
**TRANSFORMATIONAL LEADERSHIP STYLE AND PERFORMANCE
OF COMMERCIAL BANKS IN KENYA: A CASE OF NATIONAL BANK
OF KENYA**

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ABSTRACT

The concept of leadership has received attention in both the developed and developing cultures. The impact of transformative leadership on Kenyan commercial banks' organisational performance will be examined in this study. The main goal of this research will be to evaluate how Kenyan commercial banks' performance is impacted by transformational leadership styles. The theoretical literature review will be guided by the general systems theory, upper echelons theory, and transformational theory, which serves as the anchor theory. A descriptive research design will be used in the survey-based study. Twenty-four (24) Kenyan National bank branches and one hundred and forty-four (144) respondents will make up the study's target group. The research used a census methodology. Primary data for the study will be obtained by means of a number of questionnaires. Junior staff members, division directors, and senior managers will all receive the surveys. To ascertain the reliability and validity of the information gathered with the help of the questionnaire that will be distributed, a pilot research will be carried out. The instruments will be validated using content validity and construct validity, and their reliability will be evaluated using the Cronbach's alpha coefficient. Quantitative data will be examined using Social Science Statistical Software. Descriptive statistics will be utilised to give a fair explanation of the measurements and distribution of data using indices. In order to ensure that the assumptions made during multiple regression analysis are not violated in the process of drawing conclusions, the following criteria will be applied: normality, linearity, multicollinearity, and homogeneity. The investigator will ensure the preservation of the results' integrity.

Keywords: *Transformational Leadership Style, Performance, Commercial Banks*

INTRODUCTION

Transformational leadership as a theory has continued to get attention from numerous scholars in the last few years (Givens, 2008). The positive side of performance in followers has been linked to transformational leaders who are seen as keen on the development of followers (Barnes, 2016). Leaders who are transformational in their style have the ability to ensure that there is successful outcomes within their organization (Duggal, 2015). Lee (2008) also did get similar results in his study when looking at the aspect of leadership and performance in Singapore.

The relationship between transformative leadership and organisational success has been the subject of numerous academic research in the past. Research on the relationship between organisational performance and management competencies was conducted in 2015 by Hawi, Alkhodary, and Hashem. Their research examined the relationship using a sample from four significant Jordanian airlines. Sixty-two members of the management team were included in the study. The results of the study demonstrated a strong positive association between performance and transformative leadership. Asree, Zain, and Rizal Razalli (2010) conducted research to examine the relationship between performance, competency, and leadership style. Questionnaires were used as a data gathering strategy in this empirical investigation. In all, eighty-eight hotels in Malaysia participated in the poll. The study discovered a positive relationship between performance and competency and leadership style.

Mclaggan, Bezuidenhout, and Botha (2013) conducted study in Africa on the connection between South African performance and transformational and transactional leadership philosophies. Their research revealed a positive association between performance and both transactional and transformational leadership styles. In his study, Mbithi (2014) examined the connection between Kenyan university performance and transformational leadership. He discovered that performance and transformative leadership were positively correlated.

A government organisation in Malaysia likewise conducted a similar study with 378 staff members taking part. The study's conclusions demonstrated a favourable relationship between performance and transformative leadership. In a 2005 study, Hancott examined the connection between revenue success and transformative leadership in one hundred Canadian public organisations. The results, however, did not provide a clear picture of how leaders' use of transformational leadership enhanced revenue generation performance.

Karamat (2013) examined the connection between performance and leadership style in the communication sector. During the assessment process, the research included both quantitative and qualitative methodologies. The study's findings showed that performance and leadership style were positively correlated. Echakara (2011) investigated the connection between employees' performance and leaders' inspiration in Kisumu, Kenya's commercial banks. The results of the study showed that staff performance increased with inspiration. Long (2014) examined the relationship between employees' performance as measured by their job happiness and the transformational leadership style.

Transformational Leadership Style

According to Bass and Avolio (2004), transformational leadership is the capacity of a leader to motivate followers to put the larger goals of the organisation ahead of their own. Transformational leaders are distinguished from conventional leaders by their vision, eloquence, self-assurance, and ability to inspire others to surpass their customary performance goals (Schwarzwald, 2001). Transformational leaders always awaken the latent or unfulfilled needs of their subordinates (Chan, 2005). As per the source, inspirational motivation entails the utilisation of imagery and symbols by the leader to elevate the aspirations and convictions of the followers concerning the mission and vision. Through encouraging words, transformational leaders inspire their staff members to bring fresh viewpoints to work and cultivate a sense of unity among the group. According to Engel (2003), a transformative leader anticipates that their subordinates will spend more time fixing problems. To meet their higher-order needs, followers of transformational leaders modify their attitudes, beliefs, and values. Because they have a direct impact on followers and their process of transformation, these habits are vital for leaders. The transformational leader directs followers' attention towards a greater good in order to motivate them. According to Burns (2008), transformational leaders would rather inspire their team members to provide their best effort even during trying times.

Idealized Influence

Idealized influence is defined by Sucozhañay, Guzman, Zhimnay, Cattrysse, and Wyseure (2014) as serving as role models for perseverance and self-sacrifice. They observe that Leaders become role models when they look at the needs of their followers as superior to their own and do not use power for their own benefits and adopt and practice friendly behaviors, which make them highly admired, respected and trusted by the followers (Deveshwar & Aneja, 2014).

Most leaders who believe in the power of change have a good ear for matters raised by their followers providing proper and timely advice to them. They spend quite some time in ensuring that difficult times facing the followers are resolved in the right way. They believe in the power of listening and allows all within their teams to be heard. According to Afshari (2021), this is one of the key elements of good leadership, listening and providing guidance as may be necessary. Such leaders are seen as champions of expected change in the right direction ensuring that required support is maintained.

