

## **THE INFLUENCE OF PARTICIPATIVE LEADERSHIP ON ORGANIZATIONAL PERFORMANCE METRICS: A CASE OF RAI PLYWOODS (K) LTD, KENYA**

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Publication Date: September, 2025

### **ABSTRACT**

**Purpose of Study:** The study investigated the influence of participative leadership on organizational performance at Rai Plywoods (K) Ltd, Kenya.

**Statement of Problem:** Despite the recognized benefits of participative leadership in enhancing inclusivity and engagement, it may also result in delayed decisions and internal conflicts. In the Kenyan manufacturing sector, particularly at Rai Plywoods (K) Ltd, there is limited evidence on whether participative leadership enhances or hinders organizational performance.

**Methodology:** The study employed a descriptive research design with stratified random sampling of 300 respondents from 2,500 employees, using structured questionnaires for data collection. Analysis in SPSS v29 applied descriptive statistics, correlation, regression, and validity tests (KMO, Bartlett's), with ethical standards observed.

**Result:** Findings showed that participative leadership and open communication had significant positive effects on organizational performance, while encouragement of growth and idea-sharing were not statistically significant. The regression model explained 57.2% of the variance in performance ( $R^2 = 0.572$ ). Although organizational culture supported participative practices, it did not significantly mediate the leadership–performance relationship.

**Conclusion:** The study concludes that participative leadership, especially through open communication and employee involvement in decisions, is critical to organizational performance at Rai Plywoods (K) Ltd.

**Recommendation:** The study recommends institutionalizing participative platforms such as structured feedback sessions and brainstorming forums, strengthening customer-centric strategies to boost market performance, and enhancing leadership development programs on participative management and communication.

**Keywords:** *Participative leadership, open communication, idea-sharing, organizational culture, organizational performance, Rai Plywoods (K) Ltd, Kenya.*

## INTRODUCTION

Leadership plays a vital role in shaping an organization's direction, fostering learning, innovation, and creativity through effective knowledge sharing and communication (Riski, Hamami, & Yamin, 2022; Kilic, 2022). While leadership significantly influences organizational performance, traditional assessments often overlook economic efficiency and effectiveness, focusing instead on achieved goals and outcomes (Obuba, 2022). At Rai Plywoods (K) Ltd in Kenya, a participative leadership style characterized by extensive consultation and consensus has led to delays in decision-making, internal conflicts, and strategic inconsistencies, ultimately hindering operational efficiency, innovation, and competitiveness (Njuguna & Ochieng, 2023; Rai Plywood's (K) Ltd, 2024).

Leadership style is a critical determinant of organizational performance, with its effectiveness depending on the specific context of the organization (Purwanto et al., 2020). While various external pressures like innovation, competition, and market trends impact performance, leadership often plays a more influential role by guiding the organization through change. If the chosen style fails to motivate subordinates, it can hinder goal achievement, whereas the right style can enhance overall performance (Akpaprep, Jengre, & Mogre, 2019).

### **Participative leadership style**

Participative leadership is a collaborative approach that emphasizes involving employees in decision-making, fostering trust, open communication, cooperation, and idea sharing to enhance organizational performance and resilience (Bodjrenou & Xu, 2018; Kilicoglu, 2018). While the final authority rests with the leader, this style encourages meaningful participation, ethical engagement, and mutual respect, leading to motivated, creative, and committed teams (Li, Liu & Luo, 2018; Katsaros et al., 2020). It supports collective decision-making, which, although potentially slower, results in more informed and balanced outcomes (Njuguna & Ochieng, 2023). Participative leadership nurtures leadership development, adaptability, and a sense of community, making it especially effective in dynamic environments marked by change, competition, and evolving employee expectations (Biaka, 2020; Renzi, 2020).

