



**TRANSFORMATIONAL LEADERSHIP AND PERFORMANCE OF COMMERCIAL STATE CORPORATIONS IN NAIROBI CITY COUNTY, KENYA**

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**ABSTRACT**

Commercial State corporations in Kenya have undergone major reforms in the last ten years and in more stable settings, public sector in Kenya has performed dismally even in employing strategy processes such as strategic planning and government budgeting routines and in addition providing sound transformational leadership. The purpose of this research was to examine transformational leadership and performance of commercial state corporations in Nairobi city county, Kenya. The specific objectives were to; determine effect of individualized consideration on performance of commercial state corporations in Nairobi City County, Kenya and to examine effect of idealized influence on performance of commercial state corporations in Nairobi City County, Kenya. The study adopted a cross-sectional survey research design. A cross-sectional survey design entails collection of data across many research units at one point in time predominantly by questionnaires. The study target population was Commercial State Corporations in Nairobi city county, Kenya. According to the state corporations Act, there are 46 commercial state corporations in Nairobi city county, Kenya. Questionnaires were used to collect data. Questionnaires allow respondents to provide accurate and well-articulated responses, since they cover all aspects of the study. After data collection, it was coded and edited for uniformity. Data was analyzed using SPSS Version 28. Descriptive and inferential statistics were used in this study. Descriptive statistics were used to summarize a group of data using central tendency metrics in the form of frequency, percentage, and mean. The inferential statistics used in this study were correlation, and regression. The study concludes that embracing individualized consideration, which involves collective decision-making, empowerment of employees, and fostering close relationships, is essential for improving the performance of commercial state corporations in Nairobi City County. According to the study findings, idealized influence significantly impacts the performance of commercial state corporations in Nairobi City County, Kenya. Given the favorable perception of individualized consideration, it is recommended that commercial state corporations in Nairobi City County, Kenya emphasize the importance of personalized leadership approaches. To capitalize on the positive perception of idealized influence, commercial state corporations in Nairobi City County, Kenya should focus on strengthening ethical leadership practices and promoting integrity throughout the organization.

**Key Words:** Transformational Leadership, Individualized Consideration, Idealized Influence and Performance of Commercial State Corporations

## Background of the Study

Leadership is a learning process characterized by continuous practices with increased knowledge to deal with dynamically occurring changes in an organization. The expectation from a leader is always high, particularly towards achieving increased performance. Leadership is a complex, multifaceted process concerned with the art of influencing followers in a particular direction which involves casting a vision, goal setting and motivating people (Ragul, 2021). Anisa and Martono (2019), views transformational leadership as a situation when one or more person engages with each other, whereby the leaders and followers raise each other's level of motivation; hence, creating a transforming effect on both leaders and followers

According to Farnsworth et al., (2020), key elements of transformational leadership are idealized influence, intellectual stimulation, inspirational motivation, and individual concern as the. Leaders who set the bar high for their teams have an idealized influence. Supporters can trust and respect leaders who exhibit these traits to make the right decisions for the company. Second, inspirational leaders are motivated by the desire to motivate others to support the organization's aim. Such executives promote cooperation to fulfill the organization's goals of increasing sales and market development. Third, intellectually stimulating leaders challenge a group's presumptions or opinions to foster innovation and creativity in the organization. Such leaders encourage creative and critical thinking to improve organizational effectiveness. Individual consideration characterizes leaders who serve as associates' tutors and counselors. Transformational leaders can assist employees in discovering themselves and the role they play in achieving the organization's goals through close interaction. This type of interaction between a leader and subordinates helps them become more loyal to the organization and hence more productive. Productivity within a business increase when transformative leaders emphasize the principles and culture of the organization (Virgiawan et al., 2021).

Transformational leadership illustrates that a leader is at the forefront promoting improvement for others, which is in line with the common notion of what leadership entails. As social beings, people are likely to be attracted to transformational leadership because it resonates with their needs or interests. People would prefer a leader who interacts with them accordingly by giving them a chance to be better in their undertakings. Transformational leadership offers followers such an opportunity where they can interact with their leaders professionally and competently. as such, once a leader provides a vision, the followers are ready to implement it because they are in an excellent relationship with the relevant authority (Lussier, Achua, 2015).

Katwaya and Strydom (2021) conducted a study on transformational leadership as a catalyst for efficient service delivery in the Buffalo City Metropolitan Municipality in South Africa. The results of the study showed that individual consideration has the strongest positive correlation with service delivery. Empirical results further indicated that two of the four independent variables, idealized influence and individual consideration, had a statistically significant relationship with service delivery in the Buffalo City Metropolitan Municipality. The study recommended that the leadership approach at municipalities should be adapted to consciously influence meaningful performance at an individual level to ensure improved efficiency and sustainable socio-economic development in the region.

