact trust relationship (Dirks & Ferrin, 2002).

Casimir, Waldman, Bartram and Yang (2006) divulge that trust has a major mediating influence in the relationship between transformational leadership and staff performance. Consequently, leaders who are considered to be trustworthy will be more effective in improving employee commitment and performance, and that commitment is influenced by trust (Farndale, Hope-Hailey, & Kelliher, 2011). Similarly, Caldwell and Hayes (2007)
confirm that there is a relationship between leadership behaviours and trustworthiness perceptions of followers and performance. Building trust is acknowledged to be both an individual and an organizational level task (Schein, 2004) and the leader’s role in creating a culture that integrates what the organization claims to believe and how it actually behaves is a critical element in optimizing organizational performance (Tucker & Russell, 2004). People strive for favourable self-definitions and want to feel that they are valued members of their groups (Tyler & Blader, 2000). Group members assess treatment and outcomes received from their supervisor to make inferences about their own standing (Blader & Tyler, 2009). When leaders convey interpersonal trust, loyalty and strong identification, whereby subordinates can be effective in engaging with their supervisors, employee performance is enhanced (Tse, Huang, & Lam, 2013). The fourth construct of idealized influence is respect.

### 2.3.2.4 Respect

Respect is a multidimensional construct. Its dimensions are namely; appraisal respect which is the judgment of worthiness based upon some perceived quality possessed by an individual; identification respect, which is a close identification between leader and follower; recognition respect, which is acting in an unbiased, dignified, ethical and trustworthy manner and; acceptance respect which is a demonstration of an appreciation or value of others based upon their basic humanity (Clarke, 2011). Leaders gain respect by encouraging employees to get involved in risk taking activities and support them to effective execution of the activities in the uncertain environment (Birasnav, 2014).

Employees develop trust and respect towards the transformational leader and they are willing to exhibit extraordinary behaviour to fulfil their leader’s expectations (Barbuto, 1997). Pounder (2008) has established that the typical behaviour associated with idealized attributes includes instilling pride in those led, going beyond self-interest for the good of the group as a whole, and building respect and displaying a sense of power and confidence. A study by Clarke and Mahadi (2015) in Malaysia reveals that mutual recognition respect predicted both follower job performance and well-being. The basic role of a leader is to foster mutual respect and build a complementary team where each strength is made productive. Trust in the leader has been a significant outcome built by effective leadership (Casimir et al., 2006). A direct link between idealized influence leadership and trust in the leader by employee was reported, in which trust in the leader is
conceptualized as faith in and loyalty to the leader (Podsakoff et al., 1990). Leaders can facilitate trust building by establishing direction and developing a vision of the future and then they align people by communicating this vision and inspiring them to overcome hurdles. Yukl (2006) notes that trust of the leader is an important aspect in performance, because subordinates need to trust their leaders if they have to work together and are committed to the appointed goals. Respect and appreciation stimulate the development of trust, while poor leadership underestimates employees’ personal competences which eventually results in declining work and company performance.

2.3.3 Effect of Inspirational Motivation on Employee Performance

Inspirational motivation refers to the style which creates an attractive goal of the future and the demonstration of optimism and enthusiasm (Bruch & Walter, 2007). Inspirational motivation involves a leaders’ ability to inspire enthusiasm and optimism to subordinates (Indrayanto Burgess, & Dayaram, 2014), the outcome being the improvement of organizational performance. The inspirational motivation constructs considered in this study are visionary, optimism, confidence and stimulation (Bass, 1985). The study thus examines visionary as the first construct under inspirational motivation.

2.3.3.1 Visionary

Visions can be likened to myth making as a means of inspiring followers and compelling them into action, and also serving as the inspiring motivator to members of the organization as they see themselves as a key component of goal achievement (Shadraconis, 2013). Myths can have a lasting effect and work to shape the culture of an organization or a group (Schien 2004). Inspirational motivation is about encouragement to raise the consciousness of workers about the organization’s mission and vision. Committing to the vision is therefore a key theme of this factor. According to Kantabutra (2003), the seven vision attributes of brevity, clarity, challenge, abstractness, stability, future orientation, desirability or ability to inspire interact to create a positive impact on overall organizational performance, initially through follower satisfaction. However, Kantabutra and Avery (2005) argue that a vision that is brief, clear, abstract, challenging and stable will not draw follower commitment in working toward the vision unless the vision is also inspiring or desirable. In addition, when a vision is not inspiring or desirable, it is unlikely to develop and nurture a shared vision, which is critical to
employee performance. Inspirational motivation occurs when leaders use symbols to articulate an appealing and compelling vision of the future and redirect followers’ efforts (Bass, 1999).

Transformational leaders guide followers by providing them with a sense of meaning and challenge. They work enthusiastically and optimistically to foster the spirit of teamwork and commitment (Avolio et al., 1991). Through inspirational motivation, transformational leaders create and present an attractive vision of the future, use symbols and emotional influences, and demonstrate confidence and eagerness (Kark, Shamir, & Chen, 2003). Thus, transformational leaders talk optimistically about the future, talk enthusiastically about what needs to be accomplished, articulate a compelling vision for the future and express confidence that goals will be achieved (Avolio & Bass, 2004).

Leaders who are great communicators make the vision comprehensible, specific, influential and engaging. Balyer (2012) notes that leaders who characterize inspirational motivation display continued enthusiasm, are optimistic about the future, and have high expectations of and support the followers’ experiences. Bass and Bass (2009) share this view by stating that envisioning requires translating intentions into reality by communicating that vision to others to gain their support, which then provides a platform to empower others and provide the social architecture required for achievement of the vision. More importantly, inspirational motivation refers to leaders who have a strong vision for the future, based on values and ideals (Bono & Judge, 2004). Thus, the leader articulates a vision that is appealing and inspiring to followers. The second construct of inspirational motivation is optimism.

### 2.3.3.2 Optimism

Optimism refers to the generalised tendency to expect positive outcomes (Scheier & Carver, 1985). Optimistic individuals tend to identify more accurately the causes of, and correctly ascribe responsibility for, task success and failure (Seligman & Csikszentmihalyi, 2000). Optimism is a key component of being able to persevere and achieve strong outcomes in the face of change and chaos; the key to true success is being able to leverage a vast array of skills and tools to help handle the complexities that leaders face in today’s environment. According to Tombaugh (2005), optimistic leaders are more
likely to see problems as challenges, exert greater effort for longer periods to reach their goals, and seek out and appreciate the positive aspects of difficult situations. The importance of manager optimism is supported by Popper, Amit, Gal, Mishkal-Sinai, and Lisak (2004), who observe that optimism is one of three psychological capacities essential for leadership. Similarly, Humphrey (2002) argues that the emotional displays of leaders have a larger impact on employees than the content of their messages.

In today’s rapidly changing and uncertain business environment, managers and employees need optimism more than ever before not only to cope, but also to innovate and flourish. Managers have more influence, than perhaps they realize, on their employees’ engagement, optimism, and performance, and can consciously use this influence to benefit these employees and the organization as a whole (Greenberg & Arakawa, 2006). The capacity to accurately evaluate process and outcome performance issues that characterise optimistic individuals is likely to drive resilient behaviours, such as utilisation of error as a springboard for learning and for fine-tuning performance (Nguyen, Kuntz, Naswall & Malinen, 2016) Empirical research linking optimism to commitment to change, ability to cope with changing work environments and positive workplace behaviours suggests that higher levels of optimism may be related to resilient behaviours, which encompass change adaptability (Kool & Dierendonck, 2012; Youssef & Luthans, 2007).

Transformational leaders guide followers by providing them with a sense of meaning and challenge. They work enthusiastically and optimistically to foster the spirit of teamwork and commitment (Avolio et al, 1991). Leaders create and present an attractive vision of the future, use symbols and emotional influences, and demonstrate confidence and eagerness (Kark Shamir, & Chen, 2003). Thus, transformational leaders talk optimistically about the future and what needs to be accomplished, articulate a compelling vision for the future and express confidence that goals will be achieved (Avolio & Bass, 2004). Similarly, Balyer (2012) notes that leaders who embody inspirational motivation display continued enthusiasm, are optimistic about the future, and have high expectations of and support the followers’ experiences. Bass and Bass (2009) share this view by stating that envisioning requires translating intentions into reality by communicating that vision to others to gain their support, which then provides a
platform to empower others and provide the social architecture required for achievement of the vision. The third construct of inspirational motivation is confidence.

2.3.3.3 Confidence

Confidence refers to the belief that one can successfully execute a specific activity. It is a changing mental and emotional state associated with the specific task or situation at-hand. Self-confidence profoundly affects our thoughts, emotions, and behaviour, our levels of general self-confidence are important primarily in new and unusual circumstances while our specific self-confidence is pertinent to our everyday performance. Confidence is essential for effective leadership and enables the leader to influence his collaborators, or followers, to build task-specific strategies that can strengthen their job performance (Axelrod, 2016).

Inspirational motivation leaders are great communicators who make the vision comprehensible, specific, influential and engaging. Balyer (2012) notes that leaders who characterize inspirational motivation display continued enthusiasm, are optimistic about the future, and have high expectations of and support the followers’ experiences. The role of the leader is the authorized means by which he shows confidence, provides vision, reduces barriers to performance, expresses encouragement, innovates and trains staff (Luthans, 2002). Similarly, Bass and Bass (2009) states that envisioning requires translating intentions into reality by communicating that vision to others to gain their support, which then provides a platform to empower others and provide the social architecture required for achievement of the vision. Confidence is an aspect of transformational leadership which compels superb communication skills, because as a leader, one must communicate one’s messages with accuracy, power and a sense of clout (Trmal, Bustaman, & Mohamed, 2015).

Bass and Riggio (2006), refer to inspirational motivation as the leader’s ability to motivate confidence, motivation and a sense of being responsive to the followers’ ideas and thoughts, whereby the transformational leader enunciates a clear vision for the future, transmits expectations of the group and exhibits a commitment to the goals that have been laid out for the group to accomplish. Inspirational motivation is extensively reviewed by Doody and Doody (2012) who argue that the process involves encouraging followers to align personal goals with the goals of the organization, such that the objectives of the
organization are simultaneously achieved, with the outcomes having implications for both
the employee and the organization. Li and Hung (2009) note that transformational leaders
enhance communication between them and followers and as a result, instil the leaders’
support, confidence, and encouragement into followers, resulting into followers
exhibiting extra effort in return for high performance. Similarly, Nguyen and Nguyen
(2014) find that the transformational leader also creates an environment that encourages
internal interaction, which fosters the high quality relationship among members and
therefore motivates them to engage in having more positive behaviours that enhance their
job performance. Seibert, Wang and Courtright (2011) state that leaders increase
followers’ intrinsic value of performance and confidence, leading to higher motivation
levels. The fourth construct of inspirational motivation is stimulation.

2.3.3.4 Stimulation

Stimulation refers to a leader’s ability to build confidence and enthusiasm. Effective
leaders need to be result oriented, achievement driven and forward thinking (Gutierrez,
Spencer, & Zhu, 2012). They must have the ability to quickly respond to problems and
make proper decisions from divergent aspects (Rausch, Halfhill, Sherman, & Washbush,
2001). Leadership is about having the initiative and enthusiasm to inspire employee
performance (Flaum, 2002). The leader motivates and inspires subordinates to succeed in
achieving their goals (Birasnav, 2014).

The leaders encourage employees to achieve more than what seems possible and inspire
them to overcome psychological setbacks and upcoming obstacles (Kelloway et al.,
2012). Intellectual stimulation emphasizes rationality of problem-solving situations in
which leaders challenge their followers to understand their problems and assumptions
from a different perspective and think differently (Grant, 2012). Thus the subordinates are
able to handle psychological and work-related impediments, become more confident in
improving and developing their well-being and think about challenges in new ways
(Kelloway et al., 2012). This aspect in turn causes employees to view the work place in a
favourable way. Similarly, Penava and Sehic, (2014) note that inspirational motivation
presents behaviour through which the transformational leader motivates and inspires
people around him, by bringing meaning to and challenge to what people do.
The success of every organisation depends on its employees’ drive to thrive through their efforts, commitment, engagement, practice and persistence. Thus, motivation is an important leadership competency because it includes the ability to spur employee’s performance (Lussier 2013) as one of the crucial duties or jobs. A study by Binfor, Boateng, Abbey, Osei, Swanzy, and Gyepi-Garbrah, (2013) that seeks to find out whether effective leadership styles and motivation have brought about any significant impact on the level of employee performance in public institutions in Ghana has revealed a significant relationship and concluded that leadership and motivation helps to develop teamwork and integration of individual, group and goals. It aids intrinsic motivation by emphasizing the importance of the work that people do.

2.3.4 The Effect of Intellectual Stimulation on employee Performance

Intellectual Stimulation is the dimension of transformational leadership that encourages ingenuity and self-sufficiency among the followers, by encouraging them to get involved in the decision-making process and motivating their efforts to be as creative and innovative as possible to achieve solutions (Bass and Riggio 2006). Intellectual stimulation promotes intelligence, rationality and careful problem-solving. Study findings by Kirui, Aravo and Kanali (2015) on the effect of intellectual stimulation on organizational performance of banks in the Rift Valley Province of Kenya, conclude that top management should continuously challenge old assumptions and ways of doing things, invest in knowledge creation and continuous improvement of employee issues, encourage new perspectives and contributions from subordinates and should continually coach employees on self-efficacy. Intellectual stimulation involves the leader inspiring followers to be creative and innovative, try new approaches when dealing with organizational issues, by encouraging them to think things out on their own and engage in careful problem solving (Northhouse, 2013). Intellectual motivation arouses in employees individual cognitive ability so that they may engage in independent thinking in the course of carrying out their work (Jung, Chow, & Wu, 2003). Consequently, this study will focus on the intellectual stimulation constructs of arousing awareness, creativity and innovativeness, empowering and independence (Bass, 1985). The first construct of intellectual stimulation is arousing awareness.
2.3.4.1 Arouse Awareness

Arouse awareness refers to the leader’s ability to inspire excitement in subordinates towards work. Intellectual stimulation ensures that employees are aware of their problems and are capable enough to think about their problems in a more creative manner. Intellectual stimulation enables employees to understand, conceptualize, and comprehend their problems (Asrar-ul-Haq & Kuchienke, 2016). According to Bass (1985), transformational leadership through intellectual stimulation provides followers with challenging new ideas and encourages them to view and handle problems from a fresh perspective. Such leaders do not accept things as they are; rather, they challenge the status quo, beliefs and values, and encourage followers to do same. The second construct of intellectual stimulation is creativity and innovativeness.

2.3.4.2 Creativity and Innovativeness

Creativity is the production of novel and useful ideas while innovation refers to the creation of new ideas and their implementation. Innovation refers to the application of an idea and, in many cases, is a collaborative enterprise (Tsai, 2016). Leaders encourage their followers to be innovative and creative (Bass, et al., 2003) they encourage new ideas from their followers and never criticize them publicly for the mistakes committed by them. An organization’s effectiveness will be determined by a leadership’s success in creating an environment which encourages employee creativity (Nawaz, Nawaz, & Danish, 2011).

Leaders have an influence on an organizational climate (Carmeli, Reiter-Palmon, & Ziv, 2010). The organization’s success is dependent on the leader’s ability to create a climate that supports the efforts of employees to move from creative potential to practiced creativity. Creativity and innovation are dependent on an individual’s perception of a supportive organizational climate built on trust where leaders and followers learn together by sharing information and ideas comfortably (Chen, Yien, & Huang, 2011). In contrast, an organizational climate lacking trust will be characterized by employees withholding ideas for fear of being rejected or ridiculed (Chen et al., 2011). Similarly, Schulze, Dombrowski, and Mielke (2011) note that the relationship between the leader and followers that encourages creativity and innovation is characterized by trust and active communication which minimizes resistance to change.
The role of leaders must be recognized in encouraging the spirit of creativity and innovation by enabling the organization to foster an environment that is conducive for creativity to flourish, building friendly and inclusive working conditions for the members of the organization (Agbor, 2008). Employee creativity has to be accepted as tenable, useful or satisfying by a group in some point in time (Runco & Jaeger, 2012). Recent studies have found that transformational leaders play an important role in predicting employee creativity. A study by Mittal & Dhar (2015) on transformational leadership and employee creativity as mediated by creative self-efficacy and moderating role of knowledge sharing among 348 manager-employee dyads from Indian IT SMEs professionals, reveals that creative self-efficacy mediates the relation between transformational leadership and employee creativity, while knowledge sharing acts as a moderator for creative self-efficacy and employee creativity. Wang, Tsai, and Tsai (2014) reveal that supervisors’ transformational leadership behaviour positively influences employee self-efficacy and creativity. Previous studies have also established that transformational leaders mobilize organizational resources and motivate individuals to work toward creative outcomes (Jung et al., 2003). The third construct of intellectual stimulation is empowerment.

2.3.4.3 Empowerment

Empowerment means giving employees the authority, skills, and self-control to perform their tasks (Slocum and Hellriegel, 2007). Empowerment is moving decision making to the levels at which competent decisions can be made. In order for empowerment to be effective, solid leaders must be present throughout all levels of management in an organization. Intellectual stimulation facilitates follower empowerment through communication and encouragement to identify problems and solutions (Smothers et al., 2016). Empowerment leads to the development of employee commitment to the organization, which in turn, has implications for the ability of the organization to achieve goals based on the dedication and hard work of employees (Anjali & Anand, 2015).

Empowerment is a management practice which is used as a means of motivating employees in the modern global business organizations (Demitriades, 2005). Employee empowerment comprises of innovative approaches in working with people and a shift of power from the top management control to lower level management of the organization.
(Tzafrir, Havel, Yehuda & Dolan, 2004). Empowerment of employees may create job satisfaction and team performance (Yang & Choi, 2009). However, employee empowerment may have negative effects depending on the contextual factors. This argument is supported by writers from an African context such as Kamoche (2000) and Nyambegera, Daniels and Sparrow (2000) who argued that the application of western style management practices should give consideration to political and economic factors.

Transformational leaders share a significant degree of decision-making power with their employees. Ahmed and Sadiq (2008) assert that trust plays a substantial role because of the mutual co-operation and reliance found between leaders and subordinates. According to Tajasom Hung, Nikbin, and Hyun (2015), transformational leaders help their followers to accomplish the organizational goals and mission by working with them and through them. They encourage their followers by influencing their beliefs, values, attitudes and behaviour. Transformational leaders motivate their followers in such a way that goes beyond the rewards and exchanges. Transformational leaders empower followers in decision making and delegate significant authority to followers to make them less dependent on the leader (Men & Stacks, 2013). Therefore, transformational leadership is relationship-oriented, empowering, and participative by nature. The fourth construct of intellectual stimulation is independence.

2.3.4.4 Independence

Independence refers to a scenario where an employee may make decisions which are not influenced or controlled by others in matters of opinion and conduct. Independence can also mean autonomy to perform at work. Job autonomy is defined as the degree to which the job offers considerable liberty, proving free hand and choice to the individual in scheduling the work and also defining the means to achieve the tasks (Morgeson, Delaney-Klinger, & Hemingway, 2005). Job autonomy results in an improved job performance because individuals think and consider themselves skilful and creative in accomplishing their tasks (Saragih, 2011). Job autonomy improves performance because when employees are provided with support to exercise job autonomy, they will consider that they are trusted to perform the task, which leads to an increased level of intrinsic motivation and the outcome is effectiveness at work (Naqvi, Ishtiaq, Kanwal, & Ali, 2013). Employees today thrive in being given independence to perform their work, however, this arrangement poses a real challenge because it is an indication of individual
characteristic of a responsible, mature, and entrepreneurial human capital; but on the other hand, it is one of the key motivators to become a new rival against the present employer (Birecikli, Alpkan, Ertürk, & Aksoy, 2016).

A transformational leader delegates tasks and allows followers to improve themselves in task related decision-making through gaining personal experience. In this sense, job autonomy refers to the freedom and independence of employees in decision-making which is necessary for an inspiring, supportive and motivating leader to increase work engagement of his/her subordinates (Avery, McKay & Wilson, 2007). A study by Gozukara and Simsek (2015) investigates the effect of transformational leadership on work engagement through job autonomy among 101 academic staff from a private non-profit university in Istanbul, Turkey, and reveals a moderate relationship between the study variables, while the mediation analyses show that job autonomy has a full mediator effect on the relationship between transformational leadership and work engagement. The results demonstrate that job autonomy is an important job resource which enhances the effect of transformational leaders on employee engagement.

Employee independence can also be enhanced by inspiring followers for learning and growth at work, as well as providing them with the opportunity to lead themselves (Manz & Sims, 2001). In this regard and given the fact that leadership is usually regarded as a way of having effect on people (Yukl, 2010), several researches have suggested that transformational leaders are likely to offer a greater extent of autonomy (Bass & Avolio, 1990) or cause followers to be their own leaders (Yammarino, 1994). Transformational leaders inspire employees to be responsible and autonomous (Bass & Riggio, 2006). Besides, transformational leaders promote followers to seek creative and innovative ways of problem solving, and this improves the sense of control and self-determination that the followers feel over their jobs (Bass and Avolio, 1994).

2.3.5 Effect of Individualized Consideration on Employee Performance

Individual consideration refers to the leaders’ ability to act as a coach or mentor for subordinates by giving attention to each individual’s need for achievement and growth, in the hope that subordinates can reach their potential (Indrayanto et al., 2014). Individualized consideration has been seen as encompassing a developmental orientation towards followers and may be an important way that leaders can help followers to
succeed in today’s business environment (Rafferty and Griffin, 2006). Judge and Piccolo (2004) define individualized consideration as the degree to which the leader attends to the needs of each employee, mentors them and listens to their concerns. Individualized Consideration occurs when leaders act as mentors to their followers and reward them for creativity and innovation. The followers are treated differently according to their talents and knowledge (Shin & Zhou, 2003). They are empowered to make decisions and are always provided with the needed support to implement their decisions (Avolio et al., 1991). The leader gives empathy and support, keeps communication open and places challenges before the followers (Conger & Kanungo, 1994).

Transformational leaders, through individualized consideration, pay attention to the followers’ developmental needs and delegate work projects in a manner that stimulates learning experiences (Hater & Bass, 1988). Similarly, people are treated individually and differently on the basis of their talents and knowledge (Shin & Zhou, 2003) and with the intention of allowing them to reach higher levels of achievement that might otherwise have not been achieved (Chekwa, 2001; Stone et al., 2003). Individualized consideration is the ability of the transformational leader to identify or determine, by way of observation and evaluation, what motivates each member of the team by giving consideration to individual needs (Bass & Riggio, 2006).

Bass and Avolio (1994) state that transformational leaders teach and help followers to develop their strengths, and listen attentively to their concerns. Through individual tutoring and with the guidance of a mentor, the transformational leader provides prospects for customized training sessions for each member of the team, thus enabling members of the team to develop and become accomplished in their positions (Bass & Riggio 2006). According to Zacher et al. (2014), the scope of individual consideration is a process that involves the willingness and ability of the leader to provide nurturing support for each follower. From the aforementioned, the constructs of individualized consideration in the study are individual needs, coach, mentor and communication (Bass, 1985).

2.3.5.1 Individual Needs

Individual needs refer to the leader’s ability to address and work with each employee as an individual and not as a member of a group. Individualized needs imply that a
transformational leader pays special attention to the needs that each follower has in terms of his or her own development and achievement (Penava & Šehić, 2014). The individualized consideration aspect of a leader is that of a coach and a mentor for the employees and supports them differently by providing them with equal opportunity (Birasnav, 2014), further creating a supportive atmosphere, which helps employees to overcome the personal challenges (Strom Sears, & Kelly, 2014).

Individual needs require leaders to recognize and support the contributions of each follower toward goal achievement (Verissimo & Lacerda, 2015). The implication is that the process can positively influence employee job satisfaction, leading to higher levels of engagement and motivation within the organization (Snell, Yi & Chak, 2013). When all employees experience higher levels of engagement and motivation, the outcome of organizational performance should improve (Snell et al., 2013). Consequently, individualized consideration is directed at treating the followers as individuals and not just members of a group. Wang and Howell (2010) argue that transformational leadership can be focused on the individual and group levels, with the aim of empowering individuals to develop their full potential, enhance their abilities and skills, and improve their self-efficacy and self-esteem. Consequently, the influence of the leaders is strengthened by their interest in the followers as individuals. The second construct of individual consideration is coaching.

2.3.5.2 Coaching

Coaching refers to an act of the helping the individual to improve his own performance. According to Whitmore (2003), coaching can be viewed as unlocking a person’s potential to maximise his own performance and it is an aspect of helping him to learn rather than teaching him. Hameed and Waheed (2011) view coaching as an informal activity for employee development where employees are treated as personal partners in achieving both personal and organizational goals. Agarwal, Angst and Magni (2006) note that the personal problems of employees can be solved when they are coached and when problems are resolved. This way, employees are able to achieve organizational goals and improved performance. Coaching is primarily related to the individuals’ performance and the enhancement of definable skills which generally start with the goals of learning which are already identified (Cole, 2002).
According to Kirui et al. (2015), individualized considerate leaders pay special attention to each individual follower’s needs for achievement and growth by acting as advisors, coaches or mentors, such that subordinates and colleagues are developed successively to the higher levels of their potential. Individualized consideration is practiced when new learning opportunities are created along with a supportive climate in a way that individual differences, in terms of needs and desires, are recognized. The leader delegates tasks as a means of developing followers. Delegated tasks are monitored to sincerely identify if the followers need further support (Bass & Riggio, 2006).

According to Blanchard and Shula (2001), the process of coaching can be different on the basis of the workplace situation. The term coaching mainly denotes the methods of assisting others in order to develop and learn new skills, improve, find individual success, attain determined goals, and balance individual challenges and opportunities for success. Coaching can address behaviours, attitudes, skills and knowledge and could also be focused on spiritual and physical enhancement of the employees. Similarly, according to Aswathappa (2007), coaching is a structure of training which normally includes one-to-one support aimed to help an individual to improve in a practical sense.

A study conducted by Utrilla, Grande, Lorenzo, Jaén, and Cádiz (2014) on the effects of coaching in employees and organizational performance in Spain confirms that coaching has an influence on both individual performance and organizational performance indicators. It has also been noted that a growing number of businesses use coaching (Chong, 2008) because the practice responds to the needs and demands of the workplace (Sherman & Freas, 2004) and is also effective in other ways, such as correcting and improving poor performance (Gravina & Siers, 2011) or conflict resolution in the workplace (Anderson, Rayne, & Schyns, 2009). Moreover, coaching can be used to accelerate career learning (Parker, Hall & Kram, 2008) or to ensure sustainable leadership (Boyatzis, Smith & Blaine, 2006). The third construct on individualized consideration is mentoring.

2.3.5.3 Mentoring
A mentor is a person who has developed a more personal interest in an employee and will invest a good deal of time and energy guiding the employee through one or more stages in
his or her career (Dow, 2014). An effective mentor understands that his or her role is to be dependable, engaged, authentic, and tuned into the needs of the mentee. Transformational leaders serve as mentors and coaches to followers, and encourage two-way communication to achieve organizational goals (Bass & Bass 2009). Similarly, individualized consideration affords leaders the opportunity to make interactions with followers more meaningful. Leaders who personalize communication and encourage a two-way communication style can find it to be a valuable asset for their organization (Shadraconis, 2013). Thus, transformational leaders pay attention to the followers’ developmental needs and delegate work projects in a manner that stimulates learning experiences (Hater & Bass, 1988). Similarly, Dionne, Yammarino, Atwater, and Spangler (2004) posit that a leader addresses issues of competence, meaningfulness and impact with each team member, and encourages continued individual development.

The mentoring process involves the willingness and ability of the leader to provide nurturing support for each follower (Zacher et al., 2014). The implication is that the process can positively influence employee job satisfaction, leading to higher levels of engagement, motivation and improved employee performance within the organization (Snell et al., 2013). Leaders pay close attention to individual differences and treat their employees in the most caring way, helping individuals to achieve goals and personal development (Alkahtani, 2015). This type of leaders also uses delegation to get their employee to grow through personal challenges (Northouse, 2015).

An empirical research conducted by Neupane (2015) on the effects of mentoring on employee performance in the UK hotel industry among 172 managers and supervisors working as coaches or mentors in the respective hotels revealed that mentoring has a significant effects on overall employee performance. However, Neupane (2015) recommends that the hotels should regularly implement coaching and mentoring programmes in order to improve employee performance and overall organisational performance. The fourth construct of individualized consideration is communication.

2.3.5.4 Communication

Communication refers to the act of transferring information from one person to another. Internal communication is a central process by which employees share information, create relationships, make meaning, and construct organizational culture and values (Berger,
2008). Berger asserts that internal communication is one of the most dominant and important activities in organizations because it helps individuals and groups coordinate activities to achieve goals. It is also vital in socialization, decision-making, problem solving, and change-management processes. Quality employee– organization relationships and positive employee communication behaviour (Kim & Rhee, 2011) are critical factors that affect an organization’s intangible assets, such as reputation and stakeholder relations.

Men (2014) observes that the influence of employees as invaluable communication assets in the organization and the function of internal communication in generating positive employee outcomes have received increasing attention from public relations scholars and professionals. The key factors that facilitate the organization’s internal communication are participative organizational culture, an organic structure, power symmetry, and gender equality (Grunig, Grunig, & Dozier, 2002). However, these key factors are connected to organizational leadership. Leaders at different levels significantly influence the top-down transmission of messages to every employee and the communication of the opinions of employees to top management. According to Whitworth (2011), employees recognize their immediate supervisors as the more credible information sources than senior executives. The communication competence, styles, and channels of a leader also influence the attitudinal and behavioural outcomes of employees.

The two-way nature of interpersonal communication channels enhances employee and management relationships better than publications, further fostering a sense of community and belonging among employees (White, Vanc, & Stafford, 2010). Levine et al. (2010) refer to individual consideration as a leader’s ability to identify and develop the higher order needs of subordinates while providing the necessary feedback to achieve organizational goals. They argue that the most common verbs to describe the four components of transformational leadership are: influence, inspire, motivate, and communicate, and that effective articulation, motivation, and inspiration are all components of effective communication. Thus, effective communication skills are a requirement for a transformational leader because without these skills, a leader would find it difficult or impossible to accomplish any of the three principles of transformational leadership. Similarly, Boden (1994) argues that organizations act via talk and meetings,
whether formal or informal, communication serves as the primary medium where decision makers gather together to discuss and agree on organizational courses of action.

2.3.6 Work Environment on Employee Performance

A moderator is a third predicting factor that is involved when researching the link between an independent variable and a dependent variable (Al-Haddad & Kotnour, 2015), while Venkatraman (1989) notes that the effect that an independent variable has on a dependent variable is reliant on the level of a third variable called the moderator. The moderating variable in this study is work environment. Work environment is an important aspect in enabling employees to achieve their full potential. It is crucial not only for the wellness of the leader but also for employees and the overall success of the organization. People spend a substantial amount of time at work and when employees are not working in a conducive environment, their well-being, productivity and outlook drastically decline, which in turn affects the overall efficiency and relationships with clients, shareholders and surrounding communities.

Environment is the surrounding or condition in which people operate and work environment is the environment where people work together to achieve organizational objectives. Work environment means systems, processes, structure and tools and those things which interact with employees and affect employee performance in positive or negative ways (Awan & Tahir, 2015). Work environment is composed of all factors related to job and organization, which influence the relationship between employees, their job and the organization (Bachmann, 2002). Thus work environment is designed in ways that satisfies employees, in order to boost productivity (Brenner, 2004).

The work environment of any organization or institution generally comprises three sub-environments namely; technical, human and organizational environments. (Opperman, 2002) Technical environment comprises tools, equipment, infra-structure and other technical elements; the human environment comprises peers, and colleagues with whom employees relate, team and work group, interactions, the leadership and management, while organizational environment, on the other hand, includes systems, procedures, practices, values and philosophies (Opperman, 2002). The current study used work environment constructs of safety and health, tools and equipment, relations with
coworkers and, reward and recognition. The justification for using these constructs was due to the fact that safety and health, tools and equipment in essence encompass all the technical aspects of technical environment. Relations with coworkers encompass the human environment, while reward and recognition is an important aspect of organizational environment.

A supportive work environment is a key component in employee satisfaction and well-being at work (Baltes & Heydens-Gahir, 2003). A supportive work environment includes the presence of adequate and appropriate work-family policies and programs, social support from supervisors and co-workers, as well as good interpersonal relations with co-workers (Mesmer-Magnus & Viswesvaran, 2005). Leblebici (2012) indicates that the working environment is perhaps a key root causing employee’s engagement or disengagement. Improving the working environment reduces complaints and absenteeism, while increasing productivity (Roelofsen, 2002). According to Sekar (2011), in the relationship between work, the workplace and the tools of work, workplace becomes an integral part of work itself and that the management that dictates how to maximize employee productivity centres on personal motivation and the infrastructure of the work environment. Haynes (2008b) explains that the behavioural office environment that has the greatest impact on office productivity is interaction.

Workplace environment factors such as lighting, noise, communication and psychological support are said to have significant impacts on employee morale which may affect their work productivity (Boyce, Veith, Newsham, Myer & Hunter, 2013). Besides, incompatible workplace environment including poorly designed workstations, unsuitable office furniture, lack of ventilation and insufficient safety measures are also contributors of occupational diseases. Ettner & Grzywacs (2001) demonstrate that workplace environment factors have a significant impact on one’s job. Similarly, Shikdar, and Sawaqed, (2003) note that there exists a relationship between work environment and workers’ job outcomes. Furthermore, Naharuddin and Sadegi (2013) claim that an employee’s job performance level depend on workplace environment factors. Thus, when the workplace environment is inappropriate, employee productivity and performance will also decrease.
The physical aspects of a workplace environment can have a direct impact on the productivity, health and safety, comfort, concentration, job satisfaction and morale of the people in an organization. Accordingly, Chandrasekar (2011) notes that the principles of management dictate that, to maximize employee productivity, the focus should be on personal motivation and the infrastructure of the work environment. Sarode and Shirsath (2014) agree that building design and age, workplace layout, workstation set-up, furniture and equipment design and quality, space, temperature, ventilation, lighting, noise, vibration, radiation and air quality are important factors in the work environment that should be considered. The constructs on work environment in this study are safety and health aspects, working tools and equipment, relations with co-workers and reward and recognition.

2.3.6.1 Safety and Health Aspects

Safety and Health aspects refer to issues that are concerned with employee welfare, which have been separately identified as significant areas of welfare provision. Cascio (1986) defines safety hazards as those aspects of the work environment that have the potential of immediate and sometimes violent harm to an employee. Such hazards include loss of hearing, eye sight, or body parts, cuts, sprains, bruises, broken bones, burns and electric shock. Health hazards are those aspects of the work environment that slowly and cumulatively (and often irreversibly) lead to deterioration of an employee’s health; for example: cancer, poisoning and respiratory diseases.

Katsuro, Gadzirayi, Taruwona and Mupararano (2010) report that some workers experience back, neck, leg or arm pain discomfort due to positioning of the workstation. But there is however recognition that safer and healthier workplaces translate into increased productivity, more job satisfaction and stronger bottom-line results. According to Brandt-Rauf (2001), the four factors that explain the link between productivity and the employees’ overall health and safety are the need for more innovative ways to reduce the high rates of workplace injury and illness; the pressure to reduce the social and economic costs of injury and illness, particularly compensation costs; the need to improve labour productivity without employees needing to work longer hours and or taking on more work; and the need to offer good working conditions as an enticement to recruit and retain skilled workers in a tight labour market.
According to Oxenburgh, Marlow, and Oxenbur (2004), the health and safety of all employees is closely linked to the company’s productivity in all workplaces. Health and Safety Executive, (2006) add that it is difficult to demonstrate conclusively the extent to which business prosperity benefits from good health and safety or on the contrary, to say that prosperous businesses have good health and safety because they are able to afford it. However, based on available evidence, the Occupational Health and Safety Reports argue that there is clearly a vicious circle because a healthy and happy workforce is more productive, leading to increased investment in health and safety to reduce accidents, which in turn leads to further productivity gains. Health and Safety Executive (2006) further explains that genuine productivity gains can be realized by those businesses that invest in high performance health and safety practices.

A good working environment lead to a better fit between work space and employees and result in improved behaviour and stress related emotions. Work life balance, motivation level, psychological conditions, social dialogue, management and leadership coherence, and transparency develop a good working environment, and a good working environment leads to increased organizational productivity (Goudswaard, Dhondt, Vergeer, Oeij, & Leede, 2012). Similarly, Yassin, Ali and Adan (2013) predict that the productivity of employees will increase by keeping working conditions and working environment up to certain threshold level noting that productivity may also subsequently decrease if work load increases above a certain threshold level. Haynes (2008b), in a study of the working environment, reports that the behavioural components have a bigger impact than the physical components. He further notes that in the environment where the level of interaction is high, creativity and transfer of transactional knowledge is supported.

An employee is one of the most important assets in an organization. Thus, for organizations that want to achieve a competitive advantage, employee satisfaction, productivity, and well-being are of essence (Brill, Weidemann, & Associates, 2001). Studies have indicated that aspects of the physical environment such as office location, office layout and comfort, have an effect on both job satisfaction and employee productivity (Haynes, 2008b). Similarly, in a study by Lee and Brand (2005), it has been revealed that more personal control over the physical workspace and easy access to meeting places leads to higher perceived group cohesiveness and job satisfaction.
2.3.6.2 Working Tools and Equipment

Working tools and equipment refer to a device or implement used to carry out a certain function. Working tools and equipment also include Personal Protective Equipment (PPE) which refers to all equipment including clothing affording protection against the weather which is intended to be worn or held by a person at work to protect him against one or more risks to his health and safety. PPE includes equipment such as safety footwear, hard hats, high visibility waistcoats, goggles, life jackets, respirators and safety harnesses. Workers’ use of PPE is affected by socio-demographic, behavioural and work environment factors (Jaiswal, 2012).