### **Organizational Performance**

Organizational performance is a multifaceted concept involving the efficient interaction of various components to achieve desired outcomes (Pradhan & Jena, 2017). It encompasses financial performance measured by profits, return on investment, and return on assets; market performance evaluated through market share and sales; and shareholder performance assessed by economic value added and total shareholder returns (Obuba, 2022). Role clarity,

responsibility, authority, and prioritization are essential internal factors that enhance performance by boosting motivation and creativity (Nduati & Wanyoike, 2022; Kundu & Lata, 2019). Performance is measured using both traditional financial metrics and modern indicators like customer satisfaction and employee engagement (Kaplan & Norton, 1996). In this study, organizational performance was assessed through financial outcomes, market position, and shareholder returns, offering a comprehensive understanding of overall success and sustainability (Kumar & Gulati, 2018; Johnson, 2020; Smith & Jones, 2021).

### **Participative Leadership style and Organizational Performance**

Different leadership styles influence organizational performance in varying ways, depending on the strategic principles guiding the organization (Kilic, 2022). Participative leadership, suggested as effective as far back as Likert's work in 1967, has long been viewed as beneficial for long-term performance (Isomura, 2021). It allows for different levels of involvement such as joint decision-making, delegation, consultation, and even limited autocratic input which fosters a richer environment for employee contribution and improved outcomes (Yukl, 1971). Recent studies affirm that participative leadership tends to yield better performance compared to other styles, as it helps clarify goals and streamline operations through collaborative efforts (Polston-Murdoch, 2013; Malik, 2013). Although the broader impact of leadership styles on performance remains debated, participative leadership is noted for its ability to detect internal shifts, such as changes in employee attitudes, which can prevent unrest and maintain stable performance (Biaka, 2020).

### **Rai Plywood (K) Ltd**

Rai Plywoods (K) Ltd, popularly known as Raiply, began operations in Eldoret in 1973 as a family-run venture founded by T. S. Rai. The initiative was driven by his need for tea chests, which were scarce and costly in the market, prompting him to establish his own plywood manufacturing operation. Over the years, Raiply evolved into a leading timber-products manufacturer in Kenya and across East Africa, expanding its workforce to approximately 2,500. The company diversified its raw material sources utilizing pine, cypress, and imported Zaire mahogany and broadened its product lines to include veneer, plywood, flush doors, chipboard, blockboard, finished furniture, polypropylene bags, and even foam mattresses and furniture products. Its operations also extended to power generation, utilizing biomass by-products like sawdust and wood shavings to produce up to 2.5 MW of electricity.

Strategically located approximately 3 km from Eldoret's center along the Malaba Highway, Rai ply established branch offices in Nairobi and Mombasa, as well as tree nurseries in Timboroa and Kaptagat to support its forestry supply chain

### **Statement of the Problem**

Establishing sustainable and optimal organizational performance is essential for long-term success, adaptability, and competitiveness in today's rapidly changing business environment. However, many organizations struggle to achieve this due to challenges such as ineffective leadership, poor strategic planning, and inadequate resource utilization (Johnson, 2020). These challenges often result in reduced profitability, declining market share, and low employee morale consequences that negatively impact both the organization and its stakeholders by eroding investor confidence and customer satisfaction (Smith & Jones, 2021). Although participative leadership is widely recognized for promoting inclusivity and employee engagement, it may also introduce drawbacks such as slow decision-making and internal conflicts, potentially impeding optimal performance (Njuguna & Ochieng, 2023). Despite the extensive research on leadership styles and organizational performance, there remains a significant gap in understanding the specific effect of participative leadership on organizational performance within the Kenyan manufacturing sector particularly in companies like Rai Plywoods (K) Ltd, where this leadership style is practiced. This gap underscores the need for context-specific research to determine whether participative leadership enhances or hinders performance in such settings.

### **Purpose of the Study**

The purpose of the study was to establish the effect of participative leadership style on organizational performance at Rai Plywoods (K) Ltd.

### **THEORETICAL FRAMEWORK**

According to Suen and Ary (2014), a theoretical framework consists of conceptions that synthesize academic literature, established definitions, and relevant theories within a particular field of study. It provides a structured lens through which a phenomenon is understood, predicted, and explained. A theoretical framework serves not only as a scholarly foundation for the study but also defines the critical assumptions, boundaries, and conceptual underpinnings guiding the research (Swanson, 2013). It informs the development of research

instruments, offers justification for findings, and deepens the analysis by showing the interconnectedness of objectives, variables, and outcomes (Kivunja, 2018).