Commercial State Corporations are legal entities created by a government to undertake business on behalf of the government. They are established under Section 2 of the State Corporation Act (1987), which defines a state corporation as a body corporate established by or under an Act of Parliament or other written law; a bank or other financial institution or other company whose shares or a majority of whose shares are owned by government or by another State Corporation, and; a subsidiary of a state corporation. State corporations in Kenya have gone under a lot of

reforms through government task forces and session papers to make them more efficient, effective in the performance of their mandate and to reduce the financial burden of the corporations on the public coffers. A lot of effort has gone in trying to make these corporations not only self-reliant but to make sure they can fund the government through the residual surplus after covering their costs of operations from the revenue they earn. Effective and functioning corporate governance is at the core in ensuring this is achieved as this would be to the benefit of the whole country as it moves towards the achievement of Vision 2030 (SCAC, 2010).

In Kenya, Section 2 of the State Corporations Act (1987) defines a commercial state corporation as a body that is: defined that way by statute; a body corporate established by an Act of Parliament; a bank or other financial institution or other company whose shares or a majority of whose shares are owned by government or by another state corporation, and; a subsidiary of a state corporation. According to Njiru, (2007), the Kenyan government forms these state corporations to meet both commercial and social goals. They exist for various reasons including: to correct market failure, to exploit social and political objectives, provide education, health, redistribute income or develop marginal areas. By 1995 there were 240 parastatals while by 2015 they were 119 parastatals (GoK, 2016).

### **Statement of the Problem**

Commercial state corporations play a significant role in most economies provision of public services. They are anticipated to meet industry's needs, create stable employment, and increase public participation. Despite these significant socioeconomic achievements, ineffectiveness and providing substandard products and services plague the majority of Kenya's commercial state businesses. Some commercial state corporations in Kenya have consistently performed well while others have been found to perennially underperform (Rugutt, Naibei, & Cheruiyot, 2019). A report by The Presidential Taskforce on Parastatal Reforms (2013) indicated that from 130 reports scrutinized by the Auditor General, 23 State Corporations were viable. According to the consolidated financial statements for state corporations over the 2019/2020 financial year, 17 out of 30 (57 percent) commercial state corporations recorded losses over the period (Government of Kenya, 2020). In addition, 11 commercial State Corporations incurred losses accounting for 21%, of the total investments by the government. Commercial state corporations have become huge liability to the government. This is exemplified by decline in profitability to Kenya shillings 5,099 million in the financial year 2019/2020 from Kenya shillings 61,907 million in the financial in the period 2017/2018 and Kenya Shillings 31,747 million in the period 2018/2019 (Government of Kenya, 2020). Apunda and Ndede (2020) reported difficulty of commercial state corporations in sustaining their operations without continued reliance on grants, external fundraising, or other subsidies. The common challenges is on how to manage customers and provide quality services and good leadership.

Various researchers have focused on leadership and organizational performance; Kahuari (2019) on transformational leadership practices on performance of Huduma centers in Nairobi city county, Kenya revealed that there exists a significant positive relationship between transformational leadership and performance of Huduma Centres operating in Nairobi City County, Kenya. Maina (2018) on transformational stewardship on service delivery by County Governments in Kenya showed that there was a strong positive linear relationship between the transformational stewardship and service delivery. Njiiri, Were and Muturi (2021) on transformational leadership style and public participation in the County Governments in Kenya revealed that there is a statistically significant influence of transformational leadership style on the public participation in the county governments in Kenya. However, there is study limitation on transformational leadership performance of commercial state corporations in Nairobi County.

This study hence sought to fill the research gaps through examining the effect of transformational leadership on performance of commercial state corporations in Nairobi County.

### **General Objective**

To determine the effect of transformational leadership on performance of commercial state corporations in Nairobi County

### **Specific Objectives of the Study**

To establish effect of information

- i. To determine effect of individualized consideration on performance of commercial state corporations in Nairobi City County, Kenya
- ii. To examine effect of idealized influence on performance of commercial state corporations in Nairobi City County, Kenya

## **Theoretical Literature Review**

### **Self Interest theory**

Self-interest was developed by Adam Smith in 1759. Self-interest refers to actions that elicit the most personal benefit (Jensen, 1994). Adam Smith explains that the best economic benefits can usually be accomplished when individuals act in their own self-interest. His explanation of the invisible hand reveals that when dozens or even thousands act in their own self-interest, goods and services are created that benefit consumers and producers. In a market economy, individuals own most of the resources available, labor, land and capital, and use voluntary decisions, made in self-interest, to control the marketplace. In this type of system, the government plays a small role and the economy is shaped by two forces, self-interest and competition.