According to Yesufu (1984), the nature of the physical condition under which employees work is important to their output, such that offices and factories that are too hot and poorly ventilated are debilitating to effort. Stouten, Baillien, Van Den Broeck, Camps, De Witte, and Euwema (2010) have emphasized the working conditions of workplace as qualitative characteristics of the work environment. Bornstein (2007) states that, in organizations where employees are exposed to stressful working conditions, productivity is negatively influenced and that there is a negative impact on the delivery of service. On the other hand, if working conditions are good, productivity increases and there is a positive impact on the delivery of service. The third construct of work environment is relations with coworkers.  

2.3.6.3 Relations with Co-workers

Workplace relationship refers to any relationship involving a co-worker, such as supervisor-subordinate, peer, or mentoring relationships (Sias, 2004). In work teams, two focal exchange relationships for each individual are those with supervisors and team members (Liao, Liu, & Loi, 2010). The modern organizations have diversity among their employees and leadership plays an important role in dealing with the diverse mix of employees (Sparks, Faragher, & Cooper, 2001). According to Shibru (2011), the transformational leadership style plays a role in ensuring that followers relate well with each other, thus increasing their satisfaction levels.
Stoetzer (2010) states that the work environment is a multifactorial aspect of people’s lives that affects health both in a positive and negative way and interpersonal relationship is one of the imperative mechanisms of the work environment which are associated with occupational stress. Within organizations, there are at least two potential concentrations for the interpersonal relationship: the superior-subordinate and the co-workers relationship. Interpersonal relationships at work constitute the regular interaction among individuals working together in the same organization and are a natural part of the work environment (Patricia, 2015). A study by Hassan, Toylan, Semerciöz and Aksel (2012) reveals that trust-building interpersonal relationships between managers and workers positively leads to high productivity and organizational commitment in all the organizations, whether public or private. These findings have been corroborated by Semerciöz, Hassan and Aldemyr (2011) who have investigated the influence of interpersonal and institutional relationship on innovativeness where innovation may not be possible without commitment to work. Further, Landy and Conte (2010) recommend that having sufficient social support from management, family and friends mitigates the negative effects of stress.

Workplace interpersonal relationship is an important aspect that impacts on employee productivity. Patricia (2015) notes that interpersonal relationships are a natural part of the work environment while, Stoetzer (2010) states that the work environment is a multifactorial aspect of people’s life that affects health both in a positive and negative way. Kyko (2005) indicates that workplace relations encompass office politicking, level of cooperation among workers, back stabbing, empire building, rumour mongering, alienation, trust or mistrust, and even sabotage. Interpersonal relationships may be that of superior - subordinate and co-worker relations (Oludeyi, 2015). A study on the trust level of employees at work towards their supervisors and co-workers and its relationship with affective job commitment among staff indicates a significant relationship and explains a significant variance in the affective commitment of a supervisor. Aghdasi, Kiamanesh, and Ebrahim (2011) confirm that employees with strong affective commitment to the organization perform better than those with lower levels of commitment.

2.3.6.4 Reward and Recognition

Reward refers to a formal, impartial, and equitable exchange which is the material or financial expression of appreciation that is conditional on results, while recognition refers
to a relationship between two or more people and is a return on an employee's effort and dedication at work, as well as his or her results (Baskar and Rajkumar, 2015). Rewards and recognition are used either to reward an employee for eliciting desired behaviour or recognize an employee for exemplary results (Ndungu, 2017).

Sarvadi, (2010) advises that an organization’s reward system should focus on compensation, benefits, recognition and appreciation, where benefits such as car loans, medical covers, club membership, ample office space, parking slots and company cars are ways of rewarding employees. Chandrasekar (2011) notes that rewards to employees may consist of a mix of internal rewards such as challenging assignments and external rewards. They may also include higher compensation and peer recognition. Recognition and appreciation are other integral components of a winning strategic reward system, which help employees to gauge their performance and know whether they are doing well or not (Sarvadi, 2010). A good reward system that focuses on rewarding employees and their teams will serve as a driving force for employees to have higher performances hence end up accomplishing the organizational goals and objectives (Nanja, Maina, Kibet, & Njagi, 2013).

A study by Ali & Ahmed (2009) on the impact of reward and recognition programs on employee motivation and satisfaction reveals a positive and significant effect of reward and recognition on employee motivation and satisfaction. Similarly Duberg & Mollen (2010) note that salary is an important aspect in the reward system; however, other incentives like bonuses and shares are seen to generate an enjoyable work place which in turn motivates employees to be more efficient. However, Nanja et al. (2013) in their study on effect of the reward system on employee performance conclude that cash bonuses have no significant effects on employee performance.

2.4 Empirical Literature Review
This section reviews literature based on the research questions.

2.4.1 Effect of Idealized Influence on Employee Performance
In this section, the study reviews literature related to idealized influence and employee performance. The idealized influence constructs are role model, ethical behaviour,
trustworthiness and respect, while employee performance constructs are job satisfaction, extra effort, work effectiveness and commitment.

Bass and Riggio (2006) note that transformational leaders are admired, respected, and trusted whereby their subordinates identify them with charismatic personality and are attracted to emulate them. Besides, these leaders are recognized by their followers as having extraordinary capabilities, persistence, and determination. Idealized leadership, at its core, represents the highest levels of moral reasoning and perspective-taking capacity; whereby they set high standards for work conduct and are a role model for those standards.

A study carried out to examine the causal relationships among transformational leadership, organizational commitment, and employee effectiveness by Srithongrung (2011) targeted state public employees. The study used path analysis to understand the direct and indirect effects of four transformational leadership components, three organizational commitment types, and two employee effectiveness types. The findings confirmed that idealization influence directly enhances employees’ extra-role behaviours and indirectly enhances extra-role behaviour through internalization commitment. The findings indicated that when the leader and the subordinate have the same beliefs and the leader acts as a role model for the organization, the subordinates are willing to exert extra effort to accomplish organizational tasks because they feel that the interest of the organization and theirs are the same. The current study has used regression analysis to reveal the impact of idealized influence on employee performance.

In their study of 304 junior and team leader level employees working in a software company in Vietnam, Ha and Nguyen (2014) conducted a descriptive study on the influence of leadership behaviours on employee performance in the context of software companies in Vietnam. The study revealed that idealized influence had a significant and positive influence on individual job performance. This study was conducted among junior and team leader level employees in a software company, while the current study has focused on top level management in regulatory corporations in Kenya to find the effect of idealized influence on employee performance.
In a descriptive study on the influence of the transformational leadership style on organizational performance in three banks operating in Jordan, Orabi (2016) established that idealized influence behaviour of a leader was not a contributing factor in the variance in organizational performance. The variance in organizational performance under study was effectiveness and efficiency. A Modified MLQ Questionnaire was used to collect data from 213 employees. Data was analysed using multiple regression with a significance level of $p < 0.05$. The study findings contradicted findings by Caillier (2014), who had established that idealized influence involves the ability of leaders to inspire followers to align personal and organizational goals to achieve positive outcomes simultaneously. Similarly Chen (2004) suggested that idealized influence has a positive influence on employee commitment and job satisfaction. These contradicting views in literature require a broader examination on idealized influence and performance outcomes, which the current study will put focus on.

In an empirical study on transformational leadership style in enhancing lecturers’ job satisfaction, Sadeghi and Pihie (2013) targeted heads of departments of leading research universities in Malaysia. The research adopted a quantitative method of data collection. The findings indicated that among the transformational leadership’s constructs, inspirational motivation and idealized influence received the highest mean scores. The study revealed that the heads of departments are leaders who fairly often talk about important values in organization and focus on attractive and worthwhile visions and the ethical aspects of their activities as values are very important for them. This finding supported findings by Zaidatol, Sdeghi, & Habibah, (2011) who conducted an analysis of heads of departments’ leadership style in relation to employee performance in a Malaysia University.

Sundi (2013) conducted an exploratory study on the effect of transformational leadership on employee performance. The sample size was 126 employees. The findings indicated that the idealized influence dimension of the leadership caused improved performance of individual employees due to direct communication from subordinates to superiors who emphasized ethical values and morals at work. Similarly, the leadership was certain to succeed in carrying out duties and functions by considering the consequences of the morality and ethics of every decision made. However, this study was conducted in an
educational setting, it remained to be seen whether these findings may be replicated in regulatory state corporations.

A correlational cross sectional survey conducted by Tetteh and Brenyah (2016) in the mobile telecommunication sector of Ghana sought to investigate leadership styles and their impact on employee job satisfaction. A closed ended questionnaire was used to collect data from a sample size of 400 respondents from selected branches of the various mobile telecommunication companies in Accra, Ghana. The study findings established significant and positive relationships between idealized influence and the perceptions individuals have about the work they do in the organisation. The findings were consistent with Bass (1998), who proposed that leaders who formulate clear goals and inspire followers to achieve these goals will enhance followers’ satisfaction of their jobs and the organisation within which they work. The study sought to investigate the effects of the dimensions of leadership styles on job satisfaction components such as intrinsic satisfaction and extrinsic satisfaction. The current study sought to investigate the effect of idealized influence on employee performance, where by the constructs of employee performance under study were job satisfaction, work effectiveness, extra effort and commitment.

In a study carried out to examine the relationship between dimensions of transformational leadership and employee motivation among 128 employees from five public sector organizations in Libya, Almintisir, Akeel and Subramaniam (2013) found no significant relationship between idealized influence and employee motivation. Motivation refers to the resolution to achieve a goal, marked by goal directed behaviour, thus motivation indeed has a momentous effect on employee performance (Nabi, Islam, Mahady & Al Hossain, 2017). Similarly, performance is a function of motivation and ability (Idris, Troena, Noermijati, Rohman & Newcombe, 2014). The researchers concluded that the lack of a significant relationship could be due to the fact that public sector organizations are bureaucratic organizations and the managers in these organizations are not perceived as being able to exude great charisma and personal vision as they are answerable to their superiors. The current study has focused on regulatory state corporations, which are in the public sector. Therefore it remains to find out whether these findings would be replicated in the Kenyan context.
In Nigeria, Fasola, Adeyemi, Olowe (2013) investigated the relationship between transformational, transactional leadership style and their dimensions on the organizational commitment among bank employees in Ibadan. The study focused on 10 banks in Ibadan where a random sampling of 80 employees formed the sample size. Questionnaires were used to collect data and correlation coefficient and multiple regressions were used to analyse data. The study findings revealed that there is a positive relationship between transformational, and organizational commitment. More specifically, the findings revealed that idealized influence had a positive, high and significant relationship with organizational commitment. The current study sought to find the effect of idealized influence on employee performance, where commitment is one of the constructs of employee performance.

A study was conducted by Kirui, Iravo and Kanali (2015) on role of transformational leadership in effective organizational performance in state-owned banks in the Rift Valley, Kenya. The study used both primary and secondary means of collecting data by employing both qualitative and quantitative approaches. The findings of the role of idealized influence on organizational performance indicated that top management invested in gaining employee trust, confidence, and respect and showed conviction and group identity when dealing with employee issues, such that employee performance increased. The findings deduced that idealized influence played some role in effective organizational performance. This is in line with findings of the study by Almatrooshi, Singh and Farouk (2016) which revealed that leadership style and employee performance are determinants of the overall organizational performance.

Datche (2015) conducted an empirical study of the influence of transformational leadership on organizational performance of state corporations in Kenya. The study used questionnaires to collect primary data from Human Resource officers at the level manager, supervisor or non-managerial staff, and secondary data from books, journals, organizational reports and websites. The units of analysis were 123 state corporations, with a sample size of 90 state corporations which was arrived at by stratified random sampling among the eight functional state corporations. The study findings revealed that idealized influence was negatively related to employee engagement and organizational performance in the state corporations. This current study has used questionnaires to
collect primary data from top management of 21 regulatory state corporations and it remains to be seen whether the findings will be replicated.

Koech and Namusonge (2012) conducted an empirical study on the effects of leadership styles on organizational performance at state-owned corporations in Kenya. It specifically sought to determine the impact of the laissez-faire, transactional and transformational leadership styles on organizational performance at state-owned corporations in Kenya. A descriptive survey research based on the perceptions of middle and senior managers in thirty (30) state-owned corporations based in Mombasa, Kenya was undertaken. The study revealed that the laissez-faire leadership style did not have a significant relationship on organizational performance; transactional leadership dimensions of Contingent Reward and Active Management by Exception had a medium positive correlation with organizational performance; while all the variables of transformational leadership had a strong positive relationship with organizational performance. The current study has been done in Nairobi, Kenya.

Datche and Mukulu (2015) sought to establish the effects of transformational leadership on employee engagement in the civil service in Kenya. Survey data was collected from 252 civil servants from 18 top performing state corporations. The findings revealed that although the transformational leadership style was positively related to employee engagement, idealized influence was negatively related to employee engagement. The study observed that the negative relation of idealized influence to employee engagement could have been as a result of the employees not perceiving the leadership as instilling a sense of pride in them by being associated with them or making personal sacrifices for the benefit of others. Verman (2015) also revealed that idealized influence attributes leadership style of school principals had negative significant predictive relationship with teachers’ job satisfaction which contradicted the result of a previous study by Shurbagi (2015), which found a positive and significant relationship between transformational leadership style, job satisfaction and organizational commitment.

Ogola, Sikalieh and Linge (2017a) sought to investigate the influence of idealized influence leadership behaviour on employee performance in Small and Medium Enterprises in Kenya. The study adopted a quantitative research method with a sample size comprised of 226 management team of the top 100 SMEs of 2014 in Kenya, as
identified by KPMG. A structured questionnaire was used to collect the quantitative data. The study findings revealed that the Idealized Influence leadership behaviour and employee performance in SMEs in Kenya had a strong positive and significant relationship. The study concluded that if a leader inculcated trust in employees, practiced high ethical values, acted as a role model to the employees and encouraged them to take risks then the employees’ work outcomes would be positively affected and hence high performance levels. The current study has sought to investigate the effect of idealized influence leadership behaviour on employee performance in regulatory state corporations. The study has focused on role modelling, ethical behaviour, trustworthiness and gain of respect as the constructs of idealized influence. Based on the empirical analysis transformational leadership has a positive effect on employee performance.

2.4.2 Effect of Inspirational Motivation on Employee Performance

Inspirational motivation refers to the way leaders motivate and inspire their followers to reach ambitious goals and view the future with optimism. Inspirational motivation is an aspect seen in leaders when they act in ways that cause employees to perform better by instilling a sense of meaning in their work (Avolio & Bass, 2004). The study reviews studies on the effect of inspirational motivation on employee performance. The inspirational motivation dimension of transformational leaders helps in creating better relationships with the followers, which motivate the employees for better performance (Dubinsky Yammarino, & Jolson, 1995). Similarly, the motivational behaviour of leaders also inspires the followers to achieve the organizational goals (Stewart, 2006).

Brown and Arendt’s (2011) study on front desk supervisors’ transformational leadership dimensions and employees’ performance targeting employees from 34 hotels in Midwestern State in Iowa, USA used a sample size of 136 supervisors and 102 subordinates. Questionnaires were used to collect data while the Pearson correlation coefficient was used to determine the relationship between transformational leadership dimensions and employee performance outcomes. Regression analysis was used to determine the significant relationship between the study variables. The study findings revealed that there was no significant relationship between inspirational motivation and employee performance. The study was done among employees in a hotel setting in a limited geographical area in a developed country. The current study seeks to establish the effect of inspirational motivation and employee performance of regulatory state
corporations in Kenya, a developing country. It remains to be seen whether similar results may be replicated in the Kenyan context.

A study by Srithongrung (2011) investigated the structural relationships among transformational leadership practices, organizational commitment, and employee effectiveness among 173 full time career employees in Nebraska, USA. Path analysis was used to understand the direct and indirect effects of four transformational leadership components, three organizational commitment types, and two employee effectiveness types. The study revealed that inspirational motivation had both a direct and indirect effect on extra-role behaviours. The indirect effect was mediated through internalization commitment. The findings noted that when supervisors challenged their subordinates to improve their work results but at the same time cultivated emotional and technical support, teamwork, and optimism, the subordinates tended to get attached to their organizations, and thus were willing to perform extra work because the interest of the organization and their interests were the same. The current study used a descriptive correlational study design to investigate the effect of inspirational motivation on employee performance.

A study was carried out to examine the mediating role played by employee positive moods on transformational leadership and employee work outcomes in 10 insurance companies in Taiwan, by Tsai, Chen and Cheng (2009). Data was collected longitudinally from 282 employees and their immediate supervisors using MLQ questionnaire. A descriptive correlation analysis design was used to analyse the data. The results showed that the correlations for all of the sub-dimensions of transformational leadership and employee task performance were positive. The findings of this study also indicate that the behaviour of transformational leaders may improve employees’ positive moods by idealized influence, inspirational motivation, intellectual stimulation, and individual consideration. Although positive associations have been demonstrated between inspirational motivation and employee task performance in insurance companies in Taiwan, it is still worthy of further investigation in Kenya, which the current study has focused on.

A study conducted by Ha and Nguyen (2014) on the influence of leadership behaviours on employee performance in the context of software companies in Vietnam revealed that
inspirational motivation did not have a significant influence on employee performance. The findings of this study are not consistent with prior studies that concluded that inspirational motivation had a positive and significant influence on job outcomes in Malaysian Government linked companies (Amirul & Daud 2012). Li and Hung (2009) likewise found a positive relationship between inspirational motivation and job performance in elementary schools in Taiwan. However, Ha and Nguyen (2014) explained that the behaviours in inspirational motivation such as talking optimistically about the future or articulating a compelling vision of the future were meaningful when they were delivered by senior managers, noting that the respondents in this study were at the junior and team leader level, thus evaluating their direct supervisors. The researchers also took note of the fact that although the study did not take statistics about job hopping rate among respondents, they acknowledged that the job hopping rate was high among software companies in Vietnam; thus the workers may not have cared about the compelling vision or optimistic future given by their direct supervisors.

An empirical study on the relationship between transformational leadership and employee satisfaction at Jordanian private hospitals by Mohammad, AL-Zeaud and Batayneh (2011) targeted 200 registered nurses at private hospitals located in Amman, the capital city of Jordan. The key variables were the idealized influence, inspirational motivation, intellectual stimulation and individual consideration. The result of the study showed a statistically significant positive relationship between inspirational motivation and job satisfaction. Mohammad et al. (2011), concluded that leaders should focus on being inspirationally motivating by looking toward the future with optimism, articulating a vision of future, displaying confident behaviour as well as providing autonomy for one’s work, since these characteristics were found to be related to job satisfaction. The results of this study is consistent with Avolio and Bass, (1988), Conger and Kanungo (1988) and Chen (2004) who revealed that there was a positive relationship between transformational leadership and job satisfaction. This study was done among nurses in private hospitals in Jordan, the current study is done in regulatory state corporations in Kenya.

Empirical findings by Sundi (2013) revealed that inspirational motivation had a positive influence on employee performance. The study also pointed out that the inspirational motivation dimensions indicated that the employees were eager to carry out the tasks because the leader had the ability to arouse enthusiasm of subordinates thus generating
trust from the subordinates, consequently the leader had the ability to convey important organizational goals to subordinates. Similar, findings by Fasola et al. (2013) who investigated the relationship between the transformational leadership style and their dimensions on the organizational commitment using a multifactor leadership questionnaire (MLQ) and organizational commitment questionnaire (OCQ) in Nigeria, revealed that inspirational motivation had a positive and significant relationship with organizational commitment.

A descriptive study by Obiwuru, Okwu, Akpa, Nwankwere, and Idowu (2011) investigated the effects of leadership style on organizational performance in SMEs in Nigeria. Questionnaires were used to collected data from a sample size of 15 respondents. Multiple regression analysis was used to analyse the data. The study findings indicated that inspirational motivation had a negative and insignificant effect on performance - an indication that the traits were weak in explaining variations in employee performance of SMEs under study. The findings of this study are contrary to findings by Ogola (2016) whose study on effect of transformational leadership style on performance of top 100 SMEs in Kenya revealed a positive and significant relationship between inspirational motivation and performance.

Umu and Umeh (2014) undertook a quantitative correlation study on the relationship between leadership styles and job satisfaction and performance in the Central Bank of Nigeria. A sample size of 85 participants, from a target population of 400 customer relationship officers, was used for the study. The choice of customer relationship officers rather than the entire bank employee base was for time and convenience. As noted by Sheb and Nguyen (2009), the appropriateness of the quantitative correlation research design lies in the application and use of variables to determine relationships, eliminate subjectivity, minimize the waste of time, and facilitate evaluation and options in the decision-making process. The study revealed a positive relationship between inspirational motivation attributes of transformational leadership and customer relationship officers’ job satisfaction in the bank.

In Kenya, a study conducted by Kirui, Iravo, and Kanali (2015) on role of transformational leadership in effective organizational performance in state-owned banks in Rift Valley, Kenya used both primary and secondary means of collecting data by
employing both qualitative and quantitative approaches with a target population of 137 employees. A questionnaire was used as the instrument for data collection while analysis involved both descriptive and inferential statistics. The study findings revealed a positive and significant relationship between inspirational motivation and organizational performance. The study thus concluded that top managers should energize employees to increase employee optimism. Similarly Datche (2015) in her study of the influence of transformational leadership and organizational performance of state corporations in Kenya revealed a moderate relationship between inspirational motivation of the supervisor on both employee engagement and organizational performance.

2.4.3 Effect of Intellectual Stimulation on Employee Performance

Bass (1985) referred to intellectual stimulation as the way a leader questions the status quo and appeals to the intelligence of followers to prompt them to question their own ideas, thus motivating innovative and creative decision-making. Consequently, followers are encouraged to challenge the status quo and question old assumptions, reformulate problems, fulfil their intellectual curiosity, and use unlimited imagination, causing followers to focus on the task itself rather than on the threats of the external work environment. Hence, these followers are likely to use unconventional approaches to think about problems and generate novel ideas, and work towards high levels of creativity (Bass 1985). Confirming this view, Hater and Bass (1988) argued that the transformational leader through intellectual stimulation arouses followers to think in new ways and emphasizes problem solving skills and the use of reasoning prior to taking action.

Srithongrung (2011) revealed that intellectual stimulation, which focuses on the opportunity for personal growth and chances to learn new things in the career path, positively enhanced exchange commitment, which eventually increased employees’ desire to be loyal and stay in their organization. Further findings indicated that intellectual stimulation did not directly or indirectly affect extra-role behaviour which was an employee’s involvement in his or her organization based on the employee’s goals, values, and beliefs that were congruent with those of the organization. However, findings of a study on the influence of transformational leadership style on organizational performance in three banks operating in Jordan Orabi (2016) revealed that intellectual stimulation had
a positive influence on organizational performance. Similarly Snell, Yi and Chak, (2013) confirmed that intellectual stimulation had been extensively noted as an independent variable impacting organizational performance.

A descriptive correlation study by Hobman, Jackson, Jimmieson and Martin (2011) on the effects of transformational leadership behaviours on follower outcomes among 149 healthcare employees and 40 supervisors in Australia reported that intellectual stimulation was positively associated with leader identification. The findings supported Kark and Shamir, (2002) views that intellectual stimulation was another form of leadership considered to be crucial in follower’s identification with the leader. Furthermore the study also revealed that supportive leadership was positively associated with follower outcomes such as job satisfaction and supervisor-rated performance, whereby the follower outcomes were mediated through leader identification. The study was conducted among health employees in Australia. However, this study will target top management in regulatory state corporations in Kenya.

An empirical study by Fauji and Utami (2013) was carried out to determine whether intellectual stimulation could influence innovation mediated by knowledge sharing, and whether innovation could improve a firm’s performance of SMEs in Tegal, Indonesia. Utilizing the purposive sampling technique, the study used a sample of 56 heads of small and medium-sized enterprises (SMEs) engaged in the metal and machinery industries in Tegal which had a total population of 296 SMEs. The inferential statistics revealed that intellectual stimulation had a positive and significant impact on experiential sharing and explicit knowledge sharing. The study further indicated the importance of support from the top management in ensuring that there was willingness of knowledge sharing activities with colleagues. The findings of this study corroborated previous study by Coad and Berry (1988) and Chen and Barnes (2007) which revealed that intellectual stimulation had an explicit positive and significant effect on product innovation.

Gumusluoglu and Ilsev (2009) investigated the impact of transformational leadership both on followers' creativity at the individual level and on innovation at the organizational level. Data was collected using questionnaires from 163 employees and their leaders in 43 Turkish entrepreneurial software development companies. The findings suggested that transformational leadership has important effects on creativity at both the individual and
organizational levels. At the individual level, the results of hierarchical linear modelling showed that there was a positive relationship between transformational leadership and employees' creativity. In addition, transformational leadership influenced employees' creativity through psychological empowerment. At the organizational level, the results of regression analysis revealed that transformational leadership positively associated with organizational innovation. Creativity and innovation were constructs of intellectual stimulation (Jung et al., 2003). The current study has focused on creativity and innovation as one of the constructs of intellectual stimulation.

A study conducted by Jaiswal and Dhar (2016) sought to determine how employee creativity could be nurtured through transformational leadership with creative self-efficacy moderating the relation. The study was conducted among 424 customer contact employees and their immediate supervisors in tourist hotels in the state of Uttrakhand, India. Multifactor leadership questionnaire was used to collect data from respondents. The questionnaire included four items for each behavioural component of idealized influence, inspirational motivation, intellectual stimulation and individual consideration. The study findings revealed that an employee’s perception about his or her leader’s transformational way of leading and beliefs about his/her ability to perform creatively influenced his or her creative performance. The study confirmed that transformational leaders provided necessary resources through intellectual stimulation. These findings confirmed previous studies by Wang et al. (2014) which revealed that transformational leaders promoted creativity among their subordinates; and Gupta, Singh, Kumar, and Bhattacharya (2012), who found positive relationship between transformational leadership and subordinates’ creativity.

An empirical research by Hanaysha, Khalid, Mat, Sarassina, Bin Ab Rahman, Ahmad and Bin Zakaria (2012) sought to explore the effect of transformational leadership characteristics on followers’ job satisfaction in three universities located in Kedah and Perlis, Malaysia. The study adopted a descriptive research design and only sought the feedback of 320 administrative and clerical staff involved in graduate and postgraduate affairs, thus did not incorporate the views of all the stakeholders in the universities. The study revealed a positive and significant relationship between intellectual stimulation and job satisfaction, while the relationship between individual consideration and job satisfaction was negatively significant. The findings of this study are consistent with
previous studies conducted by Emery and Barker (2007) who targeted customer contact personnel in the food and banking sector and Lee, Cheng, Yeung and Lai (2011) who targeted operations staff in a retail bank in China. The current study has utilized objective measures in establishing the relationship between the transformational leadership style and employee performance and has sought the feedback of top management staff.

Yasin, Nawab, Bhatti, and Nazir (2014) sought to investigate the relationship of intellectual stimulation, innovations and SMEs performance and to investigate the relationship of innovations to the SMEs performance in Hattar (Haripur) industrial area of SMEs in Pakistan. Data was collected by the use of a structured questionnaire from 50 SMEs with a sample size of 350 employees. Data was analysed using descriptive and regression analysis. The findings revealed a positive relation between intellectual stimulation and SMEs performance, positive relation between the intellectual stimulation and innovations and positive relations between innovations and SMEs performance. The study focused on only one dimension of the transformational leadership of intellectual stimulation, while the current study has focused on all the transformational leadership dimensions in relation to employee performance, with work environment as a moderating variable in the relationship.

An empirical study on the effect of transformational leadership characteristics on followers’ job satisfaction by Hanaysha, Khalid, Mat, Sarassina, Bin Ab Rahman & Bin Zakaria, (2012) targeted administrative and clerical staff involved in graduate and post graduate affairs in three universities located in Kedas and Perlis, Malaysia. The research adopted a descriptive research design, whereby questionnaires were used to collected data from a sample of 97 members of staff. The study findings revealed a positive relationship between intellectual stimulation and job satisfaction. The findings corroborated the findings of a study by Mohammad, Al-Zeaud and Batayneh (2011) on the relationship between transformational leadership and employee satisfaction in Jordanian private hospitals.

Sundi (2013) noted that the intellectual stimulation dimension of a transformational leader and employees work was based on rationality and creativity because leaders have the ability to develop rationality and creativity in work of subordinates. Similarly, subordinates and the leader cooperate to resolve problems encountered. Thus intellectual
stimulation has a positive effect on employee work. The study concluded that there was a positive and significant effect of transformational leadership on employee performance. The study finding corroborates the views of Garcia-Morales, Martia-Reche and Hurtado-Torres (2008) who viewed intellectual stimulation as a leader’s behaviours that promote intelligence, knowledge and learning of employees, so that the employees are more innovative in solving problems and finding solutions to these problems in the course of their work.

Indrayanto, Burgess and Dayaram (2014) also noted that intellectual stimulation was that aspect of a transformational leader that stimulated subordinates’ creativity and innovation to solve problems and find solutions. Consequently, followers would be challenged to find new ways of doing their jobs and to question whether they were in line with the goals of the organization (Nielsen & Cleal, 2011). Thus, the followers were stimulated to achieve high levels of creativity. Jung et al. (2003) argued that due to the fact that many aspects of leadership behaviour could be learned or modified, findings in their study on the role of transformational leadership in enhancing organizational innovation suggest that organizations can improve their innovativeness by helping managers to develop and display transformational leadership behaviours through training and mentoring processes. Previous studies have indicated that intellectual stimulation is one element of transformational leadership that has a positive and significant impact on experiential sharing, explicit knowledge sharing and performance outcomes. (Coad & Berry, 1998; Fauji & Mira, 2013).

A study conducted by Loon, Lim, Lee, and Tam (2012) confirmed that the intellectual stimulation aspect of transformational leadership may be measured by supervising the work of employees according to the standards and directing employees to look at problems from different viewpoints; directing employees to solve problems from different perspectives and; directing employees or followers to find out new ways in finishing a job. Thus, Fauji and Mira (2013) recognized that product innovation and firm performance innovation as significant motivating factors for companies to create value and sustain competitive advantage in an increasingly complex and rapidly changing external environment. Morales, Montes and Jover, (2007) ascertained that organizations that embrace innovation have the ability to adapt to market change, having shorter decision chains and faster flexibility.
An empirical study on the influence of intellectual simulation of judicial officers on staff performance by Ayacko, K’Aol and Linge (2017) targeted 770 judicial staff in the Kenyan judiciary. Descriptive correlation research design was used and the result revealed that intellectual stimulation of judicial officers did influence the performance of judicial staff in Kenya. The measurement parameters of intellectual stimulation in the study were creativity, innovation and inquisitive on the part of staff to know more. The study concluded that all the measurement parameters of intellectual stimulation had a positive and significant influence on performance of judicial staff in Kenya. The measurement parameters in the current study include the leader empowering and allowing independence of staff, arousing awareness, creativity and innovativeness and the population under study was the regulatory state corporations in Kenya.

Similarly, Calantone, Cavusgil, and Zhao (2002) gave an indication that organizations with the greater appetite towards innovation will be more successful in responding to consumer needs, such that new capabilities will be developed to achieve better performance and superior benefits. Zhu, Chew and Spangler (2005), in their study on the connection between the transformational leadership style and organizational performance in 170 companies in Singapore, revealed that a positive relationship existed between the transformational leadership and the organizational performance. They further demonstrated that effective human resources management arbitrates the relationship between leadership and performance through increased commitment, higher motivation and intellectual motivation. Hancott (2005) ascertained that intellectual stimulation does indeed improve employee performance. However of contrary view was Ndwig a and Ngaithe (2016), who found that intellectual stimulation did not have any significant effect on organizational performance. Similarly, a study conducted by Suifan and Al-Janini (2017) to examine the relationship between transformational leadership dimensions and employees’ creativity in the Jordanian banking sector, revealed that intellectual stimulation did not have a significant relationship with employee creativity. Employee performance is an aspect of organizational performance and the current study seeks to find the effect of intellectual stimulation on employee performance in regulatory state corporations in Kenya.
Previous studies have also established a relationship between intellectual motivation and employee performance. Stamatia (2007) revealed that when project managers influenced team members’ intrinsic motivation through the use of intellectually stimulating behaviours, team members’ perceptions of their project were positively associated with intrinsic motivation. Similarly, Shin & Zhou (2003), suggested that the intellectual stimulation behaviour of a transformational leader on intrinsic motivation of team members leads to positive project outcomes including task performance, organizational citizenship behaviours (Piccolo & Colquitt, 2006), and follower creativity (Shin and Zhou, 2003). An empirical study by Ogola, Sikalieh, and Linge (2017c) on the influence of intellectual stimulation leadership behaviour on employee performance in Small and Medium Enterprises in Kenya, revealed that intellectual stimulation leadership behaviour and Employee Performance in SMEs in Kenya had a strong positive and significant correlation and a positive and significant relationship. The study thus concluded that better employee performance is achieved when a leader encourages employees to think critically in dealing with problems that they encounter in the course of their work as they use their own initiative and seek innovative methods to approach their work and assignments.

Koech and Namusonge (2012), in their study on the effect of leadership styles on performance of state corporations in Kenya, indicated that transformational leaders achieve the greatest performance from subordinates to raise their capabilities for success and develop their innovative problem solving skills. They further confirmed that all transformational leadership behaviours have a strong positive correlation with employee performance. Ndege (2014), in her study on the effect of transformational leadership on result based management in Kenya’s civil service, revealed that the level of employee participation in decision making and the level of employee intellectual stimulation in government departments were moderate. Similarly, Obiwuru et al. (2011) revealed a positive but insignificant effect of intellectual stimulation on employee performance. Consequently, the study implied that employees in government departments did not seem to understand their roles clearly, making it difficult for them to know what was to be achieved.
2.4.4 Effect of Individualized Consideration on Employee Performance

Individual consideration refers to a leaders’ ability to act as a coach or mentor for subordinates by giving attention to each individual’s need for achievement and growth, in the hope that subordinates can reach their potential (Indrayanto et al., 2014). Murphy and Drodge (2004) felt that leaders who are able to act wisely in terms of inspiring vision and providing clear direction and provide support in giving individualized consideration to their subordinates are more likely to build employee commitment to perform effectively. Individualized consideration means that transformational leaders provide challenges and learning opportunities and, through coaching, encourage the development of appropriate workplace behaviour (Sarros & Santora, 2001). Individualized consideration places considerable emphasis on developmental processes of subordinates (Bass, 1997).

In the UK, a study of the measurement of transformational leadership and its relationship with team cohesion and performance level of Frisbee players was conducted by Callow and Smith (2009). Data was collected using the MLQ questionnaire from 309 players. A descriptive correlation design was used to analyse the data. The study findings revealed that individual consideration is positively related to task cohesion of the players and that the effect was more significant among the high performance group, than the low performance group. This finding confirmed the view that when athletes become more experienced, they prefer and require more social support (Gould, Dieffenbach, & Moffett, 2002). The study findings supported previous research by Holt and Dunn (2006) which demonstrated that focus on the individual is the key for high team cohesion. The study recommended that future research should explore the development of a mechanism to help leaders provide a focus on the individual in a manner that influences task cohesion. This study was conducted among sports people; however the current study is done among top management employees of regulatory corporations in Kenya.

A study on the effects of transformational leadership behaviours on follower outcomes among healthcare employees by Hobman, Jackson, Jimmieson and Martin (2011) highlighted the role of individualized forms of leadership and leader identification in enhancing follower outcomes. In particular, the results indicated that behaviours which are more individualized and supportive are associated with enhanced job performance and job satisfaction. They argued that in a healthcare organization, the individualized forms of leader behaviours were more influential on employees in terms of their sense of identity,
satisfaction, and performance. However, a study by Van Knippenberg & Hogg (2003) which examined group identification as a moderator of the effects of leadership suggested that as followers define themselves more in collective or social terms, and as the group-related aspects of leadership become more important the more the individualized and interpersonal aspects of leadership become less influential.

Hobman et al. (2011) took note of the fact that although their study findings suggested that individualized leadership behaviours were more important than group-focused behaviours, they emphasized that the findings should be considered in light of the context of the organization. The current study was conducted within the health sector, so the findings may be of special relevance to leaders who work in a healthcare environment, where emphasis is placed on the need to take care of others, and to be considerate of the welfare and well-being of others. Likewise, individualized behaviours are more important within a fairly stable, unchanging organizational environment where the roles of individuals and performance targets are clearly defined, and where there is little pressure to increase profit (Hobman et al., 2011). The current study was conducted among civil servants in regulatory state corporations in Kenya, where the functional focus is on supervising, licensing and regulating other sectors within the country.