Inspirational Motivation

A leader who is well motivated and inspired will always show and exhume confidence providing the required confidence to the followers and allowing for good ideas to flourish in their day to days undertaking (Densten, 2002). An inspirational leader will always share their vision with clarity, always good listeners and communicators. Such leaders provide encouragement to all their followers such that they feel confident enough to perform as expected (Saif, 2022). Inspirational motivation shows that the leadership must always provide a position where expectations are high and continuously met. The leaders should always provide inspiration and motivation while accepting new challenges that lead to success of the organization.

According to Jung (2018), the encouragement felt by all followers as provided by their leader leads to great teamwork and the eagerness to always want to win together. Ismaya, (2017) notes that

when looking at the set goals and objectives for an organization as aligned with that of individual followers leads to assured success within an organization. Abbas and Rasheed (2014) see inspirational motivation as a representation of how far transformational leader ends up as a role model. They see inspirational motivation as a means of bringing out the means by which a leader can be visionary while providing the means through which a sense of purpose is reached (Bass and Avolio, 1989).

Intellectual Stimulation

This is seen as a means of promoting intelligence while solving problems for the followers, creating challenges for the followers so as to be innovative while solving difficult problems. Saydogdu and Asikgil (2011). Shadraconis, (2013) points out that Intellectual stimulation pertains to the ability of the leader to create motivation among the followers so as to come up with new ways of attaining the set goals and objectives (Levine, Muenchen, and Brooks 2010), and usually is about having leaders who create encouragement among their followers (Bass, 1990a).

Weerasena, (2008), indicate that having open minded leaders allows for great influence that is positive among their followers. These leaders will always see to it that attention is continuously given to their followers so as to achieve that which has been agreed upon as a team. These are the kind of leaders who make sure that the followers are always heard and encouraged to perform with lots of motivation. The leaders allow for room to get new ideas from their followers leading to innovation for performance having support from all ends within the organization (Sachdeva, 2016).

Individual Consideration

Great leaders will always encourage their followers to be listened to at all times creating room for all to share their views on matters pertinent to the growth of the organization. These leaders ensure that there is a timely action to rectify any situation that may lead to negative results while allowing input from their followers. They show great deal of skill especially in listening to all with great intelligence. According to Rubin (2021), the ability to provide constant consideration by leaders to their followers is a great virtue and provides assured position of success as envisioned by the organization.

Orazi, Good, Robin, Wanrooy, Butar, Olsen and Gahan (2014) relate the Individual consideration dimension in which followers are treated with lots of respect and given chance to be heard whenever key decisions are to be made (Bass, 1985; Bass & Avolio, 1989). The objective for the leader always remains that of ensuring that there is satisfaction for the followers while continuing to monitor progress with a guiding and helping hand.

Organizational Performance

According to Cho and Dansereau (2010), organisational performance alludes to a company's performance relative to its goals and objectives. Additionally, Tomal and Jones (2015) define organisational performance as the comparison of an organization's actual results or outputs to its intended outputs. Since the productivity of every individual in an organisation determines its efficacy, performance can be partially characterised as a function of leadership (Mastrangelo, 2014). Competencies in leadership are among the most crucial elements influencing the

performance of a company. Employee performance and leadership abilities are the most important factors that affect an organization's performance. Competent leaders have an impact on their followers. Corporate leaders have a significant impact on the achievement of corporate goals and objectives by creating an environment that shapes employees' attitudes, behaviours, and motivations. However, as Strickland (2010) points out, effective leadership encourages workers to participate in their work and improves performance results. Generally speaking, an organization's ability to react quickly and effectively to opportunities and challenges while fully aware of its strengths and shortcomings is what defines its performance (Rabah, 2015).

Financial Institutions in Kenya

Back in the days, goldsmiths were obligated to deliver the specified quantity of gold to the receipt owner. Goldsmiths were required to guarantee that it was always available whenever a receipt was requested (Johnson, 2006). In 1995, the banking sector was liberalised, and exchange controls were eliminated. Kenya had forty-two commercial banks, fourteen microfinance institutions, and ninety-six foreign exchange bureaus as of December 2022, according to the Kenya Bankers Association (KBA). The KBA provides a forum for discussing issues that affect its members. The banking sector has created automation of services and shifted its focus from traditional, off-the-shelf banking products to complex customer requirements. Due to increased innovation and new market entrants, the players in this industry have encountered increased competition in recent years.

The National Bank was established on June 19, 1968, by the Kenyan government to provide financial assistance to Kenyans and various development sectors. At the company's inception, the government owned 99,999 shares. In 1980, the government had to contribute an additional Kshs. 60 million in share capital to the bank in order to save it from a significant financial crisis caused by debts. Due to the severity of the situation, the Kenyan government convened an extraordinary general meeting (EGM) to address this.

In 2013, National Bank rebranded itself with the slogan "Bank on Better" and implemented accelerated branch expansion for the first time. Additionally, the bank launched an in-house card personalization facility to facilitate efficient card issuance. It enhanced employee engagement, wellness, and capacity, and it implemented a voluntary early retirement programme. It implemented branch rationalisation and provided the branches with more operational space. As the National Bank of Kenya enters its second half-century of operations, it will undoubtedly face many operational challenges. However, based on its past performance, there is no doubt that these challenges must be overcome, and the National Bank will need to be innovative to continue to meet Kenyans' expectations.

STATEMENT OF THE PROBLEM

Global growth is expected to slightly accelerate to 2.7% in 2024 as headwinds start to lessen, as seen by the most recent global financial crisis. However, the failure of financial institutions poses a serious threat to the sustainability of the entire economy. Enhancing commercial banks' performance is crucial to preserving the integrity and stability of the country's financial system, which powers economic growth. Commercial banks in Kenya, like those in other developing economies, operate within a value chain that is rapidly evolving, which hinders their ability to

meet output goals. According to Standard media (2016), the National Bank of Kenya is battling the effects of enormous reclassification of outstanding loans resulting in an overstatement of performing loans and an increase in the provision for bad debts.