Self-interest is arguably the single largest motivator of economic activity (Jensen, 1994). The theory of self-interest is relevant to the current study since it explains the concept of individualized consideration. A leader is concerned about the followers needs and provides a supportive approach to leadership. Leaders mentor and coach their followers to develop the necessary skills and competencies for their work as well as taking time to understand the followers and caring for them in a unique way (Lussier & Achua, 2013). Leaders that portray individualized consideration behavior understand that each subordinate is different, has different self-interests and therefore treats them as individuals and not as a group. According to the theory, a leader should be able to understand the interests of their followers and give them individualized consideration.

### **Charismatic Leadership Theory**

Charismatic leadership theory was proposed by Weber (1947). The theory emphasizes on the leader's personal qualities, charisma, and ability to inspire and influence others. Charisma, in terms used by Max Weber, means literally "the gift of grace". It was used by Weber to characterize self-appointed leaders followed up by people who are in distress and who need to follow the leader because they believe him to be extraordinarily qualified. The charismatic leaders' actions are enthusiastic, and in such extraordinary enthusiasm a way is given to fraternization and exuberant community sentiments. Charismatic leaders always emphasis the importance of working in unity and the banding of group members. As being the role model of their followers, they convey their beliefs and values and they always encourage their followers by letting them realize their goals and passion to obtain high-quality achievement. Compared to other kinds of leader, charismatic leaders are more sensitive about current situation and potential opportunities. Charismatic leaders are change-oriented, so they are more sensitive to the

deficiency and downsides of the status quo. As a result, charismatic leaders shape the effective visions more by external environment and market with many variables in business world (Costamo, 2008)

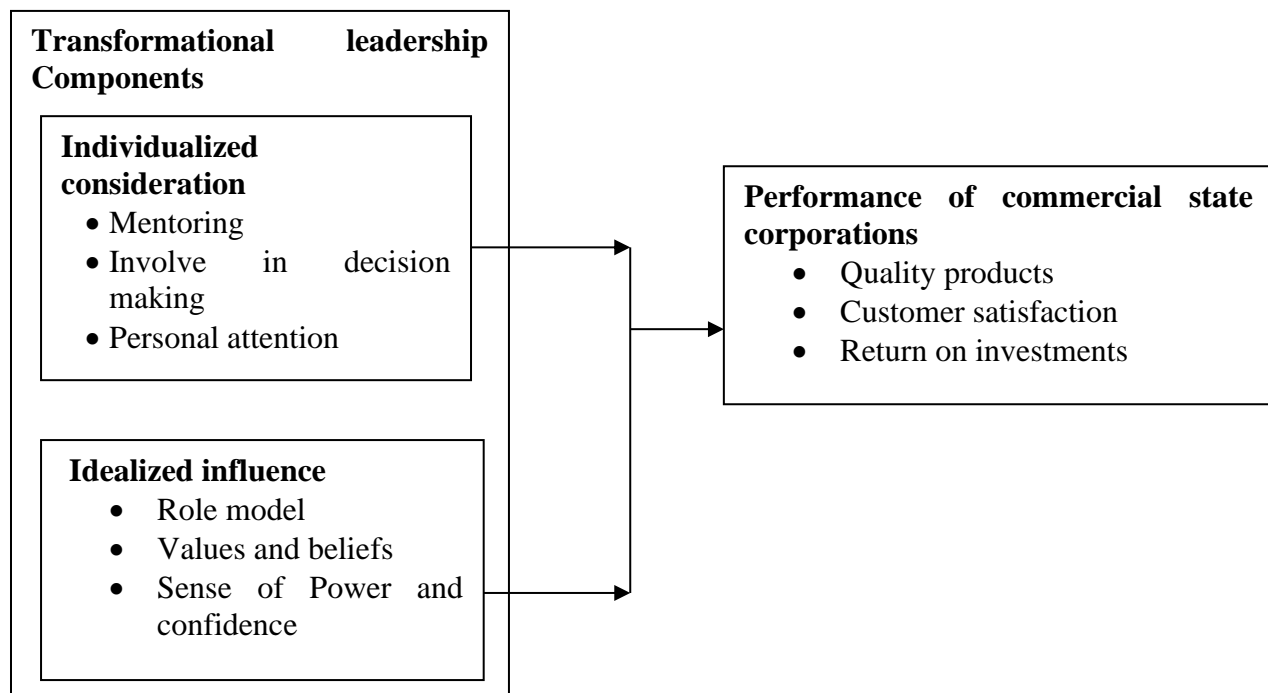
The concept of charismatic states that organizations must play to their strengths or those areas or functions in which they have competencies. In addition, the theory also defines what forms a core competency and this is to do with it being not easy for competitors to imitate, it can be reused across the markets that the organization caters to and the products it makes, and it must add value to the end user or the consumers who get benefit from it. In other words, organizations must orient their strategies to tap into the core competencies and the core competency is the fundamental basis for the value added by the organization (Gerth, 2004)