A study conducted by Nguyen and Nguyen (2014) on the influence of leadership behaviours on employee performance in the context of software companies in Vietnam revealed a significant and positive relationship between individualized consideration and individual job performance. They attributed this relationship to the fact that individuals working in software companies are always put under high pressure; hence, the individualized consideration behaviours like being an active listener or encouraging a two way exchange of views will make the followers motivated for extra effort. Furthermore, followers working in the software companies could be considered as knowledge workers so their demands of knowledge are always high; individualized consideration with such behaviours like coaching, promoting self-development will consequently make the followers satisfied with their jobs; once the followers are satisfied with their job, the job performance will improve accordingly. These results are in line with Amirul and Daud (2012), Firestone (2010), Li and Hung (2009) who revealed that individualized consideration had positive and significant influences on employee performance.
A study by Verma (2015) undertook to determine the relationship between leadership styles of principals and job satisfaction of teachers and lecturers who were working in multicultural educational organizations in the UAE. The sample size was 300 teachers and lecturers working in different schools, college and institutes situated in different emirates of the UAE. Questionnaires were used to collect data. Descriptive statistics, Pearson Correlation and Multiple Regression Analysis were employed to analyse the data. The findings of the study revealed that there was significant influence of transformational leadership styles of principals on the job satisfaction of teachers. The individualized consideration factor of transformational leadership style showed positive significant predictive relationship with job satisfaction of teaching faculties. The findings of this study were partly consistent with prior research conducted by Webb (2003) and Mason (1998) which found that attributed charisma and individual consideration were significant positive predictors of a follower’s job satisfaction in an educational setting in USA. On the contrary, a study by Mohammad, AL-Zeaud & Batayneh, (2011) on the relationship between transformational leadership and employee satisfaction in Jordanian private hospitals, revealed that individualized consideration was negatively related to job satisfaction.

A study of the impact of transformational leadership style on employee job satisfaction was conducted by Long, Yusof, Kowang and Heng (2014). They argued that attaining employee job satisfaction was crucial for the retention of productive and efficient employees. The study was conducted in a government linked company in Malaysia. The unit of analysis was 378 employees from 6 different departments in the company. This study revealed that out of the transformational leadership dimensions namely idealized influence, intellectual stimulation, inspirational motivation and individualized consideration, only individualized consideration had a positive and significant relationship with job satisfaction. However, this finding does not support several previous studies.

A study conducted by Bodla, and Nawaz, (2010) on the relationship between transformational leadership and employee job satisfaction among faculty members in higher education institutes in Punjab, India, indicated that individualized consideration had no significant relationship with employee satisfaction, whereas all the other transformational leadership dimensions had positive and significant relationships.
Similarly, Mohammad et al. (2011) studying the relationship between transformational leadership and employee satisfaction at Jordanian private hospitals corroborated findings of Bodla and Nawaz (2010) and Hanaysha et al. (2012) who revealed that individualized consideration was negatively related to job satisfaction. The contradicting study findings call for a study on the effect of transformational leadership dimensions in Africa and more specifically Kenya, which the current study has focused on.

Metwally, El-bishbishy and Nawar (2014) undertook a quantitative study of the effect of the transformational leadership style on job satisfaction in a multinational company in Egypt that deals with food, beverages and personal care products. The unit of analysis was 200 employees from three different departments. The study findings showed that individualized consideration had a positive relationship with overall job satisfaction indicating that, by adopting individualized consideration, leaders will have satisfied staff and if staff are satisfied with their jobs, they will perform better leading to organizational success.

An empirical research finding by Sundi (2013) indicated that for the individualized consideration dimension, the leader has the ability to foster confidence in subordinates as an intact person, and the presence of leader's ability provides individual attention and support to achievement. In addition, leader also shows ability to appreciate the difference in individual and rewarding. Given that the transformational leader gives followers discretion to satisfy their developmental needs and to act accordingly, followers are likely in turn to devote more time to their work due to enhanced feelings of discretion and provision of enriched opportunities to test work capabilities.

Sandbakken (2006), in his study of leadership practices and organizational performance in Norway, revealed that transformational leadership had a strong positive relationship with organizational performance. The study revealed a positive and significant influence in the relationship between individualized consideration and employee performance outcomes. The study further suggested that the Norwegian leadership style puts more emphasis on what the leader can do for the individual than what the leaders do to the followers and that they frequently exercise their influence to mobilize and unite in shared aspirations, further noting that this leadership practice is the relatively most important contributor of organizational performance. From a knowledge management perspective,
Bryant (2003) noted that when the leader exhibits individualized consideration behaviour, the followers are encouraged to share new knowledge to the whole organization. This view is supported by Crawford (2005) who affirms that all behaviours of transformational leadership have positive relationships with knowledge management behaviours in an organization. The result of enhancing organizational performance is an improvement of individual job performance (Lai, 2013).

A study was conducted by Suifan and Al-Janini (2017) to examine the relationship between transformational leadership dimensions and employee creativity in the Jordanian banking sector. Data was collected through a questionnaire from 369 employees in different banks in Jordan. Multiple regressions were used to analyse the data. The findings showed that there was a positive relationship between individualized influence and employee creativity. This study was in the banking sector in Jordan. The current study is in the regulatory state corporations in Kenya, and it remains to be seen whether similar results would be replicated in the Kenyan context.

Al Zefeti (2017) conducted a descriptive study on the influence of transformational leadership behaviours on work performance in the context of Omani governmental organizations in Malaysia. A sample of 335 employees who responded in this study were middle level managers. Questionnaires were used to collect primary data. Contextual and task performance were used to measure employee work performance. Task performance refers to job-specific behaviours including core job responsibilities (Motowidlo & Schmit, 1999). Contextual performance refers to non-job specific behaviours such as volunteering for extra work, following rules and regulations (Motowidlo & Schmit, 1999). The findings revealed that individualized consideration and setting high performance expectation had a significant impact on contextual performance. It further revealed that individualized support had a significant impact on task performance.

A study conducted by Tetteh and Brenyah (2016) investigated the impact of organizational leadership styles on employee performance in the telecommunication sector in Ghana. Data was collected using questionnaires from 400 employees of the telecommunication sector. Multiple regression analysis revealed that the three dimensions of transformational leadership style namely; individualized consideration, inspirational motivation and intellectual stimulation had positive and significant relationships with
extrinsic satisfaction. The study concluded that leadership was a significant predictor of job satisfaction. Other studies by Fasola, Adeyemi and Olewe (2013) confirmed that individualized consideration had positive, high and significant relationships with organizational commitment, recommending that managers should positively reward the employees with praise or recognition when they perform at or above expectations while negative rewarding approach should be used in the form of correction, coercion, criticism, and other forms of punishment, when performance is below the expected standard.

Ndege (2014), in her study on the effect of transformational leadership on result based management in Kenya’s Civil service, indicated that the level of results based management in the government ministries; the level of individualized consideration, coaching and mentoring; and the level of employee understanding of performance expectation in the government departments was low. Consequently, the study implied that there was need for supervisors to focus on coaching and mentoring individuals under their charge for results based management to be achieved in government ministries. Datche and Mukulu (2015) in their study on the effects of transformational leadership on employee engagement which surveyed civil service in Kenya revealed that individualized concern was positively related to employee engagement and was significant. This implied that an increase in each of these transformational attributes in managers in civil service would lead to improved levels of employee engagement in organizations, which was good for achieving organizational goals. It remains to be seen whether similar findings will be revealed in the current study. Ngaithe, K’Aol, Lewa, and Ndwiga (2016) revealed that individualized consideration was strongly correlated with staff performance and significantly predicted staff performance. The constructs for individualized consideration leader in the study were diversity and occupational stress management. The current study has addressed individualized consideration constructs such as consideration for individual needs, coaching, mentoring and communication.

Juma and Ndisya (2016) undertook a case study of the influence of transformational leadership on employee performance at Safaricom Limited, in Kenya. The proportionate stratified random sampling technique was used to get a sample size of 109 respondents of management and junior level staff. A structured questionnaire was used for data collection. The study adopted both a descriptive and correlational research design and the findings indicated negative correlation and statistically significant relationships between
individualized consideration and employee performance. The constructs of individualized consideration on the employee performance were receipt of support to improve on employee’s work; employee’s satisfaction with workplace conflicts settlements; employee’s receipt of help to find meaning in their work; employee’s receipt of support to overcome job challenges; and leadership issuance of job performance feedback. Safaricom Kenya Limited is a listed company in the stock exchange, which strives to make profit. The current study has used a sample of top management in regulatory state corporations which has its focus in service delivery and it remains to be seen whether these findings will be replicated in the current study.

Ndwiga and Ngaithe (2016) undertook a study to investigate the impact of leadership behaviour on organizational performance in the context of customer service sector in 34 commercial state corporations in Kenya. Questionnaires were used to collect data from 170 senior managers. The regression analysis revealed that individualized consideration had a significant and negative effect on organizational performance implying that discouraging individual consideration in a commercially owned enterprise would improve organizational performance.

Ogola, Sikalieh and Linge (2017b) investigated the influence of individualized consideration leadership behaviour on employee performance in SMEs in Kenya. This study targeted the KPMG top 100 SMEs of 2014 in Kenya. A correlational research design was employed to investigate the relationship between the independent variable and the dependent variable. Closed ended questionnaires were used to collect data from a sample size of 226 managers of SMEs under study. Stratified proportionate random sampling techniques were used to obtain a sample of 226 out of a target population of 553 managers. The findings revealed that Individualized Consideration leadership behaviour and employee performance in SMEs in Kenya had a strong positive and significant correlation and a positive and significant relationship. The study concluded that high performance is achieved when the leader recognizes the employees’ efforts, creates confidence, and encourages self-development practices, effective communication as well as mentoring and coaching.
2.4.5 Moderating effect of Work Environment on Transformational Leadership and Employee Performance

The study seeks to establish whether work environment moderates the relationship between transformational leadership and employee performance. The dimensions of work environment are reviewed as follows; safety and health, working tools and equipment, relations with co-workers, and reward and recognition.

2.4.5.1 Effect of Work Environment on Employee Performance

Due to the dynamic environment in which organizations operate, there are changes in the context in which work is performed. The process of globalization, advances in technology, increased competition, work intensification, diversification of the workforce, increased number of women in the workforce, and the blurring of boundaries between work and family are some of the changes that have impacted the work environment (Pitt-Catsouphes, Kossek & Sweet, 2006; Poelmans, Kalliath & Brough, 2008). Subsequently, Kalliath and Kalliath (2012) argued that, since people spend a significant proportion of their lives at work, changes in the work environment can have a profound influence on their health and well-being, and consequentially on job and organizational performance. Therefore, the sustainability of higher levels of employee and organizational performance over time without addressing work-environment issues can be counter-productive (Cartwright & Cooper, 2009; Kalliath, Brough, O’Driscoll, Quick & Tetrick, 2010).

Motivation of employees is an important aspect in enhancing performance outcomes. Thus, working conditions, remuneration and promotions play important roles for the employees’ level of job satisfaction (Mokaya Musau, & Wagoki 2013). Likewise, employee engagement with working environment has an impact on performance level (Ollukkaran & Gunaseelan, 2003). Further, Smrita, Gupta and Dutt (2010) found that the development of a good culture in the organization affects the employees’ level of motivation. Psychosocial factors are elements that impact employees’ psychological responses to work and work conditions, potentially causing psychological health problems. Psychosocial factors include the way work is carried out in terms of deadlines, workload, work methods and the context in which work occurs such as relationships and interactions with managers and supervisors, colleagues and co-workers, and clients or
customers. Consequently, Oseland (2009) noted that people cannot perform to their maximum potential if basic psychological needs such as comfort, safety, security, and sense of belonging are not met. Fostering a work culture that is mindful of the importance of work-life balance, employee growth and development, health and safety, and employee engagement can be the key to achieving sustainable employee well-being and organizational performance (Grawitch, Gottschalk and Munz, 2006).

A study was conducted by Raziq and Maulabakhsha (2015) to investigate impact of working environment on employee job satisfaction among 210 employees of educational institutes, banking sector and telecommunication industry operating in the city of Quetta, Pakistan. The main aim of selecting employees from various fields was to get an opinion from a diverse group of people so that the results can be generalized on the vast group of population. The study focused on work environment aspects such as working hours, job safety and security, relationship with co-workers, esteem needs and top management. The findings of the study revealed a significant and positive relationship between work environment and job satisfaction implying that employees are concerned about the work environment. This study was carried out in an educational setting, banking and telecommunication sector in Pakistan and did not investigate the moderating effect of work environment which this study does. Further, the current study however has focused on safety and health, working tools and equipment, relations with co-workers, rewards and recognition. Furthermore, the context of study is in the regulatory state corporations in Kenya.

A study on the mediating effects of the work environment on the relationship between Big Five personality dimensions and employee performance and commitment in the United States, conducted by Westerman and Simmons (2007) gathered data from 115 organizations in the west of United States of America. The findings indicated that goal-oriented work environments fully mediated the significant direct relationships between the Big Five factor of conscientiousness on employee performance and extraversion on employee commitment. These findings suggested that work environment may play a predominant role in employee performance and commitment. This study looked at work environment moderating between the Big Five personality dimensions and employee performance in the USA, which is a developed economy. However the current study has looked at the moderating effect of work environment on the relationship between
transformational leadership style and employee performance of regulatory staff in Kenya which is a developing country.

A study by Kim-Soon, Ahmad, and Ahmad (2014) investigated the moderating effects of work environment on motivation to learn perceived training transfer in Banks in Malaysia. The study findings revealed that work environment factors moderate the relationship between motivations to learn and perceived training transfer. The study focused on work environment factors, such as supervisor’s support, supervisor’s sanction, peer’s support and opportunity to practice in Malaysian banks. However, this study has looked at safety and health, working tools and equipment, relations with co-workers and, rewards and recognition, as having a moderating effect between the transformational leadership style and employee performance in regulatory state corporations in Kenya.

A study to investigate the influence of transformational leadership and work environment on employee performance was carried out among 215 employees from the manufacturing sector in Pakistan by Imran, Fatima, Zaheer, Yousaf, and Batool, (2012). The study further sought to explore the role of the work environment as a mediator between transformational leadership and employee performance. The study revealed that transformational leadership had a significant and positive relationship with employee performance. The findings corroborated previous empirical findings by Khan, Rehman and Yousuf (2009) in Pakistan and Schaubroeck, Lam and Cha (2007) who collected data from both Hong Kong and the United States of America. Further, the mediating role of work environment in the relationship between transformational leadership and employee performance was partially supported, meaning that transformational leadership is directly as well as indirectly related to employee performance. The findings are similar to previous studies that indicate that the effect of transformational leadership on performance may be through some contextual factors such as knowledge management (Gowen, Henagan, & McFadden, 2009) and culture which is an important component of the work environment, and was found to influence performance (Ogbonna & Harris, 2000). These studies have focused on culture as an aspect of the work environment.

Jayaweera (2015) sought to investigate the mediating role of work motivation on the relationship between work environmental factors and job performance among 254 workers in twenty five chain hotels in Bristol, England. The study findings indicated a
positive and significant relationship between work environmental factors and job performance and that work motivation mediates the relationship between working conditions and job performance. The findings also revealed a significant relationship between work motivation and job performance of the hotel workers, pointing to the importance of working conditions and work motivation in explaining positive job performance of hotel workers in the framework of work environmental conditions and job performance. The results of this study are consistent with a previous study by Naharuddin and Sadegi (2013) which revealed an association between work environment and job performance in Malaysia. This study was carried out in a hotel setting and did not investigate the moderating effect of work environment between transformational leadership style and employee performance in regulatory state corporations which the current study investigated.

An empirical study by Yusuf and Metiboba (2012) investigated the relationship between work environment and job attitude among 120 employees in a service-oriented work organization in Nigeria. The study revealed a significant relationship between work environment and job attitude. The study further revealed that the work environment that was socially and physically challenging led to employee negative behaviours such as absenteeism, low commitment and apathy. Consequently, concluding that in view of the importance of work environmental factors to positive job attitude, it is important to consider the introduction of financial incentives, closer communication and positive leadership styles by management in work organizations. Similarly, Akinyele (2007) concurred that a conducive work environment ensures the welfare of employees which invariably enables them to exert themselves to their roles with all vigour that may translate to higher productivity. The study investigated the relationship between work environment and job attitude, however the current study investigated the moderating effect of work environment on transformational leadership and employee performance in regulatory state corporations in Kenya.

According to a study by Mohda, Shaha, and Zailan (2016) on how work environment affects employee engagement among 250 employees in a telecommunication company in Kuala Lampur, Malaysia, which adopted a descriptive research design with semi structured questionnaire to collect data, the research found that factors such as rewards, work environment and work life balance influence employee engagement. The study
concluded that work environment has a greater impact on employee engagement and thus work environment does not only need to be conducive but also needs to be free for employees to contribute their effort towards the organization, which will result in employees feeling committed and passionate towards the organization. The study focused on the effect of rewards, work environment and work life balance on employee engagement. The current study has centred on establishing the moderating effect of work environment on the relationship between transformational leadership style and employee performance.

Chandra and Priyono (2015) studied the influence of leadership styles, work environment and job satisfaction of employees on performance in schools in Surabaya, Indonesia. The target population was 45 people and the findings revealed that leadership style, work environment and job satisfaction influenced performance significantly. This study was carried out in school settings and sought to investigate the impact of leadership style, work environment and job satisfaction on performance, whereas the current study sought to investigate the moderating effect of work environment on transformational leadership and employee performance.

Leblebici (2012) sought to determine the impact of workplace quality on employee productivity by conducting a case study on 50 employees of a bank in Turkey. The study focused on dimensions of workplace environment such as physical and behavioural components observed in relation with the supervisors, fair treatment and communication within the bank. The study used both primary and secondary data and revealed that the workplace environment affects employee performance but behavioural workplace environment has greater effect on employees’ performance. This study was a case study of a particular bank in Turkey and used both primary and secondary data. However, the current study is a descriptive correlation research design and has used primary data to establish the moderating effect of work environment on the relationship between transformational leadership style and employee performance. Similar studies by Awan and Tahir (2015) in banks and insurance companies in Pakistan revealed that supervisor support, relation with co-workers, training and development, attractive and fast incentives and recognition plans, adequate work load at work place are helpful in developing a working environment that has positive impact on employee’s level of productivity in the organizations.
According to a study done by Ajala (2012) on the influence of workplace environment on workers’ welfare, performance and productivity in government parastatals of the Ondo state of Nigeria; which adopted a descriptive research design with a structured questionnaire used to collect data among 350 respondents. The research found that workplace features and good communication network at workplace have effects on worker’s welfare, health, morale, efficiency, and productivity. The study concluded that industrial social workers should work with management to create a conducive workplace environment and good communication network that will attract, keep, and motivate its workforce. This study was carried out in parastatals in Nigeria and did not investigate the moderating effect of work environment, which the current study investigated. However, both these studies are done in Africa and have focused on state owned enterprises.

Gitahi, Waiganjo, and Koima (2015) sought to study the effect of workplace environment on the performance of bank employees in Nakuru Town, Kenya. More specifically the study sought to establish the extent to which physical workplace factors, psychosocial factors and the work life balance factors affect performance of bank employees. The population of study was 736 non managerial staff from which a sample of 173 respondents was drawn for the study. The study findings revealed that the physical aspects did not have a significant effect on employee performance while the psychosocial and work life balance factors had a significant effect on employee performance. The results therefore indicated that psychosocial aspects exhibited the strongest association with employee performance while physical and psychosocial aspects were moderate. The findings of this study were similar to a study by Leblebici (2012) done in a bank in Turkey.

Kiruja and Kabare (2013) studied the effect of work environment on employee performance in the Public Middle Level Technical, Industrial, Vocational and Entrepreneurship Training (TIVET) Institutions in Kenya and adopted a descriptive research design with a sample size of 315 targeting administrators, heads of department, teaching staff and non-teaching staff. The study used interviews and structured questionnaires to collect data and revealed that there was a significant relationship between work environment and employee performance. The study observed that the distribution of working tools and materials was done poorly in a majority of the
institutions and the safety and health of employees in the workplace had not been adequately addressed. The findings implied that some institutions are in urgent need of improvement of the working conditions in order to provide a better working environment for employees to perform better. The study recommended that for employees to be able to work better, it is the duty of leaders to provide them with working tools and a good working environment. The study did not address work environment as a moderating variable but as an independent variable, which this study has addressed.

A study by Mcguire and Mclaren (2007) revealed that working environment has a strong impact on employee wellbeing and develops interaction, collaboration and innovation and increases job satisfaction. Further, McGuire and McLaren (2009) identified a strong positive link between the physical environment and employee commitment. Similarly, Windlinger (2008) opined that the perceived physical work environment and the experiences in work environments play an important role for job satisfaction and individual work performance. Bakotic and Babić (2013) confirmed previous studies, noting that employees prefer to work in a working environment that is less risky. However, these studies did not investigate the moderating effect of work environment on transformational leadership and employee performance, which the current study has focussed on.

A study on work environment and job attitude among employees in a Nigerian work organization revealed that job satisfaction is influenced by many factors ranging from financial rewards and non-financial rewards, and that adequate consideration must be given to other rewards that create positive attitudes to workers in order to be satisfied with their job. It noted that a clear reward system to all members of the organization would create a motivating climate (Yusuf & Metiboba, 2012). However, these studies have considered work environment and more specifically reward and the recognition construct as an independent variable, while the current study considered work environment as a moderating variable.

In Kenya, Gitoho, Muchara & Ngugi (2016) sought to examine the influence of leadership styles on employee job satisfaction of firms listed in the Nairobi Stock Exchange. Work environment was the moderating variable between leadership style and job satisfaction. A sample size of 400 employees was selected for the study, with 212
employees participating in the survey. Data was collected using a five Likert scale questionnaire. Descriptive correlation analysis was used to analyse the data. The study findings revealed that work environment had positive and significant moderating effect on the relationship between leadership styles and employee job satisfaction. This finding confirms previous studies done by Raziq and Maulabakhsha (2015) on the moderating effect of work environment and job satisfaction in Pakistan.

2.5 Chapter Summary

The chapter commenced by reviewing the theory that informs the discussion on transformational leadership and employee performance. The conceptual framework is presented showing the link between the dependent, independent variables and the moderating variable. The next section presents an empirical literature review on transformational leadership dimensions and employee performance and moderating influence of work environment on transformational leadership and employee performance. The next chapter of the study focuses on the research methodology. The research methodology discusses the research philosophy, research design, target population, and sampling design giving justification for choices made and finally the data analysis method.
CHAPTER THREE

3.0 RESEARCH METHODOLOGY

3.1 Introduction
This chapter presents the research methodology employed in the study. The chapter also presents the research philosophy adopted and the justification for adopting the research philosophy and the implications in conducting the research. The chapter further provides information on the research design, the target population, sampling design, data collection methods, research procedures and the data analysis methods, reliability and validity tests as well as the ethical considerations that were observed in the course of the study. Finally, the chapter presents the chapter summary.

3.2 Research Philosophy
Research philosophy is an overarching term linking to a system of beliefs and assumptions about the development of knowledge and the nature of that knowledge in relation to research (Saunders, Lewis, & Thornhill, 2016). The five major philosophical perspectives in research are positivism, realism, interpretivism, postmodernism and pragmatism (Saunders et al., 2016). Positivism is regarded as a research strategy and approach that is rooted in the ontological principle and doctrine that truth and reality are free and independent of the viewer and observer (Aliyu, Bello, Kasim, & Martin, 2014).

Interpretivism is the epistemological position that advocates for the necessity to understand differences between humans in their roles as social actors, (Saunders et al., 2016). Interpretivists are concerned with understanding the subjective world of the human experience (Cohen, Manion, & Morrison, 2000). Human behaviours cannot be explained by merely implementing methods of natural sciences. Rather, as part of our consciousness and due to our interaction with the world in which we live, behaviours can be understood by researchers only via those who perform them and the context in which they occur (Assalahi, 2015). Thus, interpretivist researchers concentrate on qualitative rather than quantitative aspects or relationships (Wallen & Fraenkel, 2001).

Realism emphasizes that what the senses show us as reality is the truth and that objects have an existence independent of the human mind (Saunders et al., 2016). Realism is a research philosophy sharing the principles of positivism and interpretivism (Blumberg, Cooper, & Schindler, 2008). More specifically, realism accepts the existence of reality
independent of human beliefs and behaviour. However, it also concedes that understanding people and their behaviour requires acknowledgement of the subjectivity inherent to humans. In the realists view, there are social processes and forces beyond the control of humans, which affect their beliefs and behaviour (Saunders et al., 2016). The main objective of realism is to go beyond a description of relationships and to discover how such relationships came to being. Realists believe and are convinced that the social world has to be understood in its totality. That is to say, all parts of the social world are affected by the other parts. In conclusion, Livesey (2011) proposes the use of focus groups or in-depth interviews to collect reliable and valid data for a study, in accordance with the realism paradigm.

Postmodernism emphasizes the role of language and power relations that seek to question accepted ways of thinking and give voice to alternative marginalized views, and pragmatism is a position that argues that the most important determinant of the research philosophy adopted is the research questions, arguing that it is possible to work within both positivist and interpretivist positions (Saunders et al., 2016). The foundation of pragmatism is that the meaning and truth of any thought or idea is determined somehow by criteria of practical usefulness, in other words, that the value of an idea or proposition is to be found in the practical consequences of accepting it (Hannes, & Lockwood, 2011). The pragmatism research philosophy accepts concepts to be relevant only if they support action. Pragmatics recognize that there are many different ways of interpreting the world and undertaking research, that no single point of view can ever give the entire picture and that there may be multiple realities (Saunders et al., 2016).

Positivism is self-governing, independent and proposes the objective existence of truth (Venkatesh, 2007). Similarly, Ryan and Julia (2007) note that the methodologies frequently used by positivist investigators and researchers embrace confirmatory analysis, nomothetic experiments, quantitative analysis, laboratory experiments and deduction. While, Aliyu et al. (2014) was of the view that a positivist investigator has an idea or notion that the universe or world conforms to permanent and unchanging laws and rules of causation and happenings, there exists an intricacy and complexity that could be overcomed by reductionism; and with the intention of asserting an importance and emphasis on impartiality, measurement, objectivity and repeatability.
Positivists contend that phenomena should be isolated and that observations should be repeatable. This often involves manipulation of reality with variations in only a single independent variable so as to identify regularities in, and to form relationships between, some of the constituent elements of the social world. Furthermore, the positivist research philosophy approach supports the clear distinction between fact and value judgment. Thus, positivist researchers seek objectivity and use consistently rational and logical approaches to research (Carson, Gilmore, Perry, & Gronhaug, 2001). Accordingly, being objective is an essential aspect of competent study. The positivist approach to research requires that the research is undertaken, as far as possible, in a value-free way. The researchers claim to be external to the process of data collection in the sense that there is little that can be done to alter the substance of the data collected. The researcher is independent of and neither affects nor is affected by the subject of the research (Remenyi et al., 1998).

Therefore, the positivist research philosophy approach was used in this study to test the research hypotheses because by using positivist research philosophy the intention and belief was to be independent of the research, such that the research was purely objective, with a consistent and logical approach. Independence means that the researcher maintains minimal interaction with research participants when carrying out the research (Wilson, 2010). Further, the positivist philosophy was used due to the fact that the study generalized its research findings (Alavi & Carlson, 1992).

3.3 Research Design
A research design refers to the overall strategy that the researcher chooses to integrate the different components of the study in a coherent and logical way, with an intended purpose of effectively addressing the research problem, and constituting the blueprint for the collection, measurement and analysis of data (Cooper & Schindler, 2014). The essentials of research design are: an activity and time-based plan; a plan based on the research questions; a guide for selecting sources and types of information; a framework for specifying the relationship among the study’s variables and; a procedural outline of every research activity (Cooper & Schindler, 2014). According to Sekaran and Bougie (2013) the, basic aspects of research designs are purpose of study, the types of investigation, the extent of researcher interference, the study setting, the unit of analysis and the time horizon. Thus the choice of research design is based on the problem definition, the
research objectives, the extent of rigor desired and cost and time considerations (Sekaran & Bougie, 2013). The different types of research designs are descriptive, correlational or analytical and experimental (Mugenda, 2008).

The descriptive research design is concerned with finding out who, what, where, when or how much (Cooper & Schindler, 2014). Descriptive studies are limited to geographic scope and help to generate hypotheses as opposed to testing them, and the typical statistics used are measures of dispersion, central tendency and measures of associations (Mugenda, 2008). The descriptive research design helps to understand the characteristics of a group in a situation of interest, aids in thinking systematically about aspects in a given situation, offers ideas for further probing and research, and further helps make certain simple decisions (Sekaran, 2006). Similarly, Schutt (2009) further argued that a descriptive research is appropriate when the research objective is intended to describe the social phenomenon of interest; determining the proportion of the population that behaves in certain ways; and to make certain predictions on the basis of the findings.

Correlation design is basically concerned with assessing relationships among variables and is based on the premise that if a statistically significant relationship exists between two variables then it is possible to predict one variable using information available on another variable (Mugenda, 2008). The correlational study design may be a longitudinal study or a survey study which entails a case control survey and a cross section survey (Mugenda, 2008). The longitudinal research design is repeated over an extended period, while a cross-sectional research design is carried out once and represents a snapshot at one point. Case studies, on the other hand, place more emphasis on a full contextual analysis of fewer events or conditions and their interrelations (Cooper & Schindler, 2014).

An experimental design is a systematic and scientific approach to research in which the researcher establishes the cause and effect relationships by manipulating variables and conditions, and is a preferred method in the physical and biological sciences because it allows a greater degree of control and manipulation of variables (Mugenda, 2008). The experimental design is also referred to as a causal research design and is concern about how one variable produces changes in another or the effect on one variable by manipulating the other (Cooper & Schindler, 2014).
According to Neuman (2011), research designs may either have a qualitative orientation or a quantitative orientation, where the difference may originate in the nature of the data itself, and qualitative research strategies may use soft data such as words, sentences, photos and data collection techniques such as interviews, while quantitative research strategies may use hard data in the form of numbers and rely more on positivist principles and use a language of variables and hypotheses. According to Cooper and Schindler (2014), a quantitative research attempts a precise measurement of something and that in business research, quantitative methodologies usually measure consumer behaviour, knowledge, opinions or attitudes which answers questions related to how much, how often, how many, when and who. Furthermore, Creswell (2008) was in support of quantitative research due to the fact that it involves the collection of data so that information can be quantified and subjected to statistical treatment in order to support or refute alternate knowledge claims. Williams (2007) further noted that a descriptive research approach is a basic research method that examines the situation, as it exists in its current state and involves identification of attributes of a particular phenomenon based on an observational basis, or the exploration of correlation between two or more phenomena.

Therefore, this research study adopted a descriptive correlational research design to describe the relationship between the transformational leadership style, which is the independent variable and employee performance outcomes, which is the dependent variable, of regulatory state corporations in Kenya. Work environment was the moderating variable. The study also adopted a quantitative orientation. Leedy and Ormrod (2001) explained that quantitative research is specific in its surveying and experimentation, as it builds upon existing theories. Quantitative research creates meaning through objectivity uncovered in the collected data.

The justification of adopting a descriptive research is that it is structured and provides an accurate and valid representation of the factors or variables that are relevant to the research question. Descriptive research presents data in a meaningful form to help understand the characteristics of a group in a given situation, think systematically about aspects in a given situation and offer ideas for further probe (Sekaran & Bougie, 2013). The descriptive research provides the foundation upon which the correlational studies emerge. The correlational research design was used because it was concerned with examining the relationship between or among the variables under study and measuring
the degree of association between the study variables. The correlation was also adopted because it was able to measure how one variable varies in relation to another, and to determine the strength of the relationship and whether the variations were positive or negative.

3.4 Target Population

Target population refers to those people, events, or records that contain the desired information for the study that determine whether a sample or a census should be selected (Cooper & Schindler, 2014). Thus, the target population is the entire aggregation of respondents that meet the designated set of criteria (Burns & Grove, 1997) and are defined in terms of elements, geographical boundaries, and time (Sekaran & Bougie, 2013). According to the State Corporation Advisory Committee (SCAC, 2016), there are 21 regulatory state corporations. The responsibility of the regulatory state corporations is to license and monitor the activities of the licensees to enforce compliance with license terms and conditions as stipulated in law, development of a sub-sector, regulation of production and prices and marketing by the private sector (Mwaura, 2007). The target population for this study comprises 195 top level managers in the 21 regulatory state corporations in Nairobi, Kenya in the year 2017. The population for this study encompasses the top level managers (procurement manager, IT manager, human resource manager, marketing manager, finance manager, administrative manager) in the 21 regulatory state corporations.

3.5 Sampling Design

Sampling design is a means of selecting primary units for data collection and analysis which are appropriate for a specific research question (Handwerker, 2005). The sampling design is that part of the research plan that dictates how cases are to be selected for observation (Cooper & Schindler, 2014). In this study, the sampling design covers sampling frame, sampling techniques and sample size.

3.5.1 Sampling Frame

A sampling frame is a directory or index of cases from which a sample can be selected (Mugenda & Mugenda, 2003). Similarly, Saunders et al. (2016) defined sampling frame as a complete list of all the cases in the population, from which a probability sample is drawn. The selection of a sample from a defined target population requires the
construction of a sampling frame. The sampling frame is commonly prepared in the form of a physical list of population elements and thus a well-constructed sampling frame allows the researcher to focus on the defined target population without the need to worry about contamination of the listing with incorrect entries or entries which represent elements associated with the excluded population (Ross, 2005). The sampling frame for this study is the 21 regulatory state corporations in Nairobi, Kenya in the year 2017 as per the State Corporations Advisory Committee of Kenya (SCAC, 2016). The regulatory state corporations regulate different sectors in Kenya, such as the energy sector, tourism, agricultural sector, civil aviation, transport, water services, education, export processing, and national irrigation, maritime and dairy sector. The units of observation are the top level managers (procurement manager, IT manager, human resource manager, marketing manager, finance manager, operations manager and administrative manager). Table 3.1 below has enlisted the 21 state corporations in Kenya, indicating the number of top level managers in each regulatory state corporation, all of which total 195. The list of 21 regulatory state corporations was obtained from SCAC, 2016 (Appendix 3).

**Table 3.1: Sample Frame**

<table>
<thead>
<tr>
<th>REGULATORY STATE CORPORATIONS</th>
<th>POPULATION SIZE</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Capital Markets Authority</td>
<td>10</td>
</tr>
<tr>
<td>2. Commission for University Education (CUE)</td>
<td>14</td>
</tr>
<tr>
<td>3. Communications Commission of Kenya (CCK)</td>
<td>12</td>
</tr>
<tr>
<td>4. Energy Regulatory Commission (ERC)</td>
<td>8</td>
</tr>
<tr>
<td>5. Kenya National Accreditation Service</td>
<td>8</td>
</tr>
<tr>
<td>7. Kenya Leather Council</td>
<td>6</td>
</tr>
<tr>
<td>8. National Biosafety Authority</td>
<td>8</td>
</tr>
<tr>
<td>9. National Construction Authority</td>
<td>17</td>
</tr>
<tr>
<td>10. Public Procurement Oversight Board</td>
<td>7</td>
</tr>
<tr>
<td>11. NACOSTI</td>
<td>18</td>
</tr>
<tr>
<td>12. KARLO</td>
<td>16</td>
</tr>
<tr>
<td>13. Kenya Maritime Authority</td>
<td>8</td>
</tr>
<tr>
<td>14. Agriculture and Food Authority (AFA)</td>
<td>8</td>
</tr>
<tr>
<td>15. Water Resource Regulatory Board</td>
<td>5</td>
</tr>
<tr>
<td>16. Kenya Diary Board</td>
<td>4</td>
</tr>
<tr>
<td>17. Water Services Regulatory Board (WASREB)</td>
<td>10</td>
</tr>
<tr>
<td>18. KASNEB</td>
<td>5</td>
</tr>
<tr>
<td>19. National Environment Management Authority (NEMA)</td>
<td>10</td>
</tr>
<tr>
<td>20. Information &amp; Communication Authority</td>
<td>12</td>
</tr>
<tr>
<td>21. Anti-Doping Agency</td>
<td>8</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>195</strong></td>
</tr>
</tbody>
</table>

*Source: SCAC 2016*
3.5.2 Sampling Techniques

A sampling technique is the identification of the specific process by which the entities of the sample will be selected (Sekaran & Bougie, 2013). The two major types of sampling designs are probability and non-probability sampling (Sekaran & Bougie, 2013). A probability sampling is a controlled randomized procedure that ensures that each population element is given a known non-zero chance of selection and is used to draw participants that are a representative of the target population (Cooper & Schindler, 2014). On the contrary, a non-probability sampling is an arbitrary and subjective procedure in which each population element does not have a known non-zero chance of being included and no attempt is made to generate a statistical representative sample (Cooper & Schindler, 2014).

According to Bougie and Sekaran (2013), probability sampling can either be unrestricted or simple random sampling and restricted or complex probability sampling. The restricted or complex probability sampling methods are systematic sampling, stratified random sampling, cluster sampling, area sampling and double sampling. The systematic sampling is a probability sampling procedure in which the initial sampling point is selected at random and then the cases are selected at regular interval (Saunders et al., 2014). According to Bougie and Sekaran (2013), the problem with systematic sampling design is the probability of systematic bias creeping into the sample. A stratified random sampling is a probability sampling procedure in which the population is divided into two or more relevant strata and a systematic or simple random sample drawn from each stratum (Saunders et al., 2014).

The stratified random sampling may be proportionate stratified random sampling in which the number of sample subjects drawn from each stratum is proportionate to the total number of elements in the respective data, or disproportionate stratified random sampling in which the number of sample subjects chosen from the various strata is not directly proportionate to the total number of elements in the respective strata (Bougie & Sekaran, 2013). A cluster sampling involves dividing the population into subgroups and then drawing a sample from each subgroup, while area sampling is a cluster sampling technique applied to a population with well-defined political or natural boundaries; and population is divided into homogeneous clusters from which a single stage or multistage
is drawn (Saunders et al., 2016). Double sampling is a procedure for selecting a sub sample from a sample.