This study, which examines the relationship between participative leadership and organizational performance at Rai Plywoods (K) Ltd, is anchored in three main theories: Leadership Theory, Social Exchange Theory, and Path-Goal Theory. Among these, Path-Goal Theory serves as the primary guiding framework, as it directly addresses the mechanisms through which leaders can engage employees in goal achievement.

### **Leadership Theory**

Democratic leadership often equated with participative leadership emphasizes inclusive decision-making and team involvement. This leadership approach posits that when employees are given opportunities to contribute to how work is structured and decisions are made, their levels of commitment, motivation, and productivity increase (Likert, 1967). By fostering a sense of ownership and shared responsibility, participative leaders cultivate accountability and cohesion, which enhances overall organizational performance.

This theory is especially relevant in complex, innovative-driven industries, such as manufacturing, where collaborative decision-making can result in improved quality, efficiency, and innovation. In the context of Rai Plywoods (K) Ltd, applying participative leadership theory allows for an investigation into how employee involvement in decisions related to production, quality control, and operational strategy affects morale, motivation, and productivity.

The theory informs the research methodology by guiding the design of survey and interview tools. Specific questions were formulated to measure employees' perceived involvement in decision-making and its impact on their performance. As a result, the study generates practical insights into how participative leadership strategies can be optimized for enhanced organizational outcomes in the manufacturing sector.

### **Social Exchange Theory**

Social Exchange Theory (SET), introduced by Blau (1964), explains the reciprocal nature of relationships between superiors and subordinates. It posits that when employees perceive fair and respectful treatment from their leaders, they are more likely to reciprocate with loyalty, increased effort, and high performance. This theory highlights trust as a key variable in the

quality of interactions between leaders and followers (Lam, Huang, & Chan, 2015; Wu & Lee, 2017).

SET is grounded in the principle that social interactions yield mutual benefits such as trust, loyalty, team spirit, and organizational citizenship behavior all of which significantly contribute to organizational performance. When employees are engaged in social and professional interactions with their leaders particularly in participative leadership environments they tend to feel more responsible and committed to organizational goals (Goleman, 2017).

This theory is instrumental in explaining how participative leadership affects performance by fostering high levels of employee engagement and reciprocal motivation. The more employees are involved in meaningful interactions and decision-making, the more likely they are to contribute positively to organizational success. Thus, SET supports the premise that participative leadership enhances organizational performance through strengthened leader–member relationships and mutual accountability (Cropanzano & Mitchell, 2005).

### **Path-Goal Theory**

The Path-Goal Theory, developed by Robert House (1971), asserts that leaders are responsible for defining clear goals, guiding subordinates along the appropriate paths to achieve those goals, and removing any obstacles that may hinder progress. It emphasizes that leadership behavior should be adapted to fit the needs of employees and the demands of the work environment (Akutey, 2021).

According to Oles, Namusonge, and Iravo (2013), effective leaders are those who provide necessary direction and support to help employees attain both personal and organizational objectives. This theory recognizes that leadership is situational and that leaders must adjust their styles of directive, supportive, participative, or achievement-oriented depending on the task and the competence of their subordinates.

In particular, the participative behavior within this model involves leaders consulting employees before making decisions, especially when employees are directly responsible for implementing those decisions. This participative style helps define expectations, clarifies roles, and boosts motivation by demonstrating trust and respect for employee input. Leaders who engage in supportive behavior attend to the well-being of employees, while achievement-

oriented leaders set high performance standards and encourage employees to excel (Farhan, 2018).

The Path-Goal Theory is highly relevant to this study because it emphasizes the leader's role in shaping the motivation and productivity of employees through tailored support and direction. It also aligns well with participative leadership, as it values consultation and collaboration in achieving shared goals. This theory provides a framework for analyzing how leadership behaviors at Rai Plywoods (K) Ltd affect employee motivation, engagement, and ultimately, organizational performance.

These three theories provide a comprehensive foundation for analyzing the effects of participative leadership on organizational performance. Leadership Theory emphasizes inclusive decision-making; Social Exchange Theory highlights the reciprocal benefits of strong leader-employee relationships; and Path-Goal Theory focuses on how leaders guide and support employees toward achieving defined goals. Their integration enhances the study's ability to explain both the behavioral and performance-related dimensions of participative leadership, especially within a dynamic and competitive manufacturing environment such as Rai Plywoods (K) Ltd.