The charismatic theory is relevant to the current study since it explains the concept of idealized influence. Idealized influence is a component of transformational leadership that is concerned about the leader being a strong role model for followers. Followers admire their leader and have trust in his or her decision making and vision. The leaders are respected, trusted, have ethical standards and they provide direction, vision and clearly articulate the mission of the organization (Northhouse, 2013). Idealized influence focuses on the leader's charismatic behavior that brings followers together through collective values, beliefs, goals and objectives of the organization (Thompson & Bunderson, 2003). Leaders that exercise idealized influence are viewed as leaders who are more concerned about the greater good of the organizational than benefiting themselves. This behavior is admired by followers and enables the followers to emulate the same (Pieterse, Knippenberg, Schippers & Stam, 2010).

### Conceptual Framework

#### Independent Variables

#### Dependent Variables



**Figure 2.1: Conceptual Framework**

### **Individualized Consideration**

Individualized consideration is the extent to which a leader attends to each follower's needs and is a mentor, coach or guide to the follower. This leader listens to the concerns and needs of each follower and provides support and is empathic of each person's situation and background (Bradley, 2020). When a leader shows individualized consideration they are also aware of the unique talents that each follower brings to the workplace and support them in developing and demonstrating these key skills and behaviors. This leads the follower to aspire to develop further and they show intrinsic motivation when performing their work (Allen, 2016). Individual attention is focused with coaching and mentoring in order to build followers. Followers are treated as individuals in order to boost their maturity levels and improve their ability to effectively address their goals and obstacles. In Individualized consideration (IC) transformational leaders pay special attention to each individual follower's needs for achievement and growth by acting as a coach or mentor. This leader listens to the concerns and needs of each follower and provides support and is empathic of each person's situation and background (Bradley, 2020).

Individual consideration helps to understand the needs and desires of every staff member. Mutual communication is also encouraged. The leader who is aware of the difference needs and wishes of people, has an opportunity to use all those different demands in the right way. Transformational leaders demonstrate acceptance of individual differences and assign the tasks in accordance with their personal affinities. Following the progress in performing the individual tasks, a leader gets a picture of regularity (or irregularity) of his own action of individualized consideration (Bass & Riggio, 2016).

### **Idealized Influence**

Idealized influence is the process by which a leader creates an emotional connection with their followers in a manner that the followers admire the leader and are aligned with both the leader's and organization's goals and values (Okoli et al., 2021). In this element of transformational leadership, the leaders behave in ways that lead to them being role models for their followers. The leader therefore turns out to be admired, respected, and trusted by the followers who in turn want to emulate the leader (Ngaithe et al, 2016).

Idealized influence comprises of attributions and behavior components. Leaders' attributions as made by followers based on the perceptions that they have on their leaders and behavioral component that depend on the observations that followers make on the behavior of the leaders (Lussier & Achua, 2015). Leaders who use idealized influence set the standards for morality and ethics in terms of decision making in their organizations thus encouraging their team to outperform their own expectations for the sake of the whole organization. In the idealized influence leaders earn credit from the followers by considering the need for others rather than their own personal needs. Such leaders will always avoid the use of power for their own gain but for the gain of their team and the organization as a whole (Al-Mawali, 2013).

### **Empirical Review**

#### **Individualized Consideration**

Saenchat and Swasthaisong (2019) carried out a study on the influence of Individualized Consideration on administrative effectiveness of sub-district municipality administrators in Sakon Nakhon, Thailand. The samples were 56 sub-district municipal clerks within Sakon Nakhon province who were administered a close-ended questionnaire soliciting their opinions towards the elements of transformational leadership and administrative effectiveness. Descriptive analysis, correlation analysis, and multiple regression analysis were performed to analyze the

data. The results revealed that the individualized leadership and the administrative effectiveness of the administrators of sub-district municipalities in Sakon Nakhon province were at a high level. The study recommended that the development of transformational leadership and administrative effectiveness of the administrators of sub-district municipalities were to be made with the emphasis on idealized influence, intellectual stimulation, and organizational development.