The study adopted proportionate stratified random sampling because it involves stratifying the elements along meaningful levels and taking proportionate samples from the strata (Table 3.2). It also reduces selection bias of the entire population. Stratifying the entire population before applying random sampling methods helps ensure a sample that accurately reflects the population being studied in terms of the criteria used for stratification. Stratification is an efficient research sampling design that provides more information with a given sample size and also ensures homogeneity within each stratum but heterogeneity between strata (Bougie & Sekaran, 2013). Further, stratified random sampling ensures that each subgroup within the population receives proper representation within the sample.

In this study the population was the top level managers in the 21 regulatory state corporations in Nairobi, Kenya. This study adopted a proportionate stratified random sampling to collect data from all the members of senior management of the regulatory state corporations. The use of proportionate stratified random sampling was informed by the fact that, though the 21 regulatory state corporations offer supervisory services to other functional state corporations which focus on different sectors, they regulate the agricultural state corporations, financial state corporations, water and sewerage, information and communication, maritime, tertiary services, tourism sector, health insurance, and maintenance of road network. Consequently, they are heterogeneous units. The units of observation are procurement manager, IT manager, human resource manager, marketing manager, finance manager, operations manager and administrative manager. These personnel members are chosen due to their central role in the management, control and provision of direction towards the achievement of the corporation’s mandate.

3.5.3 Sample Size

A sample size is the number of individuals in a group under study. According to Sekaran and Bougie (2013), factors affecting decisions on the sample size are the research objectives, the extent of precision desired or the confidence interval, the acceptable risk in predicting the level of precision, the amount of variability in the population itself, the cost and time constraints and the size of the population. Saunders et al. (2016) noted that it is
important to calculate the precise minimum sample size required and the calculation is based on the level of confidence in the estimate, the margin of error that can be tolerated and the proportion of responses expected to have some particular attribute.

Sekaran and Bougie (2013) noted that precision is a function of the range of variability in the sampling distribution of the sample mean and the confidence denotes how certain the researcher’s estimates hold true for the population. The level of confidence can range from 0 to 100%, noting that 95% confidence is the conventionally accepted level for most business research and is most commonly expressed by denoting the significance level as $p \leq 0.05$ (Sekaran & Bougie, 2013). This research study sample size was determined by 95% confidence level, and a margin of error (confidence interval) of +/- 5%. To determine the sample size, the study used the sample size determination table by David Van Amburg (Mitchell & Jolly, 2010) as shown in Appendix 4. Consequently, a sample size of 130 was drawn. The sample size was then determined as shown on Table 3.2.

**Table 3.2: Sample Size Distribution**

<table>
<thead>
<tr>
<th>Category of Regulatory State Corporations in Kenya</th>
<th>Number of Senior Management</th>
<th>Sample Proportion (%)</th>
<th>Sample Size</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Capital Markets Authority</td>
<td>10</td>
<td>130/195*10</td>
<td>67</td>
</tr>
<tr>
<td>2. Commission for University Education</td>
<td>14</td>
<td>130/195*14</td>
<td>67</td>
</tr>
<tr>
<td>3. CCK</td>
<td>12</td>
<td>130/195*12</td>
<td>67</td>
</tr>
<tr>
<td>4. ERC</td>
<td>8</td>
<td>130/195*8</td>
<td>67</td>
</tr>
<tr>
<td>5. Kenya National Accreditation Service</td>
<td>8</td>
<td>130/195*8</td>
<td>67</td>
</tr>
<tr>
<td>7. Kenya Leather Council</td>
<td>6</td>
<td>130/195*6</td>
<td>67</td>
</tr>
<tr>
<td>8. National Biosafety Authority</td>
<td>8</td>
<td>130/195*8</td>
<td>67</td>
</tr>
<tr>
<td>9. National Construction Authority</td>
<td>17</td>
<td>130/195*17</td>
<td>67</td>
</tr>
<tr>
<td>10. PPOB</td>
<td>7</td>
<td>130/195*7</td>
<td>67</td>
</tr>
<tr>
<td>11. NACOSTI</td>
<td>18</td>
<td>130/195*18</td>
<td>67</td>
</tr>
<tr>
<td>13. Kenya Maritime Authority</td>
<td>8</td>
<td>130/195*8</td>
<td>67</td>
</tr>
<tr>
<td>14. AFA</td>
<td>8</td>
<td>130/195*8</td>
<td>67</td>
</tr>
<tr>
<td>15. Water Resource Regulatory Board</td>
<td>5</td>
<td>130/195*5</td>
<td>67</td>
</tr>
<tr>
<td>16. Kenya Diary Board</td>
<td>4</td>
<td>130/195*4</td>
<td>67</td>
</tr>
<tr>
<td>17. WASREB</td>
<td>10</td>
<td>130/195*10</td>
<td>67</td>
</tr>
<tr>
<td>18. KASNEB</td>
<td>5</td>
<td>130/195*5</td>
<td>67</td>
</tr>
<tr>
<td>19. NEMA</td>
<td>10</td>
<td>130/195*10</td>
<td>67</td>
</tr>
<tr>
<td>20. Information &amp; Communication Authority</td>
<td>12</td>
<td>130/195*12</td>
<td>67</td>
</tr>
<tr>
<td>21. Anti-Doping Agency</td>
<td>8</td>
<td>130/195*8</td>
<td>67</td>
</tr>
<tr>
<td></td>
<td></td>
<td><strong>195</strong></td>
<td></td>
</tr>
</tbody>
</table>
3.6 Data Collection Method

Data collection method is a systematic way of collecting information about an object of study in the setting in which the objects of study occur (Lawal, 2013). The object of study could be people, objects and phenomena. The various data collection methods are observation, questionnaire, interviews, tests and available information (Gay, Geoffrey, & Peter, 2009). Primary data is usually gathered for research from the actual site of occurrence of events and is best obtained by observing events, people and objects or by administering questionnaires to individuals (Sekaran & Bougie, 2013; Cooper & Schindler, 2014). The primary data was collected by the use of a structured questionnaire.

The structured questionnaire was used because it is easier to administer, since each item is followed by an alternative answer and they are economical in terms of time and money (Mugenda & Mugenda, 2003). In addition, a large amount of information can be collected from a large number of people in a short period of time and in a relatively cost effective manner. Furthermore, the results of the questionnaires can be quickly and easily quantified by either a researcher or through the use of a software package (Ackroyd & Hughes, 1981).

The questionnaire used in this study was a modified Multifactor Leadership Questionnaire (MLQ). The Multifactor Leadership questionnaire (MLQ) 5X –short was developed by Bass and Avolio (1990). The MLQ questionnaire has been modified to suit the study and make it easier for respondents to understand the questions. The questionnaire had three sections. The first section comprised of the demographic information on the respondents, the second section comprised of the transformation leadership dimensions in relation to employee performance and the third section comprised of questions on the work environment and employee performance. A Likert scale was used to capture the data. The questions were based on a Likert scale of 1 to 5, Where 1 denoted strongly disagree, 2 denoted disagree, 3 denoted neutral, 4 denoted agree, while 5 denoted strongly agree. A Likert scale was used because it is the most preferred technique to employ in quantitative research to determine the respondent’s level of agreement or attitudes in regards to particular statements in the questionnaire (Mugenda & Mugenda, 2003).
For purposes of this study, the questionnaire is designed to have respondents establish which items are important to them in assessing transformational leadership. The questionnaire starts with a brief introduction; description of the purpose of the study which includes a confidentiality note. The questionnaire has 2 sections (Appendix II). Section A has six questions that capture the demographic characteristics of the respondents. This section helps to examine position held, age of respondents, gender, years of experience, size of the organization and level of education.

Section B of the questionnaire contains the transformational leadership attributes, employee performance and work environment items. The statements correspond to the components of the transformational leadership style and its influence on employee performance and work environment. The final section C of the questionnaire has questions that measure the moderating effect of the work environment on the relationship between work environment and employee performance. This section contains 8 questions on work environment measured using a 5 point Likert-type statement anchored by 1 (strongly disagree) – 5 (strongly agree).

3.7 Research Procedures
A research procedure is the step by step process of writing a research study. To follow procedure, the researcher sought permission from the Chandaria School of Business before data collection, for an introduction letter for submission to National Commission for Science, Technology and Innovation (NACOSTI). The researcher then applied for a research permit from NACOSTI, after which the researcher embarked on data collection. Research assistant aided in data collection. This involved distributing the questionnaires and picking them upon completion by the respondents.

3.7.1 Pilot Study
A pilot study is a small scale study for a trial collection of data to detect weaknesses in design and instrumentation and provide proxy data for selection of a probability sample (Cooper & Schindler, 2014). A pilot study is done to determine whether potential respondents might have difficulties in understanding or interpreting the data collection instrument (Chan & Chan, 2005). The study may also focus on the acceptability of the length of the questionnaire, validity or soundness of the research conclusions and the
reliability which is the degree to which the results are repeatable (Durrheim & Wassenaar, 2002). Thus feedback from the pilot study helps the researcher make necessary adjustments.

According to Mugenda and Mugenda (2003), a pre-test sample should be between 1% and 10% depending on the sample size. The pilot study was administered to 10% of the sample size to determine whether potential respondents would have difficulties in understanding or interpreting the questionnaire. The pilot study was also intended to uncover any difficulties that may arise from the procedure and elimination of ambiguity, and problems that may arise in recording data. The pilot study data was analysed using the SPSS to ensure that a threshold Cronbach’s alpha of 0.7 was met. The results of the pilot study were used to improve and strengthen the data collection instrument.

### 3.7.2 Reliability of the Instruments

Reliability is the extent to which data collection techniques or analysis procedures yield consistent findings, whereby similar observations would be made or conclusions reached by other researchers or there is transparency in how sense is made from the raw data (Saunders et al., 2014). Reliability of an instrument refers to its ability to produce consistent and stable measures. A reliable measurement consistently assigns the same score to the same phenomena. Similarly, Creswell (2008) referred to reliability as stability or consistency of measurements; that is whether or not the same results would be achieved if the test or measure was applied repeatedly.

The most common reliability coefficient is the Cronbach’s alpha, which estimates internal consistency based on the average inter-item correlation. Cronbach’s alpha reliability coefficient normally ranges between 0 and 1. The closer the value is to 1, the greater the internal consistency of the items (variables) in the scale. Thus, a reliability of the instrument was tested using the Cronbach’s alpha and reliability test of 0.7 Crobach Alpha was accepted. This means 70% variance in the scores is reliable variance and 30% is error variance, this is appropriate because in research, there is need for good reliability, good consistency and an error variance that is lower, all other things equal.
3.7.2.1 Reliability Test Results

The study conducted a reliability test for all construct of transformational leadership, work environment and employee performance. The study established that idealized influence had a Cronbach’s alpha of 0.893, inspirational motivation had a Cronbach’s alpha of 0.843, intellectual stimulation had a Cronbach’s alpha of 0.880, and individualized consideration had a Cronbach’s alpha of 0.782, Work environment had a Cronbach’s alpha of 0.769. The result showed that all values of Cronbach’s alpha were greater than 0.7. These results suggested that the constructs were reliable. The results are presented in table 3.3.

Table 3.3: Cronbach’s alpha for Transformational Leadership

<table>
<thead>
<tr>
<th>Transformational leadership Constructs</th>
<th>Cronbach’s alpha</th>
<th>Number of Items</th>
</tr>
</thead>
<tbody>
<tr>
<td>Idealized Influence</td>
<td>.893</td>
<td>4</td>
</tr>
<tr>
<td>Effect of idealized influence on employee performance</td>
<td>.902</td>
<td>4</td>
</tr>
<tr>
<td>Inspirational motivation</td>
<td>.843</td>
<td>4</td>
</tr>
<tr>
<td>Effect of inspirational motivation on employee performance</td>
<td>.797</td>
<td>4</td>
</tr>
<tr>
<td>Intellectual Stimulation</td>
<td>.880</td>
<td>4</td>
</tr>
<tr>
<td>Effect of intellectual stimulation on employee performance</td>
<td>.886</td>
<td>4</td>
</tr>
<tr>
<td>Individualized consideration</td>
<td>.782</td>
<td>4</td>
</tr>
<tr>
<td>Effect of individualized consideration on employee performance</td>
<td>.759</td>
<td>4</td>
</tr>
<tr>
<td>Work environment</td>
<td>.769</td>
<td>4</td>
</tr>
<tr>
<td>Effect of work environment on employee performance</td>
<td>.805</td>
<td>4</td>
</tr>
<tr>
<td><strong>Overall Cronbach’s Alpha Pilot Test Results</strong></td>
<td><strong>.832</strong></td>
<td><strong>40</strong></td>
</tr>
</tbody>
</table>

Table 3.3 shows that the pilot study bore a test score of .832. The reliability test score of .832 is an indication that the internal consistency of the instrument was extremely reliable. Thus every element in the instrument (questionnaire) contributes significantly to the test score, consequently, all items remained considered for inclusion in the final designed instrument used in the actual data collection.

3.7.3 Validity of the Instruments

Validity is a characteristic of measurement concerned with the extent to which the test measures what the researcher actually wishes to measure, and that the difference found
with a measurement tool reflects the true differences among participants drawn from a population (Cooper & Schindler, 2014). There are two main types of validity namely, internal validity and external validity. Internal validity refers to the validity of the measurement and test itself, whereas external validity refers to the ability to generalize the findings to the target population. Both are very important in analysing the appropriateness, meaningfulness and usefulness of a research study. However, it has been frequently argued that internal validity is the priority for research (Calder, Phillips, & Tybout, 1993), because it determines whether, the relationship that exists between the variables is causal.

The validity of the data collection tool (questionnaire) was assessed by convergent validity using average variance extracted. Table 3.6 shows that the average variance extracted of all constructs was above the 0.5 threshold showing that the latent constructs account for at least 50% of the variance in the substances. This indicates that the measurement scales unveiled adequate measurement validity.

The findings indicate that idealized influence had an average variance extracted value of 0.867621, effects of idealized influence on employee performance had a value of 0.816726, inspirational motivation had a value of 0.709277, and effects of inspirational motivation on employee performance had a value of 0.976261 while intellectual stimulation had an average variance extracted value of 0.784818. Further, the results indicate that effects of intellectual stimulation on employee performance had an average variance extracted value of 0.892671, individualized consideration had a value of 0.891889, effects of individualized consideration on employee performance had a value of 0.790289, work environment had a value of 0.891818 and effects of work environment on employee performance had an average variance extracted value of 0.7867261. Table 3.4 shows the validity findings of the research questionnaire.
A causal relationship looks at the particular cause and effect behaviours or constructs involved in the relationship and construct validity refers to how well the research translated or transformed a concept, idea, or behaviour into a functioning and operating reality, the operationalization (Trochim, 2006). Therefore, validity test of a research data collection tool will ensure that the tool actually collects the intended information. The researcher ensured that the questions and terminology used in the questionnaire were clear and simple to ensure no confusion existed on the intended meaning of the questions. The pre-testing of the questionnaires was done to assist in the validity check of the tool. The researcher also tested the validity of the results collected by reviewing the correlation of the variables.

### 3.7.4 Administration of the Instruments

The study used a structured questionnaire to collect data from the 130 top managers of regulatory state corporations in Kenya. Research assistants were recruited and trained to assist with administration of the questionnaires to the respondents. Data obtained through questionnaires was coded, keyed in and edited. The first step for data preparation is data coding, which involves assigning a number to the participants’ responses, so that they can be entered into the data base and finally edited. Data editing deals with detecting and correcting illogical, inconsistent, or illegal data and omissions in the information returned by the participants (Sekaran & Bougie, 2013). Data editing is done before data analysis.

### Table 3.4: Validity Test Results

<table>
<thead>
<tr>
<th>Construct</th>
<th>Average Variance Extracted</th>
</tr>
</thead>
<tbody>
<tr>
<td>Idealized influence</td>
<td>0.867621</td>
</tr>
<tr>
<td>Idealized influence and employee performance</td>
<td>0.816726</td>
</tr>
<tr>
<td>Inspirational motivation</td>
<td>0.709277</td>
</tr>
<tr>
<td>Inspirational motivation and employee performance</td>
<td>0.976261</td>
</tr>
<tr>
<td>Intellectual stimulation</td>
<td>0.784818</td>
</tr>
<tr>
<td>Intellectual stimulation and employee performance</td>
<td>0.892671</td>
</tr>
<tr>
<td>Individualized consideration</td>
<td>0.891889</td>
</tr>
<tr>
<td>Individualized consideration on employee performance</td>
<td>0.790289</td>
</tr>
<tr>
<td>Work environment</td>
<td>0.891818</td>
</tr>
<tr>
<td>Work environment on employee performance</td>
<td>0.7867261</td>
</tr>
</tbody>
</table>
3.7.5 Ethical Considerations

Ethical considerations refer to basic rights of the respondents and the organizations, the obligations and the responsibilities of the researchers. Ethics in research refers to a code of conduct or expected societal norm of behaviour while conducting research, and ethical conduct applies to the organization and members that sponsor the research, the researchers who undertake the research and the respondents who provide them with the necessary data (Sekaran & Bougie, 2013). The researcher sought permission from the National Commission for Science, Technology and Innovation to conduct the study, giving reasons and benefits of conducting the study (Appendix 1)

The ethical consideration in relation to the respondents is that respect for persons is a basic human right. Therefore, the respondents were given the autonomy to make a choice to participate in the research or not and to act independently without coercion. Prior to this, the respondents had a right to understand the purpose of the study, the risks and benefits of participating in the study. Furthermore, the respondents were assured of confidentiality and steps to be taken to ensure that the identity of the respondents remained anonymous by not giving their names when responding to the questionnaires. The organization from where the data was collected had a right to privacy, in terms of information gathered.

3.8 Data Analysis Methods

Data analysis is the process of editing and reducing accumulated data to manageable size, developing summaries, looking for patterns and applying statistical techniques (Cooper & Schindler, 2014). Data analysis was composed of descriptive and inferential data analysis practices.

3.8.1 Descriptive Data Analysis

Descriptive data analyses are measures of central tendency and measures of variability or dispersion. The study used measures of central tendency and variability. The measures of central tendency included the mean, while measures of dispersion or variability included the standard deviation or variance, the minimum and maximum values of the variables, kurtosis and skewness. The mean is the value, often known as average, which includes all data values in its circulation (Saunders et al., 2016). The measures of dispersion or
variability determine how the data values are dispersed around the central tendency (Saunders et al., 2016). The measures of dispersion or variability include the range, variance and the standard deviation (Sekaran & Bougie, 2013). The range refers to extreme values in a set of observations, the variance gives an indication of how dispersed the data in a data set are, while the standard deviation is a measure of dispersion for intervals and ratio scaled data, and offers an index of spread of distribution or the variability of the data (Sekaran & Bougie, 2013).

3.8.2 Inferential Analysis
Inferential analysis is a technique that allows the researcher to study samples and then make generalizations about the population. Inferential statistics are a very crucial part of scientific research in that these techniques are used to test hypotheses. These statistics enable the researcher to evaluate the effects of an independent variable on a dependent variable. The inferential analysis used in the research comprised of factor analysis, correlation analysis, multiple linear regression model.

3.8.2.1 Factor Analysis
Factor analysis is the technique for discovering patterns among the variables to determine if an underlying combination of the original variables or a factor can summarize the original set (Cooper & Schindler, 2014). Factor analysis is a statistical data exploration practice which is used in reducing a set of correlated variables to a smaller number of unnoticed and uncorrelated aspects (Mugenda & Mugenda, 2012).

Before factor analysis was conducted the study tested for appropriateness of factor analysis based on Kaiser-Meyer-Olkin Measure of Sampling Adequacy (KMO) and Bartlett's tests (Field, 2000). KMO tests whether the sample is adequate for impartial tests and its values ranges between 0 and 1. KMO values greater or equal to 0.5 indicate that the variables can be factor analyzed. On the other hand, Bartlett's tests whether the correlation matrix of the items forming the construct is an identity matrix. Bartlett's test reports a Chi square and has a null hypothesis that states that the correlation matrix is an identity matrix. Failure to reject the null hypothesis implies that factor analysis cannot be conducted. Once the KMO and Bartlett's test indicated that the items can be factor analyzed, then factor scores were generated and used to create indices for each construct. Factor analysis was done so as to guarantee reduction in the Likert scale tables to
eliminate redundancy or duplication of the data; this ensured that no queries repeated what the other question measured unswervingly or closely.

For this study therefore, factor analysis abridged high dimensional data, such as ideas measures of transformational leadership style to a few representative variables that define the underlying and unobservable relationships. The variables that were produced from the factor analysis were used to create catalogues that represented the constructs. These indices were then used in multiple linear regression models.

3.8.2.2 Correlation Analysis

Correlation analysis refers to the use of statistics to evaluate the strength of a relationship by which two or more variables change together, such that systematic changes in one accompany systematic changes in the other (Cooper & Schindler, 2014). A correlation analysis was utilized to establish the relationship between employee performance and transformational leadership.

The Pearson correlation test was shown at the 5% level of significance with a 2-tailed test. Thus, the significance critical value was set at 0.025 above which the association was considered to be insignificant and vice versa. The strength of the correlation was measured based on the Pearson correlation scale. The correlation coefficient ranges from -1.0 to +1.0 and the closer the coefficient is to +1 or -1, the more closely the two variables are related. If the coefficient is close to 0, it shows that there is no relationship between the variables. Where the coefficient is positive, it shows that as one variable gets larger or smaller the other does the same with a similar proportion.

3.8.2.3 Testing for Normality, Linearity and Homoscedacity

The normal distribution plays an important role in statistics and many practical procedures rely, for their validity or for particular optimality properties, on an assumption that sample data are from a normal distribution (Newbold, Carlson & Thorne, 2008). The two measures of normality of data are Skewness and Kurtosis.

Skewness is a measure of symmetry, or more precisely, the lack of symmetry. A distribution, or data set, is symmetric if it looks the same to the left and right of the centre
point. Kurtosis is a measure of whether the data are heavy-tailed or light-tailed relative to a normal distribution. That is, data sets with high kurtosis tend to have heavy tails, or outliers. Data sets with low kurtosis tend to have light tails, or lack of outliers. A uniform distribution would be the extreme case. Therefore using the SPSS statistical software package, sample skewness and kurtosis was computed.

3.8.2.3.1 Normality

The main tests for assessment of normality are Kolmogorov-Smirnov (K-S) and Shapiro-Wilk tests. These assessments compare the scores in the sample to a normally distributed set of scores with the similar mean and standard deviation with the null hypothesis being that the sample distribution is normal (Saunders et al., 2009). For data sets smaller than 2000 cases, the Shapiro-Wilk test is utilised. Conversely, the Kolmogorov-Smirnov test is used with trial sizes greater than 2,000 cases (Ghasemi & Zahediasl, 2012). As the sample size for this study is less than 2,000, the Shapiro-Wilk test was utilised.

3.8.2.3.2 Linearity

Linearity is the assumption associated with linear relationship between predictor variable and criterion variable (Gujarati, 1988). A prerequisite for utilizing linear regression models for purposes of predicting the linearity of the relationship between the dependent and independent variables (Black, 2005). The expected value of the dependent variable is a straight-line function of all independent variable holding others constant, and the effects of varied independent variables on the probable value of the reliant on variable are additive.

3.8.2.3.3 Homoscedasticity

Homoscedasticity occurs after the variance in scores on one variable is somewhat similar to all of the values of the other variables (Hair, Money, Samouel, & Page, 2007). In statistics, homoscedasticity defines a situation in which the error term in the relationship between the independent variables and the reliant on variable is the same across all values of the independent variables. The researcher chose to examine the assumption of homoscedasticity using residuals scatterplot which displays the spread of the standard deviations and means of the variables.
3.8.2.4 Multiple Linear Regressions

Multiple regression analysis is the process of calculating a coefficient of multiple determination and regression equation using two or more independent variables and one dependent variable (Saunders et al., 2016). Data that was obtained through questionnaires was coded, keyed in and edited. The first step for data preparation is data coding, which involves assigning a number to the participants’ responses, so they can be entered into the data base and finally edited. Data editing deals with detecting and correcting illogical, inconsistent, or illegal data and omissions in the information returned by the participants (Sekaran & Bougie, 2013). Measures of central tendencies were derived from the variables and tests of significance carried out, mainly chi square test and test of correlation.

The multiple linear regressions model was used to determine the relationship between the transformational leadership dimensions as the independent variable on first, employee performance as a dependent variable and then on work environment as the moderating variable, thus testing the hypotheses. Then a hierarchical regression analysis was done to predict the causal relationships and significance between the study variables.

Multiple regressions were used to assess the relationship between the dimensions of transformational leadership as independent variables on first, employee performance as a dependent variable and then on work environment as the mediator was conducted, before a hierarchical regression analysis was done to predict the causal relationships and significance between the study variables.

The multiple regression formula is presented as;

\[ Y_s = \beta_0 + B_1X_1 + B_2X_2 + B_3X_3 + B_4X_4 + \varepsilon \]

Where;

- \( Y_s \) = Transformational leadership / Employee engagement
- \( \beta_0 \) = Constant
- \( X_1 \) = Idealized influence
- \( X_2 \) = Inspirational motivation
- \( X_3 \) = Intellectual stimulation
- \( X_4 \) = Individualized consideration
- \( \varepsilon \) = error term.
3.9 Chapter Summary

This chapter presented positivism as the research philosophy of study. The research design was presented as the blue print for the collection, measurement and analysis of data used in the study. This was followed by the target population, and the sampling design which included the sampling frame, sampling techniques and sample size. Data analysis methods and processes were explained and regression equation was developed. Finally chapter summary is given. The next chapter, chapter four presents results and findings of the study.
CHAPTER FOUR

4.0 DATA ANALYSIS AND RESULTS

4.1 Introduction

This chapter provides the findings that were obtained in the study. The results obtained in the study are presented using figures and tables as deemed appropriate by the researcher. The response rate and the demographic characteristics of the study respondents are also given as a background to the analysis part.

4.1.1 Response Rate

This section presents the results on the response rate. The response rate shows the level of achievement the researcher obtained in collecting data for the study. The research targeted to collect data from a sample of 130 top managers from each of the 21 regulatory state corporations in Kenya. Out of the 130 targeted managers, 113 gave adequate information through answering the questionnaires completely and returned the questionnaires accordingly. The study realized a response rate of 87% as shown in Figure 4.1. This response was very good according to Mugenda and Mugenda (2003) who recommend a response rate of 50% as adequate, 60% as good and above 70% as very good.

![Pie Chart showing response rate](image)

**Figure 4.1: Response Rate**

4.2 Demographic Information

This section provides the descriptive statistics regarding general information of the respondents as follows. The information that was sought in this section included; the current position of the respondents, the age distribution of respondents, the gender of the respondents, and the number of years worked in the organization, the total number of employees and the level of education of respondents. To present the data on these
characteristics, charts (Figures) are used to give a clear picture of the characteristics being reviewed.

4.2.1 Current Position of Respondents

The study sought to determine the current position of the respondents at the time of the study. The findings obtained in the study indicated that a majority of the respondents were senior managers forming 81% of the responses while 19% were middle level managers as shown in Figure 4.2. The results illustrated that data was collected from respondents with relevant information and in a position to make informed decisions.

![Figure 4.2: Position of Respondents](Image)

4.2.2 Age of Respondents

The study sought to determine the age of the respondents who participated in the study. The findings obtained indicate that the majority of the respondents were aged between 50-59 years forming 44% of the responses, 34% were aged 40-49 years, 16% were aged 30-39 years while 6% were aged 60-69 years. The findings imply that majority of the senior managers in the regulatory state corporations in Kenya are aged more than 50 years. The findings of the study are shown in Figure 4.3.

These findings are an indication that the top level managers of age 50 years and above total 50%. This implies that the top level managers are experienced given the number of years they have worked. The other implication is that the regulatory state corporations provide job stability and job security to her employees to enable them stay in the job even when they attain 50 years and above.
4.2.3 Gender of Respondents

The study also sought to determine the gender of the study respondents. The findings obtained indicate that 57% of the respondents were male while 43% were female. The findings imply that male counterparts in regulatory state corporations are taking up managerial positions more than their female counterparts because the latter are less flexible in terms of taking up more working hour’s and allocation of duties due to having to juggle between work expectations and family responsibilities. The findings on gender are shown in Figure 4.4.
4.2.4 Length of Work in the Organization

The study aimed to determine the length of work the respondents had worked in their organizations. The findings obtained in the study indicate that 50% of the respondents had worked in their current organizations for 6-10 years, 34% had worked for 11-20 years, and 10% had worked for 21-30 years while 6% had worked for 1-5 years or lower. The findings indicate that more workers stay in their organizations for a longer period, may be due to job security and possibility of growth on job. The findings are shown in Figure 4.5.

![Figure 4.5: Length of Work in the Organization](image)

4.2.5 Number of Employees

The study further sought to determine the number of employees in the regulatory state corporations studied. The findings obtained indicated that 34% of the corporations had 201-250 employees, 28% had 151-200 employees, 22% had 101-150 employees and 6% had 301-350 employees while 5% had 51-100 employees. The findings are shown in figure 4.6.

![Figure 4.6: Number of Employees](image)
4.2.6 Level of Education

Finally, the study sought to establish the highest level of education of respondents who participated in the study. The study determined that 56% of the respondents were holders of master’s degree, 31% had bachelor’s degree as the highest level of qualification while 13% were holders of diploma. The findings imply that the respondents were knowledgeable enough and could make informed decisions based on their academic qualifications. The findings are shown in Figure 4.7.

![Figure 4.7: Level of Education](image)

4.3 Preliminary Tests

In this section, the study conducted the preliminary test which sought to ascertain if the assumptions for regression are all met before working on the analysis based on objectives. The tests conducted here included normality, linearity, multicollinearity and Homoscedascity tests as explained below.

4.3.1 Normality Tests

Prior to analysing data using inferential statistical techniques, it is mandatory to check the normality of the data set by looking at some descriptive values such as skewness and kurtosis. In multiple regressions, the assumption requiring a normal distribution applies only to the disturbance term or it is the random error in the relationship between the independent variables and the dependent variable in a regression model. When the sample size is sufficiently large (>200), the normality assumption is not needed at all as the Central Limit Theorem ensures that the distribution of disturbance term approximates normality. When dealing with very small samples, it is important to check for a possible violation of the normality assumption. In this case the sample size is less than 200 thus
the need for a normality test. A normality test is used to determine whether sample data has been drawn from a normally distributed population which is within some tolerance. Table 4.1 gives the results for the normality test.

### Table 4.1: Normality Test Results

<table>
<thead>
<tr>
<th></th>
<th>N Statistic</th>
<th>Skewness Statistic</th>
<th>Skewness Std. Error</th>
<th>Kurtosis Statistic</th>
<th>Kurtosis Std. Error</th>
</tr>
</thead>
<tbody>
<tr>
<td>Idealized Influence</td>
<td>113</td>
<td>-.128</td>
<td>.227</td>
<td>-1.337</td>
<td>.451</td>
</tr>
<tr>
<td>Inspirational Motivation</td>
<td>113</td>
<td>-.500</td>
<td>.227</td>
<td>-1.400</td>
<td>.451</td>
</tr>
<tr>
<td>Intellectual Stimulation</td>
<td>113</td>
<td>.273</td>
<td>.227</td>
<td>-1.002</td>
<td>.451</td>
</tr>
<tr>
<td>Individualized Consideration</td>
<td>113</td>
<td>-.544</td>
<td>.227</td>
<td>-.388</td>
<td>.451</td>
</tr>
<tr>
<td>Work Environment</td>
<td>113</td>
<td>-.609</td>
<td>.227</td>
<td>-1.579</td>
<td>.451</td>
</tr>
</tbody>
</table>

The skewness values specify that the scores are skewed - many are negatively skewed and not as much earlier to zero. However, because all the skewness ideals fall within the range of -1 to +1, there is no case of extreme skewness in data. The kurtosis values lay within the range of -2 to 0, and therefore fail to display excessive kurtosis as well. These results show that the normality assumption is not violated as per the study.

#### 4.3.2 Linearity Test

The study conducted a linearity test to determine whether the relationship between transformational leadership styles and employee performance was linear or not. If the significant deviation from linearity is greater than 0.05, then the relationship between the independent variable and the dependent variable is linear. If the significant deviation from linearity is less than 0.05, then the relationship between the independent variable and the dependent variable is not linear. The reason for this is that, if there are nonlinear relationships between dependent and independent variables then the forecasts, confidence intervals, and scientific insights yielded by a regression model may be inefficient or seriously biased or misleading. The results for the linearity test are indicated on table 4.2.
Table 4.2: Linearity Test for Employee Performance and Transformational Leadership Styles

<table>
<thead>
<tr>
<th></th>
<th>Sum of Squares</th>
<th>df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employee Performance *</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Transformational Leadership</td>
<td>14.274</td>
<td>6</td>
<td>2.379</td>
<td>10.982</td>
<td>.000</td>
</tr>
<tr>
<td>Styles</td>
<td>.220</td>
<td>1</td>
<td>.220</td>
<td>1.016</td>
<td>.316</td>
</tr>
<tr>
<td>Between Groups</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Linearity Deviation from</td>
<td>14.053</td>
<td>5</td>
<td>2.811</td>
<td>12.975</td>
<td>.143</td>
</tr>
<tr>
<td>Linearity</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Within Groups</td>
<td>22.962</td>
<td>106</td>
<td>.217</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>37.236</td>
<td>112</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

According to the results shown in Table 4.2, the significant deviation from linearity is 0.143 which is greater than 0.05 implying that there is a linear relationship between transformational leadership styles and employee performance.

4.3.3 Multicollinearity Test

Multicollinearity is a state of very high inter-correlations or inter-associations among the independent variables. It is therefore a type of disturbance in the data, and if present in the data the statistical inferences made about the data may not be reliable. Multicollinearity makes it tedious to assess the relative importance of the independent variables in explaining the variation caused by the dependent variable. Autocorrelation offered the researcher the relationship between dependent and independent variables based on their values repeated patterns in the regression analysis procedure. Multicollinearity in the study was also done using Variance Inflation Factors (VIF). The results as are indicated in Table 4.3.

Table 4.3: Multicollinearity Test

<table>
<thead>
<tr>
<th>Model</th>
<th>Collinearity Statistics</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Tolerance</td>
</tr>
<tr>
<td>Idealized Influence</td>
<td>.430</td>
</tr>
<tr>
<td>Inspirational Motivation</td>
<td>.409</td>
</tr>
<tr>
<td>Intellectual Stimulation</td>
<td>.586</td>
</tr>
<tr>
<td>Individualized Consideration</td>
<td>.181</td>
</tr>
<tr>
<td>Work Environment</td>
<td>.232</td>
</tr>
</tbody>
</table>

a. Dependent Variable: Employee Performance
The VIF values obtained in the research show that the level of collinearity that exists in the analysis is not challenging in any way as the VIFs values are above one but below 10. The tolerance value forms on the degree of collinearity; where a tolerance value lower than 0.1 displays that the variable could be considered a linear combination of additional variables. Thus, in the case of the current study, all the tolerance values are all greater than 0.1 thus indicating no cases of multicollinearity.

4.3.4 Homoscedascity Test

In this study, homoscedasticity refers to one of the assumptions of the study that the dependent variable gives similar amounts of variance across the range of regression values for an independent variable. In the research, the test for homoscedasticity revealed that the independent variable as given in the regression equations be non-metric and the dependent variable be metric (interval or ordinal) which is the case for this particular revision. The study findings had the homoscedasticity test evaluated for pairs of variables using the Levene statistic for the test of homogeneity of variances. The results are revealed in Table 4.4.

<table>
<thead>
<tr>
<th>Table 4.4: Homoscedasticity Test Results</th>
</tr>
</thead>
<tbody>
<tr>
<td>Levene Statistic</td>
</tr>
<tr>
<td>------------------</td>
</tr>
<tr>
<td>Idealized Influence</td>
</tr>
<tr>
<td>Inspirational Motivation</td>
</tr>
<tr>
<td>Intellectual Stimulation</td>
</tr>
<tr>
<td>Individualized Consideration</td>
</tr>
<tr>
<td>Work Environment</td>
</tr>
</tbody>
</table>

The null hypothesis for the test of homogeneity of variance states that the variance of the dependent variable is equal across clusters defined by the independent variable, i.e., the variance is homogeneous. From the research findings of test for homogeneity, the prospect associated with the Levene Statistic for all variables is additional than the level of significance (0.05) testing at 1%-tail test 5% significance level; the study concludes that the variance is homogeneous.

4.4 Effect of Idealized Influence on Employee Performance

The first research question sought to determine the effect of idealized influence on employee performance in the regulatory state corporations in Kenya. This was achieved by conducting descriptive statistics of idealized influence, factor analysis, correlation
analysis, regression analysis and hypothesis testing using test statistics and interpretation of the data output.

4.4.1 Description of Idealized Influence

The study sought to analyse the views of the respondents on idealized influence using a table of means and standard deviations. The mean signifies an average response, while the standard deviation is the variation around the mean. A Likert scale data was collected rating the views on a scale of 1 to 5 where a mean value in the interval of up to 1 represents strongly disagree; 1.1 – 2.0 is an indication of disagreement state; 2.1 – 3.0 is a neutral response, 3.1 – 4.0 is an indication of agreement and a mean value of 4.1 and above is an indication of strongly agree. The results from the collected responses were analysed based on means and their standard deviations to show the variability of the individual responses from the overall mean of the responses per each aspect of idealized influence.