Researchers suggest that there is a positive relationship between transformational leadership and performance (Quy & Vuori, 2014; Brand, 2009; Mbithi, 2014). Sahaya (2012) in his study that was looking at leadership styles, especially transactional leadership, found that there was an increase in return on assets within the organization when leadership is effective, revealing both a conceptual and contextual gap that justifies this study. Similarly, Cherian and Farouq (2013) found that both transformational and transactional leadership had great effect on the financial performance of banks within the United Arab Emirates that was positive. Another study by Northouse (2013) looked at 39 studies in transformational literature and did find that transformational leaders were effective and always produced better outcome in performance. However, empirical studies by Hawi, Alkhodary and Hashem (2015) reveals a contextual gap in their study that looked at the determination of how transformational leadership style affects performance of Indonesian electricity company. Further, a methodological gap is revealed in a study by Karamat (2013), that looked at the effect of leadership style on organizational performance in the communication industry. Studies by Asree, Zain and Rizal reveal a conceptual gap in their study that looked at the effect of leadership style, competency and organizational performance. These study therefore, shall endeavor to look at the effect of transformational leadership style on the performance of commercial banks in Kenya.

OBJECTIVES OF STUDY

Specific Objectives

- i. To determine the effect of idealized influence on performance of commercial banks in Kenya;
- ii. To establish the effect of inspirational motivation on performance of commercial banks in Kenya;
- iii. To determine the effect of intellectual stimulation on performance of commercial banks in Kenya;
- iv. To find out the effect of individualised consideration on performance of commercial banks in Kenya.

LITERATURE REVIEW

Theoretical Literature Review

Quite a number of leadership theories have already been developed over the years by various scholars with different points of view on the subject matter. Transformational leadership theory is discussed as the anchor theory of these study. Supporting theory for the study also discussed are the general systems theory and Upper Echelons Theory.

Transformational Leadership Theory

According to this view, transformational leadership is the capacity of leaders to motivate their followers in order to gain the upper hand and persuade them to improve performance and accomplish a shared objective (Yamac, 2014). Recent research views transformative leadership

from the perspective of quality. A vision of transformative leadership is possible from several angles. According to Weber (1996), followers' dedication and output are closely related to the leadership. Transformational leadership, according to Bass (2005), is about values and a strong belief in the shared vision that gives followers comfort while enabling them to feel secure enough to carry out. Transformational leaders are perceived as having a clear vision, having excellent communication skills, exuding tranquilly, and being relentlessly committed to realising an organization's objectives (Erkutlu, 2018). These leaders are seen as having charm, being able to handle crisis management when it emerges, and serving as examples. Additionally, their followers view them as capable of upholding high moral standards that they can imitate and adopt (Carpenter, 2004).

After Downton (1973) defined transformational leadership, political sociologist Burns (1978) endeavoured in his key work to connect the responsibilities of followership and leadership. The study found that followers' needs are intricately linked to leaders, who use their motivations to further their own goals (North house 2016). Thus, transformational leadership emerges when two or more individuals engage in a way that inspires and raises followers and leaders to new levels of morality and motivation, according to Burns (1978). In an effort to clarify how transformational leadership could be quantified and how it affects the motivation and performance of followers, Bass (1985) expanded on the earlier ideas of Burns (1978) by developing the four dimensions of transformational leadership.

According to Scott, Russell, and Huw (2003), the "new leadership" approach is made up of three types of leadership that first appeared in the 1980s: transformational leadership (Bass, 1985; Tichy and Devanna, 1986), charismatic leadership (House, 1977; Conger, 1989), and visionary leadership (Sashkin, 1988; Westley and Mintzberg, 1989). Based on a leader's observed actions, followers may attribute certain traits to charismatic leadership (Pillai & Meindl, 2015). According to Bakker, Albrecht, and Leiter (2015), charismatic leadership can be divided into three phases: environmental evaluation, vision creation, and implementation. "Visionary leadership creates a vision around solving a problem in an innovative new way and then uses that vision to connect with people's hearts in a way that inspires them to action. This increases the likelihood that followers will make short-term sacrifices for the benefit of the organisation in the long run." Kanungo and Conger (1988). According to North House (2016), transformational leadership is a process that involves long-term objectives, emotions, ethics, values, and standards in addition to changing and transforming individuals.

According to Bass (1985), there are four dimensions of transformational leadership: idealised influence, which is the degree to which a leader is viewed as charismatic and a role model; intellectual stimulation, which is the propensity to push followers to challenge preconceived notions and think creatively; inspirational motivation, which is the creation of an appealing future vision; and individualised consideration, which aids in improving relationships with followers and inspiring workers to perform better (Dubinsky et al., 1995). As previously mentioned, the transformational leadership theory incorporates the other opposing theories of the new leadership approach, namely charismatic leadership and visionary leadership. Literature has also revealed a variety of other leadership philosophies, but transformational leadership (TL) is one of the approaches that organisations employ most frequently to handle change. Numerous studies have demonstrated that transformational leadership is responsible for high levels of productivity, low

rates of employee turnover, and high levels of work satisfaction (Deluga, 1992; Marshall et al., 1992; Masi and Cooke, 2000; Medley and Larochelle, 1995; Sparks and Schenk, 2001).

According to the researcher, this theory will be useful as it will be able to provide a clear picture and show how transformational leadership affects performance. According to Carter (2013) transformational leaders are able to transform and inspire followers through motivation. They are able to provide a great deal of team spirit and ensure that they act as coaches to those within their teams (Kerandi, 2015).

General Systems Theory

This theory was incepted by Ludwig von Bertalanffy in 1972. The proponent of General System Theory (GST) is that there is some symbiotic relationship between a firm, the subsystem and the business environment. The propositions of GST involve the wholeness, open and closed system (Niemann, 2006). GST allows managers to coordinate programs collectively as an organisation rather than isolated departments (Littlejohn & Foss, 2001). GST is vital as it integrates the internal environment to that of external in an industry. GST acts as a tool for a leader to analyse the dynamics in the organisation without getting into the details of how the firm should be managed (Skulmoski & Hartman, 2010).