Alsabbagh and Khalil (2016) investigated impact of leadership styles on organizational learning in the public and private universities in Damascus. Results revealed a significant relationship between individualized consideration and organizational learning. There were no significant differences in leadership styles and organizational learning between both universities. Golyama, Chachage and Kapaya (2017) researched on influence of individualized consideration behavior on public sector performance in Tanzania. The findings of the study indicated that individualized consideration had positive and significant influence on public sector performance in Tanzania. The study concluded that leaders in public sector should be aware that high performance is influenced when leaders recognize employee's efforts, involves them in decision making, mentoring and coaching. The study concluded that when leaders in the public sector make consideration to employees, performance will automatically improve which result to providing better services to the people which is the key function of public sector organizations.

Ayacko K'Aol and Linge (2017) studied on the influence of individualized consideration of judicial officers on the performance of judicial staff in Kenya. The target population of the study consisted of 770 judicial staff in the Kenyan Judiciary. The study used stratified random sampling technique to select 385 judicial staff from High Courts and Magistrate Courts in Nairobi County. Bivariate correlations were used to establish the relationship between the study variables, while one-way ANOVA was used to examine variability. Besides, the strength of association between the variables was determined using Chi-square tests. The study found that individualized consideration significantly influenced the performance of judicial staff officers. The study recommended that to improve the performance of judicial staff, judicial officers need to develop their competence at their place of work, appreciate each judicial staff as individuals rather than as a group, and to ensure fair workload distribution.

### **Idealized Influence**

Teoh (2022) researched on the effects of Idealized influence on employee performance in the hospitality industry in Malaysia. The study adopted a cross sectional research design. Data was collected online from 400 employees working in the hospitality industry in Malaysia and analyzed using partial least square structure equation modeling (PLS-SEM). The findings showed that idealized influence and had a significant positive influence on employee performance. The study concluded that, In the hospitality industry, the employee is an essential component in both the profitability and continued existence of hotels. Therefore, leaders should set the stage for improved employee performance by providing direction and working to establish a proper foundation for work for both individuals and the organization. Afshari (2021) investigated effect of idealized influence on organizational commitment in microfinance organizations in Australia. Results showed that idealized influence had significant effect on organizational commitment.

Katywa (2021) researched on idealized influence as a catalyst for efficient service delivery in the Buffalo City Metropolitan Municipality (BCMM), South Africa. A quantitative approach was adopted to collect data from BCMM employees with a task-grade level above nine. Descriptive statistical analysis and inferential statistics, including the Pearson correlation coefficient and

multiple regression analysis, were conducted to draw conclusions from the study based on the sample. The results showed idealized influence had a statistically significant relationship with service delivery in the BCMM. The study recommended that the leadership approach at municipalities should be adapted to consciously influence meaningful performance at an individual level to ensure improved efficiency and sustainable socio-economic development in the region.

Komba (2023) studied on the influence of idealized influence on organizational culture in the ministry of culture and sports in Tanzania. The study utilized 153 staff selected using the random sampling technique from the population of 248 staff from the Ministry of culture and sports (MoCAS) in Tanzania. A structured questionnaire was used to collect data, and data was entered into IBM SPSS and AMOS software. Data was analyzed using Structural Equation Modelling. The study revealed that idealized influence had a negative relationship with culture. The study recommended that to make cultural practice effective, the management of sports organizations should formulate a policy that promotes idealized influence.

Abdikadir and Koshal (2022) researched on idealized influence and the growth of intra-regional trade in the East African Community. The study adopted a positivism research philosophy and explanatory sequential mixed design. The target population comprised 205 senior trade officers and senior technical officers at the EAC headquarters. A sample size of 152 was drawn using random sampling technique. Data was collected using a structured questionnaire containing open and closed ended questions, while interview guide was used for the technical officers. Data was analyzed both descriptively and by use of inferential statistics. The results showed that idealized influence significantly predicted the growth of intra-regional trade in the East African Community. The findings further showed that increased idealized influence had a positive effect on the growth of intraregional trade. The study concluded that to enhance the growth of intra-regional trade, the council should be aware that idealized influence behavior enhances the growth of intra-regional trade. Langat, Linge, and Sikalieh (2019) sought to determine influence of idealizing influence on employee job performance in insurance companies in Kenya. The study concluded that idealized influence significantly predicted employee job performance. Change et al. (2019) investigated the impact of idealized influence on employee engagement in energy sectors in Kenya. This research also aimed to determine how inspirational motivation impacts the link between idealized influence and staff engagement. Statistical analysis shows a strong correlation between employee engagement and charisma, ethical leadership, and teamwork.