Table 4.5: Mean and Standard Deviation on Idealized Influence

<table>
<thead>
<tr>
<th>Idealized Influence</th>
<th>N</th>
<th>Mean</th>
<th>Std. Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Supervisor instils pride in me by acting as my role model</td>
<td>113</td>
<td>3.56</td>
<td>1.420</td>
</tr>
<tr>
<td>Supervisor considers the ethical consequences of decisions he/she makes</td>
<td>113</td>
<td>3.80</td>
<td>.825</td>
</tr>
<tr>
<td>Supervisor trusted to provide support and resources to work</td>
<td>113</td>
<td>3.92</td>
<td>.847</td>
</tr>
<tr>
<td>Supervisor acts in ways that earn him/her respect</td>
<td>113</td>
<td>3.70</td>
<td>.925</td>
</tr>
</tbody>
</table>

Effect of Idealized Influence on Performance of Employees

<table>
<thead>
<tr>
<th></th>
<th>N</th>
<th>Mean</th>
<th>Std. Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employee extra effort because supervisor acts as role model</td>
<td>113</td>
<td>3.47</td>
<td>.745</td>
</tr>
<tr>
<td>Satisfactory because supervisor acts ethically</td>
<td>113</td>
<td>3.80</td>
<td>.683</td>
</tr>
<tr>
<td>Committed to work due to trust that supervisor provide support and resources needed for the job</td>
<td>113</td>
<td>4.65</td>
<td>.478</td>
</tr>
<tr>
<td>Work commitment because supervisor acts respectfully</td>
<td>113</td>
<td>4.49</td>
<td>.836</td>
</tr>
</tbody>
</table>

Under the idealized influence dimension of transformational leadership style, the constructs were: role model, ethical behaviour, trustworthiness and gains respect. Each construct measured the extent to which idealized influence was practiced in regulatory state corporations and therefore disturbing employee performance. The findings of the study are shown in Table 4.5.
The mean and standard deviation findings as shown in Table 4.5 shows that the leaders in regulatory state corporations can be trusted to provide employees with support and resources to perform their work. This is as indicated by a mean of 3.92 and a standard deviation of 0.847 in the interval of an extent of agreement. The standard deviation below 1 shows that the responses given did not vary significantly from the mean value and thus changing the population units’ studies would not alter the current outcomes significantly. According to the results, the leaders of regulatory state corporations consider ethical significances of decisions they make. This is as indicated by a mean of 3.80 and a standard deviation of 0.825 in the interval of an extent of agree.

Findings also indicate that leaders in regulatory state corporations act in ways that make employees respect them. This is as indicated by a mean of 3.70 and a standard deviation of 0.925 in the interval of extent of agree. The standard deviation which is less than 1 showed that the responses given did not vary significantly from the mean value and therefore changing the population units studies would not alter the current results significantly. According to the findings, leaders instil pride in employees because they act as their role models. This is as indicated by a mean of 3.56 and a standard deviation of 1.420, in the interval of an extent of agree.

The study also sought to analyse the views of employees on idealized influence and performance. According to findings, employees are committed to their work because their leaders can be trusted to provide support and resources needed for the job. The mean response was 4.65 with a standard deviation of 0.478, which is an indication of strong extent of agree. The standard deviation which is less than 1 showed that the responses given did not vary significantly from the mean value and therefore changing the population units studied would not alter the current results significantly. The findings also indicate that employees are committed to their work because their leaders act in ways that earn their respect. The mean response was 4.49 with a standard deviation of 0.836 which is an indication of the extent of strongly agree. According to the findings, respondents agree that they perform their work satisfactorily because their leaders act ethically. This is as indicated by a mean of 3.80 with a standard deviation of 0.745 in the interval of an extent of agree. The standard deviation is less than 1, which is an indication that the responses given did not vary significantly from the mean value and therefore changing the population units studied would not alter the current results significantly. The findings
also revealed that employees of regulatory state corporations put extra effort at work because their leaders instil pride in them by acting as their role models. This is as indicated by a mean of 3.47 with a standard deviation of 0.745 in the interval of an extent of agree.

The standard deviation which is less than 1 showed that the responses given did not vary significantly from the mean value and therefore changing the population units studies would not alter the current results significantly.

**4.4.2 Factor Analysis Results for Idealized Influence**

According to the findings illustrated under factor analysis results, the spread of the Eigen values gave the state of the data collinearity. The condition number measures the sensitivity of the coefficient estimates to alter in the data. Factor analysis was conducted to lessen items of idealized influence. Idealized influence constructs were measured using eight items thereby the constructs were factor analysed in order to come up with an appropriate measure. The results are presented in Table 4.6.

**Table 4.6: KMO and Bartlett's Test for Idealized Influence**

<table>
<thead>
<tr>
<th>Kaiser-Meyer-Olkin Measure of Sampling Adequacy</th>
<th>.646</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bartlett's Test of Sphericity</td>
<td></td>
</tr>
<tr>
<td>Approx. Chi-Square</td>
<td>1045.679</td>
</tr>
<tr>
<td>Df</td>
<td>7</td>
</tr>
<tr>
<td>Sig.</td>
<td>.000</td>
</tr>
</tbody>
</table>

The study found that KMO had a value of 0.646 and Bartlett's test, \( x^2(7, \, N = 113) = 1045.679, \, p = .000 \). The KMO value is greater than 0.5 and Bartlett’s test is significant, which ascertained the appropriateness of factor analysis.

The results for total variance explained for idealized influence showed that the first component explained 47.492% of the total variability in the eight items while the second component explained 26.097% of the variability. This is an indication that the two components could be used to measure employee performance. The other factors remained insignificant to the variance. The results are presented in Table 4.7. This finding was supported by the scree plot result that indicated that two components had Eigen values greater than one. The scree plot results are presented on figure 4.8.
Table 4.7: Total Variance Explained for Idealized Influence

<table>
<thead>
<tr>
<th>Component</th>
<th>Initial Eigenvalues</th>
<th>Extraction Sums of Squared Loadings</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Total</td>
<td>% of Variance</td>
</tr>
<tr>
<td>1</td>
<td>3.799</td>
<td>47.492</td>
</tr>
<tr>
<td>2</td>
<td>2.088</td>
<td>26.097</td>
</tr>
<tr>
<td>3</td>
<td>.950</td>
<td>11.874</td>
</tr>
<tr>
<td>4</td>
<td>.616</td>
<td>7.706</td>
</tr>
<tr>
<td>5</td>
<td>.332</td>
<td>4.153</td>
</tr>
<tr>
<td>6</td>
<td>.166</td>
<td>2.073</td>
</tr>
<tr>
<td>7</td>
<td>.042</td>
<td>.530</td>
</tr>
<tr>
<td>8</td>
<td>.006</td>
<td>.075</td>
</tr>
</tbody>
</table>

Extraction Method: Principal Component Analysis.

Figure 4.8: Scree Plot for Idealized Influence

The scree plot for idealized influence showed that two components had Eigen value greater than one. This is an indication that the two components could be used to measure employee performance. The other factors remained insignificant to the variance. This finding confirmed the results for total variance explained above. The results are presented in Figure 4.8.
Table 4.8: Component Matrix for Idealized Influence

<table>
<thead>
<tr>
<th></th>
<th>Component 1</th>
<th>Component 2</th>
</tr>
</thead>
<tbody>
<tr>
<td>Supervisor instils pride in me by acting as my role model</td>
<td>.861</td>
<td>-.147</td>
</tr>
<tr>
<td>Supervisor considers the ethical consequences of decisions he/she makes</td>
<td>.893</td>
<td>-.384</td>
</tr>
<tr>
<td>Supervisor trusted to provide support and resources to work</td>
<td>.917</td>
<td>-.360</td>
</tr>
<tr>
<td>Supervisor acts in ways that earn him/her respect</td>
<td>.753</td>
<td>-.457</td>
</tr>
<tr>
<td>Employee extra effort because supervisor acts as role model</td>
<td>.647</td>
<td>.366</td>
</tr>
<tr>
<td>Satisfactory because supervisor acts ethically</td>
<td>.751</td>
<td>.745</td>
</tr>
<tr>
<td>Committed to work due to trust that supervisor provide support and resources needed for the job</td>
<td>.632</td>
<td>.661</td>
</tr>
<tr>
<td>Work commitment because supervisor acts respectfully</td>
<td>.585</td>
<td>.675</td>
</tr>
</tbody>
</table>

Extraction Method: Principal Component Analysis.

a. 2 components extracted.

The component matrix based on the eight items used to measure idealized influence, only one item, the supervisor can be trusted to provide employees with support and resources to perform their work had the highest factor loading of 0.917, employees perform work satisfactorily because the supervisor acts ethically had the highest factor loading of 0.745 in the second component. The results are presented in table 4.8.

4.4.3 Pearson Correlation Between Idealized Influence and Employee Performance

Correlation analysis was carried out to examine the nature of association between idealized influence and employee performance in regulatory state corporations in Kenya.

To carry out the test, idealized influence constructs namely role model, ethical behaviour, trustworthiness and respect were used as the independent variables while employee performance was the dependent variable. The test was conducted at the 5% level of significance in a 2 – tailed test. This indicated that the critical value was set at 0.025 during the test, beyond which the relationship between the variables was determined to be not significant hence could not be relied on in making deductions regarding the association between the variables being tested. The strength of the association was based on the Pearson’s Correlation scale where a correlation value of between: 0.0 to 0.29 (0.0 to -0.29) indicates a no correlation; 0.3 to 0.49 (-0.3 to -0.49) indicating a weak positive (negative) correlation and a correlation coefficient in the interval of 0.5 to 0.69 (-0.5 to -0.69) indicates a moderate constructive (negative) correlation whereas a correlation
coefficient of 0.7 and above (-0.7 to -1) indicates a strong positive/negative correlation. Findings on the association between idealized influence and employee performance are presented on Table 4.9.

**Table 4.9: Pearson Correlation Between Idealized Influence and Employee Performance for All Items**

<table>
<thead>
<tr>
<th>Variables</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
<th>7</th>
<th>8</th>
<th>9</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td></td>
<td>1</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>.802**</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>.882**</td>
<td>.362**</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>.922**</td>
<td>.372**</td>
<td>.382**</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5</td>
<td>.785**</td>
<td>.900**</td>
<td>.637**</td>
<td>.938**</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>6</td>
<td>.716**</td>
<td>.672**</td>
<td>.299**</td>
<td>.838**</td>
<td>.687**</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>7</td>
<td>.693**</td>
<td>.672**</td>
<td>.893**</td>
<td>.792**</td>
<td>.372**</td>
<td>.367**</td>
<td>1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>8</td>
<td>.689**</td>
<td>.382**</td>
<td>.823**</td>
<td>.388**</td>
<td>.712**</td>
<td>.367**</td>
<td>.489**</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>9</td>
<td>.639**</td>
<td>.706**</td>
<td>.352**</td>
<td>.736**</td>
<td>.387**</td>
<td>.728**</td>
<td>.892**</td>
<td>738**</td>
<td>1</td>
</tr>
</tbody>
</table>

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

According to the findings as illustrated in Table 4.9, the leader being trusted to provide employees with support and resources had a positive and strong correlation with employee performance ($r(113) = .922, p<.000$). The findings on the relationship between the leader’s considerations of ethical consequences of decisions made and employee performance were positive and strongly correlated ($r(113) = .882, p<.000$). The findings on the leader instilling pride and acting as role model and employee performance were strongly correlated ($r(113) = .802, p<.000$). The findings on the leaders acting in ways that make employees respect them had a positive and strong correlation with employee performance ($r(113) = .785, p<.000$).

Findings as well on employees putting extra effort at work and leader instilling pride in them by acting as role models was positive and strongly correlated ($r(113) = .716, p<.000$). Findings on employees performing their work satisfactorily and leader acting...
ethically was positive and moderately correlated (r (113) = .689, p< .000). Findings on employee commitment to work and the leader being trusted to provide support and resources need for the job was positive and moderately correlated (r (113) = .689, p< .000). While employee commitment to work and leaders acting in ways that make them be respected was also positive and moderately correlated (r (113) = .639, p< .000).

Table 4.10: Pearson Correlation Analysis on Idealized Influence Index Using Mutiple Regression Analysis

<table>
<thead>
<tr>
<th>Idealized Influence</th>
<th>Pearson Correlation</th>
<th>Sig. (2-tailed)</th>
<th>N</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employee Performance</td>
<td>.944**</td>
<td>.000</td>
<td>113</td>
</tr>
</tbody>
</table>

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

The study sought to analyse the relationship between idealized influence index and employee performance by means of undertaking a correlation analysis and established that the two variables had a positive and significant correlation $r(113) = .944$, $p = .000$. The results are indicated in Table 4.10. This finding therefore confirms that the adoption of idealized influence in a firm will bear positive outcomes as its extent of practice will determine the range of employee performance in the firm.

4.4.4 Hypothesis Testing for Idealized Influence and Employee Performance

The first research question sought to establish the effect of idealized influence on employee performance in regulatory state corporations in Kenya. The following hypothesis was therefore tested:

$H_1$: Idealized influence has a significant effect on employee performance in regulatory state corporations in Kenya

Table 4.11: Model Summary for Idealized Influence and Employee Performance

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>.944a</td>
<td>.891</td>
<td>.890</td>
<td>.191</td>
</tr>
</tbody>
</table>

a. Dependent Variable :Employee Performance
b. Predictors: (Constant), Idealized Influence

The regression results indicated that idealized influence explained a significant fraction of variance in worker performance, $R^2 = .891$. This implies that 89.1% of the proportion in employee performance can be explained by idealized influence in regulatory corporations in Kenya. The remaining 10.9% are explained by other factors not considered in the study and the error term. Findings are as indicated in Table 4.11.
The findings indicate that the significance value in testing the reliability of the model for the relationship between idealized influence and employee performance was $F(1, 113) = 908.813, p = 0.00$. Therefore the model is statistically significant in predicting the relationship between idealized influence and employee performance. From the findings the null hypothesis was rejected. Results are as presented in Table 4.12.

The study found that idealized influence significantly predicted employee performance as shown by the coefficients since the p values were less than <.05 set by the study.
Specifically, the supervisor instilling pride in employees by acting as role model and employee performance had coefficients ($\beta = 1.667, t = 3.678, p < .05$), the supervisor consideration of the ethical consequences of decisions he/she makes and employee performance had coefficients ($\beta = 1.327, t = 3.289, p < .05$), the supervisor can be trusted to provide employees with support and resources to perform work and employee performance had coefficients ($\beta = 1.137, t = 2.280, p < .05$), the supervisor acts in ways that make employees respect him/her and employee performance had coefficients ($\beta = 1.158, t = 2.456, p < .05$), employees put extra effort at work because the supervisor instils pride in them and acts as their role model and employee performance had coefficients ($\beta = .835, t = 8.248, p < .05$), employees perform work satisfactorily because the supervisor acts ethically and employee performance had coefficients ($\beta = .661, t = 5.344, p < .05$), employee commitment to work because the supervisor can be trusted to provide them with support and resources needed for the job and employee performance had coefficients ($\beta = .617, t = 6.478, p < .05$), employee committed to work because the supervisor acts in ways that earns respect and employee performance had coefficients ($\beta = .810, t = 5.690, p < .05$). The findings are as indicated on table 4.13.

**Table 4.14: Model Coefficients for Idealized Influence**

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>T</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
<td></td>
</tr>
<tr>
<td>1</td>
<td>Idealized Influence</td>
<td>1.613</td>
<td>.084</td>
<td>19.29</td>
</tr>
<tr>
<td></td>
<td>.632</td>
<td>.021</td>
<td>.944</td>
<td>30.147</td>
</tr>
</tbody>
</table>

a. Dependent Variable: Employee Performance  
b. Predictors: (Constant), Idealized Influence

The study found that idealized influence significantly predicted employee performance, $\beta = .944, t (113) = 30.147, p = .000$ since the p value was less than <.05 set by the study. This finding implied that rejection of the null hypothesis and therefore alternative hypothesis is taken as true. The research therefore concludes that idealized influence significantly influences employee performance in regulatory state corporations in Kenya. The results are presented in table 4.14.

Based on the findings, the study derived the model for idealized and employee performance. Based on the simple regression model;
\[ Y = \beta_0 + \beta_1 X_1 + \epsilon. \]

Where;

\[ Y = \text{Employee performance} \]
\[ X_1 = \text{Idealized Influence} \]

The model therefore becomes;
\[ Y = 1.613 + 0.944X_1 + \epsilon. \]

The model implies that for every unit increase in idealized influence, employee performance increases by 0.944 in regulatory state corporations in Kenya. The study found that idealized influence significantly predicted employee performance hence rejected the null hypothesis.

4.5 Effect of Inspirational Motivation on Employee Performance

The second research question focused on the effect of inspirational motivation on employee performance in the regulatory state corporations in Kenya. This was achieved by conducting descriptive statistics of idealized influence, factor analysis, correlation analysis, regression analysis and hypothesis testing.

4.5.1 Descriptives of Inspirational Motivation

The study also sought to analyse the views of the respondents on inspirational motivation using a table of means and standard deviations.

The mean signifies average response, while the standard deviation is the variation around the mean. A Likert scale data was collected by rating the visions on a scale of 1 to 5 where 1 signifies strongly disagree and 5 represents strongly agree. The mean results are therefore given on a scale interval where a mean value of up to 1 is an indication of strongly disagree; 1.1 – 2.0 is disagree; 2.1 – 3.0 is neutral, 3.1 – 4.0 is agree and a mean value of 4.1 and above is an indication of strongly agree. The results from the collected responses were analysed grounded on means and their standard deviations to indicated the variability of the individual responses from the overall mean of the responses per each aspect of idealized influence.

Under the inspirational motivation dimension of the transformational leadership style, the constructs were: visionary, optimistic, confident and stimulating. Each construct measures the extent to which idealized influence is practiced in regulatory state corporation and
therefore affecting employee performance. The findings of the study are shown in Table 4.15.

**Table 4.15: Mean and Standard Deviation for Inspirational Motivation**

<table>
<thead>
<tr>
<th>Inspirational Motivation</th>
<th>N</th>
<th>Mean</th>
<th>Std. Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Supervisor articulates a compelling vision for the future</td>
<td>113</td>
<td>4.08</td>
<td>.888</td>
</tr>
<tr>
<td>Supervisor talks optimistically about the future</td>
<td>113</td>
<td>3.76</td>
<td>.631</td>
</tr>
<tr>
<td>Supervisor expresses confidence that goals will be achieved</td>
<td>113</td>
<td>4.14</td>
<td>.844</td>
</tr>
<tr>
<td>Supervisor talks enthusiastically about what needs to be done</td>
<td>113</td>
<td>4.02</td>
<td>1.336</td>
</tr>
<tr>
<td>Extra effort because supervisor articulates compelling vision for the future</td>
<td>113</td>
<td>4.71</td>
<td>.457</td>
</tr>
<tr>
<td>Committed to work because supervisor is optimistic about the future</td>
<td>113</td>
<td>3.35</td>
<td>1.172</td>
</tr>
<tr>
<td>Work satisfaction because supervisor is confident of goal achievement.</td>
<td>113</td>
<td>4.31</td>
<td>1.181</td>
</tr>
<tr>
<td>Work effectiveness because the supervisor is enthusiastic about what needs to be done</td>
<td>113</td>
<td>4.14</td>
<td>.800</td>
</tr>
</tbody>
</table>

The mean and standard deviation values shown in Table 4.15 indicate that leaders in regulatory state corporations are confident that goals will be achieved. This is as indicated by a mean of 4.14 and standard deviations of 0.844 in the interval of an extent of strongly agree. The standard deviation which is less than 1 showed that the responses given did not vary significantly from the mean value and therefore changing the population units studied would not alter the current results significantly. The findings revealed that the leaders in regulatory state corporations articulated a compelling vision for the future. This is as indicated by a mean of 4.08 and a standard deviation of 0.888 in the interval of an extent of strongly agree. The standard deviation which is less than 1 showed that the responses given did not vary significantly from the mean value and therefore changing the population units studied would not alter the current results significantly.

Findings also indicate that leaders in regulatory state corporations are enthusiastic about what needs to be done. This is as indicated by a mean of 4.02 and standard deviations of 1.336 in the interval of extent of strongly agree. The standard deviation obtained was slightly above 1 showing that the responses had more variation from the mean value obtained. According to the findings, the leaders of regulatory state corporations are
optimistic about the future. This is as indicated by a mean of 3.76 and standard deviations of 0.631 in the interval of an extent of agree.

The study also sought to analyse the views of employees on inspirational motivation on employee performance using a table of means and standard deviations. According to the findings, employees of regulatory state corporations put extra effort at work because their leaders articulate a compelling vision for the future. This is as indicated by a mean of 4.71 with a standard deviation of 0.457 in the interval of an extent of strongly agree. The standard deviation which is less than 1 showed that the responses given did not vary significantly from the mean value and therefore changing the population units studied would not alter the current results significantly. Findings also indicate that employees perform their work satisfactorily because their leaders express confidence that set goals will be achieved. The mean response was 4.31 with a standard deviation of 1.181, which is an indication in the interval of extent of strongly agree.

Further findings indicate that employees perform their work effectively because the leader is enthusiastic about what needs to be done. The mean response was 4.14 with a standard deviation of 0.800 in the interval of extent of strongly agree. The standard deviation which is less than 1 showed that the responses given did not vary significantly from the mean value and therefore changing the population units studied would not alter the current results significantly. According to the findings, respondents agree that they are committed to their work because the leader is optimistic about the future. This is as indicated by a mean of 3.35 with a standard deviation of 1.172 in the interval of an extent of agree.

4.5.2 Factor Analysis Results for Inspirational Motivation

Factor analysis was conducted in the study to reduce items of inspirational motivation. Inspirational motivation constructs were measured using eight items thereby the constructs were factor analysed in order to come up with an appropriate measure.
Table 4.16: KMO and Bartlett's Test for Inspirational Motivation

<table>
<thead>
<tr>
<th></th>
<th>Kaiser-Meyer-Olkin Measure of Sampling Adequacy</th>
<th>Approx. Chi-Square</th>
</tr>
</thead>
<tbody>
<tr>
<td>KMO</td>
<td>.569</td>
<td>1701.919</td>
</tr>
<tr>
<td>Bartlett's Test of Sphericity</td>
<td>Df</td>
<td>Sig.</td>
</tr>
<tr>
<td></td>
<td>7</td>
<td>.000</td>
</tr>
</tbody>
</table>

The study found that KMO had a value of 0.569 and Bartlett's test, $x^2(7, N = 113) = 1701.919, p = .000$. The results are presented in Table 4.16. The KMO value is greater than 0.5 and Bartlett’s test is significant, which ascertained the appropriateness of factor analysis.

Table 4.17: Total Variance Explained for Inspirational Motivation

<table>
<thead>
<tr>
<th>Component</th>
<th>Initial Eigenvalues</th>
<th>Extraction Sums of Squared Loadings</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Total</td>
<td>% of Variance</td>
</tr>
<tr>
<td>1</td>
<td>4.761</td>
<td>59.508</td>
</tr>
<tr>
<td>2</td>
<td>1.729</td>
<td>21.618</td>
</tr>
<tr>
<td>3</td>
<td>.878</td>
<td>10.980</td>
</tr>
<tr>
<td>4</td>
<td>.394</td>
<td>4.922</td>
</tr>
<tr>
<td>5</td>
<td>.181</td>
<td>2.260</td>
</tr>
<tr>
<td>6</td>
<td>.050</td>
<td>.626</td>
</tr>
<tr>
<td>7</td>
<td>.006</td>
<td>.073</td>
</tr>
<tr>
<td>8</td>
<td>.001</td>
<td>.013</td>
</tr>
</tbody>
</table>

Extraction Method: Principal Component Analysis.

The results of the total variance explained for inspirational motivation showed that the first component explained 59.508% of the total variability in the eight items while the second component explained 21.618% of the variability. This is an indication that the two components could be used to measure employee performance. The other factors remained insignificant to the variance. The results are presented in Table 4.17. This finding was supported by the scree plot result that indicated that two components had Eigen values greater than one. The scree plot results are presented on figure 4.9.
The scree plot for inspirational motivation showed that two components had Eigen value greater than one. This is an indication that the two components could be used to measure employee performance. The other factors remained insignificant to the variance. This finding confirmed the results for total variance explained above. The results are presented in Figure 4.9.

### Table 4.18: Component Matrix for Inspirational Motivation

<table>
<thead>
<tr>
<th></th>
<th>Component 1</th>
<th>Component 2</th>
</tr>
</thead>
<tbody>
<tr>
<td>Supervisor articulates a compelling vision for the future</td>
<td>.949</td>
<td>-.028</td>
</tr>
<tr>
<td>Supervisor talks optimistically about the future</td>
<td>.904</td>
<td>-.130</td>
</tr>
<tr>
<td>Supervisor expresses confidence that goals will be achieved</td>
<td>.977</td>
<td>.035</td>
</tr>
<tr>
<td>Supervisor talks enthusiastically about what needs to be done</td>
<td>.935</td>
<td>.127</td>
</tr>
<tr>
<td>Extra effort because supervisor articulates compelling vision</td>
<td>.917</td>
<td>-.077</td>
</tr>
<tr>
<td>Committed to work because supervisor is optimistic about the future</td>
<td>.654</td>
<td>.788</td>
</tr>
<tr>
<td>Work satisfaction because supervisor is confident of goal achievement.</td>
<td>.728</td>
<td>.887</td>
</tr>
<tr>
<td>Work effectiveness because of supervisor enthusiasm</td>
<td>.643</td>
<td>-.529</td>
</tr>
</tbody>
</table>

Extraction Method: Principal Component Analysis.

a. 2 components extracted.

From the component matrix based on eight items used to measure inspirational motivation, only one item, the supervisor expresses confidence that goals will be achieved had highest factor loading of 0.977 in the first component while employee perform his/her work satisfactorily because the supervisor expresses confidence that he/she will achieve...
set goals had highest factor loading of 0.745 in the second component. The results are presented in table 4.18.

4.5.3 Pearson Correlation Between Inspirational Motivation and Employee Performance

A correlation analysis was carried out to examine the nature of association between inspirational motivation and employee performance in regulatory state corporations in Kenya. To carry out the test, idealized influence constructs namely role model, ethical behaviour, trustworthiness and respect were used as the independent variables while employee performance was the dependent variable. The test was conducted at the 5% level of significance in a 2 – tailed test. This indicates that the critical value was set at 0.025 during the test, beyond which the association between the variables was concluded to be not significant hence could not be relied on in making conclusions regarding the association between the variables being tested. The strength of the association was based on the Pearson’s Correlation scale where a correlation value of between: 0.0 to 0.29 (0.0 to -0.29) indicates a no correlation; 0.3 to 0.49 (-0.3 to -0.49) shows a weak positive (negative) correlation and a correlation coefficient in the interval of 0.5 to 0.69 (-0.5 to -0.69) indicates a moderate positive (negative) correlation whereas a correlation coefficient of 0.7 and above (-0.7 to -1) indicates a strong positive /negative correlation.

The findings of the study are shown in Table 4.19.

Table 4.19: Pearson Correlation Between Inspirational Motivation and Employee Performance for All Items

<table>
<thead>
<tr>
<th>Variables</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
<th>7</th>
<th>8</th>
<th>9</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>.734**</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>.872**</td>
<td>.783**</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>.818**</td>
<td>.883**</td>
<td>.784**</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5</td>
<td>.925**</td>
<td>.562**</td>
<td>.473**</td>
<td>.545**</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>6</td>
<td>.923**</td>
<td>.399**</td>
<td>.738**</td>
<td>.783**</td>
<td>.545**</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>7</td>
<td>.814**</td>
<td>.675**</td>
<td>.672**</td>
<td>.792**</td>
<td>.634**</td>
<td>.664**</td>
<td>1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>8</td>
<td>.757**</td>
<td>.657**</td>
<td>.654**</td>
<td>.782**</td>
<td>.688**</td>
<td>.745**</td>
<td>.853**</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>9</td>
<td>.755**</td>
<td>.772**</td>
<td>.745**</td>
<td>.543**</td>
<td>.773**</td>
<td>.843**</td>
<td>.762**</td>
<td>.753**</td>
<td>1</td>
</tr>
</tbody>
</table>

**. Correlation is significant at the 0.01 level (2-tailed).
According to the findings as illustrated in Table 4.19 the findings on leaders are enthusiastic about what needs to be done and employee performance had a positive and strong correlation with employee performance (, \( r(113) = .925, p< .000 \)). The findings on the relationship between the leader talking optimistically about the future and employee performance were positive and strongly correlated \( r(113) = .872, p< .000 \). The findings on the leader’s confidence that goals will be achieved and employee performance was positive and strongly correlated \( r(113) = .812, p< .000 \). Further leader articulating a compelling vision and employee performance were strongly correlated \( r(113) = .734, p< .000 \).

Findings on employees putting extra effort at work and leader articulating a compelling vision for the future was positive and strongly correlated \( r(113) = .923, p< .000 \). Findings on employees commitment to work and leader talking optimistically about the future was positive and strongly correlated \( r(113) = .814, p< .001 \). Findings on employee satisfactorily performing work and the leader expressing confidence that goals will be achieved was positive and strongly correlated \( r(113) = .757, p< .006 \). While employee work effectiveness and leaders being enthusiastic about what need to be done was also positive and strongly correlated \( r(113) = .755, p< .006 \).

**Table 4.20: Pearson Correlation Analysis on Inspirational Motivation Index**

<table>
<thead>
<tr>
<th>Variable</th>
<th>Inspirational Motivation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employee Performance</td>
<td>0.894**</td>
</tr>
<tr>
<td>Sig. (2-tailed)</td>
<td>0.000</td>
</tr>
<tr>
<td>N</td>
<td>113</td>
</tr>
</tbody>
</table>

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

The study sought to establish the relationship between inspirational motivation index and employee performance by correlation analysis and found that the two variables were positive and strongly correlated \( r(113) = .894, p = .000 \). The results are as indicated in
Table 4.20. This finding therefore proves that the adoption of inspirational motivation in a firm will bear positive results as its degree of use determines the extent of employee performance in the firm.

4.5.4 Hypothesis Testing for Inspirational Motivation and Employee Performance Using Multiple Regression Analysis

The second research question sought to establish the effect of inspirational motivation on employee performance in regulatory state corporations in Kenya. The following hypothesis was therefore tested:

\( H_2: \) Inspirational motivation has a significant effect on employee performance in regulatory state corporations in Kenya

Table 4.21: Model Summary for Inspirational Motivation

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>.894a</td>
<td>.800</td>
<td>.798</td>
<td>.259</td>
</tr>
</tbody>
</table>

a. Dependent Variable: Employee Performance  
b. Predictors: (Constant), Inspirational Motivation

The regression results showed that inspirational motivation explained a significant proportion of variance in employee performance, \( R^2 = .800 \). It means that 80% of the proportion in employee performance can be explained by inspirational motivation in regulatory state corporations of Kenya. The remaining 20% are explained by other factors not considered in the study and the error term. Findings are as presented in Table 4.21.

Table 4.22: ANOVA Table for Inspirational Motivation

<table>
<thead>
<tr>
<th>Model</th>
<th>Sum of Squares</th>
<th>df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Regression</td>
<td>29.784</td>
<td>1</td>
<td>29.784</td>
<td>443.661</td>
</tr>
<tr>
<td></td>
<td>Residual</td>
<td>7.452</td>
<td>111</td>
<td>.067</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>37.236</td>
<td>112</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

a. Dependent Variable: Employee Performance  
b. Predictors: (Constant), Inspirational Motivation

The findings indicate that the significance value in testing the reliability of the model for the relationship between inspirational motivation and employee performance was \( F (1, \)
113) = 443.661, p = 0.00. Therefore the model is statistically significant in predicting the relationship between inspirational motivation and employee performance. From the findings the null hypothesis was rejected. Results are as presented in Table 4.22.

Table 4.23: Coefficients Table for Inspirational Motivation

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>t</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Constant)</td>
<td>14.333</td>
<td>.230</td>
<td>4.092</td>
<td>.005</td>
</tr>
<tr>
<td>Supervisor articulates a compelling vision for the future</td>
<td>.667</td>
<td>.833</td>
<td>1.027</td>
<td>6.873</td>
</tr>
<tr>
<td>Supervisor talks optimistically about the future</td>
<td>.667</td>
<td>.389</td>
<td>.729</td>
<td>6.920</td>
</tr>
<tr>
<td>Supervisor articulates a compelling vision for the future</td>
<td>.250</td>
<td>.323</td>
<td>.366</td>
<td>12.792</td>
</tr>
<tr>
<td>Leader optimistic of the future</td>
<td>.583</td>
<td>.435</td>
<td>.669</td>
<td>8.489</td>
</tr>
<tr>
<td>Extra effort because supervisor articulates compelling vision</td>
<td>.417</td>
<td>.389</td>
<td>.706</td>
<td>6.983</td>
</tr>
<tr>
<td>Committed to work because supervisor is optimistic</td>
<td>.083</td>
<td>.927</td>
<td>.169</td>
<td>10.887</td>
</tr>
<tr>
<td>Work satisfaction because supervisor is confident of goal achievement.</td>
<td>.250</td>
<td>.832</td>
<td>.512</td>
<td>8.873</td>
</tr>
<tr>
<td>Work effectiveness because of supervisor enthusiasm</td>
<td>.016</td>
<td>.123</td>
<td>.153</td>
<td>9.982</td>
</tr>
</tbody>
</table>

a. Dependent Variable: Employee Performance  
b. Predictors: (Constant), Inspirational Motivation

The study found that inspirational motivation significantly predicted employee performance as shown by the significant values which were less than the critical value of 0.05. Specifically, the supervisor articulating a compelling vision for the future and employee performance had coefficients ($\beta = 1.027, t = 6.873, p < .05$), the supervisor talking optimistically about the future and employee performance had coefficients ($\beta = .729, t = 6.920, p < .05$). The supervisor expresses confidence that goals will be achieved and employee performance had coefficients ($\beta = .366, t = 12.792, p < .05$), the supervisor talking enthusiastically about what needs to be done and employee performance had coefficients ($\beta = .669, t = 8.489, p < .05$), employee putting extra effort in work because the supervisor articulates a compelling vision for the future and employee performance
had coefficients ($\beta = .706, t = 6.983, p < .05$), Employee commitment to work because the supervisor talks optimistically about the future and employee performance had coefficients ($\beta = .169, t = 10.887, p < .05$), employee performing work satisfactorily because the supervisor expresses confidence that they will achieve set goals and employee performance had coefficients ($\beta = .512, t = 8.873, p < .05$), and employee working effectively because the supervisor is enthusiastic about what needs to be done and employee performance had coefficients ($\beta = .153, t = 9.982, p < .05$). The results are presented in Table 4.23.

**Table 4.24: Model Coefficients for Inspirational Motivation**

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>T</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>(Constant)</td>
<td>1.716</td>
<td>.115</td>
<td>14.972</td>
</tr>
<tr>
<td></td>
<td>Inspirational Motivation</td>
<td>.590</td>
<td>.028</td>
<td>.894</td>
</tr>
</tbody>
</table>

a. Dependent Variable: Employee Performance  
b. Predictors: (constant), Inspirational Motivation

The study found that inspirational motivation significantly predicted employee performance, $\beta = .894, t (113) = 21.063, p = .000$. This finding implied a rejection of the null hypothesis and therefore alternative hypothesis is taken as true. The study therefore concluded that inspirational motivation significantly influences employee performance in regulatory state corporations in Kenya. Based on the findings, the study derived the model for idealized and employee performance. The results are presented in table 4.24.

Based on the simple regression model;

$$Y = \beta_0 + \beta_2X_2 + \varepsilon.$$

Where;

- $Y$ = Employee Performance
- $X_2$ = Inspirational Motivation

The model becomes $Y = 1.716 + 0.894X_2 + \varepsilon$.

The model implies that for every unit increase in inspirational motivation, employee performance increases by 0.894 in regulatory state corporations. The study found that inspirational motivation significantly predicted employee performance hence rejected the null hypothesis.

**4.6 Effect of Intellectual Stimulation on Employee Performance**

The third research question focused on the effect of intellectual stimulation on employee performance in the regulatory state corporations in Kenya. This was achieved by
conducting descriptive statistics of intellectual stimulation, factor analysis, correlation analysis, regression analysis and hypothesis testing.

4.6.1 Descriptives of Intellectual Stimulation
The study sought to analyse the views of the respondents on intellectual stimulation using a table of means and standard deviations. The mean signifies average response, while the standard deviation is the variation around the mean. A Likert scale data was collected rating the views in a scale of 1 to 5 where a mean value in the interval of up to 1 represents strongly disagree; 1.1 – 2.0 is an indication of disagreement state; 2.1 – 3.0 is a neutral response, 3.1 – 4.0 is an indication of agreement and a mean value of 4.1 and above is an indication of strongly agree. The results from the collected responses were analysed based on means and their standard deviations to show the variability of the individual responses from the overall mean of the responses per each aspect of intellectual stimulation.

Under the intellectual stimulation dimension of transformational leadership style, the constructs were: arouse awareness, creative and innovative, empowers and independence. Each construct measures the extent to which idealized influence is practiced in a regulatory state corporation and therefore affecting employee performance. The findings of the study are shown in Table 4.25.