GST is important to an organisation as it enable people to understand the components and the dynamic of complex systems. It also enables the managers to interpret problems and develop balanced intervention strategies for a working relationship between the organisation and individuals involved (Brandell, 2010). With respect to the complex projects in an organisation, the complex systems form the part and parcel of the projects (Kishore, Abraham & Sinfield, 2011). The GST will guide the study in the understanding the interaction between performance of commercial banks in Kenya and transformational leadership.

The Upper Echelons Theory

The conceptual foundations of the Upper Echelons Theory emphasize the importance of top management team characteristics in shaping strategic decision-making and organizational outcomes. Hambrick and Mason argue that executives' backgrounds and cognitive frames significantly influence the strategic choices made by organizations. They propose that demographics, such as age, tenure, and functional background, reflect executives' experiences, values, and cognitive biases. Numerous empirical studies have explored the relationships between top management team characteristics and organizational outcomes, providing support for the Upper Echelons Theory. For instance, Finkelstein and Hambrick (1996) found a positive relationship between executive age and strategic risk-taking. Hambrick and Fukutomi (1991) discovered that CEO tenure was associated with firm performance, with longer tenures leading to higher performance levels. Moreover, demographic diversity within top management teams has received considerable attention in UET research. Increasing diversity among executives has been linked to enhanced decision-making processes and improved firm performance (Carpenter, 2004). However, some studies have noted potential negative effects of demographic heterogeneity on team dynamics and decision-making effectiveness (Harrison & Klein, 2007). These contradictory

findings suggest the need for further investigation. Furthermore, the Upper Echelons Theory has highlighted the importance of aligning executives' values and organizational goals. The congruence between top management team values and the organization's values has been positively correlated with firm performance, employee satisfaction, and stakeholder perception (Sarros, 2006).

Idealized Influence and Organisational Performance

Langat, Linge and Sikalieh, (2019) assert that idealised influence is all about having the followers creating and maintaining trust with their leader so as to have ease in ensuring that the leader is emulated with his or her directives followed. The conceptualization of idealised influence is seen clearly through transformational leadership, clear evidence show that such leaders end up having their followers look up to them (Muriuki, Nzinga & Chiroma, 2021). Nyokabi & Njenga (2017) looked at the characteristic of idealized influence upon the behaviour of a sales representative within the Banking sector in Sri Lanka. Eight banks were chosen with 170 corporate clients too. The results showed that idealized influence led to higher performance among the banks. Khademfar, Zohara, Omar, Ismail and Arabamiry (2013) looked at how idealized influence and organizational performance relate to each other. This was done in Malaysia with the unit of measure as association choosing 200 cases randomly. The results of the research showed that there was a positive correlation between performance and idealized influence.

Leaders with idealized influence in the view of Arham (2014) inspire and excite employees to accomplish greater feats by going out of the way and exerting extra effort (Avolio and Bass, 2004). Finley (2014) points out that the depiction of both idealized influence and inspirational leadership are clearly seen when the leader shows that he/she are visionary (Bass, 1999).

Inspirational Motivation and Organisational Performance

Doody and Doody (2012), argues that inspirational motivation does encourages staff within an organization in order to be aligned to the set goals and objectives. Doody (2012), believes that for an organization to achieve its objectives certain key elements such as motivation must be present. For an organization to actualize its strategic plan and have performance attained, the followers led by their leader must feel that they are fully motivated. Inspirational motivation plays a key role in the day to days running of an organization that wishes to be successful (Elvinita ,2015). Özer and Tinaztepe (2014) examined the various leadership styles and tested their effect on performance. This was done within an import and export organization in Turkey. The sample was composed of individuals within the white-collar who worked in administrative and non-administrative employment positions in various areas within the organization. The results showed that transformational leadership especially where inspirational motivation was presented had a very high performance in the staff within the organization.

Haseeb, Suppramaniam and Subramaniam (2021) examined the effect of leadership practices based on different styles of leadership in Malaysia. The results showed that leadership behaviours such as inspirational motivation led to improved performance among the employees. Finally, Suresh and Rajini (2013) underscores the significant role played by Transformational leadership in determining the success level of the organization by reiterating its effectiveness in handling crisis and emergency situations, and when projects need to be carried out in a specific fashion.

They observe that by becoming familiar with the transformational leadership approach and combining the four “I’s, managers can become effective leaders in the business world.

Intellectual Stimulation and Organisational Performance

Intellectual stimulation is of paramount position with reference to performance within a given organization when good leaders exist. Many of them suggest that intellectual stimulation ensures that empowerment for employees is achieved by creating room for problems identification and solution provision (Smothers, 2016). Anjali (2015), asserts that development within an organization is only possible when intellectual stimulation has been assured of the followers. This also guarantees the organization the well planned and anticipated gain in terms of performance. Pisoni, Moreno, Oliver, Lopez, Cano, Rodriguez and Mintegui (2021) in their study, looked at the relationship between transformational leadership and performance within the organization and in their findings saw that there was a very close and positive relationship between performance and the style of leadership.

Finley (2014) notes that a depiction of intellectual stimulation is made bare when a leader encourages the followers to be innovative and creative (Bass, 1999). For Orazi, Good, Robin, Wanrooy, Butar, Olsen and Gahan (2014), a clear picture of intellectual stimulation is painted when there is a promotion of new ideas with room to change the existing paradigm by a transformational leader (Bass & Avolio, 1989). They hold the view that such leaders believe in greatness through innovation among the followers especially where problems are to be resolved (Avolio & Bass, 2004).

Individual Consideration and Organisational Performance

McKenna (2014), argues that performance is clearly a function of individual consideration and that leaders must take their time to see to it that this is present. Whenever an organization sets its goals and strive to attain efficiency and effectiveness, individual consideration is one of the most fundamental issues that will be considered (Almaz, 2013). Improvement within the organization can be clearly seen progressively and is almost always assured when individual consideration has been given preference (Snell, 2013). The study showed that in cases where individual consideration was key among the leader performance was high among the staff.