## RESEARCH METHODOLOGY

### Research Design

This study adopted a cross-sectional survey research design. A cross-sectional survey design entails collection of data across many research units at one point in time predominantly by questionnaire (Aggarwal, 2019). This design was used because it provides a snapshot of what is going on with the variables of interest for the research problem and the need to generalize the results obtained. Cross-sectional survey was appropriate because of the need to collect data from a cross-section of the population at one point in time and the results generalized to represent the entire population of the study.

### Target Population

The study target population was Commercial State Corporations in Kenya. According to the state corporations Act, there are 46 commercial state corporations in Kenya. The corporations were



the study's unit of analysis. The unit of observation was the management staff of the state corporations as shown in Table 3.1.

**Table 3. 1: Target Population**

Target category	Population
Top level management	46
Middle level management	98
Low level management	284
<b>Total</b>	<b>428</b>

### Sampling Frame

Kothari (2014) defines a sampling frame as a listing of items of a population from which a sample is drawn. In this study, the sampling frame was 46 commercial state corporations in Kenya.

### Sample Size and Sampling Techniques

The sample size of the management staff was determined using Yamane 1967 formula shown below:

$$n = \frac{N}{1 + N(e)^2}$$

Where:

n=Number of samples

N= Total population

e= Error tolerance (0.05)

Therefore:

$$206 = \frac{428}{1 + 428(0.05)^2}$$

Stratified random sampling was used for sampling. The researcher hence made a list of all the management staff in the commercial state corporations, arrange them alphabetically and group them into three strata. This ensured that all management levels were well represented in the study.

### Data Collection Instruments

Questionnaires were used to collect data. Questionnaires allow respondents to provide accurate and well-articulated responses, since they cover all aspects of the study. The respondents are also able to answer at their convenience (Mugenda, 2008). The questionnaire had six sections based on the study objectives. A five-point Likert scale questionnaire was used in this study, which was used to measure the level of agreement and disagreement through the following ranks: Strongly Disagree =1; Disagree =2; Neutral =3; Agree =4; Strongly Agree =5.

### Pilot Study

Pilot study was carried out to test validity and reliability of the questionnaire. 10% of the sample size was used for pilot, which represents 20 management staff. The results of the piloted questionnaire enabled the researcher to adjust the contents of the questionnaire accordingly if need be. The pilot study's participants were not included in the actual study.

### Data Analysis and presentation

After data collection, it was coded and edited for uniformity. Data was analyzed using SPSS Version 28. Descriptive and inferential statistics were used in this study. Descriptive statistics

were used to summarize a group of data using central tendency metrics in the form of frequency, percentage, and mean. The inferential statistics used in this study were correlation, and regression. The most common correlation coefficient is the Pearson correlation coefficient, which is represented as  $r$ . Correlation coefficient ( $r$ ) ranging from 0.10 to 0.29 illustrates weak correlation, 0.30 to 0.49 is considered moderate and whereas 0.50 to 1.0 is considered strong. Regression shows how a change in the independent variable predicts a change in the dependent variable. The regression equation was:

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

Where:

$Y$  is the dependent variable (performance of commercial state corporations)

$\beta_0$  is the regression constant

$\beta_1, \beta_2, \beta_3$  and  $\beta_4$  are the coefficients of independent variables

$X_1$  Individualized consideration

$X_2$  Idealized Influence

$\varepsilon$  is the error term

## RESEARCH FINDINGS AND DISCUSSIONS

### Descriptive Data Analysis

Descriptive statistics were used to summarize a group of data using central tendency metrics in the form of frequency, percentage, and mean. In this section, the study provide descriptive statistics analysis of the data collected on each of the study variables, both dependent and the independent variables. The study requested respondents to rate their responses in a scale of 1-5 where 1= Strongly Disagree, 2=Disagree, 3=Neutral, 4=Agree and 5=Strongly Agree. The study mainly used means and standard deviations to interpret the findings where a mean value of 1-1.4 was strongly disagree, 1.5-2.4 disagree, 2.5-3.4 neutral, 3.5-4.4 agree and 4.5-5 strongly agree. Standard deviation greater than 2 was considered large meaning responses were widely spread out and not tightly clustered around the mean.

### Individualized Consideration

The first objective of the study was to determine effect of individualized consideration on performance of commercial state corporations in Nairobi City County, Kenya. Respondents were requested to indicate their level of agreement on the listed statements related to individualized consideration. Table 4.1 presents summary of findings obtained.