Table 4.25: Mean and Standard Deviation for Intellectual Stimulation

<table>
<thead>
<tr>
<th>Intellectual Stimulation</th>
<th>N</th>
<th>Mean</th>
<th>Std. Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Supervisor provides new ways of looking at puzzling things</td>
<td>113</td>
<td>3.88</td>
<td>.623</td>
</tr>
<tr>
<td>Supervisor encourages creativity and innovativeness</td>
<td>113</td>
<td>3.75</td>
<td>.688</td>
</tr>
<tr>
<td>Supervisor empowers, removes roadblocks and provide assistance.</td>
<td>113</td>
<td>3.90</td>
<td>.935</td>
</tr>
<tr>
<td>Supervisor allows independence for work to be done</td>
<td>113</td>
<td>4.12</td>
<td>.810</td>
</tr>
</tbody>
</table>

Effect of Intellectual Stimulation on Employee Performance

Extra effort because my supervisor provides new ways of looking at puzzling things.

Work Satisfaction because supervisor encourages looking at problems from many different angles.

Work commitment because supervisor removes roadblocks and provide assistance.

Work effectiveness because supervisor allows independence.

<table>
<thead>
<tr>
<th>Effect of Intellectual Stimulation on Employee Performance</th>
<th>N</th>
<th>Mean</th>
<th>Std. Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Extra effort because my supervisor provides new ways of looking at puzzling things.</td>
<td>113</td>
<td>4.68</td>
<td>.468</td>
</tr>
<tr>
<td>Work Satisfaction because supervisor encourages looking at problems from many different angles.</td>
<td>113</td>
<td>4.37</td>
<td>.868</td>
</tr>
<tr>
<td>Work commitment because supervisor removes roadblocks and provide assistance.</td>
<td>112</td>
<td>4.35</td>
<td>.887</td>
</tr>
<tr>
<td>Work effectiveness because supervisor allows independence.</td>
<td>112</td>
<td>4.23</td>
<td>.710</td>
</tr>
</tbody>
</table>

The mean and standard deviation findings as shown in Table 4.25 indicate that the leaders in regulatory state corporations allow independence for employees to perform their work.
This is as indicated by a mean of 4.12 and standard deviations of 0.810 in the interval of an extent of strongly agree. The standard deviation which is less than 1 showed that the responses given did not vary significantly from the mean value and therefore changing the population units studied would not alter the current results significantly. Findings also revealed that leaders in regulatory state corporations empower employees by removing roadblocks to enable them do their work. This is as indicated by a mean of 3.90 and standard deviations of 0.935 in the interval of extent of agree. The standard deviation which is less than 1 showed that the responses given did not vary significantly from the mean value and therefore changing the population units studied would not alter the current results significantly. According to the findings, the leaders of the regulatory state corporations encourage employee creativity and innovativeness. This is as indicated by a mean of 3.75 and standard deviations of 0.688 in the interval of an extent of agree. The standard deviation which is less than 1 showed that the responses given did not vary significantly from the mean value and therefore changing the population units studied would not alter the current results significantly. The study revealed that leaders provide employees with new ways of looking at puzzling things. This is as indicated by a mean of 3.88 and a standard deviation of 0.623 in the interval of an extent of agree. The standard deviation which is less than 1 showed that the responses given did not vary significantly from the mean value and therefore changing the population units studied would not alter the current results significantly.

The findings showed also that employees of regulatory state corporations put extra effort at work because their leaders provide them with new ways of looking at puzzling things. This is as indicated by a mean of 4.68 with a standard deviation of 0.468 in the interval of an extent of strongly agree. The standard deviation which is less than 1 showed that the responses given did not vary significantly from the mean value and therefore changing the population units studied would not alter the current results significantly. According to the findings, respondents agree that they are satisfied with their work because the immediate supervisor encourages them to look at problems from many different angles. This is as indicated by a mean of 4.37 with a standard deviation of .868 in the interval of an extent of strongly agree. The standard deviation which is less than 1 showed that the responses given did not vary significantly from the mean value and therefore changing the population units studied would not alter the current results significantly.
The findings also indicate that employees are committed to doing their work satisfactorily because their immediate supervisor empowers them and removes roadblocks to enable them do their work. The mean response was 4.35 with a standard deviation of 0.887, which is an indication in the interval of extent of strongly agree. The standard deviation which is less than 1 showed that the responses given did not vary significantly from the mean value and therefore changing the population units studied would not alter the current results significantly. Further findings indicate that employees perform their work effectively because the supervisor allows independence for them to perform their work. The mean response was 4.23 with a standard deviation of 0.710 in the interval of extent of strongly agree. The standard deviation which is less than 1 showed that the responses given did not vary significantly from the mean value and therefore changing the population units studied would not alter the current results significantly.

4.6.2 Factor Analysis Results for Intellectual Stimulation

Factor analysis was used to reduce items of intellectual stimulation. The constructs were measured using eight items and the constructs were factor analysed in order to come up with an appropriate measure.

<table>
<thead>
<tr>
<th>Kaiser-Meyer-Olkin Measure of Sampling Adequacy</th>
<th>.672</th>
</tr>
</thead>
<tbody>
<tr>
<td>Approx. Chi-Square</td>
<td>1109.390</td>
</tr>
<tr>
<td>Bartlett's Test of Sphericity</td>
<td>7</td>
</tr>
<tr>
<td>Sig.</td>
<td>.000</td>
</tr>
</tbody>
</table>

The study found that KMO had a value of 0.672 and Bartlett's test, $\chi^2(7, N = 113) = 1109.390$, $p = .000$. The results are presented in Table 4.26. The KMO value is greater than 0.5 and Bartlett’s test is significant, which ascertained the appropriateness of factor analysis.
Table 4.27: Total Variance Explained for Intellectual Stimulation

<table>
<thead>
<tr>
<th>Component</th>
<th>Initial Eigenvalues</th>
<th>Extraction Sums of Squared Loadings</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Total</td>
<td>% of Variance</td>
</tr>
<tr>
<td>1</td>
<td>4.524</td>
<td>56.556</td>
</tr>
<tr>
<td>2</td>
<td>1.730</td>
<td>21.621</td>
</tr>
<tr>
<td>3</td>
<td>.969</td>
<td>12.113</td>
</tr>
<tr>
<td>4</td>
<td>.605</td>
<td>7.562</td>
</tr>
<tr>
<td>5</td>
<td>.123</td>
<td>1.538</td>
</tr>
<tr>
<td>6</td>
<td>.049</td>
<td>.610</td>
</tr>
<tr>
<td>7</td>
<td>1.416</td>
<td>1.754</td>
</tr>
<tr>
<td>8</td>
<td>-2.21</td>
<td>-2.767</td>
</tr>
</tbody>
</table>

Extraction Method: Principal Component Analysis.

The results of the total variance explained for intellectual stimulation showed that the first component explained 56.556% of the total variability in the eight items while the second component explained 21.621% of the variability. This is an indication that the two components could be used to measure employee performance. The other factors remained insignificant to the variance. The results are presented in Table 4.27.

Figure 4.10: Scree Plot for Intellectual Stimulation
The scree plot for intellectual stimulation showed that two components had Eigen value greater than one. This is an indication that the two components could be used to measure employee performance. The other factors remained insignificant to the variance. This finding confirmed the results for total variance explained above. The results are presented in Figure 4.10.

**Table 4.28: Component Matrix for Intellectual Stimulation**

<table>
<thead>
<tr>
<th></th>
<th>Component 1</th>
<th>Component 2</th>
</tr>
</thead>
<tbody>
<tr>
<td>Supervisor provides new ways of looking at puzzling things</td>
<td>.784</td>
<td>.397</td>
</tr>
<tr>
<td>Supervisor encourages creativity and innovativeness</td>
<td>.772</td>
<td>-.361</td>
</tr>
<tr>
<td>Supervisor empowers, removes roadblocks and provide assistance.</td>
<td>.709</td>
<td>-.687</td>
</tr>
<tr>
<td>Supervisor allows independence for work to be done</td>
<td>.875</td>
<td>-.239</td>
</tr>
<tr>
<td>Extra effort because my supervisor provides new ways of looking at puzzling things.</td>
<td>.633</td>
<td>.468</td>
</tr>
<tr>
<td>Work Satisfaction because supervisor encourages looking at problems from many different angles.</td>
<td>.701</td>
<td>.629</td>
</tr>
<tr>
<td>Work commitment because supervisor removes roadblocks and provide assistance</td>
<td>.771</td>
<td>.452</td>
</tr>
<tr>
<td>Work effectiveness because supervisor allows independence.</td>
<td>.922</td>
<td>-.306</td>
</tr>
</tbody>
</table>

*Extraction Method: Principal Component Analysis.*  
a. 2 components extracted.

The component matrix based on eight items used to measure intellectual stimulation, only one item, the employee perform work effectively because the supervisor allows some independence for me/us to perform work had highest factor loading of 0.922 in the first component while employee is satisfied with his/her work because the supervisor encourages me/us to look at problems from many different angles had highest factor loading of 0.629 in the second component. The results are presented in Table 4.28.

**4.6.3 Pearson Correlation Between Intellectual Stimulation and Employee Performance**

The study correlated intellectual stimulation and employee performance and found that all the items of intellectual stimulation were positively and significantly related with employee performance. The findings of the study are shown in Table 4.29.
Table 4.29: Pearson Correlation Between Intellectual Stimulation and Employee Performance for All Items

<table>
<thead>
<tr>
<th>Variables</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
<th>7</th>
<th>8</th>
<th>9</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>.749**</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>.841**</td>
<td>.657**</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>.818**</td>
<td>.765**</td>
<td>.765**</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5</td>
<td>.715**</td>
<td>.882**</td>
<td>.472**</td>
<td>.453**</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>6</td>
<td>.724**</td>
<td>.628**</td>
<td>.383**</td>
<td>.892**</td>
<td>.983**</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>7</td>
<td>.822**</td>
<td>.563**</td>
<td>.783**</td>
<td>.739**</td>
<td>.675**</td>
<td>.435**</td>
<td>1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>8</td>
<td>.823**</td>
<td>.782**</td>
<td>.678**</td>
<td>.773**</td>
<td>.711**</td>
<td>.892**</td>
<td>.489**</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>9</td>
<td>.819**</td>
<td>.688**</td>
<td>.782**</td>
<td>.672**</td>
<td>.673**</td>
<td>.728**</td>
<td>.675**</td>
<td>.589**</td>
<td>1</td>
</tr>
</tbody>
</table>

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

Key

1. Employee Performance
2. Extra effort because my supervisor provides new ways of looking at puzzling things.
3. Work Satisfaction because supervisor encourages looking at problems from many different angles.
4. Work commitment because supervisor removes roadblocks and provide assistance
5. Work effectiveness because supervisor allows independence.
6. Extra effort because my supervisor provides new ways of looking at puzzling things.
7. Work Satisfaction because supervisor encourages looking at problems from many different angles.
8. Work commitment because supervisor removes roadblocks and provide assistance
9. Work effectiveness because supervisor allows independence.

According to the findings as illustrated in Table 4.29 the relationship between the leader encouraging creativity and employee performance were positive and strongly correlated \( r(113) = .841, p < .000 \). The findings on the leader removing roadblocks by providing assistance and employee performance was positive and strongly correlated \( r (113) = .818, p < .001 \). The leader providing new ways of looking at puzzling things and employee performance were strongly correlated \( r (113) = .749, p < .000 \). Further findings that leaders allow independence for staff to work and employee performance had a positive and strong correlation with employee performance \( , r (113) = .715, p < .000 \).

Findings on employee work commitment and the supervisor empowering staff was positive and strongly correlated \( r (113) = .823, p < .006 \). Findings on employees work satisfaction and supervisor encouragement to look at problems from many different angles was positive and strongly correlated \( r (113) = .822, p < .000 \). Findings on employees putting extra effort at work and leader proving new ways of looking at puzzling things was positive and strongly correlated \( r (113) = .724, p < .000 \). While
employee work effectiveness and supervisor allowing independence for staff to perform their work was also positive and strongly correlated \( r (113) = .819 \ p < .000 \).

Table 4.30: Pearson Correlation Analysis on Intellectual Stimulation Index

<table>
<thead>
<tr>
<th>Employee Performance</th>
<th>Pearson Correlation</th>
<th>Sig. (2-tailed)</th>
<th>N</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>.776**</td>
<td>.002</td>
<td>113</td>
</tr>
</tbody>
</table>

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

The study sought to determine the relationship between intellectual stimulation index and employee performance using correlation analysis and found that the two variables were positive and strongly correlated \( r (113) = .776, \ p = .002 \). The results are as shown in Table 4.30. This finding therefore confirm that the adoption of intellectual stimulation in an organization will bear positive results as its extent of use will determine the extent of employee performance in the organization.

4.6.4 Hypothesis Testing for Intellectual Stimulation Using Multiple Regression Analysis

The third research question sought to establish the effect of intellectual stimulation on employee performance in regulatory state corporations in Kenya. The following hypothesis was therefore tested:

\( H_3: \) Intellectual stimulation has a significant effect on employee performance in regulatory state corporations in Kenya

Table 4.31: Model Summary for Intellectual Stimulation

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>.754*a</td>
<td>.636</td>
<td>.607</td>
<td>.728</td>
</tr>
</tbody>
</table>

a. Dependent Variable: Employee Performance
b. Predictors: (Constant), Intellectual Stimulation

The study found that intellectual stimulation explained a significant proportion of variance in employee performance, \( R^2 = .636 \). It means that 63.6% of the proportion in employee performance can be explained by intellectual stimulation in regulatory state corporations of Kenya. The remaining 36.4% are explained by other factors not considered in the study and the error term. Findings are presented in Table 4.31.
Table 4.32: ANOVA Table for Intellectual Stimulation

<table>
<thead>
<tr>
<th>Model</th>
<th>Sum of Squares</th>
<th>Df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regression</td>
<td>1.158</td>
<td>1</td>
<td>12.899</td>
<td>33.983</td>
<td>.000</td>
</tr>
<tr>
<td>Residual</td>
<td>36.078</td>
<td>111</td>
<td>.084</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>37.236</td>
<td>112</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

a. Dependent Variable: Employee Performance
b. Predictors: (Constant), Intellectual Stimulation

The findings indicate that the significance value in testing the reliability of the model for the relationship between intellectual stimulation and employee performance was $F (1, 113) = 33.983, p = 0.00$. Therefore the model is statistically significant in predicting the relationship between intellectual stimulation and employee performance. From the findings the null hypothesis was rejected. Results are as presented in Table 4.32.

Table 4.33: Coefficients Table for Intellectual Stimulation

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>t</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
<td></td>
</tr>
<tr>
<td>(Constant)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Extra effort because my supervisor provides new ways of looking at puzzling things. Work Satisfaction because supervisor encourages looking at problems from many different angles.</td>
<td>.494</td>
<td>.203</td>
<td>.673</td>
<td>12.277</td>
</tr>
<tr>
<td>Extra effort because my supervisor provides new ways of looking at puzzling things. Work Satisfaction because supervisor encourages looking at problems from many different angles.</td>
<td>1.125</td>
<td>.135</td>
<td>1.331</td>
<td>8.308</td>
</tr>
<tr>
<td>1</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Extra effort because my supervisor provides new ways of looking at puzzling things. Work Satisfaction because supervisor encourages looking at problems from many different angles.</td>
<td>.419</td>
<td>.087</td>
<td>.341</td>
<td>4.787</td>
</tr>
<tr>
<td>Work commitment because supervisor removes roadblocks and provide assistance</td>
<td>.730</td>
<td>.160</td>
<td>.614</td>
<td>10.788</td>
</tr>
<tr>
<td>Work effectiveness because supervisor allows independence.</td>
<td>.548</td>
<td>.108</td>
<td>.844</td>
<td>5.070</td>
</tr>
<tr>
<td></td>
<td>.331</td>
<td>.110</td>
<td>.409</td>
<td>3.019</td>
</tr>
</tbody>
</table>

a. Dependent Variable: Employee Performance
b. Predictors: (Constant), Intellectual stimulation
The study found that intellectual stimulation significantly predicted employee performance as shown by the coefficients. Specifically, the supervisor providing employees with new ways of looking at puzzling things and employee performance had coefficients ($\beta = 0.673, t = 12.777, p < .05$), the supervisor encouraging employees to be creative and innovative and employee performance had coefficients ($\beta = 1.331, t = 8.308, p < .05$), employees putting extra effort in performing work because the supervisor provides them with new ways of looking at puzzling things and employee performance had coefficients ($\beta = 0.341, t = 4.787, p < .05$), employee satisfaction with work because the supervisor encourages them to look at problems from many different angles and employee performance had coefficients ($\beta = 0.614, t = 10.788, p < .05$), employees commitment to work because the supervisor removes roadblocks and provides assistance in doing their work and employee performance had coefficients ($\beta = 0.844, t = 5.070, p < .05$), and employee performing work effectively because the supervisor allows some independence in performing work and employee performance had coefficients ($\beta = 0.409, t = 3.019, p < .05$). The results are presented in Table 4.33.

**Table 4.34: Model Coefficients for Intellectual Stimulation**

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>t</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
<td></td>
</tr>
<tr>
<td>(Constant)</td>
<td>4.699</td>
<td>.335</td>
<td>-.335</td>
<td>14.037</td>
</tr>
<tr>
<td>1</td>
<td>Intellectual Stimulation</td>
<td>.159</td>
<td>.084</td>
<td>.176</td>
</tr>
</tbody>
</table>

a. Dependent Variable: Employee Performance  
b. Predictors: (Constant), Intellectual Stimulation

The study found that intellectual stimulation significantly predicted employee performance, $\beta = .176, t (113) = 2.888, p = .012$. This finding implied a rejection of the null hypothesis and therefore alternative hypothesis is taken as true. The study therefore concluded that intellectual stimulation significantly influences employee performance in regulatory state corporations in Kenya. The results are presented in Table 4.34.

Based on the simple regression model; $Y = \beta_0 + \beta_3 X_3 + \varepsilon$.

Where;  
$Y =$ Employee Performance  
$X_3 =$ Intellectual stimulation
The model becomes \( Y = 4.699 + 0.176X_3 + \varepsilon \).

The model implies that for every unit increase in intellectual stimulation, employee performance increases by 0.176 in regulatory state corporations. The study found that intellectual stimulation significantly predicted employee performance hence rejected the null hypothesis.

4.7 Effect of Individualized Consideration on Employee Performance

The fourth research question focused on the effect of idealized influence on employee performance in the regulatory state corporations in Kenya. This was achieved by conducting descriptive statistics of individualized consideration, factor analysis, correlation analysis, regression analysis and hypothesis testing.

4.7.1 Descriptive of Individualized Consideration

The study sought to analyse the opinions of the respondents on idealized influence using a table of means and standard deviations. The mean signifies average response, while the standard deviation is the variation about the mean. A Likert scale data was collected, assessment of the views in a scale of 1 to 5 where a mean value in the interval of up to 1 represents strongly disagree; 1.1 – 2.0 is an indication of disagreement state; 2.1 – 3.0 is a neutral response, 3.1 – 4.0 is an indication of agreement and a mean value of 4.1 and above is an indication of strongly agree. The results from the collected responses were analysed and founded on means and their standard deviations to expression the variability of the individual responses from the overall mean of the responses per each aspect of idealized influence.

Under the individualized consideration dimension of the transformational leadership style, the constructs were: individual needs, coach, mentor and communication. Each construct measured the extent to which individualized consideration was practiced in regulatory state corporations and therefore affecting employee performance. The findings of the study are shown in Table 4.35.
Table 4.35: Mean and Standard Deviation for Individualized Consideration

<table>
<thead>
<tr>
<th></th>
<th>N</th>
<th>Mean</th>
<th>Std. Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Supervisor deals with individual and not member of a group</td>
<td>112</td>
<td>4.46</td>
<td>0.758</td>
</tr>
<tr>
<td>Supervisor spends time coaching</td>
<td>113</td>
<td>4.31</td>
<td>1.086</td>
</tr>
<tr>
<td>Supervisor spends time mentoring</td>
<td>113</td>
<td>4.74</td>
<td>0.439</td>
</tr>
<tr>
<td>Supervisor keeps lines of communication open</td>
<td>113</td>
<td>3.46</td>
<td>0.926</td>
</tr>
<tr>
<td>Job satisfaction because supervisor treats employees as</td>
<td>113</td>
<td>4.73</td>
<td>0.448</td>
</tr>
<tr>
<td>individuals and not as a member of a group.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Work effectiveness because supervisor spends time coaching</td>
<td>113</td>
<td>4.18</td>
<td>1.283</td>
</tr>
<tr>
<td>Extra effort because supervisor spends time mentoring.</td>
<td>113</td>
<td>4.34</td>
<td>1.185</td>
</tr>
<tr>
<td>Work commitment because supervisor keeps lines of</td>
<td>113</td>
<td>4.46</td>
<td>0.501</td>
</tr>
<tr>
<td>communication open</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

The findings indicate that the immediate supervisors in regulatory state corporations spend time to mentor staff. This is as indicated by a mean of 4.74 and standard deviations of 0.439 in the interval of extent of strongly agree. The standard deviation which is less than 1 showed that the responses given did not vary significantly from the mean value and therefore changing the population units studied would not alter the current results significantly.

The findings show that the leaders in regulatory state corporations treat employees as individuals and not as members of a group. This is as indicated by a mean of 4.46 and a standard deviation of 0.758 in the interval of an extent of strongly agree. The standard deviation which is less than 1 showed that the responses given did not vary significantly from the mean value and therefore changing the population units studied would not alter the current results significantly. According to the findings, the supervisors take time to coach employees. This is as indicated by a mean of 4.31 and standard deviations of 1.086 in the interval of an extent of strongly agree. The standard deviation which is less than 1 showed that the responses given did not vary significantly from the mean value and therefore changing the population units studied would not alter the current results significantly.

Findings also indicate that immediate supervisors in the regulatory state corporations keep lines of communication open with staff. This is as indicated by a mean of 3.46 and standard deviations of 0.926 in the interval of an extent of agree. The standard deviation
which is less than 1 showed that the responses given did not vary significantly from the mean value and therefore changing the population units studied would not alter the current results significantly.

The study also sought to analyse the views of members of top management on individualized consideration on employee performance using a table of means and standard deviations. According to the findings, employees are satisfied with their jobs because the leader treats them as individuals and not members of a group. This is as indicated by a mean of 4.73 with a standard deviation of 0.448 in the interval of an extent of strongly agree. The standard deviation which is less than 1 showed that the responses given did not vary significantly from the mean value and therefore changing the population units studied would not alter the current results significantly. Further findings indicate that employees are committed to work because the supervisor keeps lines of communication open. The mean response was 4.46 with a standard deviation of 0.501 in the interval of extent of strongly agree.

The findings indicate that employees put extra effort in work because their immediate supervisor mentors them. The mean response was 4.34 with a standard deviation of 1.185, which is an indication in the interval of extent of strongly agree. The standard deviation obtained was slightly above 1 showing that the responses had more variation from the mean value obtained. According to the findings, respondents agree that they perform work effectively because the immediate supervisor spends time coaching them. This is as indicated by a mean of 4.18 with a standard deviation of 1.283 in the interval of an extent of strongly agree. The standard deviation obtained was slightly above 1 showing that the responses had more variation from the mean value obtained.

4.7.2 Factor Analysis Results for Individualized Consideration
Factor analysis was conducted in the study to reduce items of individualized consideration. The constructs were measured using eight items.

Table 4.36: KMO and Bartlett's Test for Individualized Consideration

<table>
<thead>
<tr>
<th></th>
<th>Kaiser-Meyer-Olkin Measure of Sampling Adequacy</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Approx. Chi-Square</td>
<td>.519</td>
</tr>
<tr>
<td>Bartlett's Test of Sphericity</td>
<td>Df</td>
<td>890.930</td>
</tr>
<tr>
<td></td>
<td>Sig.</td>
<td>7</td>
</tr>
<tr>
<td></td>
<td>Sig.</td>
<td>.000</td>
</tr>
</tbody>
</table>
The study found that KMO had a value of 0.519 and Bartlett's test, $\chi^2(7, N = 113) = 890.930, p = .000$. The results are presented in Table 4.36. The KMO value is greater than 0.5 and Bartlett's test is significant, which ascertained the appropriateness of factor analysis.

Table 4.37: Total Variance Explained for Individualized Consideration

<table>
<thead>
<tr>
<th>Component</th>
<th>Initial Eigenvalues</th>
<th>Extraction Sums of Squared Loadings</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Total</td>
<td>% of Variance</td>
</tr>
<tr>
<td>1</td>
<td>5.163</td>
<td>64.532</td>
</tr>
<tr>
<td>2</td>
<td>1.307</td>
<td>16.332</td>
</tr>
<tr>
<td>3</td>
<td>1.135</td>
<td>14.184</td>
</tr>
<tr>
<td>5</td>
<td>.029</td>
<td>.359</td>
</tr>
<tr>
<td>6</td>
<td>-1.932</td>
<td>-2.415</td>
</tr>
<tr>
<td>7</td>
<td>-4.941</td>
<td>-6.17</td>
</tr>
<tr>
<td>8</td>
<td>-2.</td>
<td>-2.888</td>
</tr>
</tbody>
</table>

Extraction Method: Principal Component Analysis.

The results of the total variance explained for individualized consideration showed that the first component explained 64.532% of the total variability in the eight items; the second component explained 16.332% of the variability while the third component explained 14.184% of the variability. This is an indication that the three components could be used to measure employee performance. The other factors remained insignificant to the variance. The results are presented in Table 4.37.

Figure 4.11: Scree Plot for Individualized Consideration
The scree plot for individualized consideration showed that three components had Eigen values greater than one. This is an indication that the three components could be used to measure employee performance. The other factors remained insignificant to the variance. This finding confirmed the results for total variance explained above. The results are presented in Figure 4.11.

In the component matrix based on eight items used to measure individualized consideration, only one item, the supervisor treats me/us as individuals rather than as a member of a group had highest factor loading of 0.944 in the first component, the employee is satisfied with his/her job because the supervisor treats him as individuals and not a member of a group had highest factor loading of 0.655 in the second component while the supervisor keeps lines of communication open had the highest factor loading of 0.742 in the third component. Results are presented in table 4.38.

**Table 4.38: Component Matrix for Individualized Consideration**

<table>
<thead>
<tr>
<th>Component</th>
<th>1</th>
<th>2</th>
<th>3</th>
</tr>
</thead>
<tbody>
<tr>
<td>Supervisor deals with individual and not member of a group</td>
<td>.944</td>
<td>.323</td>
<td>.049</td>
</tr>
<tr>
<td>Supervisor spends time coaching</td>
<td>.900</td>
<td>.388</td>
<td>.003</td>
</tr>
<tr>
<td>Supervisor spends time mentoring</td>
<td>.911</td>
<td>-.113</td>
<td>.223</td>
</tr>
<tr>
<td>Supervisor keeps lines of communication open</td>
<td>.658</td>
<td>.446</td>
<td>.742</td>
</tr>
<tr>
<td>Job satisfaction because supervisor treats employees as individuals and not as a member of a group.</td>
<td>.701</td>
<td>.655</td>
<td>-.136</td>
</tr>
<tr>
<td>Work effectiveness because supervisor spends time coaching</td>
<td>.876</td>
<td>-.340</td>
<td>.336</td>
</tr>
<tr>
<td>Extra effort because supervisor spends time mentoring.</td>
<td>.726</td>
<td>-.517</td>
<td>.392</td>
</tr>
<tr>
<td>Work commitment because supervisor keeps lines of communication open</td>
<td>.798</td>
<td>-.166</td>
<td>-.497</td>
</tr>
</tbody>
</table>

Extraction Method: Principal Component Analysis.

a. 3 components extracted.

**4.7.3 Pearson Correlation Between Individualized Consideration and Employee Performance**

The study correlated individualized consideration and employee performance and established that all the items of individualized consideration were positively and significantly related with employee performance. The findings of the study are indicated in Table 4.39.
Table 4.39: Pearson Correlation Between Individualized Consideration and Employee Performance for All Items

<table>
<thead>
<tr>
<th>Variables</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
<th>7</th>
<th>8</th>
<th>9</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>.984**</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>.748** .893**</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>.563** .673** .563**</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5</td>
<td>.758** .364** .689** .673**</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>6</td>
<td>.836** .673** .783** .784** .873**</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>7</td>
<td>.746** .589** .839** .465** .847** .563**</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>8</td>
<td>.711** .735** .563** .893** .623** .345** .892**</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>9</td>
<td>.789** .788** .885** .783** .389** .672** .783** .673**</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

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

Key

<table>
<thead>
<tr>
<th>Variable</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Employee Performance</td>
</tr>
<tr>
<td>2 Supervisor deals with individual and not member of a group</td>
</tr>
<tr>
<td>3 Supervisor spends time coaching</td>
</tr>
<tr>
<td>4 Supervisor spends time mentoring</td>
</tr>
<tr>
<td>5 Supervisor keeps lines of communication open</td>
</tr>
<tr>
<td>6 Job satisfaction because supervisor treats employees as individuals and not as a member of a group.</td>
</tr>
<tr>
<td>7 Work effectiveness because supervisor spends time coaching</td>
</tr>
<tr>
<td>8 Extra effort because supervisor spends time mentoring.</td>
</tr>
<tr>
<td>9 Work commitment because supervisor keeps lines of communication open</td>
</tr>
</tbody>
</table>

According to the findings as illustrated in Table 4.39, the immediate supervisor consideration for individual needs and employee performance were strongly correlated (r(113) = .984, p< .000). The findings on the supervisor spending time coaching and employee performance were positive and strongly correlated (r (113) = .748, p< .000). Findings that supervisors keep lines of communication open and employee performance had a positive and strong correlation with employee performance (r, r (113) = .758, p< .006). The findings on the supervisor spending time mentoring and employee performance were positive and strongly correlated (r (113) = .563, p< .001).

Findings on employee job satisfaction and supervisor giving consideration to individual needs were strongly correlated (r (113) = .836, p< .000). Findings on employee work commitment and supervisor keeping lines of communication were strongly correlated (r (113) = .789 p< .000. Findings on employees work effectiveness and supervisor coaching
were positive and strongly correlated \((r (113) = 0.746, p< .000)\). While findings on extra effort and the supervisor mentoring staff were positive and strongly correlated \((r (113) = 0.711, p< .006)\).

**Table 4.40: Pearson Correlation Analysis Individualized Consideration Index**

<table>
<thead>
<tr>
<th>Individualized Consideration</th>
<th>Employee Performance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pearson Correlation</td>
<td>.819**</td>
</tr>
<tr>
<td>Sig. (2-tailed)</td>
<td>.000</td>
</tr>
<tr>
<td>N</td>
<td>113</td>
</tr>
</tbody>
</table>

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

The study sought to determine the relationship between the individualized consideration index and employee performance using correlation analysis and found that the two variables were strongly correlated \(r (113) = .819, p = .000\). The results are as shown in Table 4.40.

**4.7.4 Hypothesis Testing for Individualized Consideration and Employee Performance using Multiple Regression Analysis**

The fourth research question sought to establish the effects of individualized consideration on employee performance in the regulatory state corporations in Kenya by testing the following hypothesis:

**H₄:** Individualized consideration has a significant effect on employee performance in regulatory state corporations in Kenya

**Table 4.41: Model Summary for Individualized Consideration**

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>.859⁺⁺⁺</td>
<td>.725</td>
<td>.717</td>
<td>.572</td>
</tr>
</tbody>
</table>

a. Dependent Variable : Employee Performance
b. Predictors: (Constant), Individualized Consideration

The study found that individualized consideration explained a significant proportion of variance in employee performance, \(R^2 = .725\). This implies that 72.5% of the proportion in employee performance can be explained by individualized consideration in regulatory state corporations of Kenya. The remaining 27.5% are explained by other factors not considered in the study and the error term. Findings are as shown in Table 4.41.

156
Table 4.42: ANOVA Table for Individualized Consideration

<table>
<thead>
<tr>
<th>Model</th>
<th>Sum of Squares</th>
<th>df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regression</td>
<td>.944</td>
<td>1</td>
<td>.944</td>
<td>12.886</td>
<td>.002^a</td>
</tr>
<tr>
<td>Residual</td>
<td>36.292</td>
<td>111</td>
<td>.327</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>37.236</td>
<td>112</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

a. Dependent Variable: Employee Performance  
b. Predictors: (Constant), Individualized Consideration

The findings indicate that the significance value in testing the reliability of the model for the relationship between individualized consideration and employee performance was $F(1, 113) = 12.886, p = 0.002$. Therefore, the model is statistically significant in predicting the relationship between individualized consideration and employee performance. From the findings the null hypothesis was rejected. Results are as presented in Table 4.42.

Table 4.43: Coefficients Table for Individualized Consideration

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>T</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
<td></td>
</tr>
<tr>
<td>(Constant)</td>
<td>4.530</td>
<td>1.491</td>
<td></td>
<td>3.039</td>
</tr>
<tr>
<td>Supervisor mentors</td>
<td>1.358</td>
<td>.229</td>
<td>1.038</td>
<td>5.920</td>
</tr>
<tr>
<td>Supervisor Communicates</td>
<td>.909</td>
<td>.148</td>
<td>1.452</td>
<td>6.159</td>
</tr>
<tr>
<td>Job satisfaction due to teamwork</td>
<td>1.367</td>
<td>.262</td>
<td>1.068</td>
<td>5.224</td>
</tr>
<tr>
<td>1 Extra effort because supervisor mentors</td>
<td>.567</td>
<td>.098</td>
<td>1.170</td>
<td>5.814</td>
</tr>
<tr>
<td>Work commitment because supervisor keeps</td>
<td>1.778</td>
<td>.363</td>
<td>1.548</td>
<td>4.903</td>
</tr>
<tr>
<td>lines of communication open</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

a. Dependent Variable: Employee Performance  
b. Predictors: (Constant), Individualized consideration

The study established that individualized consideration significantly predicted employee performance as revealed by the regression coefficients. Specifically, the supervisor spending time mentoring and employee performance had coefficients ($\beta = 1.038, t = 5.920, p < .05$), the supervisor keeping lines of communication open and employee performance had coefficients ($\beta = 1.452, t = 6.159, p < .05$), employee satisfied with their job because supervisor treats them as individuals and not members of a group and employee performance had coefficients ($\beta = 1.068, t = 5.224, p < .05$). Findings on employee putting extra effort in his/her work because the supervisor spends time mentoring him/her and employee performance had coefficients ($\beta = 1.170, t = 5.814,$
p < .05), employee work commitment because supervisor keeps lines of communication open and employee performance had coefficients (β = 1.548, t = 4.903, p < .05). The results are presented in Table 4.43.

**Table 4.44: Model Coefficients for Individualized Consideration**

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>T</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
</tr>
<tr>
<td>1</td>
<td>(Constant)</td>
<td>3.352</td>
<td>.429</td>
<td>7.809</td>
</tr>
<tr>
<td>1</td>
<td>Individualized Consideration</td>
<td>.170</td>
<td>.100</td>
<td>.159</td>
</tr>
</tbody>
</table>

a. Dependent Variable: Employee Performance  
b. Predictors: (Constant), Individualized Consideration

The study found that individualized consideration significantly predicted employee performance, β = .159, t (113) = 11.699, p = .002. This finding implied a rejection of the null hypothesis. The study therefore concluded that individualized consideration significantly influences employee performance in regulatory state corporations in Kenya.

The general form of the regression model used was as follows:

\[ Y = \beta_0 + \beta_4 X_4 + \varepsilon. \]

Where;  
Y = employee performance  
X_4 = Individualized consideration

The model becomes \[ Y = 3.352 + 0.159X_4 + \varepsilon. \]

The model implies that for every unit increase in individualized consideration, employee performance increases by 0.159 in regulatory state corporations in Kenya. The study established a significant effect between individual consideration and employee performance hence a rejection of the null hypothesis. The results are presented in Table 4.44.

### 4.8 Moderating Effect of Work Environment on the Relationship between Transformational Leadership and Employee Performance

The fifth research question sought to determine the extent to which the work environment affected the relationship between transformational leadership style and employee performance. This was achieved by conducting descriptive statistics for work
environment, factor analysis, correlation analysis, regression analysis and hypothesis testing.

4.8.1 Descriptive for Work Environment

The study also sought to analyse the views of the respondents on work environment using a table of means and standard deviations. Likert scale data was collected rating the views on a scale of 1 to 5 where 1 represents strongly disagree whereas 5 represent strongly agree. The results from the collected responses were analysed based on means and their standard deviations to show the variability of the individual responses from the overall mean of the responses per each aspect of individualized consideration. The mean results are therefore given on a scale interval where a mean value of up to 1 is an indication of strongly disagree; 1.1 – 2.0 is disagree; 2.1 – 3.0 is neutral, 3.1 – 4.0 is agree and a mean value of 4.1 and above is an indication of strongly agree. The findings of the study are shown in Table 4.45.