## **RESEARCH METHODOLOGY**

This study adopted a descriptive research design, an approach considered appropriate for systematically exploring and analyzing phenomena without manipulating the variables under investigation. As Mugenda and Mugenda (2003) note, descriptive research enhances efficiency, affordability, and flexibility while enabling in-depth understanding, making it suitable for examining the relationship between participative leadership and organizational performance at Rai Plywoods (K) Ltd. The research specifically focused on delegated decision-making, open communication, encouragement of growth, and idea sharing, and how these leadership dimensions influence financial performance, market performance, and shareholder returns. The study population comprised 2,500 employees, with a target population of 300 drawn from senior management, middle management, and operational staff. To ensure representativeness across organizational levels, stratified random sampling was used, as it strengthens validity and reliability by capturing perspectives from diverse strata within a relatively homogenous population (Kumar, 2014). Primary data were collected using structured questionnaires divided into two sections: demographic and background information, and research objectives related to participative leadership and organizational performance. A five-point Likert scale was applied to measure respondents' perceptions and attitudes, and trained



research assistants facilitated questionnaire administration to ensure consistency and minimize bias. Methodological rigor was further enhanced by evaluating validity and sampling adequacy through the Kaiser-Meyer-Olkin (KMO) measure and Bartlett's Test of Sphericity. The KMO results demonstrated acceptable sampling adequacy across variables, with Organizational Performance recording the highest value (0.791), followed by Participative Leadership (0.739), Encouragement of Growth (0.685), Idea Sharing (0.683), Open Communication (0.614), and Organizational Culture (0.608), all above the recommended threshold of 0.6 (Kaiser, 1974). These findings confirmed the appropriateness of the dataset for factor analysis and subsequent inferential procedures. Ethical considerations were carefully observed, as participants were fully informed about the study's purpose, their rights, and the voluntary nature of their participation. Informed consent was obtained, confidentiality and anonymity were guaranteed, and participants were assured of their right to withdraw before submission of their responses, though withdrawal after submission was not feasible due to the anonymity of the questionnaires. These measures safeguarded the integrity of the research process and upheld the ethical standards required in academic inquiry

## **FINDINGS**

The results revealed that a majority of employees (53.5%) had served in the organization for 6 to 10 years, indicating a well-established workforce with substantial institutional knowledge. This was followed by those with 11–15 years of service (18.6%), and a notable 17.4% with less than five years of tenure, suggesting a steady integration of new employees. Only 10.5% worked for more than 15 years, representing a smaller cohort with extensive experience. This distribution suggests a balanced organizational workforce comprising both experienced and newer staff, providing a diversity of perspectives that is essential for effective participative leadership and dynamic organizational performance.

### **Factors Associated with the Participative Leadership Style Implemented at Rai Plywoods (K) Ltd.**

The study identified key factors associated with the participative leadership style at Rai Plywoods (K) Ltd, including participative decision-making, open communication, encouragement of growth, and idea sharing. Descriptive statistical analysis using mean, median, mode, and standard deviation revealed varying perceptions among employees regarding their involvement in decision-making. Notably, the statement "*My supervisor regularly involves me in decision-making processes related to my work tasks*" had a relatively



low mean of 2.988, suggesting limited involvement of employees at the supervisory level. In contrast, the highest-rated statement *“My contributions to decision-making are valued and have a tangible impact on the organization’s outcomes”* had a mean of 4.279 and a mode and median of 5, indicating that many employees feel their input is valued. However, the standard deviations across items (ranging from 1.0274 to 1.2044) point to variability in experiences, suggesting inconsistent application of participative practices across the organization. These findings highlight a generally positive perception of participative leadership but underscore the need for greater inclusivity and consistency in decision-making processes at all organizational levels. Participative Leadership