**Table 4. 1: Descriptive Statistics on Individualized Consideration**

Statement	Std.	
	Mean	Dev.
Collective decision making is made at the office	3.985	0.764
Office workers are given empowerment for achievement	3.981	0.941
Staff are given recognition on time basis	3.979	1.009
Staff are given support to accomplish their objective	3.904	0.687
Leaders spend time coaching staff at the office	3.87	0.631
employee's consideration has been improved with time	3.797	0.669
Employees build close relationship with the management	3.713	0.546
There is delegation of power and responsibility at the office	3.688	0.535
<b>Aggregate Score</b>	<b>3.865</b>	<b>0.723</b>

Based on the findings, respondents agreed on average that collective decision making is made at the office (M= 3.985, SD= 0.764); that office workers are given empowerment for achievement (M= 3.981, SD= 0.941); and that staff are given recognition on time basis (M= 3.979, SD=

1.009). Respondents also agreed that staff are given support to accomplish their objective ( $M=3.904$ ,  $SD=0.687$ ); that leaders spend time coaching staff at the office ( $M=3.87$ ,  $SD=0.631$ ); and that employee's consideration has been improved with time ( $M=3.797$ ,  $SD=0.669$ ). They were further in agreement that employees build close relationship with the management ( $M=3.713$ ,  $SD=0.546$ ) and that there is delegation of power and responsibility at the office ( $M=3.688$ ,  $SD=0.535$ ).

The findings supported by an aggregate mean of 3.865 ( $SD=0.723$ ) show that respondents agreed on average that individualized consideration affects performance of commercial state corporations in Nairobi City County, Kenya. The findings resonate with insights from Saenchat and Swasthaisong's (2019) study on individualized consideration's influence on administrative effectiveness among sub-district municipality administrators in Thailand and revealed how individualized leadership positively correlates with administrative effectiveness. It also agrees with Ayacko K'Aol and Linge's (2017) research on the impact of individualized consideration on the performance of judicial staff in Kenya offer pertinent perspectives which underscores the significant influence of individualized consideration on judicial staff performance. These studies collectively support the notion that individualized consideration, as a key aspect of transformational leadership, plays a crucial role in enhancing organizational performance. The agreement among respondents in the current study further validates these findings, suggesting that individualized consideration indeed contributes positively to the performance of commercial state corporations in Nairobi City County, Kenya.

### **Idealized Influence**

Study's second objective was to examine effect of idealized influence on performance of commercial state corporations in Nairobi City County, Kenya. Respondents were asked to indicate their level of agreement on listed statements related to idealized influence. Table 4.2 presents summary of findings obtained.

**Table 4. 2: Descriptive Statistics on Idealized Influence**

Statement	Std.	
	Mean	Dev.
In our office high standard of ethics is demonstrated	3.97	0.688
In this office integrity is highly promoted	3.919	0.872
In this honesty is highly promoted	3.825	0.527
In this office the spirit of respect is enhanced	3.749	0.682
Behavior of leaders to influence employee for performance have been improved with time	3.746	0.521
The office leaders appear as role models	3.731	0.626
Effective communication is encouraged at the office	3.623	0.435
Trust is promoted at the office	3.612	0.427
<b>Aggregate Score</b>	<b>3.772</b>	<b>0.597</b>

The findings show that respondents agreed on average that in their office high standard of ethics is demonstrated ( $M=3.97$ ,  $SD=0.688$ ); that in their office integrity is highly promoted ( $M=3.919$ ,  $SD=0.872$ ); that in their organization honesty is highly promoted ( $M=3.825$ ,  $SD=0.527$ ); and that in their office the spirit of respect is enhanced ( $M=3.749$ ,  $SD=0.682$ ). Respondents further agreed that behavior of leaders to influence employee for performance have been improved with time ( $M=3.746$ ,  $SD=0.521$ ); that the office leaders appear as role models ( $M=$

3.731, SD= 0.626); that effective communication is encouraged at the office (M= 3.623, SD= 0.435); and that trust is promoted at the office (M= 3.612, SD= 0.427).