Table 4.45: Mean and Standard Deviation for Work Environment

<table>
<thead>
<tr>
<th></th>
<th>N</th>
<th>Mean</th>
<th>Std. Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Supervisor provides tools and equipment required to work.</td>
<td>113</td>
<td>4.44</td>
<td>.459</td>
</tr>
<tr>
<td>Supervisor provides safe and healthy office space.</td>
<td>113</td>
<td>4.43</td>
<td>.448</td>
</tr>
<tr>
<td>Supervisor encourage good work relations with co-workers.</td>
<td>112</td>
<td>4.38</td>
<td>.390</td>
</tr>
<tr>
<td>Supervisor rewards and recognizes good performance.</td>
<td>113</td>
<td>4.29</td>
<td>.573</td>
</tr>
<tr>
<td>Work effectiveness due to availability of tools and equipment</td>
<td>113</td>
<td>4.28</td>
<td>.985</td>
</tr>
<tr>
<td>Work satisfaction because of safe and healthy environment</td>
<td>113</td>
<td>4.28</td>
<td>.986</td>
</tr>
<tr>
<td>Extra Effort because supervisor rewards good work</td>
<td>113</td>
<td>4.28</td>
<td>.683</td>
</tr>
<tr>
<td>Work commitment because of the good interpersonal relationships with co-workers.</td>
<td>113</td>
<td>4.13</td>
<td>.916</td>
</tr>
</tbody>
</table>

The mean and standard deviation as shown on table 4.45 shows that the leaders in regulatory state corporations provide employees with tools and equipment required to perform work. This is as indicated by a mean of 4.44 and a standard deviation of 0.459 in the interval of an extent of strongly agree. According to the findings, the supervisor provides a safe and healthy work space. This is as indicated by a mean score of 4.43 and standard deviation of 0.448 in the interval of strongly agree. According to the findings, the supervisors encourage good work relations with co-workers. This is as indicated by a mean score of 4.38 and a standard deviation of 0.390 in the interval of strongly agree. The
supervisor rewards and gives recognition for good performance as indicated by a mean score of 4.29 and a standard deviation of 0.573 in the interval of strongly agree.

The findings also indicate that employees work effectively because the supervisor provides the tools and equipment required for the job. This is as indicated by a mean of 4.28 and a standard deviation of 0.390 in the interval of agree. The findings on employee job satisfaction because of working in a healthy work environment also indicated a mean of 4.28 and standard deviation of 0.985 in the interval of strongly agree. The findings on employee extra effort because supervisor rewards and recognizes good work indicated a mean of 4.28 and a standard deviation of 0.683 in the interval of strongly agree. The findings on work commitment due to good interpersonal relationship with co-workers indicated a mean of 4.13 and a standard deviation of 0.916 in the interval of strongly agree.

4.8.2 Factor Analysis Results on Work Environment
Factor analysis was used to reduce the items of work environment.

Table 4.46: KMO and Bartlett's Sphericity test for Work Environment

<table>
<thead>
<tr>
<th>Kaiser-Meyer-Olkin Measure of Sampling Adequacy</th>
<th>Approx. Chi-Square</th>
<th>Bartlett's Test of Sphericity</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Df</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Sig.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>.720</td>
</tr>
<tr>
<td></td>
<td></td>
<td>837.202</td>
</tr>
<tr>
<td></td>
<td></td>
<td>.000</td>
</tr>
</tbody>
</table>

Factor analysis results for work environment showed that KMO had a value of 0.720 and Bartlett's test, $x^2(7, N = 113) = 837.202, p = .000$. The results are presented in Table 4.46.

Table 4.47: Total Variance Explained for Work Environment

<table>
<thead>
<tr>
<th>Component</th>
<th>Initial Eigenvalues</th>
<th>Extraction Sums of Squared Loadings</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Total</td>
<td>% of Variance</td>
</tr>
<tr>
<td>1</td>
<td>4.112</td>
<td>51.399</td>
</tr>
<tr>
<td>2</td>
<td>1.661</td>
<td>20.764</td>
</tr>
<tr>
<td>3</td>
<td>1.056</td>
<td>13.198</td>
</tr>
<tr>
<td>4</td>
<td>.718</td>
<td>8.978</td>
</tr>
<tr>
<td>5</td>
<td>.269</td>
<td>3.357</td>
</tr>
<tr>
<td>6</td>
<td>.149</td>
<td>1.867</td>
</tr>
<tr>
<td>7</td>
<td>.035</td>
<td>.439</td>
</tr>
<tr>
<td>8</td>
<td>-2.128</td>
<td>-2.660</td>
</tr>
</tbody>
</table>

Extraction Method: Principal Component Analysis.
The results of the total variance explained for work environment showed that the first component explained 51.399% of the total variability in the eight items; the second component explained 20.764%, while the third component explained 13.198% of the total variability. This is an indication that the three components could be used to measure employee performance. The other factors remained insignificant to the variance. The results are presented in Table 4.47.

![Scree Plot for Work Environment](image)

**Figure 4.12: Scree Plot for Work Environment**

The results for total variance explained indicated that three components had Eigen values greater than one. This finding was supported by the scree plot result that indicated that three components had Eigen values greater than one. This is an indication that the three components could be used to measure employee performance. The other factors remained insignificant to the variance. The results are presented in Figure 4.12.

**Table 4.48: Component Matrix for Work Environment**

<table>
<thead>
<tr>
<th></th>
<th>Component</th>
<th>1</th>
<th>2</th>
<th>3</th>
</tr>
</thead>
<tbody>
<tr>
<td>Supervisor provides tools and equipment to perform work.</td>
<td></td>
<td>.809</td>
<td>-.451</td>
<td>.346</td>
</tr>
<tr>
<td>Supervisor provides safe and healthy office space.</td>
<td></td>
<td>.808</td>
<td>-.451</td>
<td>.346</td>
</tr>
<tr>
<td>Supervisor encourage good work relations with co-workers.</td>
<td></td>
<td>.761</td>
<td>-.508</td>
<td>-.048</td>
</tr>
<tr>
<td>Supervisor rewards and recognizes good performance.</td>
<td></td>
<td>.851</td>
<td>.279</td>
<td>-.356</td>
</tr>
<tr>
<td>Work effectiveness because organization provides tools and</td>
<td></td>
<td>.537</td>
<td>.576</td>
<td>.299</td>
</tr>
<tr>
<td>equipment required for the job</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Work satisfaction because of safe and healthy environment</td>
<td></td>
<td>.780</td>
<td>.318</td>
<td>-.275</td>
</tr>
<tr>
<td>Extra Effort because leader rewards and recognizes good work</td>
<td></td>
<td>-.299</td>
<td>.362</td>
<td>.720</td>
</tr>
<tr>
<td>Work commitment because of the good interpersonal relationships with co-workers.</td>
<td></td>
<td>.719</td>
<td>.595</td>
<td>.069</td>
</tr>
</tbody>
</table>

Extraction Method: Principal Component Analysis.

a. 3 components extracted.

161
The study further showed that among the eight items used to measure work environment, only one item, the supervisor provides me/us with the tools and equipment required to perform my work had the highest factor loading of 0.809 in the first component, the employee is committed to his/her work because of the good interpersonal relationships with his/her co-workers had the highest factor loading of 0.595 in the second component, while the employee put extra effort in his/her job, because the supervisor rewards and recognizes his/her good work had the highest factor loading of 0.720 in the third component. The results are presented in Table 4.48.

4.8.3 Pearson Correlation Between Work Environment and Employee Performance

The moderating effect of work environment and employee performance was sought in the study. Table 4.49 gives the results obtained in the study.

<table>
<thead>
<tr>
<th>Employee Performance</th>
<th>Pearson Correlation</th>
<th>Sig. (2-tailed)</th>
<th>N</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>.865**</td>
<td>.005</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>113</td>
</tr>
</tbody>
</table>

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

The results obtained indicate that work environment and employee performance were strongly correlated, \( r (113) = .865, p<.000. \)

4.8.4 Hypothesis Testing for Moderating Effect of Work Environment on Relationship between Transformational Leadership and Employee Performance Using Multiple Regression Analysis

The fifth research question sought to establish the effect of work environment on the relationship between transformational leadership styles and employee performance. The following hypothesis was therefore tested:

H5: *Work Environment has a significant moderating effect on transformational leadership style and employee performance in regulatory state corporations in Kenya*

The multiple regression analysis was conducted through a hierarchical analysis with two tests where the first test involved determining the effect of transformational leadership on employee performance. The second test involved testing the effect of the work environment on the relationship between transformational leadership and employee performance.
Table 4.50: Model Summary for the Multiple Model

<table>
<thead>
<tr>
<th>Model</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Error of Estimate</th>
<th>R Square Change</th>
<th>F</th>
<th>df1</th>
<th>df2</th>
<th>Sig. F</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>.923a</td>
<td>.968</td>
<td>.079</td>
<td>.968</td>
<td>4</td>
<td>107</td>
<td>.000</td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>.989b</td>
<td>.977</td>
<td>.089</td>
<td>.977</td>
<td>5</td>
<td>107</td>
<td>.000</td>
<td></td>
</tr>
</tbody>
</table>

a. Predictors: (Constant), Idealized Influence, Intellectual Stimulation, Inspirational Motivation, Individualized Consideration
b. Predictors: (Constant), Work Environment, Idealized Influence, Intellectual Stimulation, Inspirational Motivation, Individualized Consideration

c. Predictors: (Constant), Work Environment, Idealized Influence, Intellectual Stimulation, Inspirational Motivation, Individualized Consideration

Results in Table 4.50 show the regression model summary showing the extent to which transformational leadership styles envisage employee performance. From the results, the change in $R^2$ shows a positive change where the percentage of the variability accounted for by the predictor variables went up from 96.8% to 97.6% ($R^2 = .968 - R^2 = .976$). Based on the coefficients, the predictor variables (idealized influence, intellectual stimulation, inspirational motivation, individualized consideration and work environment) explain 97.6% of the variation in employee performance in regulatory state corporations in Kenya. The remaining 2.4% are explained by other factors not considered in the study and the error term.

Table 4.51: ANOVA for the Multiple Model

<table>
<thead>
<tr>
<th>Model</th>
<th>Sum of Squares</th>
<th>df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Regression</td>
<td>34.457</td>
<td>4</td>
<td>7.018</td>
<td>759.049</td>
</tr>
<tr>
<td></td>
<td>Residual</td>
<td>.842</td>
<td>108</td>
<td>.007</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>35.236</td>
<td>112</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>Regression</td>
<td>36.393</td>
<td>5</td>
<td>7.279</td>
<td>924.789</td>
</tr>
<tr>
<td></td>
<td>Residual</td>
<td>.842</td>
<td>108</td>
<td>.008</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>37.236</td>
<td>113</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

a. Dependent Variable: Employee Performance
b. Predictors: (Constant), Idealized Influence, Intellectual Stimulation, Inspirational Motivation, Individualized Consideration
c. Predictors: (Constant), Work Environment, Idealized Influence, Intellectual Stimulation, Inspirational Motivation, Individualized Consideration
From the results in table 4.51, the significance value in testing the reliability of the model for the relationship between transformational leadership and employee performance was obtained as 0.000 which is less than 0.05 the critical value at 95% significance level. Therefore, the model is statistically significant in predicting the relationship between transformational leadership and employee performance in regulatory state corporations in Kenya. The model was significant for the relationship as given by the regression coefficients $F(1, 4) = 759.049, p = .000$. The second model showing the effect of work environment also proves this as the significance value is less than the previous $p$-value in the prior results $F(2, 5) = 924.789, p = .000$. From the findings the null hypothesis was rejected.

Table 4.52: Coefficients for the Multiple Model

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
</tr>
<tr>
<td>1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(Constant)</td>
<td>1.272</td>
<td>.114</td>
</tr>
<tr>
<td>Idealized Influence</td>
<td>.401</td>
<td>.011</td>
</tr>
<tr>
<td>Inspirational Motivation</td>
<td>.267</td>
<td>.015</td>
</tr>
<tr>
<td>Intellectual Stimulation</td>
<td>.122</td>
<td>.017</td>
</tr>
<tr>
<td>Individualized Consideration</td>
<td>.133</td>
<td>.037</td>
</tr>
<tr>
<td>(Constant)</td>
<td>1.272</td>
<td>.193</td>
</tr>
<tr>
<td>Idealized Influence</td>
<td>.422</td>
<td>.082</td>
</tr>
<tr>
<td>Inspirational Motivation</td>
<td>.289</td>
<td>.019</td>
</tr>
<tr>
<td>2</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Intellectual Stimulation</td>
<td>.127</td>
<td>.038</td>
</tr>
<tr>
<td>Individualized Consideration</td>
<td>.153</td>
<td>.092</td>
</tr>
<tr>
<td>Work Environment</td>
<td>.212</td>
<td>.021</td>
</tr>
</tbody>
</table>

a. Dependent Variable: Employee Performance  
b. Predictors: (Constant), Idealized Influence, Intellectual Stimulation, Inspirational Motivation, Individualized Consideration  
c. Predictors: (Constant), Work Environment, Idealized Influence, Intellectual Stimulation, Inspirational Motivation, Individualized Consideration

The estimates of the regression coefficients, $t$-statistics and the $p$-values for the relationship between transformational leadership and employee performance are as shown in Table 4.52. These coefficients answer the regression model relating the dependent and independent variables of the research. The multiple regression analysis was conducted through a hierarchical analysis with two tests where the first test elaborate challenging the effect of transformational leadership on employee performance. The second test involved testing the effect of the work environment on the relationship between transformational leadership and employee performance.
From Table 4.47, idealized influence had a coefficient ($\beta = .623$, $t = 24.424$, $p < .05$). Inspirational motivation also showed a significant influence on employee performance with the coefficient ($\beta = .411$, $t = 19.001$, $p < .05$) indicating a positive effect. Intellectual stimulation had a coefficient of ($\beta = .125$, $t = 3.300$, $p < .05$) showing a positive and significant relationship which was also the case with individualized consideration which showed a coefficient of ($\beta = .131$, $t = 5.901$, $p < .05$).

The results show that all the dimensions of transformational leadership style had a positive and significant influence on employee performance. This is according to the significance values and the coefficients obtained against each variable.

**Based on these, the regression model;**

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \epsilon$$  (without moderating variable)

$$Y = 1.272 + 0.401 X_1 + 0.267 X_2 + 0.122 X_3 + 0.133 X_4 + \epsilon.$$

In testing the relationship between constructs of transformational leadership against the employee’s performance (dependent variable). The results indicated that all the transformational leadership style dimensions had a positive significant influence on performance of employees. The coefficients showed positive relationships between all the variables and performance of employees.

After the moderating variable of work environment was introduced, idealized influence had a coefficient ($\beta = .631$, $t = 28.460$, $p < .05$). Inspirational motivation also showed a significant influence on employee performance with the coefficient ($\beta = .438$, $t = 19.273$, $p < .05$) indicating a positive effect. Intellectual stimulation had a coefficient of ($\beta = .132$, $t = 4.345$, $p < .05$) showing a positive and significant relationship which was also the case with individualized consideration which showed a coefficient of ($\beta = .156$, $t = 6.301$, $p < .05$). Testing the influence of work environment as well showed a significant influence to the relationship between transformational leadership and employee performance as indicated by the coefficients ($\beta = .209$, $t = 5.304$, $p < .05$).

The results show that all the transformational leadership styles had a significant influence on employee performance. This is according to the significance values and the coefficients obtained against each variable. The coefficients show a positive effect of the moderating variable to the effect of the transformational leadership styles.
Based on these, the regression model; \( Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \beta_5 M + \varepsilon \) (With Moderating Variable)

\[ Y = 1.272 + 0.422 X_1 + 0.289 X_2 + 0.127 X_3 + 0.153 X_4 + 0.212 X_5 + \varepsilon. \]

In testing the relationship, Idealized Influence, Inspirational Motivation, Intellectual Stimulation, Individualized Consideration and Work Environment were used to run the multiple regression model against employees performance as the dependent variable. The results showed that all the transformational leadership style dimensions had positive significant influence on employee performance. The coefficients also showed a positive relationship between all the variables and employee performance. This showed that work environment has a positive significant moderating effect between transformational leadership style and employee performance. The results are presented in Table 4.50.

**4.9 Chapter Summary**

This chapter has presented findings of data analysis obtained in the study. The chapter has presented results on demographic characteristics, factor analysis, correlation analysis, diagnostic tests and hypotheses testing. Analysis of the background information, determination of vital factors of the idealized influence, inspirational motivation, intellectual stimulation and individualized consideration on employee performance were provided in this chapter. The findings obtained were positive and there were positive and significant relationships between the variables of the study.
CHAPTER FIVE

5.0 SUMMARY, DISCUSSION, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

The chapter presents a summary of the study. The findings from the critical literature review and the empirical assessment of the influence of transformational leadership style on employee performance and moderating effect of work environment on the relationship between transformational leadership style and employee performance are discussed. The chapter ends by providing the recommendations, suggestions for improvement and further research.

5.2 Summary of the Study Findings

The study was carried out to establish the relationship between the transformational leadership style and employee performance of regulatory state corporations in Kenya. The study sought to answer the following research questions: what is the effect of idealized influence on employee performance in regulatory state corporations in Kenya?, what is the effect of inspirational motivation on employee performance in regulatory state corporations in Kenya?, what is the effect of intellectual stimulation on employee performance in regulatory state corporations in Kenya?, what is the effect of individual consideration on employee performance in regulatory state corporations in Kenya?, and to what extent does work environment moderate the relationship between transformational leadership style and employee performance in regulatory state corporations in Kenya.

The study was based on positivist philosophical approach such that intention and belief was independent of the research, purely for objectivity and generalization of research findings. The study adopted a descriptive correlation research design. The target population was 195 top level managers of regulatory state corporations in Kenya in 2016/2017. Proportionate stratified random sampling was used to select a sample of 130 top level managers from the regulatory state corporations in Kenya.

A self-administered questionnaire was used to collect data in the study. A pilot study was conducted to assess the validity and reliability of the tool. The data collected was analysed and informed the finalization of the questionnaire used in the main study. Descriptive and inferential methods were used to analyse the data collected. The questionnaire was subjected to reliability and validity tests and found to be sound.
Reliability was tested using Cronbach alpha and the results were greater than 0.7 implying that the constructs of study variables were all reliable. Descriptive methods included the frequencies and percentages, means and standard deviations that showed the trends in the data, whereas inferential methods included Pearson correlation analysis and multiple linear regression analysis. The findings were then presented in tables and figures where appropriate for quantitative data.

In respect to the effect of idealized influence on employee performance, the mean values were above 3.5 and a standard deviation below 1, an indication that the responses did not vary from the mean value and thus changing the population units’ studies would not alter the current outcomes significantly. Idealized influence constructs were factor analysed, and had a KMO value of 0.646, and Bartlett’s test $\chi^2(7, N = 113) = 1045.679, p = 0.000$. The results implies that the sampling was adequate. The correlation test revealed a positive and significant correlation with employee performance ($r = 0.944, p = 0.000 (p<0.05)$). Testing the relationship between the predictor and criterion variables using multiple regression analysis, the study findings illustrated that idealized influence had a positive effect on employee performance ($\beta = .944, t = 30.147, p < .05$). The regression results showed that idealized influence explained a significant proportion of variance in employee performance, $R^2 = .891$, $F(1,113) = 908.813, p<0.01$. Therefore, the study rejected the null hypothesis and concluded that there was a significant relationship between the idealized influence and employee performance of regulatory state corporations in Kenya.

In respect to the effect of inspirational motivation on employee performance, the mean values were above 3.76 on a scale of 1 to 5, where 1 signifies strongly disagree and 5 represents strongly agree. The standard deviation was below 1, an indication that the responses given did not vary significantly from the mean value and thus changing the population units’ studies would not alter the current outcomes significantly. Inspirational motivation constructs were factor analysed, and had a KMO value of 0.569, and Bartlett’s test $\chi^2(7, N = 113) = 1701.919, p = 0.000$. The results implies that the sampling was adequate. The correlation test revealed that inspirational motivation and employee performance were positive and strongly correlated ($r = 0.894, p = 0.000 (p<0.05)$). Testing the relationship between the predictor and criterion variables using multiple regression analysis, the study findings illustrated that inspirational motivation had a positive effect.
on employee performance ($\beta = .894, t = 21.063, p < .05$). The regression results showed that inspiratiional motivation explained a significant proportion of variance in employee performance, $R^2 = .800, F(1,113) = 443.661, p < 0.01$. Therefore, the study rejected the null hypothesis and concluded that there was a significant relationship between inspirational motivation and employee performance of regulatory state corporations in Kenya.

In respect to the effect of intellectual stimulation on employee performance, the mean values were above 3.75 on a scale of 1 to 5, where 1 signifies strongly disagree and 5 represents strongly agree. The standard deviation was below 1, an indication that the responses given did not vary significantly from the mean value and thus changing the population units’ studies would not alter the current outcomes significantly. Intellectual Stimulation constructs were factor analysed, and had a KMO value of 0.672, and Bartlett’s test $x^2 (7, N = 113) = 1109.390, p = 0.000$. The results implies that the sampling was adequate. The correlation test results gave a positive coefficient ($r = 0.776, p = 0.002$ ($p < 0.05$). Testing the relationship between the predictor and criterion variables using multiple regression analysis, the study findings illustrated that intellectual stimulation had a positive effect on employee performance ($\beta = .176, t = 2.888, p < .05$). The regression results showed that intellectual stimulation explained a significant proportion of variance in employee performance, $R^2 = .636, F(1,113) = 33.983, p < 0.01$. Thus, the study rejected the null hypothesis and accept the alternative hypothesis which stated that there was a positive and significant relationship between intellectual stimulation and employee performance of regulatory state corporations in Kenya.

In respect to the effect of individualized consideration on employee performance, the mean values were above 4.0 on a scale of 1 to 5, where 1 signifies strongly disagree and 5 represents strongly agree. The standard deviation was below 1, an indication that the responses given did not vary significantly from the mean value and thus changing the population units’ studies would not alter the current outcomes significantly. Individualized consideration constructs were factor analysed, and had a KMO value of 0.0.519, and Bartlett’s test $x^2 (7, N = 113) = 890.930, p = 0.000$. The results implies that the sampling was adequate. The correlation results showed a strong positive correlation ($r = 0.819, p = 0.000 < 0.05$) with employee performance of regulatory state corporations in Kenya. The regression coefficients also indicated a positive relationship between individualized consideration and employee performance of ($\beta = .159, t = 11.699, p < .05$).
The regression results showed that individualized consideration explained a significant proportion of variance in employee performance, $R^2 = .725$, $F(1,113) = 12.886$, $p<0.01$. Thus, the study had sufficient evidence to reject the null hypothesis and accept the alternative hypothesis which stated that there was a positive and significant relationship between individualized consideration and employee performance of regulatory state corporations in Kenya.

In respect to moderating effect of work environment on the relationship between the transformational leadership style and employee performance, the mean values were above 4.13 on a scale of 1 to 5, where 1 signifies strongly disagree and 5 represents strongly agree. The standard deviation was below 1, an indication that the responses given did not vary significantly from the mean value and thus changing the population units’ studies would not alter the current outcomes significantly. The factor analysis results for work environment showed that KMO had a value of 0.652 and Bartlett’s test, $x^2 (7, N = 113) =837.202$, $p = .000$. As a moderating factor, work environment indicated a strong correlation with employee performance. This is indicated by the coefficients of ($r =0.865$, $p = 0.005 <0.05$). This implies that the sample was adequate. Testing its effect through multiple linear regression test, the findings showed that work environment had a positive influence on the relationship between the transformational leadership style and employee performance in the regulatory state corporations in Kenya ($\beta = .209$, $t = 5.304$, $p < .05$).

The regression results showed that work environment explained a significant proportion of variance in the relationship between transformational leadership style and employee performance, $R^2 = .725$, $F(2,5) = 924.789$ $p<0.01$. The study therefore obtained enough evidence to reject the null hypothesis and conclude that work environment significantly moderated the relationship between transformational leadership style and employee performance.

5.3 Discussion of Results

In this section, the results of the study are discussed. The key findings for each research question are discussed in relation to the literature reviewed.

5.3.1 Effect of Idealized Influence on Employee performance

The first research question sought to establish the effect of idealized influence on employee performance in regulatory state corporations in Kenya. Seeking to answer this,
the study established that the leader instilled pride in the employees by acting as a role model and this made the employees put extra effort in their work. The findings on leader instilling pride and acting as a role model and employee performance was positive and strongly correlated. The findings are in agreement with findings of Rich (1997) whose study showed that role modelling behaviour of the manager was positively related to trust in the manager, which led to job satisfaction and overall employee performance. Jamil (2015) stated that the leader as a role model should be seen to be upright in all his or her matters. Sadeghi and Pihie (2012) also stated that the leader acted as a role model by doing the right things and inspiring the followers to do likewise, thus winning their trust and respect. The findings revealed that employees put extra effort at work because leaders instilled pride in employees and acted as role models. This is also in agreement with the findings of Srithongrung (2011) whose study showed that if the leader and the subordinate had the same beliefs and the leader acted as a role model for the organization, then the subordinates would be willing to exert extra effort to accomplish organization tasks given that they felt that the interest of the organization and theirs were the same. Ogola, Sikalieh and Linge (2017a) also revealed that when a leader practiced or acted as a role model to the employees, then the employees would perform at higher levels.

The study findings on the leaders’ consideration of the ethical consequences of decisions he or she made, and employee performance revealed a positive and strong correlation. The findings corroborate with study findings by Sadeghi and Pihie (2013) who revealed that leaders who fairly talked often about values in organization and focused on attractive aspects of their visions and the ethical aspects of their activities caused employee job satisfaction. Brown (2007), on the other hand, recommended that leaders should communicate ethical standards and continually evaluate real examples if they are to influence followers’ ethical behaviour. Hitt (1990) viewed leaders as the primary influence of ethical conduct in organizations. Similarly, Upadhyay and Singh (2010) argued that organisations can achieve better employee attraction and retention when employees have the opportunity to work for truly responsible and ethical employers. The findings are also in agreement with Ogola, Sikalieh and Linge (2017a), whose study showed that if a leader practiced high ethical values, then employees work outcomes would be positively affected. Sundi (2013) in his study also revealed that leaders were certain to succeed in carrying out duties by considering the consequences of moral and ethics of every decision made.
The study established a positive and strong correlation between leader idealized influence and employees commitment to work because the leader could be trusted to provide the support and resources needed for the job. The finding concurred with a study by Sadeghi and Pihie (2013) which revealed that leaders inspired followers by doing the right thing thus making followers to trust them. Dirks and Ferrin (2002) observed that followers who trusted their leaders tended to reciprocate the efforts of their leaders by working hard on required tasks and going above and beyond in their performance. Clarke and Mahadi (2015) also observed that mutual recognition and respect predicted both follower job performance and well-being. Similarly, the finding corresponded with studies by Kirui, Iravo and Kanali (2015) on the role of idealized influence on organizational performance indicated that top management who invested in gaining employee trust, confidence, and respect and group identity realized an increase in employee performance. Hugo (2016) also observed that employee trust in leaders was positively associated with organizational performance. Häkkinen, Ikonen, Savolainen (2010) equally observed that employees in organizations created trustworthiness towards leaders by performing their daily tasks skilfully. Caldwell and Hayes (2007) confirmed that there was a relationship between leadership behaviours and trustworthiness perceptions of followers and performance. It is therefore important that leaders create an atmosphere of trust in the work place so as to enhance employee performance.

The study further established that employees were committed to work because the leader acted in ways that earned them respect. This was in agreement with Pounder, (2008) who revealed that the typical behaviour associated with idealized attributes included instilling pride in those led, going beyond self-interest for the good of the group as a whole, and building respect and displaying a sense of power and confidence. Yukl (2006) observed that employee trust in the leaders was an important aspect in their performance, because subordinates needed to trust their leaders if they had to work together and were committed to the appointed goals. Respect and appreciation stimulated the development of trust, while poor leadership underestimated employees’ personal competences. Podsakoff et al. (1996) reported a direct link between idealized influence leadership and trust in the leader by employee, in which trust in the leader was conceptualized as faith in and loyalty to the leader. The study corroborated with the argument of Brief et al. (1976) who in their study on police officers’ commitment pointed out that there was a significant
positive relationship between respect for supervisors and organizational structuring level, and that leaders with idealized influence behaved in ways that made the followers trust them, which then translated into higher performance outcomes.

The study conducted a correlation analysis between idealized influence and employee performance and established that the two variables were correlated and that significantly predicted employee performance. The findings supported Minh Ha and Nguyen (2014) who revealed that idealized influence had a significant and positive influence on individual job performance in a software company in Vietnam. The findings are also in support of a study by Ogola, Sikalieh and Linge (2017a), which revealed a strong positive and significant relationship between idealized leadership behaviour and employee performance in SMEs in Kenya. The findings implied a rejection of the null hypothesis.

The study found that idealized influence explained a significant proportion of variance in employee performance. The findings supported the findings by Chen (2004) who carried out a study in SMEs in Taiwan, idealized influence employee commitment and job satisfaction. The findings of this study also supported the findings of Akmalih, Sdeghi and Habibah (2011) who found that idealized influence had a positive and significant effect on employee performance in a Malaysian University. The study finding supported Fasola, Adeyemi and Olowe (2015) who revealed that idealized influence had a positive and significant relationship with employee commitment. The finding also supported the findings of Kirui, Iravo and Kinali (2015) who revealed that idealized influence was positively correlated with effective organizational performance in state-owned banks in the Rift Valley region of Kenya. However, the findings of this study contradict the findings by Datche and Mukulu (2015) who observed a negative relationship between idealized influence and employee engagement in the civil service in Kenya. Verman (2015) also found no relationship between idealized influence and job satisfaction.

Bass and Riggio (2006) noted that the idealized influence attribute was admired, respected, and trusted by their subordinates, who identified them with their charismatic personality and were attracted to emulate them. Bacha (2014) further noted that idealized influence was the highest level of transformational leadership and it referred to the behaviour of leaders that resulted in their being role-models for their followers, and were admired, respected and trusted because of their consideration of the needs of others over
their personal needs. Chun et al. (2009) confirmed that a charismatic relationship between the leader and follower implied trust, respect, admiration and commitment to the leader by the followers.

Idealized influence integrates two different components of the relationship between the leader and the employee. The employees recognize certain behaviours the leaders display such as high ethical and moral standards, and the leaders exhibit excellent behaviour which endear employees towards them. The leaders with idealized influence are trusted, respected and admired. The leaders are then able to achieve high employee performance not because of the position they hold, but because of their behaviour, which the followers emulate and reciprocate by performing beyond expectations.

5.3.2 Effect of Inspirational Motivation on Employee Performance

The second research question sought to establish the effect of inspirational motivation on employee performance of regulatory state corporations in Kenya. Seeking to answer this the study established that employees put extra effort in their work because the leader articulated a compelling vision. The findings revealed that inspirational motivation has a positive and strong correlation with employee performance and that inspirational motivation explained a significant proportion of variance in employee performance. The findings correspond with previous studies by Balyer (2012) who established that leaders, who characterized inspirational motivation displayed continued enthusiasm, were optimistic about the future and had high expectations of employees which indeed affected employee performance. The findings are also in support of Bass (1999) who established that inspirational motivation occurred in leaders when they used symbols to articulate an appealing and compelling vision for the future and thus redirected the follower’s efforts.

The study revealed that employees were committed to their work because the leader talked optimistically about the future. The findings supported Nguyen, Kuntz, Naswall and Malinen (2016) who established that optimistic individuals drove resilient behaviours, such as utilisation of error as springboard for learning and for fine-tuning performance. Kool & Dierendonck (2012) and Youssef & Luthans, (2007) linked optimism to commitment to change, ability to cope with changing work environments and positive workplace behaviours and that higher levels of optimism were related to resilient behaviours, which encompassed change adaptability. Popper, et al. (2004) also
established that optimism was an essential psychological capacity for leadership. Humphrey (2002) argued that the emotional displays of leaders had a larger impact on employees than the content of their messages.

The study findings revealed a positive correlation between leaders expressing confidence that goals would be achieved and the employees performing work satisfactorily because of this confidence. The findings of the study aligned to the deductions of Li and Hung (2009) who maintained that transformational leaders enhanced communication between themselves and followers, and as a result instilled the leader’s support, confidence and encouragement in followers, resulting into followers exhibiting extra effort and high performance. The findings also supported the view of Trmal, Bustaman and Mohamed (2015) who argued that transformational leadership compelled superb communication skills, because a leader must communicate his or her messages with accuracy, power and a sense of clout. Seibert, Wang and Courtright (2011) also observed that leaders increased followers’ intrinsic value of performance and confidence, which also led to higher motivation.

The study findings also show that the leader was enthusiastic about what needed to be done and this made employees to perform their work effectively. These findings supported Falum (2002) who illustrated that leadership was about having the initiative and enthusiasm to inspire employee performance. These findings also supported the study conducted by Kelloway et al. (2012) who established that when leaders encouraged employees to achieve more than what seemed possible, they inspired them to overcome psychological setbacks and obstacles, and employee performance was enhanced. Avolio et al. (1991) addressed the issue of leaders who worked enthusiastically and fostered the spirit of teamwork and commitment.

The study conducted a correlation analysis between the inspirational motivation index and employee performance and found that the two variables were strongly correlated and inspirational motivation significantly predicted employee performance. The study findings supported Tsai, Chen and Cheng (2009) who found that inspirational motivation was related to employee task performance in insurance companies in Taiwan. The study findings have corroborated Sheb and Nguyen (2009) who have found that inspirational
motivation related positively with employees job satisfaction. The findings implied a rejection of the null hypothesis.

The study found that inspirational motivation explained a significant proportion of variance in employee performance. The study results confirmed the findings by Amirul and Daud (2012) who found a positive and significant relationship between inspirational motivation and job outcomes in Malaysian Government linked companies. The findings of the study also supported Li and Hung (2009) who found that inspirational motivation was positively related to job performance in elementary schools in Taiwan. The study findings corroborated with a study by Al-Zead and Batayneh (2011) who found a positive and significant relationship between inspirational motivation and employee job satisfaction in Jordan. The study results were in line with study findings by Fasola, Adeyemi and Olowe (2013) who found a positive and significant relationship with organizational commitment among employees in Nigeria. The results also confirmed findings by Umeh and Umeh (2014) who revealed a positive and significant relationship between inspirational motivation and customer relationship officers’ job satisfaction in a bank in Nigeria. The study revealed a positive and strong correlation between inspirational motivation and employee performance. This corroborated Kirui, Iravo and Kinali (2015) study which revealed a positive and significant relationship between inspirational motivation and organizational performance in state owned banks in Kenya. The studies suggested that among the transformational leadership behaviours inspirational motivation was the second most important. Inspirational motivation among the leaders was found to radiate optimism and enthusiasm among employees.

Contrary, to the findings of this study, Brown and Arendt (2010) found no significant relationship between inspirational motivation and employee performance in hotels in the Midwestern State of Iowa in the USA. Minh Ha and Nguyen (2014) also found no significant influence between inspirational motivation and employee performance at a software company in Vietnam. Obiwuru et al. (2011) also found a negative and insignificant relationship between inspirational motivation and employee performance.

According to the study findings there was a positive and strong correlation between leaders’ enthusiasm and confidence about what needs to be done and employee performance. This was in line with the findings by Srithongrung (2011) who noted that
when supervisors challenged their subordinates to improve their work results but at the same time cultivated emotional and technical support, teamwork, and optimism, the subordinates tended to get attached to their organizations, and thus were willing to perform extra work because the interests of the organization and their interests were the same. Jung, Chow and Wu (2003) also noted that inspirational motivation aroused individual cognitive ability so as to engage in independent thinking in the course of their work. Therefore, according to the findings of this study, the leader achieves success when he articulates a compelling vision and expresses confidence that set goals would be achieved, is enthusiastic and optimistic about what need to be done. The employees in return are satisfied with their work, put extra effort, are committed and perform their work effectively. It is evident that when an inspirational leader talks enthusiastically of what needs to be done, employees exert extra effort in order to achieve positive work outcomes.

5.3.3 Effect of Intellectual Stimulation on Employee Performance
The third research question sought to establish the effect of intellectual stimulation on employee performance in the regulatory state corporations in Kenya. The findings of the study revealed a positive and significant relationship and employee performance. Further the findings confirmed that intellectual stimulation significantly influences employee performance. The study established that the leader provided new ways of looking at puzzling things and this made the employee put extra effort. This findings is in agreement with Kirui et al. (2015) whose study concluded that top management should continuously challenge old assumptions and old ways of doing things, should invest in knowledge creation and continuous improvement of employee issues, encourage new perspectives and contributions from subordinates and continually coach employees on self-efficacy. This finding also corroborated Asrar-ul-Haq and Kuchienke (2016) findings which noted that intellectual stimulation in leaders enabled employees to understand, conceptualize and comprehend their problems which improve employee performance. The study findings on leader encouraging creativity and innovation was positive and strongly correlated with employee performance. This finding support the findings of Mittal and Dhar (2015) who noted that creative self-efficacy mediated the relationship
between transformational leadership and employee creativity. Wang, Tsai and Tsai (2014) also observed that the supervisor’s transformational leadership dimension of intellectual motivation positively influenced employee self-efficacy and creativity which caused the employee performance outcome to improve. The study findings confirmed the views of Jung et al. (2003) and Moghimi and Subramaniam (2013) who established that transformational leaders mobilized organizational resources and motivated individuals to work toward creative outcomes and improved employee performance. The findings were in line with Agbor (2008) who recognized the role of a leader in encouraging the spirit of creativity and innovation as being able to design an organization that is conducive for creativity to flourish.

The study established a positive correlation between employees commitment to work and because the leader empowerment of employees by providing assistance and removing roadblocks. This findings supported studies by Spreitzer, Kizilos and Nason (1997) who maintained that empowerment of employees created job satisfaction. Yang and Choi (2009) observed that empowerment of employees created team performance. Tajasom et al. (2015) maintained that transformational leaders helped followers to accomplish organizational goals by working with them and through them. Smothers, et al. (2016) observed that intellectual stimulation facilitated follower empowerment through communication and encouragement for employees to identify problems and solutions.