Deveshwar and Aneja (2014) observe that a transformational leader treat each follower according to the respective individual’s need ensuring that there is adequate attention provided to all the followers creating fairness at all times. They observe further that such leaders have the ability to identify and develop the higher order needs of subordinates while providing the necessary feedback on achieved organizational goals. This view is further supported by Prieto and Phipps (2009) who stress that leaders who are transformational ensures that all the possible attention is accorded to all as required. Opportunities are allowed to all equally as may be necessary by leaders at all day by day (Bass & Riggio, 2006).

Conceptual Framework

The conceptual framework shows the correlation between the dependent and independent variables. In this study, the dependent variable is performance while the independent is the transformational leadership.

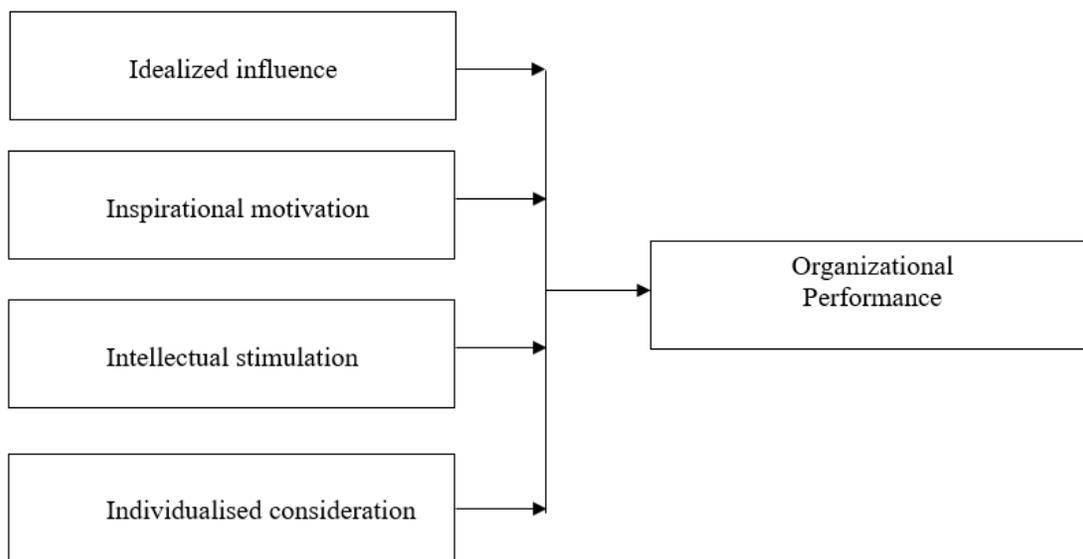


Figure 1: Conceptual Framework

METHODOLOGY

This research employed a cross-sectional survey design. The 24 National Bank branches in Kenya will be added to this study's population. The unit of analysis in this study was the National bank while the unit of observation were the 144 respondents. The study adopted a census approach. This approach involves taking the entire study population and, in this case, all the twenty-four (24) branches were part of the study (Cooper &Schindler, 2008). The total respondents from the 24 National Bank of Kenya branches were 144. The respondents were divided into three categories namely senior managers and division heads and junior staff from all the branches making a total of 144 respondents. Each branch produced one manager, a total of 24 and other respondents were from division heads, one from each division that is Finance/administration and Operations a total of 48 and finally junior staff 3 from each branch a total of 72 making the total number of respondents to be 144 all of whom will fill questionnaires. The researcher will employ the use of primary data. Using questionnaires with a combination of both the open-ended and the closed-ended questions., the primary data will be gathered. The survey will be administered to senior managers, divisional directors, and junior employees.

RESEARCH FINDINGS AND DISCUSSION

Response Rate

Response rate is the proportion of correctly completed and returned questionnaires to total questionnaires sent out. The outcomes are displayed in Table 4.0 A total of 297 questionnaires

were issued out and 238 were returned implying a response rate of 80.1% indicating an excellent response rate in line with Mugenda and Mugenda (2012).

Response rate

Rank	Frequency	Percentage
Division head	49	33.3
Senior Manager	26	17.7
Junior Staff	72	49.0

Demographic Information

The demographic information analyzed include the department, complete years worked and highest level of education attained.

Department of the Respondents

As shown in Table 6, majority of the respondents 27.9% HR and administration and the least 7.5% were in finance department.

Table 6: Department of the respondents

	Frequency	Percent
Customer service	29	19.7
Engineering	28	19.0
HR and Administration	41	27.9
Procurement	19	12.9
Finance	11	7.5
Logistics	19	12.9

Years Worked

Majority of the respondents 70.7% worked for a period of between 5 to 10 years and the least 1.4% worked for a period of less than 5 years.

Table 7: Years worked

	Frequency	Percent
Less than 5 years	2	1.4
5 to 10 years	101	70.7
10 to 15 years	41	27.9

Level of Education

Majority of the respondents 90.5% had attained undergraduate level of education, 6.8% had certificate and 2.7% had post-graduate level of education.

Table 8 Level of education

	Frequency	Percent
Certificate	10	6.8
Undergraduate	130	90.5
Post-graduate	4	2.7

Descriptive Statistics

The descriptive statistics related to the study objectives are covered in this section. The variables idealized influence our leaders, intellectual stimulation, inspirational motivation, individualized consideration and performance are presented.

Factor Analysis

Sampling Adequacy Test

To check if the data was adequate for inferential statistics Kaiser-Meyer-Olkin sample adequacy measures was performed. The KMO are between 0.754 to 0.857 indicating that the sample is adequate since they are above 0.5.

Table 4.10: Kaiser-Meyer-Olkin (KMO)

	KMO
Idealized influence our leaders	0.800
Intellectual stimulation	0.843
Inspirational motivation	0.844
Individual consideration	0.754
Performance	0.814

Factor Analysis

Principal factor analysis was used in this study. The goal was to reduce a set of variables down to a smaller number of factors and to create composite scores for these factors for use in subsequent analysis (Almed 2016). Through factor analysis all the constructs had a factor loading above 0.4 and none was dropped from the analysis.