### **Open Communication at Rai Plywoods (K) Ltd**

The study revealed generally positive perceptions of communication practices within Rai Plywoods (K) Ltd, though with some variability across respondents. Descriptive statistics showed mean values ranging from 3.081 to 4.291, indicating a spectrum of views from neutrality to strong agreement. Transparency in communication emerged as a key strength, with the statement *“There is a transparent flow of information from management to employees”* achieving a high mean of 4.291, and a median and mode of 5.0, indicating widespread consensus. The low standard deviation (1.0043) suggests consistent positive experiences in this area. Conversely, the statement *“Management encourages employees to freely share their ideas and feedback”* had a more neutral mean of 3.081, revealing mixed perceptions about openness to employee input. Similarly, *“I feel comfortable discussing work-related issues with supervisors”* scored a mean of 3.767, showing general comfort but also highlighting variation in individual experiences. These results suggest that while communication at the organizational level is perceived positively, there are opportunities to enhance openness and trust in day-to-day interactions, especially between employees and immediate supervisors.

### **Professional Development and Career Advancement at Rai Plywoods (K) Ltd.**

The study revealed mixed perceptions regarding professional development and career advancement within Rai Plywoods (K) Ltd. The statement *“Rai Plywoods (K) Ltd. provides ample opportunities for professional development and career advancement”* recorded a relatively neutral mean score of 3.128, suggesting uncertainty among employees about the availability and clarity of growth opportunities. The high standard deviation (1.1355) indicates significant variability in responses, pointing to inconsistent experiences across the workforce.

These findings echo prior research by Oloko et al. (2022) and Dastane et al. (2023), which emphasized the demotivating effect of unclear career pathways.

Conversely, the statement “*Management encourages and supports employees to take on new challenges and responsibilities*” received a high mean score of 4.453 and a low standard deviation of 0.9030, with both the median and mode at 5.0. This suggests strong consensus that management actively supports employee growth, a key factor in fostering engagement and retention as supported by Akintayo et al. (2023) and Waweru et al. (2023).

Overall, while management support is seen as a strength, the company must address inconsistencies in its professional development initiatives. Strengthening structured, accessible, and clearly communicated development programs will be essential in aligning employee expectations with organizational practices, ultimately enhancing engagement and organizational performance.

### **Idea-Sharing and Decision-Making**

The descriptive statistics indicate that employees at Rai Plywoods (K) Ltd. generally perceive the idea-sharing and decision-making environment positively, with mean scores ranging from 3.058 to 4.349. These figures suggest a leaning toward agreement, though not uniformly strong across all aspects. The lowest mean (3.058) pertained to whether *management values and considers employees’ ideas in decision-making*, indicating a more neutral or mixed perception. This is supported by a higher standard deviation (1.1204), reflecting diverse experiences. These findings align with Juma et al. (2023), who found that while employees may feel empowered to share ideas, there can be inconsistencies in how those ideas are acknowledged or acted upon. In contrast, the highest mean (4.349) was recorded for the statement “*The organization promotes an open communication environment where employees are encouraged to exchange ideas freely*”, suggesting a strong culture of openness and engagement. Similarly, employees generally agreed that they felt *encouraged to share ideas during team meetings* (mean = 3.605), indicating that participative leadership practices are somewhat embedded in team dynamics. These findings resonate with Chang et al. (2024) and Gunawardhana & Gamage (2021), who highlighted that participative environments foster employee voice and engagement.

However, the data also point to some variability in perceptions, particularly regarding the consistency and effectiveness of idea implementation. As noted by Khassawneh and Elrehail (2022), structured and regular mechanisms for employee input are critical to strengthening participative leadership. Overall, while the organization demonstrates a generally positive

environment for idea-sharing, the study highlights opportunities for more structured and inclusive engagement in decision-making processes.

### **Organizational Culture**

The descriptive statistics reveal generally positive but varied employee perceptions of organizational culture at Rai Plywoods (K) Ltd., with mean values ranging from 3.233 to 4.523. While the organization is seen to encourage initiative and value employee feedback, areas such as communication and teamwork require strengthening.

The statement *“Management actively seeks employee feedback”* scored the highest mean (4.523), reflecting a strong commitment to participative practices. Similarly, the culture of encouraging employees to take initiative (mean = 4.116) and promoting alignment with organizational goals (mean = 4.221) suggest a well-developed culture of empowerment. These findings support Juma et al. (2023) and Marei (2024), who emphasized the importance of employee feedback in enhancing participative leadership and organizational effectiveness.