According to the study findings, employees performed their work effectively because the leader allowed them independence to do their work. This was in agreement with the findings of Naqvi et al. (2013) which revealed that job autonomy improved performance because when employees were allowed to exercise job autonomy, they saw themselves as trusted and this led to an increase in the level of intrinsic motivation and the outcome was effectiveness at work. The findings were in line with Avery et al. (2007) who established that the employee’s freedom and independence in decision making was necessary for a leader to increase work engagement, Gözükaraa and Simsek (2015) who revealed that job autonomy and independence was an important job resource and enhanced the effect of transformational leaders on employee engagement. Yammarino (1994) noted that job autonomy caused followers to be their own leaders.
The study findings on correlation analysis between the intellectual stimulation index and employee performance and found that the two variables were strongly correlated. The study found that intellectual stimulation significantly predicted employee performance. The study findings supported Fauli and Utami (2013) who had found that intellectual stimulation had a positive and significant impact on experiential sharing and explicit knowledge sharing in SMEs in Indonesia. The study findings corroborated Hanaysha et al. (2012) who revealed that intellectual stimulation had a positive and significant relationship with job satisfaction in three universities in Malaysia. The findings also supported the findings of Sundi (2013) who revealed that intellectual stimulation had a positive effect on employee work performance. The study also supported the findings by Koech and Namusonge (2012) who confirmed that the transformational leadership had a strong and positive relationship with employee performance in state corporations in Kenya. The findings implied a rejection of the null hypotheses.

The study found that intellectual stimulation explained a significant proportion of variance in employee performance. The study results confirmed the findings by Ayacko et al. (2017) who carried out a study on the influence of intellectual stimulation on employee performance of judiciary officers in Kenya and found that intellectual stimulation had a positive and significant influence on employee performance. The findings of this study also supported the results by Hancott (2005) who ascertained that intellectual stimulation did indeed improve employee performance. The findings of this study corroborated Shin and Zhou (2008) who suggested that intellectual stimulation behaviour of a transformational leader on intrinsic motivation of the team members led to positive project outcomes and task performance. The study results also confirmed a study by Ogola, Sikalieh and Linge (2017c) who revealed that intellectual stimulation had a positive and significant influence on employee performance.

The findings of the study revealed that when a leader arouses awareness among employees, encourages creativity and innovativeness, empowers and shifts power from the top to the employees and allows independence, job autonomy and provides a free hand then employees will put extra effort in their work. This finding supported the study by Hobman et al. (2011) who revealed that intellectual stimulation is positively associated with leader identification. This finding also supported Kark and Shamir (2002) who viewed the intellectual stimulation as crucial in the follower’s identification with the
leader. Gumusluoglu and Ilsev (2009) observed that transformational leadership had a positive relationship with employees’ creativity and transformational leadership influenced employee creativity through psychological empowerment. Gupta et al. (2012) also observed a positive relationship between transformational leadership and subordinates’ creativity.

Contrary, to the finding of this study, Ndege (2014) on the level of employee participation in decision making and level of employee intellectual stimulation in the civils service in Kenya revealed a moderate correlation. Similarly Obiwuru et al. (2011) revealed that intellectual stimulation and employee performance had a positive but insignificant influence in government departments in Nigeria. Srithongrungr (2011) also revealed that intellectual stimulation did not directly or indirectly influence employee extra role behaviour.

A transformational leader is able to achieve employee performance in a rather competitive environment by providing new ways of looking at puzzling things and arousing awareness amongst the employees, encouraging creativity and innovativeness by not allowing criticism of employees who come up with new ideas, empowering and allowing them independence to work. The study further illustrated that as the leader allowed some independence when the employees were doing their work, the employees tended to work effectively and performance outcomes improved. The followers or employees were then able to conceptualize, comprehend and analyse work related issues they faced and generated solutions to the issues (Yammarino, Spangler, & Bass, 1993).

5.3.4 Effect of Individualized Consideration on Employee Performance

The study’s fourth research question sought to establish the effect of individual consideration on employee performance in regulatory state corporations. The study findings revealed a positive and significant relationship between individual consideration and employee performance, and that individualized consideration significantly predicted employee performance. The study also revealed that when leader treated employees as individuals rather than as members of a group, the employee had job satisfaction. The findings supported the study by Verissimo and Lacerda (2015) who observed that individual needs required that the leader recognize and support individual contribution of each follower. The findings concurred with Snell et al. (2013) who noted that by the
leader recognizing and supporting individual needs positively, he influenced job satisfaction, which then led to higher levels of motivation and engagement. Wang and Howell (2010) observed that a leader may focus on individual and group level, so as to empower individuals, enhance their ability and skills and improve their self-efficacy and self-esteem.

The study findings with regard to leader spending time coaching employees and employees work effectiveness revealed that work effectiveness was achieved because the leader took time in coaching the employees. This finding supported the findings of a study by Aggarwal et al. (2006) who observed that employee personal problems could be solved when coached, which then would lead to employees achieving organizational goals and improving performance. The findings also supported a study by Kirui et al. (2015) which established that individual considerate leaders paid special attention to individual followers for achievement and growth such that employees were developed to higher level of their potential. The study also corroborated Utrilla et al. (2014) which confirmed that coaching had an influence on both individual performance and ultimately organizational performance. Sherman and Freas (2004) observed that coaching responded to the needs and demands of the workplace. Gravina and Siers (2011) confirmed that coaching was effective in improving performance.

The study findings in regard to the supervisor spending time mentoring the employee and employee putting extra effort in work, revealed that employees put extra effort at work because the supervisor mentors them. The study supported the findings by Snell et al. (2013) which saw mentoring as a process that positively influenced employee job satisfaction, leading to high levels of engagement, motivation and improved employee performance. The study findings corroborated with a study by Neupane (2015) on the effect of mentoring on employee performance in the hotel industry in the UK and established that mentoring had a significant effect in the overall employee performance. Ndege (2014) further noted that there was need for supervisors to focus on coaching and mentoring their direct reports.

The study findings in regard to employee work commitment and supervisor keeping lines of communication open revealed a positive correlation. The study finding supported the views of Whitworth (2011) who observed that the immediate supervisors were the
information source preferred by employees and thus the leader influenced the attitudinal and behavioural outcomes of employees. The study also supported the findings by Mpundu (2009) which established that communication positively contributed to employee performance in a mobile telecommunication company in Kampala, Uganda. Holladay and Coombs (1993) noted that leadership communication shaped follower perception by clearly and persuasively communicating the vision.

The study findings on the correlation analysis between the individualized consideration index and employee performance found that individualized consideration and employee performance were positive and strongly correlated. The study found that idealized consideration significantly predicted employee performance. The study findings supported Long et al. (2014), who revealed that individualized consideration had a positive and significant relationship with job satisfaction. The study finding also supported the results of Metwally et al. (2014) who found that transformational leadership components of individualized consideration had a positive relationship with overall job satisfaction, which led to better employee performance and organizational success. The study also supported the study by Ngaithe et al. (2016) which found that individualized consideration was strongly correlated with staff performance in commercial and strategic state corporations in Kenya. Similarly the findings have corroborated Al Zefiti (2017) which revealed that individualized consideration had a positive correlation with employee work performance in Omani governmental organizations in Malaysia.

The study established that individualized consideration explained a significant proportion of variance in employee performance. The study results confirm the findings of Ogola, Sikalieh and Linge (2017b) that carried out a study to determine the influence of individualized consideration leadership behaviour on employee performance among managers in SMEs in Kenya and found a positive and significant correlation in the relationship. The findings of this study also supported Sandbakken (2006) who found that individualized consideration had a positive and significant influence on employee performance in Norway. The findings also supported results by Long et al. (2014) who conducted a study on the impact of the transformational leadership style on employee job satisfaction in Malaysia and found a positive and significant relationship between individualized consideration and job satisfaction. These results suggest that among those
transformational leadership behaviours which have a significant and positive influence on employee performance, individualized consideration is the third most important. Individualized consideration among the managers was found to keep lines of communication open and enable them to treat their employees as individuals hence transmit their individual consideration to them.

Contrary, to the finding of this study, Bodla and Nawaz (2010) found that there was no significant relationship between transformational leadership and employee job satisfaction among faculty members in higher education institutes in Punjab, India. Mohammad et al. (2011) in their study in Jordan’s private hospitals, revealed a negative relationship between transformational leadership and job satisfaction. Juma and Ndisya (2016) found a negative correlation and statistically significant relationship between individualized consideration and employee performance in Safricom Ltd, Kenya. Ndhiba and Ngaithe (2016) also observed a negative and statistically significant relationship between individualized consideration and organizational performance in commercial state corporations in Kenya.

Individualized consideration components of the relationship between the leader and the employee have indicated that the leader should treat the employees as individuals and not as members of a group and spend time coaching and communicating with the employees. The employees will then get job satisfaction, work effectively and commit themselves to work. Therefore according to the findings of this study, the greatest success of a leader who treats employees as individuals and coaches and keeps lines of communication open is that employees will reciprocate by performing beyond expectations.

5.3.5 Work Environment, Transformational Leadership and Employee Performance

The study’s fifth research question sought to establish the moderating effect of work environment on the relationship between transformational leadership style and employee performance. The findings of this study indicated that work environment and employee performance were strongly correlated. The study further revealed that work environment had a positive and significant influence on the relationship between transformational leadership and employee performance. The study revealed that employees work effectively because the supervisor provided tools and equipment required to perform the job. This findings supported Yesufu (1984) who noted that the
nature of the physical condition under which employee worked was an important aspect of output. The findings are in line with the views of Bornstein (2007) who observed that when employees were exposed to stressful work conditions, productivity was negatively influenced and it followed that negative impact of service delivery would set in. The findings were in line with the study conducted by McGuire and McLaren (2009) which identified a strong positive link between the physical environment and employee commitment. Similarly, Windlinger (2008) argued that perceived physical work environment and experiences in the work environment did play an important role in job satisfaction and individual work performance. A study by Kiruja and Kabare (2013), revealed that employees record poor performance because of insufficient provision of working tools and materials, confirming that employees required proper tools and equipment to perform their work better, further noting that for employees to perform better, it was the duty of the leader to provide them with working tools and a good working environment.

The study findings in regard to job satisfaction and supervisor providing safe and healthy office space revealed that employees are satisfied with their work because the supervisor proved a safe and healthy office space. These findings resonate with other findings by Katsuro et al. (2010) who observed that safer and healthy workplaces translated into increased productivity, more job satisfaction and stronger bottom line results. The study also supported the findings by Oxenburgh et al. (2004) which revealed that health and safety of all employees was closely linked to organizational productivity in workplaces. The Health and Safety Executive (2006) explained that genuine productivity gains were realized by those organizations that invested in high performance health and safety practices.

The study findings in regard to employee work commitment and work relations with co-workers revealed that employees are committed to their work because the supervisor encouraged good work relations with co-workers. The findings are in line with findings of Stoetzer (2010) which observed that interpersonal relationships are some of the imperative mechanisms of the work environment which are associated with occupational stress, which affect employee work output. The findings are in line with a study by Hassan et al. (2012) which revealed that trust-building interpersonal relationships between managers and workers positively led to high productivity and organizational
commitment. Aghdasi et al. (2011) observed a significant relationship on the trust level of employees at work towards their supervisor and co-worker and affective commitment.

The study findings in revealed a positive and significant relationship between employees putting extra effort in their work and the leader rewarding and recognizing good work. This finding supported Sarvadi (2010) who observed that recognition and appreciation helped employees gauge whether their performance was positive or negative. Njanja (2013) observed that a good reward system served as a driving force for employees’ higher performance and overall organizational goals. The study findings also supported Ahmed and Ali (2009) who revealed a positive and significant impact of reward and recognition programs on employee motivation and satisfaction.

The study findings in regard to work environment moderating the effect of transformational leadership and employee performance, the study established that the prerequisite for employee performance was the need for the transformational leader to provide employees with tools and equipment required for the job, safe and healthy environment, rewards and recognition for good work and, encourage good relations with co-workers. The findings resonate with other findings by Raziq and Maulabakhsha (2015) who revealed a significant and positive relationship between work environment and job satisfaction. The study focused on work environment aspects such as working hours, job safety and security, relationship with co-workers, esteem needs and top management. The findings were also in line with other findings by Westerman and Simmons (2007) whose revelation suggested that work environment could fully play a predominant role in employee performance and commitment.

The study findings further revealed that safety and healthy office space and employee performance were positively and significantly related. This implied that employees were satisfied with their work because their leader provided a safe and healthy work environment. The findings concurred with previous studies by De Jong and Bruch (2013) who argued that it was through transformational leadership that the organizational climate was strengthened, thus creating an environment in which employees were motivated and energized to increase work performance. Kallith and Kallith (2012) argued that since people spent a significant proportion of their lives at work, the work environment could have a profound influence on their health and well-being, which was reflected in their
productivity. The study findings supported other findings by Javeed and Farooq (2013) whose finding revealed that transformational leadership had a positive and significant relationship with variables of working conditions, which had an impact on work outcome.

Similarly, Yusuf and Metiboba (2012) study findings revealed a significant relationship between work environment and job attitude, further noting that work environment that was socially and physically challenging led to employee negative behaviours such as absenteeism, low commitment and apathy. Akenyele (2007) also argued that conducive work environment ensured employee welfare which enabled them to exert their roles with all the vigour that might translate in higher productivity. The study findings also supported Grawitch et al. (2006) who noted that fostering a work culture mindful of work-life balance, employee growth and development, health and safety and employee engagement could be key to sustainable employee well-being and organizational performance. The study supported Gitahi et al. (2015) who revealed that psychosocial and work life factors were significant in employee performance. Contrary to the findings of the study, Gitahi et al. (2015) revealed that the physical workplace aspects did not have a significant effect on employee performance.

The study revealed that when the leader rewarded and gave recognition to good performance, employees put extra effort in their work. The correlation results revealed a positive and significant relationship between workers’ reward and recognition and employee performance. The study findings supported a study by Mohda, et al. (2016) which found that factors such as rewards, work environment and work life balance influenced employee engagement. The study also supported findings by Yusuf and Metiboba (2012) which revealed that job satisfaction was influenced by factors ranging from financial rewards and non-financial rewards. They further noted that adequate consideration must be given to other rewards that created positive attitudes to workers in order to be satisfied with their job, and that a clear reward system to all members of an organization would create a motivating climate.

The results of work environment as a moderating variable showed a positive change where the percentage of the variability accounted for by the predictor variables. Based on the coefficients, the predictor variables (idealized influence, intellectual stimulation, inspirational motivation, individualized consideration and work environment) explained
97.6% of the variation in employee performance in regulatory state corporations in Kenya. This therefore revealed that other factors not studied in this research contributed to 2.4% of the variability in employee performance in regulatory state corporations in Kenya. The results showed that all the transformational leadership styles had a significant influence on employee performance. This is according to the significance values and the coefficients obtained against each variable. The coefficients showed a positive effect of the moderating variable to the effect of the transformational leadership styles.

Testing the significance of the moderating effect of work environment on the relationship between transformational leadership style and employee performance, the study findings established a statistically significant evidence for rejecting the null hypothesis. This led to the conclusion that work environment has a significant influence on the relationship between transformational leadership and employee performance. The findings there indicated that the transformational leadership style adopted in any organization was suggestively controlled by the work environment within the organization.

The study findings in regard to moderating effect of work environment on the relationship between transformational leadership and employee performance revealed a significant and positive relationship. This finding was supported by Imran et al. (2012) revealed that the mediating role of work environment in the relationship between transformational leadership style and employee performance was partially supported. This finding also corroborated Khan et al. (2009) and Shaubroek et al. (2007) who also revealed that work environment mediated the relationship between transformational leadership style and employee performance. The effect of transformational leadership on performance may be through some contextual factors such as knowledge management (Gowen, Henagan, & McFadden, 2009) and culture (Ogbonna & Harris, 2000) which are aspects of the work environment.

The findings in regard to testing the significance of the moderating effect of work environment on the relationship between transformational leadership style and employee performance, established a statistically significant evidence for rejecting the null hypothesis. This led to the conclusion that work environment has a significant influence on the relationship between transformational leadership and employee performance. The findings there indicated that the transformational leadership style adopted in any
organization was suggestively controlled by the work environment within the organization.

5.4 Conclusions

Based on the study findings and discussions presented in the above section, the study makes the following conclusions:

5.4.1 Idealized Influence and Employee Performance

The results from the hypothesis testing indicated that there was statistical significance between idealized influence and employee performance of regulatory state corporations in Kenya. The relationship between idealized influence and employee performance was also statistically significant. The results of the regression indicated that idealized influence had a significant effect on employee performance ($R^2 = .891$, $F(908.813) = 33.183$, $p<0.05$). This indicated that idealized influence affected employee performance by 89.1%. Based on this, the study concluded that employee performance is achieved when leaders apply idealized influence. Furthermore, better employee performance is realized when leaders act as role models, and considers ethical consequences of decisions they make.

5.4.2 Inspirational Motivation and Employee Performance

The study established a significant positive effect between inspirational motivation construct of transformational leadership style and employee performance in regulatory state corporations in Kenya. The results of the regression indicated that inspirational motivation had a significant effect on employee performance ($R^2 = .800$, $F(443.661) = 29.784$, $p<0.05$). This indicated that inspirational motivation affected employee performance by 80%. Based on this, the study concluded that employee performance is achieved when leaders apply inspirational motivation. Furthermore, the study concluded that better employee performance is achieved when leaders are optimistic, express confidence and articulate a compelling vision for the future.

5.4.3 Intellectual Stimulation and Employee Performance

The study established that there is a significant positive relationship between intellectual stimulation construct of transformational leadership style and employee performance. The results of the regression showed that intellectual stimulation had a significant effect on employee performance ($R^2 = .636$, $F(33.983) = 1.158$, $p<0.05$). This indicates that
intellectual stimulation affected employee performance by 63.6%. The outcome indicated that intellectual stimulation was a strong predictor of employee performance. Based on this, the study concluded that better employee performance is achieved when leaders empower, and encourage creativity and innovativeness among employees.

5.4.4 Individual Consideration and Employee Performance

The study established a significant positive relationship between individualized consideration construct of transformational leadership style and employee performance. The results of the regression indicated that individualized influence had a significant effect on employee performance ($R^2 = .725$, $F(12.886) = .944$, $p<0.05$). This indicated that individualized consideration affected employee performance by 72.5%. Based on this, the study concluded better employee performance is realized when leaders apply individual consideration. Secondly, the study concluded that good employee performance is achieved when leaders give consideration to specific individual needs, have open communication with employees, in addition to coaching and mentoring them.

5.4.5 Work Environment and Employee Performance

The study findings established that work environment, which is a moderating variable in this study, has a significant effect on the relationship between the transformational leadership style and employee performance in regulatory state corporations in Kenya and established that the transformational leader’s behaviour and work environment determine employee performance outcomes. The results of the regression showed that the four dimensions of transformational leadership style had a significant effect on employee performance ($R^2 = .968$, $F(9759.049) = 34.457$, $p<0.05$), an indication that transformational leadership style affected employee performance by 96.8%. Further the regression showed that work environment has a significant moderating effect between the dimensions of transformational leadership style and employee performance ($R^2 = .977$, $F(924.789) = 36.393$, $p<0.05$) explaining the variation from 96.8% to 97.7% in employee performance. Based on this, the study concludes that higher employee performance is achieved when transformational leaders provide a safe and healthy work environment, tools and equipment required to perform work, encourage good work relations, in addition to rewarding and recognizing employees’ good work.
5.5 Recommendations

5.5.1 Suggestions for Improvements

The study reviewed transformational leadership dimensions on employee performance in regulatory state corporations in Kenya mainly through descriptive correlation research. This study has provided extended existing knowledge on transformational leadership style and employee performance in Kenya. The study found that transformational leadership positively influenced employee performance in regulatory state corporations in Kenya. Recommendations were made aimed at adopting transformational leadership skills to improve and enhance employee performance. This section presents recommendations based on the study findings which can be used by stakeholders, and aspiring leaders to improve their leadership style.

5.5.1.1 Idealized Influence and Employee Performance

Idealized influenced leaders positively influence employee performance, therefore, to improve employee performance, leaders must have solid integrity to inspire trust from employees and develop people skills to encourage employees to work together in order to make organizational vision become a reality. The leader needs to increase employee morale and productivity by consistently acting as a role model so that the employees strive to emulate them. This would in turn earn the leader respect and an impact in improved employee performance. The study recommends that leaders embrace integrity as an everyday way of life in the organization and systems be put in place, such that leaders who lack integrity are barred from serving in organizations in Kenya.

5.5.1.2 Inspirational Motivation and Employee Performance

Inspirational motivation has a positive effect on employee performance. Therefore, leaders should be committed to the organization’s vision by talking optimistically about the goals to be achieved in the future. The leader should work among employees moving the employees forward with inspirational words and actions. Consequently, employees will develop a strong sense of confidence in the organization. Leaders are seen as organizations’ representatives, such that when they are overtly upbeat about the organizations’ future, the employees are motivated to work harder to help achieve better
performance. The study recommends that leaders should visionary and optimistic about the future of their organizations.

5.5.1.3 Intellectual Stimulation and Employee Performance

Intellectual stimulation significantly influences employee performance. The study recommends leaders to inspire employees to embrace new ideas and reach higher levels of performance. The leaders must therefore strategize on how to empower employees and give consideration for what works for the employees by encouraging them to take some risks and challenge assumptions. It is recommended that the leader seek to improve processes and overcome obstacles. Consequently, allowing for some experimentation among the employees in order to arrive at ways of doing puzzling tasks. This may however cause disruptions in business operations in the short term but produce long term improvements in organizational effectiveness.

5.5.1.4 Individualized Consideration and Employee Performance

Individualized consideration significantly influences employee performance. The study recommends that leaders need to act as mentors or coaches to employees as individuals and not as members of a group. This would help the leaders to maintain a level of collaboration and feeling of connection. The leaders also need to address the employees’ concerns by inspiring them to see things differently and respect individual contributions by building strong teams that value diversity. The study further recommends that leaders delegate responsibility to employees in order to assist in their career development, because as employees get involved in greater responsibility such as decision making, the consequence is creating an ongoing managerial talent pool to choose from and allowing the organization to grow.

5.5.1.5 Work Environment and Employee Performance

Work environment positively moderates the relationship between transformational leadership and employee performance. The study recommends that that leaders should provide a conducive work environment for their employees in order to improve and enhance employee performance outcomes. Leaders in regulatory state corporations should
give consideration to all aspects of work environment so as to improve employee performance.

5.5.2 Suggestions for Further Research

This study has provided information concerning the effect of the transformational leadership style on employee performance of regulatory state corporations in Kenya. However, there remain areas for further research which could be exploited.

Potential areas of further research include a replication of this study to other functional categories of state corporations namely; Financial, Commercial and Manufacturing, Public Universities, Training and Research, Service Corporations, Regional Development, Tertiary Education. The study suggests the repetition of the same study by getting the perception of other middle and lower level managers on the effect of transformational leadership style on employee performance in state corporations.

The study also suggests that, although work environment was the moderating variable in the study on effect of transformational leadership style on employee performance, the aspects of work environment considered in this study were safety and health, working tools and equipment, relations with co-workers and; reward and recognition. A replication of this study may be considered with other aspects of work environment such as training and development and organizational culture.
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APPENDICES

APPENDIX 1: INTRODUCTION LETTER

17th February, 2017

TO WHOM IT MAY CONCERN.

Dear Sir/Madam,

RE: RESEARCH INTRODUCTION LETTER – BENTA W. AWORI

We wish to inform you that the bearer of this letter, Benta Wandede Awori - student ID No. 614373 is a Doctorate Student at United States International University (USIU) – Africa, pursuing a Post-Graduate program - Doctor in Business Administration (DBA).

She is currently conducting a Research Dissertation on: "The Effect of Transformational Leadership Style on Employee Performance in State Corporations in Kenya" which is in partial fulfillment of the requirement for her to qualify for graduation.

Please, note that any information provided will be treated with confidentiality and at no instance will it be used for any other purpose, other than for this Research Dissertation.

Kindly, accord her the desired assistance and contact the undersigned should you have any queries.

Sincerely,

Francis W. Wambalaba, Ph.D., AICP
Associate Deputy Vice Chancellor Academics-Research
United States International University
P.O. Box 14634, Nairobi, Kenya, 00800
fwambalaba@usu.ac.ke
PH. +254 20 3606442
APPENDIX 2: QUESTIONNAIRE

SECTION A: BACKGROUND INFORMATION

Please give your answers to each of the following questions. Read all the answers first and choose the appropriate answer box by ticking (√) clearly or circling against one item for each question.

Please answer the following questions by ticking (√) against the appropriate response:

1. What is your current Position?

<table>
<thead>
<tr>
<th>Senior Manager</th>
<th>Middle Level Manager</th>
<th>Other (please give title)</th>
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</table>

2. Please select your age range:

<table>
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<tr>
<th>20-30</th>
<th>31-39</th>
<th>40-49</th>
<th>50-59</th>
<th>60-69</th>
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</table>

3. Kindly indicate your gender

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<tr>
<th>Male</th>
<th>Female</th>
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4. How long have you worked in the corporation? Please tick against the right response:

<table>
<thead>
<tr>
<th>1-5 years or lower</th>
<th>6-10 years</th>
<th>11-20 years</th>
<th>21 - 30 years</th>
<th>31 years or more</th>
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</table>

5. What is the total number of employees in your corporation (Please tick the appropriate box).

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<tr>
<th>201-250</th>
<th>251-300</th>
<th>301-350</th>
<th>351 and above</th>
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</table>

6. What is your highest level of education?

   Diploma [ ] Bachelor’s Degree [ ] Master’s Degree [ ] PhD [ ]
PART II: TRANSFORMATIONAL LEADERSHIP ATTRIBUTES

In the Table below, Please indicate your appropriate response to the statements given

By ticking in the correct box.

Key: Strongly Disagree – SD, Disagree – D, Neutral – N, Agree – A and Strongly Agree – SA

SECTION B: INDEALIZED INFLUENCE

<table>
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<tr>
<th>Statement</th>
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<td><strong>7.1 IDEALIZED INFLUENCE</strong></td>
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<tr>
<td>7.1.1 My Supervisor instil pride in me because he/her acts as my role model</td>
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<tr>
<td>7.1.2 My Supervisor consider the ethical consequences of decisions he/she makes.</td>
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<td>7.1.3 My supervisor can be trusted to provide me with resources to perform my work</td>
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<td>7.1.4 My supervisor acts in ways that make me respect him/he</td>
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<td><strong>7.2 EFFECTS OF IDEALIZED INFLUENCE ON EMPLOYEE PERFORMANCE</strong></td>
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<tr>
<td>7.2.1 I put extra effort at work because my supervisor instil pride in me by acting as my role model.</td>
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<td>7.2.2 I perform my work satisfactorily because my supervisor acts ethically.</td>
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<td>7.2.3 I am committed to my work because my supervisor can be trusted to provide me with resources needed for the job.</td>
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<td>7.2.4 I am committed to my work because my supervisor acts in ways that make me respect him.</td>
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11. How else does transformational leadership dimension of idealized influence affect employee performance

SECTION C:

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<td><strong>8.1 INSPIRATIONAL MOTIVATION</strong></td>
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<tr>
<td>8.1.1 My Supervisor articulates a compelling vision for the future</td>
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<tr>
<td>8.1.2 My Supervisor talks optimistically about the future</td>
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<td>8.1.3 My Supervisor expresses confidence that goals will be achieved</td>
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<td>8.1.4 My Supervisor talks enthusiastically about what needs to be done</td>
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<tr>
<td><strong>8.2 EFFECTS OF INSPIRATIONAL MOTIVATION</strong></td>
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</table>
ON EMPLOYEE PERFORMANCE

8.2.1 I put extra effort in my work because my Supervisor articulates a compelling vision for the future.

8.2.2 I am committed to my work because my supervisor talks optimistically about the future.

8.2.3 I perform my work satisfactorily because my Supervisor expresses confidence that I will achieve set goals.

8.2.4 I perform my work effectively because my supervisor is enthusiastic about what needs to be done.

8.3 How else does transformational leadership dimension of inspirational motivation affect employee performance

SECTION D

<table>
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<th>9.1</th>
<th>INTELLECTUAL STIMULATION</th>
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<tr>
<td>9.1.1</td>
<td>My supervisor provide me with new ways of looking at puzzling things</td>
<td>SD</td>
<td>D</td>
<td>N</td>
<td>A</td>
<td>SA</td>
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<tr>
<td>9.1.2</td>
<td>My Supervisor encourages me to be creative and innovative</td>
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<td>9.1.3</td>
<td>My supervisors empowers me by providing assistance</td>
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<td>9.1.4</td>
<td>My supervisor does not impose but allows me some independence when I am doing my work</td>
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</table>

9.2 EFFECTS OF INTELLECTUAL STIMULATION ON EMPLOYEE PERFORMANCE

9.2.1 I put extra effort in performing my work because my supervisor provides me with new ways of looking at puzzling things.

9.2.2 I am satisfied with my work because my supervisor encourage me to look at problems from many different angles.

9.2.3 I am committed to doing my work because my supervisor provides assistance for me do my work.

9.2.4 I perform my work effectively because my supervisor allows some independence in performing my work.

9.3. How else does transformational leadership dimension of intellectual stimulation affect employee performance

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SECTION E

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<tr>
<th>10.1</th>
<th>INDIVIDUALIZED CONSIDERATION</th>
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<td>10.1.1</td>
<td>My Supervisor treats me as individuals rather than as a member of a group</td>
<td>SD</td>
<td>D</td>
<td>N</td>
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<td>SA</td>
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<td>10.1.2</td>
<td>My Supervisor spends time coaching me</td>
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<td>10.1.3</td>
<td>My supervisor spends time mentoring</td>
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<td>10.1.4</td>
<td>My supervisor keeps lines of communication open</td>
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<tr>
<td>10.2.1</td>
<td>I am satisfied with my job because my Supervisor treats me as individual and not a member of a group.</td>
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<td>10.2.2</td>
<td>I perform my work effectively because my supervisor spends time coaching me</td>
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<td>10.2.3</td>
<td>I put extra effort in my work because my Supervisor spends time mentoring me.</td>
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<td>10.2.4</td>
<td>I perform my work with commitment because my supervisor keeps lines of communication open</td>
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10.3 How else does transformational leadership dimension of individualized consideration affect employee performance

________________________________________________________________________

________________________________________________________________________

PART III: WORK ENVIRONMENT

Key: Strongly Disagree – SD, Disagree – D, Neutral – N, Agree – A and Strongly Agree – S A

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<th>11.1</th>
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<td>11.1.1</td>
<td>My supervisor provides me with the tools and equipment required to perform my work.</td>
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<td>D</td>
<td>N</td>
<td>A</td>
<td>SA</td>
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<tr>
<td>11.1.2</td>
<td>My supervisor provides me with a safe and healthy office space.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>11.1.3</td>
<td>My supervisor encourages good work relations with co-workers.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>11.1.4</td>
<td>My supervisor rewards and gives recognition to good performance.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>11.2</th>
<th>EFFECT OF WORK ENVIRONMENT ON EMPLOYEE PERFORMANCE</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>11.2.1</td>
<td>I work effectively because my organization provides me with the tools and equipment required for the job</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>11.2.2</td>
<td>I am satisfied with my work because I work in a safe</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
and healthy environment.

<table>
<thead>
<tr>
<th>11.2.3</th>
<th>I put extra effort in my job, because my supervisor rewards and recognizes my good work</th>
</tr>
</thead>
<tbody>
<tr>
<td>11.2.4</td>
<td>I am committed to my work because of the good interpersonal relationships with my co-workers.</td>
</tr>
</tbody>
</table>

THANK YOU
### APPENDIX 3: LIST REGULATORY STATE CORPORATIONS

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Capital Markets Authority</td>
</tr>
<tr>
<td>2</td>
<td>Commission for University Education</td>
</tr>
<tr>
<td>3</td>
<td>Communications Commission of Kenya</td>
</tr>
<tr>
<td>4</td>
<td>Energy Regulatory Commission (ERC)</td>
</tr>
<tr>
<td>5</td>
<td>Kenya National Accreditation Service</td>
</tr>
<tr>
<td>6</td>
<td>Kenya Animal Genetic Resource Centre</td>
</tr>
<tr>
<td>7</td>
<td>Kenya Leather Council</td>
</tr>
<tr>
<td>8</td>
<td>National Biosafety Authority</td>
</tr>
<tr>
<td>9</td>
<td>National Construction Authority</td>
</tr>
<tr>
<td>10</td>
<td>Public Procurement Oversight Board</td>
</tr>
<tr>
<td>11</td>
<td>National Commission for Science, Technology and Innovation</td>
</tr>
<tr>
<td>12</td>
<td>Kenya Agricultural and Livestock Research Organisation</td>
</tr>
<tr>
<td>13</td>
<td>Kenya Maritime Authority</td>
</tr>
<tr>
<td>14</td>
<td>Agriculture and Food Authority (AFA)</td>
</tr>
<tr>
<td>15</td>
<td>Water Resource Regulatory Board</td>
</tr>
<tr>
<td>16</td>
<td>Kenya Diary Board</td>
</tr>
<tr>
<td>17</td>
<td>Water Services Regulatory Board (WASREB)</td>
</tr>
<tr>
<td>18</td>
<td>Kenya Accountants and Secretaries National Examination Board</td>
</tr>
<tr>
<td>19</td>
<td>National Environment Management Authority (NEMA)</td>
</tr>
<tr>
<td>20</td>
<td>Information &amp; Communication Authority</td>
</tr>
<tr>
<td>21</td>
<td>Anti-Doping Agency</td>
</tr>
</tbody>
</table>

**Source:** SCAC, 2016.
APPENDIX 4: DETERMINATION OF SAMPLE SIZE

Required Sample size as a Function of Population Size Desired Accuracy (Within 5%, 3%, or 1%) at the 95% confidence level.

<table>
<thead>
<tr>
<th>Size of Population</th>
<th>Sampling Error</th>
<th>5%</th>
<th>3%</th>
<th>1%</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Minimum Sample size required</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>50</td>
<td>44</td>
<td>48</td>
<td>50</td>
<td></td>
</tr>
<tr>
<td>100</td>
<td>79</td>
<td>92</td>
<td>99</td>
<td></td>
</tr>
<tr>
<td>162</td>
<td>114</td>
<td>141</td>
<td>161</td>
<td></td>
</tr>
<tr>
<td>195</td>
<td>130</td>
<td>165</td>
<td>191</td>
<td></td>
</tr>
<tr>
<td>200</td>
<td>132</td>
<td>169</td>
<td>196</td>
<td></td>
</tr>
<tr>
<td>500</td>
<td>217</td>
<td>343</td>
<td>476</td>
<td></td>
</tr>
<tr>
<td>1,000</td>
<td>278</td>
<td>521</td>
<td>907</td>
<td></td>
</tr>
<tr>
<td>2,000</td>
<td>322</td>
<td>705</td>
<td>1,661</td>
<td></td>
</tr>
</tbody>
</table>

*Note table provided by David Van Amburg of Market Source, Inc.

Example of how the table works: If you are sampling from a population that consists of 50 people and you want 95% confident that your results will be within 5% of the true percentage in, the population, you need to randomly sample at least 44 people.

APPENDIX 5: NACOSTI LETTER OF RESEARCH AUTHORIZATION

NATIONAL COMMISSION FOR SCIENCE, TECHNOLOGY AND INNOVATION
Tel.: +254-20-2213471, +254-20-2213647; Fax: +254-20-3318020
E-mail: info@nacostio.or.kg
Website: www.nacostio.or.kg

Ref. No.: NACOSTI/P/17/76021/15913

Benta Wundede Awori
United States International University
P.O. Box 14634-00800
NAIROBI.

Date: 27th February, 2017

RE: RESEARCH AUTHORIZATION

Following your application for authority to carry out research on “Effect of transformational leadership in regulatory state corporations” I am pleased to inform you that you have been authorized to undertake research in Nairobi County for the period ending 27th February, 2018.

You are advised to report to the Chief Executive Officers of the selected State Corporations, the County Commissioner and the County Director of Education, Nairobi County before embarking on the research project.

On completion of the research, you are expected to submit two hard copies and one soft copy in pdf of the research report/thesis to our office.

DR. M. K. RUGUTT, Ph.D., HSc., OGw.
DIRECTOR-GENERAL/CEO

Copy to:

The Chief Executive Officers
Selected State Corporations.

The County Commissioner
Nairobi County.

The County Director of Education
Nairobi County.

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APPENDIX 6: NACOSTI RESEARCH CLEARANCE PERMIT

THIS IS TO CERTIFY THAT: Permit No : NACOSTI/P/17/76021/15913
Ms. Benta Wandebe Awori Date Of Issue : 27th February,2017
of United State International University - Africa, 0-200 Nairobi, has
been permitted to conduct research in Nairobi County
on the topic: EFFECT OF
TRANSFORMATIONAL LEADERSHIP IN
REGULATORY STATE CORPORATIONS
for the period ending:
27th February,2018

Applicant's Signature:

Director General
National Commission for Science, Technology & Innovation

CONDITIONS
1. You must report to the County Commissioner and
the County Education Officer of the area before
embarking on your research. Failure to do that
may lead to the cancellation of your permit.
2. Government Officer will not be interviewed
without prior appointment.
3. No questionnaire will be used unless it has been
approved.
4. Excavation, filming and collection of biological
specimens are subject to further permission from
the relevant Government Authorities.
5. You are required to submit at least two (2) hard
and one (1) soft copy of your final report.
6. The Government of Kenya reserves the right to
modify the conditions of this permit including:
its cancellation without notice.

REPUBLIC OF KENYA
National Commission for Science, Technology and Innovation
RESEARCH CLEARANCE PERMIT
Serial No: A 12,982

CONDITIONS: see back page