Table 14: Factor Analysis for the variables

	Minimum	Maximum	Average
Idealized influence our leaders	.556	.974	.875
Intellectual stimulation	.731	.966	.713
Inspirational motivation	.658	.759	.705
Individual Consideration	.788	.810	.785
Performance	.626	.812	.690

Reliability Analysis

The Cronbach’s alpha coefficient was used to measure the study’s reliability. A Cronbach’s alpha coefficient of above 0.7 indicates the variables are reliable. Table 15 gives the reliability tests results.

Table 15: Reliability analysis

Variable	No. of items	Alpha	Comment
Idealized influence our leaders	14	0.726	Accept
Intellectual stimulation	13	0.790	Accept
Inspirational motivation	15	0.881	Accept
Individual Consideration	13	0.911	Accept
Performance	7	0.774	Accept

Correlational Analysis

There is a positive and a significant relationship between idealized influence and performance as shown in Table 20. There is a negative and a significant relationship between performance and intellectual stimulation, inspirational motivation and individual consideration.

Table 20: Correlation analysis

		Y	X1	X2	X3	X4
Y	Pearson Correlation	1				
	Sig. (2-tailed)					
X1	Pearson Correlation	.376**	1			
	Sig. (2-tailed)	.000				
X2	Pearson Correlation	-.274**	.528**	1		
	Sig. (2-tailed)	.001	.000			
X3	Pearson Correlation	-.183*	.017	.268**	1	
	Sig. (2-tailed)	.026	.837	.001		
X4	Pearson Correlation	-.311**	-.139	.214**	-.249**	1
	Sig. (2-tailed)	.000	.093	.009	.002	

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

* . Correlation is significant at the 0.05 level (2-tailed).

X_1 = Idealized influence, X_2 = intellectual stimulation, X_3 = Inspirational motivation and X^4 = Individual consideration and Y = performance

Regression Analysis

The study used regression analysis to determine the statistical significance of the independent variables on the dependent variable.

Regression analysis of idealized influence and Service delivery

The first objective was to determine the effect of idealized influence on performance of commercial banks in Kenya. The hypothesis of the study was:

H₀₁: idealized influence does not significantly influence performance of commercial banks in Kenya.

In Table 21, idealized influence has an R square of 0.141 implying that idealized influence only accounts for 8.7% of the variation in performance of commercial banks in Kenya.

Table 21: Model summary on Idealized influence and Performance

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
	.376 ^a	.141	.135	0.09074

The findings on the ANOVA as shown in Table 22 indicates that $F = 23.865$, $p = 0.000$ which is less than 0.05 implying that the model summary is statistically significant.

Table 22: ANOVA Statistics (Idealized influence and performance)

	Sum of Squares	df	Mean Square	F	Sig.
Regression	.197	1	.197	23.865	.000
Residual	1.194	145	.008		
Total	1.391	146			

Based on the regression coefficients in Table 23, there is a statistically significant positive relationship between idealized influence and performance, ($\beta = 0.122, p = 0.000 < 0.05$)

The results show that performance of commercial banks will rise by 0.122 units for every unit increase in idealized influence. The regression equation is given as: $Y = 4.368 + 0.122 X_1$

Y = Performance and X_1 = Idealized influence

Table 23: Regression Coefficients (Idealized Influence and Performance)

	Unstandardized Coefficients		Standardized	t	Sig.
	B	Std. Error	Coefficients Beta		
(Constant)	4.368	.123		35.564	.000
Idealized influence	.122	.025	.376	4.885	.000

Regression Analysis of Inspirational Motivation and Performance

The second objective was to determine the effect of inspirational motivation on performance of commercial banks in Kenya. The hypothesis of the study was:

H02: Inspirational motivation does not significantly influence performance of commercial banks in Kenya.

In Table 24, inspirational motivation has an R square of 0.141 implying that inspirational motivation on accounts for 8.7% of the variation in performance of commercial banks in Kenya.

Table 24: Model Summary on Inspirational Motivation and Performance

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
	.274 ^a	.075	.069	0.09418

The findings on the ANOVA as shown in Table 25 indicates that $F = 23.865$, $p = 0.000$ which is less than 0.05 implying that the model summary is statistically significant.

Table 25: ANOVA Statistics (Inspirational Motivation and Performance)

	Sum of Squares	df	Mean Square	F	Sig.
Regression	.104	1	.104	11.773	.000
Residual	1.286	145	.009		
Total	1.391	146			

Based on the regression coefficients in Table 26, there is a statistically significant positive relationship between inspirational motivation and performance, ($\beta = -0.137$, $p = 0.000 < 0.05$). The results show that performance of commercial banks will decrease by 0.137 units for every unit increase in inspirational motivation. The regression equation is given as:

$$Y = 5.582 - 0.137 X_2$$

Y = Performance and X₂ = Inspirational motivation

Table 26: Regression Coefficients (Inspirational motivation and Performance)

	Unstandardized Coefficients		Standardized	t	Sig.
	B	Std. Error	Coefficients Beta		
(Constant)	5.582	.179		31.100	.000
Inspirational motivation	-.137	.040	-.274	-3.431	.000

Regression analysis of intellectual stimulation and performance

The third objective was to determine the effect of intellectual stimulation on performance of commercial banks in Kenya. The hypothesis of the study was:

H₀₃: Intellectual stimulation does not significantly influence performance of commercial banks in Kenya.

In Table 27, intellectual stimulation has an R square of 0.034 implying that intellectual stimulation on accounts for 3.4% of the variation in performance of commercial banks in Kenya.

Table 27: Model summary on Intellectual Stimulation and Performance

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
	.183 ^a	.034	.027	0.09627

The findings on the ANOVA as shown in Table 28 indicates that F = 5.041, p = 0.000 which is less than 0.05 implying that the model summary is statistically significant.