### **Organizational Performance**

The descriptive analysis of organizational performance at Rai Plywoods (K) Ltd. reveals a generally favorable perception among employees across financial, market, and shareholder-related dimensions. Mean scores range from 3.349 to 4.488, indicating varying degrees of agreement, while standard deviations between 0.7981 and 1.1649 suggest moderate variability in responses.

### **Financial Performance**

Respondents expressed moderately positive views on financial performance. The statement *“The company has consistently achieved revenue growth over the past few years”* yielded a mean of 3.372, with a median of 3.5 and a mode of 4.0, highlighting a belief in sustained growth, albeit with some reservations. A stronger agreement was observed on cost control, with a mean of 3.953 and a mode of 5.0, indicating widespread confidence in the company’s profitability strategies. Notably, *“The profit margins of the company have improved significantly”* received the highest financial performance score, with a mean of 4.302 and a standard deviation of 0.7981, reflecting both strong consensus and positive sentiment.

These results are in line with Khassawneh and Elrehail (2022), who emphasized the strategic role of cost management and profitability in driving financial success, particularly when combined with participative leadership practices that promote accountability and alignment.

### **Market Performance**

The perception of market performance was also positive, though slightly more varied. *“The company has increased its market share”* had a mean of 3.523, suggesting moderate confidence in competitive positioning. Meanwhile, *“Customer satisfaction has improved over time”* scored a mean of 3.767, with a mode of 5.0, implying strong agreement from many respondents. These findings suggest that customer-centric strategies and market responsiveness have positively impacted the organization’s standing.

This aligns with Ayesuwa and Okwuokei (2023), who found that customer satisfaction and market performance improve when employees are actively engaged in shaping service delivery and client-facing strategies.

### **Shareholder Value**

Employees reported a positive perception of the company’s ability to deliver value to shareholders. The statement on dividend payments recorded a mean of 3.349, indicating moderate agreement regarding payout stability. More optimistic responses were found for share price appreciation (mean = 3.895) and overall shareholder value (mean = 4.488, mode = 5.0), suggesting strong employee belief in the company's capacity to generate long-term returns.

These findings reinforce Marei’s (2024) assertion that participative leadership, supported by sound financial governance, contributes directly to shareholder confidence and long-term value creation.

Overall, the analysis suggests that Rai Plywoods (K) Ltd. demonstrates solid performance across key organizational domains, particularly in profitability, cost management, and shareholder value. However, there is some variability in perceptions regarding revenue growth, market share, and dividend consistency, indicating opportunities for strategic reinforcement. The results affirm prior research highlighting the positive impact of participative leadership and inclusive decision-making on both internal operations and external performance outcomes.

### **The Effect of Factors Related to Participative Leadership Style on Organizational Performance at Rai Plywoods (K) Ltd.**

The study utilized Pearson correlation analysis to explore the strength and direction of the relationship between participative leadership factors (participative leadership, open communication, encouragement of growth, and idea sharing) and the dependent variable, organizational performance. Results revealed statistically significant positive correlations between all independent variables and organizational performance at the 0.01 significance level, indicating strong associations across the board.

Participative Leadership (X1) showed a strong positive correlation with organizational performance ( $r = 0.675, p < 0.01$ ), suggesting that increased employee involvement in decision-making is associated with improved organizational outcomes. Open Communication (X2) demonstrated an even stronger correlation ( $r = 0.689, p < 0.01$ ), indicating that transparent and two-way communication plays a vital role in enhancing performance. Encouragement of Growth (X3) also showed a significant positive correlation ( $r = 0.624, p < 0.01$ ), suggesting that when employees are supported in their personal and professional development, organizational performance benefits. Idea Sharing (X4) correlated positively with organizational performance ( $r = 0.644, p < 0.01$ ), affirming that environments where employees are encouraged to contribute ideas tend to perform better.

The inter-correlations among the independent variables were also high, particularly between participative leadership and idea sharing ( $r = 0.804$ ) and between participative leadership and open communication ( $r = 0.680$ ), suggesting that these leadership elements often coexist and reinforce one another in practice. These findings align with prior studies by Chang et al. (2024) and Gunawardhana & Gamage (2021), which emphasized the significant role of participative leadership practices in enhancing organizational effectiveness, employee engagement, and innovation.