Table 28: ANOVA Statistics (Intellectual Stimulation and Performance)

	Sum of Squares	df	Mean Square	F	Sig.
Regression	.047	1	.047	5.041	.000
Residual	1.344	145	.009		
Total	1.391	146			

Based on the regression coefficients in Table 29, there is a statistically significant positive relationship between intellectual stimulation and performance, ($\beta = -0.023, p = 0.000 < 0.05$). The results show that performance of commercial banks will decrease by 0.137 units for every unit increase in intellectual stimulation. The regression equation is given as:

$$Y = 5.065 - 0.023 X_3$$

Y = Performance and X₃ = Intellectual stimulation

Table 29: Regression Coefficients (Intellectual Stimulation and Performance)

	Unstandardized Coefficients		Standardized Coefficients		Sig.
	B	Std. Error	Beta	t	
(Constant)	5.065	.044		114.229	.000
Intellectual Stimulation	-.023	.010	-.183	-2.245	.000

Regression Analysis of Individualized Consideration and Performance

The fourth objective was to determine the effect of individualized consideration on performance of commercial banks in Kenya. The hypothesis of the study was:

H₀₃: Individualized consideration does not significantly influence performance of commercial banks in Kenya.

In Table 30, Individualized consideration has an R square of 0.097 implying that Individualized consideration on accounts for 9.7% of the variation in performance of commercial banks in Kenya.

Table 30: Model Summary on Individualized Consideration and Performance

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
	.311 ^a	.097	.091	0.09307

The findings on the ANOVA as shown in Table 4.28 indicates that F = 15.535, p = 0.000 which is less than 0.05 implying that the model summary is statistically significant.

Table 31: ANOVA Statistics (Individualized Consideration and Performance)

	Sum of Squares	df	Mean Square	F	Sig.
Regression	.135	1	.135	15.535	.000
Residual	1.256	145	.009		
Total	1.391	146			

Based on the regression coefficients in Table 32, there is a statistically significant positive relationship between Individualized consideration and performance, ($\beta = -0.039, p = 0.000 < 0.05$). The results show that performance of commercial banks will decrease by 0.039 units for every unit increase in Individualized consideration The regression equation is given as:

$$Y = 5.121 - 0.039 X_4$$

Y = Performance and X₄ = Individualized consideration

Table 32: Regression Coefficients (Individualized Consideration and Performance)

	Unstandardized Coefficients		Standardized Coefficients		Sig.
	B	Std. Error	Beta	t	
(Constant)	5.121	.040		128.424	.000
Individualized consideration	-.039	.010	-.311	-3.941	.000

Regression Model

From table 33, the 99.8% of variation in performance of commercial banks is explained by idealized consideration, inspirational motivation, intellectual stimulation and individualized consideration.

Table 33: Overall model summary

Model	R	R Square ^b	Adjusted R Square	Std. Error of the Estimate
1	.999 ^a	.998	.998	.23818

Table 34 shows the overall model significance. The model is significant since the p value is less than 0.05.

Table 34: ANOVA Model

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	3619.867	4	904.967	15952.644	.000 ^c
	Residual	8.112	143	.057		
	Total	3627.980 ^d	147			

Table 35 gives the regression coefficients. The regression equation is:

$$Y = 0.433X_1 + 0.619X_2 + 0.003X_3 + 0.014X_4$$

Where Y = performance, X₁ = idealized consideration, X₂ = inspirational motivation, X₃ = intellectual stimulation, X₄ = individualized consideration.

Table 35: Table of coefficients

Model		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta	t	Sig.
1	X1	.433	.083	.427	5.245	.000
	X2	.619	.115	.559	5.380	.000
	X3	.003	.030	.003	.105	.917
	X4	.014	.029	.011	.471	.639

SUMMARY OF FINDINGS

Summary of the study was organized into sections based on the study objectives:

Influence of Transformational Leadership on Performance of Commercial banks

The initial goal of this research was to determine the link between transformational leadership and commercial banks performance in Kenya. Hypothesis; There is no significant association between transformational leadership and commercial banks performance in Kenya according to the null hypothesis which was rejected. Transformational leadership has a favourable and significant impact on commercial banks performance in Kenya, according to the findings of this study.

Effect Of Idealized Influence on The Relationship Between Transformational Leadership and Performance

The second goal was to see how much idealized influence (II) influences the association between transformational leadership (TL) and commercial banks performance in Kenya. The following was the null research hypothesis: Idealized influence has no substantial effect on the association between transformational leadership and commercial banks performance in Kenya. The researcher rejected the null hypothesis and stated that idealized influence has a substantial enhanced, influence on the association between transformational leadership and commercial banks performance in Kenya. Idealized influence enhances performance by making followers to believe in the leader's vision and values, and inspires them to emulate these qualities.

Effect of Inspirational Motivation on the Relationship between Transformational Leadership and Performance

The third objective sought to determine the effect of Inspirational motivation on the relationship between transformational leadership and performance of the commercial banks in Kenya. The study rejected the null hypothesis and the verdict was drawn that there is a significant effect of Inspirational motivation on the relationship between transformational leadership and performance of commercial banks in Kenya.

Transformational Leadership, Idealized Influence and Inspirational motivation on Performance of Commercial banks

The fourth objective was intended to analyze the effect find out the effect of individualised consideration on performance of commercial banks in Kenya. The direct effect of transformational leadership (TL) on performance was significant. The researcher therefore rejected the hypothesis and concludes that there is significant effect of idealized influence and Inspirational motivation on the relationship between transformational leadership and performance of commercial banks in Kenya. The study concluded that idealized influence is an important variable that creates awareness, help employees to learn from others, share knowledge and creates trust and concerns for others.

CONCLUSION

Influence of Transformational Leadership on Performance in Commercial banks

Determining the relationship between transformative leadership and performance in Kenyan commercial banks was the primary objective of this study. Inferential statistics were determined using the regression coefficient, analysis of variance, correlation coefficient, and coefficient of determination (R-Square). Additionally, an autocorrelation test was run. Based on the data, the researcher rejected the null hypothesis (H_0) and came to the conclusion that transformational leadership and performance in Kenyan commercial banks have a positive and significant relationship.

The findings were discovered to be mostly dependent on the fact that department leaders in commercial banks are always permitted to specify a goal in order to boost employee motivation and generate high-quality output. Commercial bank leaders have also been urged to maintain team spirit by focusing on the means rather than the goal. The results of this study also show that managers in commercial banks have fostered an environment where employees are motivated to always strive for excellence by focusing on the needs of the group as a whole and involving lower-level employees in certain aspects of the adaptive management process, like teamwork and encouraging adherence to established procedures. Additionally, Kenyan commercial banks have transformed the industry by dramatically promoting individual attention, intellectual stimulation, and inspirational motivation. Leaders in these banks consistently incorporate social forums into departmental teams. The study also shows that the association between transformative leadership and performance was statistically significantly mediated by employee commitment.

Effect of Idealized Influence on the Relationship between Transformational Leadership and Performance

The second goal was to evaluate the impact idealised influence had on Kenyan commercial banks' performance. The goal was accomplished, and it was discovered that idealised influence significantly affected Kenya's commercial banks' performance. These outcomes have been attained as a consequence of leaders' capacity to consider situations from the perspective of their

teammates, making causes for conflicts evident to them at all times, and concentrating on overcoming challenging coworkers by viewing them as straightforward challenges.

Additional elements that supported the idealised effect being a key moderator on the relationship between transformational leadership and performance included leaders' emotional intelligence, their capacity for empathy, their ability to shift their perspective in order to effectively handle crises, and their ability to recognise when a group of people are not getting along. Additionally, it was discovered that executives at commercial banks were able to prioritise tasks and that they constantly needed a diverse group of coworkers to keep their jobs interesting.

Effect of Inspirational motivation on the Relationship between Transformational Leadership and Performance

The third goal was to evaluate the impact inspirational motivation has on Kenyan commercial banks' performance. The researcher came to the conclusion that inspirational motivation had a considerable positive impact on performance in Kenyan commercial banks after rejecting the null hypothesis (H_0_3).

These findings can be explained by the finding that commercial bank executives frequently solicit feedback from important stakeholders inside and outside the company, even extending over departmental boundaries. The survey also revealed that department heads have a strong commitment to seeing that their businesses' strategies are carried out, and that departments are well-equipped with monitoring tools to guarantee that plans are followed through on.

Transformational Leadership, Idealized Influence and Inspirational Motivation on Performance of Commercial banks

The analysis of idealised influence's impact on Kenya's commercial banks' performance was the goal of the fourth objective. The researcher concluded that there is a considerable effect of idealised influence on the performance of commercial banks in Kenya after achieving this goal and rejecting hypothesis H_0_4 .

RECOMMENDATIONS

Recommendations of the study were made based on their contributions to theory, policy and practices.

Recommendations for Action and Managerial Practices

Management of the commercial banks should provide an integrated leadership role in ensuring that all the stakeholders are committed towards implementing the strategic plan. Top managers should undergo executive capacity building sessions to realization that their corporate objectives are easily attained through team work and not through strict supervision and instructions like autocratic leadership. This can be done through organization leadership by converted barriers to encouraging teamwork and winning support from all the staff concerned. Leaders should use both transformational and transactional leadership styles to increase organizational commitment.

Interdepartmental collaboration might be more difficult because each department involved may face unique problems in terms of patient care, treatment coordination, personnel, and resource availability. When putting together a team to solve interdepartmental problems, it's critical to consider the dynamics of the group and strike a balance of strengths and skill sets. To ensure a transformational output, ensure that the team's makeup includes a diverse range of thinking styles, personalities, dispositions, and behaviours. To steer the meeting and guarantee that a resolution is reached, it may be necessary to involve a mentor or coach with an outside view on the current processes. When interdepartmental conflicts or issues develop, it's critical to talk about them in a blame-free environment so that a solution may be found to help departments work together more successfully and complement one another.

Leaders can become more effective in their communications that influence and persuade others by having a deeper knowledge of the range of thinking types on their team. For instance, whereas one team member may prefer to examine reams of data before buying into a concept, another may prefer an overall briefing on the big picture with fewer details during the presentation. Leaders can adjust their influence method by learning to know the tendencies and preferences of individuals, whether male or female. Leadership appears to be characterized by a high level of trust.

Future researchers may build on the results of this study to revisit and refine their conclusions regarding leadership style in the workplace. Public organisations must be able to apply their management knowledge and abilities accurately and suitably in a variety of circumstances if they are to meet their goals and objectives. Given the current rate of advancement in data science, analytics, the Internet of Things, artificial intelligence (AI), and the digital age, leadership style is predicted to become even more crucial to success and performance. Consequently, research on leadership style will gain more significance and be regarded as essential in the workplace. Public administrators are expected to cater for and perform on a global scale in line with stakeholder expectations as businesses grow more global and nations become more interconnected.

The capacity to manage one's stress level in relation to emotions is a crucial leadership trait. Proficiency in stress management enables an individual to see emotions dispassionately and prevent emotions from impacting decisions and results. An someone under stress may become excessively emotional, allowing feelings to dictate their behaviour and interpersonal interactions. But when someone has a strong leadership style in this role, they can manage their emotions and cope with stress in a healthy way. Adaptability is the fourth capability of the model. You need to be flexible to fit in with different social groups and conditions at work in order to succeed. Being more quick-witted and able to make decisions based on feelings rather than because of emotions are two ways to develop this skill. A strong sense of psychological well-being is also developed by a person with considerable idealised influence. This results in the general mood competency, which encompasses self-motivation, happiness, and optimism. Leaders of commercial banks are thought to be able to support effective and prosperous government in the nation. The government organisation will perform better as a result.

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