### **Regression analysis**

The regression analysis examined the influence of participative leadership, open communication, encouragement of growth, and idea sharing on organizational performance at Rai Plywoods (K) Ltd.

### **Model Summary**

The regression model demonstrated a good overall fit, with an  $R^2$  of 0.572, indicating that 57.2% of the variance in organizational performance is explained by the four independent variables. The adjusted  $R^2$  of 0.551 suggests a slight reduction in explanatory power after accounting for the number of predictors, indicating that some variables may contribute less to predicting performance.

### **ANOVA Results**

The model was statistically significant ( $F = 27.055, p < 0.001$ ), confirming that the combined independent variables reliably predict organizational performance.

The Regression Coefficients on Participative Leadership ( $\beta = 0.264, p = 0.047$ ) had a significant positive effect on organizational performance, underscoring its role in empowering employees and enhancing trust, which leads to better outcomes. Open Communication ( $\beta = 0.351, p = 0.002$ ) showed the strongest significant positive impact, highlighting the critical role

of transparent and effective communication in boosting organizational success. Encouragement of Growth ( $\beta = 0.171$ ,  $p = 0.119$ ) and Idea Sharing ( $\beta = 0.070$ ,  $p = 0.604$ ) did not have statistically significant effects in this model. Although important for employee development and engagement, their direct influence on measurable performance outcomes appears limited within this context. The constant term was significant ( $B = 11.499$ ,  $p < 0.001$ ), indicating a baseline organizational performance level when all predictors are zero.

These findings align with prior research by Ayesuwa and Okwuokei (2023), Juma et al. (2023), and Gunawardhana and Gamage (2021), reinforcing the importance of participative leadership and open communication in driving organizational performance. The lack of significant direct effects from encouragement of growth and idea sharing suggests these factors may influence performance indirectly or through other mediating variables, as suggested by Marei (2024).

## **SUMMARY**

The study at Rai Plywoods (K) Ltd highlighted four factors of participative leadership: Participative Leadership, Open Communication, Encouragement of Growth, and Idea Sharing, which collectively enhance employee empowerment and engagement. Open Communication and Encouragement of Growth were highly rated, while gaps were noted in Participative Leadership and Idea Sharing, reflecting the need for stronger involvement and idea exchange. Organizational performance was positively perceived, with profit margins strongest, while market share and customer satisfaction showed moderate ratings. Regression results revealed that Open Communication and Participative Leadership significantly influenced performance, whereas Encouragement of Growth and Idea Sharing had no direct effect. Although organizational culture supported participative practices, it did not significantly mediate the leadership–performance relationship, emphasizing that direct leadership actions, especially transparency and employee involvement, are the main drivers of success.

## **CONCLUSIONS**

The study demonstrates that participative leadership, especially through open communication and active employee participation, is vital for organizational performance at Rai Plywoods (K) Ltd. However, to fully leverage this leadership style, the company needs to enhance decision-making involvement and idea sharing and provide clearer support for professional growth. Addressing these gaps will strengthen the leadership framework and improve both employee satisfaction and organizational outcomes.

## RECOMMENDATIONS

The study recommends that Rai Plywoods (K) Ltd strengthen participative leadership by creating structured platforms such as regular feedback sessions, brainstorming meetings, and forums that encourage employees to share ideas, while also embedding these practices into policy to institutionalize inclusivity and shared leadership. To enhance competitiveness, the company should adopt customer-centric strategies, including market research, client feedback surveys, loyalty programs, and a formal feedback policy to ensure responsiveness to evolving consumer needs. Leadership development should be prioritized through programs on participative management, transparency, and communication, supported by a framework mandating continuous training and regular assessments of leadership effectiveness. Although organizational culture did not significantly mediate leadership–performance outcomes, fostering a positive culture through recognition programs, collaboration, and a culture policy emphasizing inclusivity and accountability remains essential. The study further recommends that future research broaden its scope across industries and regions, using mixed-methods designs to combine performance metrics with qualitative insights for a more comprehensive understanding of participative leadership practices.

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