Supported by an aggregate mean of 3.772 (SD= 0.597), the findings show that on average, the respondents agreed that idealized influence affects performance of commercial state corporations in Nairobi City County, Kenya. The findings resonate with insights from Teoh's (2022) research on the effects of idealized influence on employee performance in the hospitality industry in Malaysia whose findings demonstrate a significant positive influence of idealized influence on employee performance. It also agrees with and Komba's (2023) study on the influence of idealized influence on organizational culture in the Ministry of Culture and Sports in Tanzania which revealed the complex relationship between idealized influence and organizational culture. These studies collectively support the notion that idealized influence, as a key aspect of transformational leadership, plays a crucial role in enhancing organizational performance. The agreement among respondents in the current study suggests that idealized influence indeed contributes positively to the performance of commercial state corporations in Nairobi City County, Kenya.

### **Performance of Commercial State Corporations in Nairobi City County, Kenya**

The main objective of the study was to determine the effect of transformational leadership on performance of commercial state corporations in Nairobi County. Respondent were therefore requested to indicate their level of agreement on listed statements related to performance of commercial state corporations in Nairobi city county, Kenya. Table 4. 2 presents summary of findings obtained.

**Table 4.2: Descriptive Statistics on Performance of Commercial State Corporations**

Statement	Mean	Std. Dev.
The products meet desired quality	3.892	0.952
There are less complaints from the customers	3.934	0.515
The corporations have realized return on investments	3.729	0.529
<b>Aggregate score</b>	<b>3.852</b>	<b>0.665</b>

The findings from the study reveal that respondents generally agree that transformational leadership has a positive effect on the performance of commercial state corporations in Nairobi County, Kenya. Specifically, respondents highly agree that the products meet the desired quality (Mean = 3.892, SD= 0.952) and that there are fewer complaints from customers (Mean = 3.934, SD=0.515), suggesting a high level of satisfaction with the products and services offered by these corporations. Additionally, the mean score for the statement regarding the realization of return on investments is also relatively high (Mean = 3.729), indicating perceived effectiveness in financial performance. The aggregate score, calculated based on these statements, further supports the overall positive perception of performance (Mean = 3.852, SD=0.529).

These findings are consistent with insights from literature, such as Teoh's (2022) research on the effects of idealized influence on employee performance and Gitu's (2020) study on the influence of intellectual stimulation on organizational performance. Teoh's findings demonstrate a significant positive influence of idealized influence on employee performance, while Gitu's research indicates that intellectual stimulation positively influences organizational performance. These studies collectively support the notion that transformational leadership behaviors, including idealized influence and intellectual stimulation, contribute positively to organizational performance. Therefore, the consensus among respondents in the current study strengthens the

understanding that transformational leadership indeed enhances the performance of commercial state corporations in Nairobi County, Kenya.

### Pearson Correlation Analysis

The study computed correlation analysis to test the strength and the direction of the relationship that exists between the dependent and the independent variables. The most common correlation coefficient is the Pearson correlation coefficient, which is represented as  $r$ . Correlation coefficient ( $r$ ) ranging from 0.10 to 0.29 illustrates weak correlation, 0.30 to 0.49 is considered moderate and whereas 0.50 to 1.0 is considered strong.

**Table 4.3: Correlations**

		Performance of Commercial State Corporations	Individualized Consideration	Idealized Influence
Performance of Commercial State Corporations	Pearson Correlation	1		
	Sig. (2-tailed)			
	N	179		
Individualized Consideration	Pearson Correlation	.743**	1	
	Sig. (2-tailed)	.000		
	N	179	279	
Idealized Influence	Pearson Correlation	.787**	.276	1
	Sig. (2-tailed)	.000	.311	
	N	179	179	179

Individualized Consideration emerges as another crucial factor influencing the performance of commercial state corporations in Nairobi County, Kenya. The strong positive correlation coefficient of 0.743 ( $p < 0.05$ ) indicates a significant association between Individualized Consideration and organizational performance, implying that when leaders provide personalized support and attention to employees, it positively impacts the corporation's performance. This finding aligns with Ayacko K'Aol and Linge's (2017) study on the influence of individualized consideration on the performance highlighting the importance of individualized consideration in fostering employee engagement and performance within organizations.

Idealized Influence emerges as a significant factor contributing to the performance of commercial state corporations, as evidenced by the strong positive correlation coefficient of 0.787 ( $p < 0.05$ ). This suggests that when leaders exhibit idealized influence, inspiring trust, and admiration among followers, it positively influences organizational performance. This finding is consistent with Teoh's (2022) research on the effects of idealized influence on employee performance and emphasizes the importance of leaders serving as role models and setting a positive example for their followers, which fosters a conducive work environment and enhances organizational outcomes. The significant correlation observed in the current study underscores the critical role of Idealized Influence in driving organizational success within commercial state corporations in Nairobi County, Kenya.

### Regression Analysis

Regression shows how a change in the independent variable predicts a change in the dependent variable. Multivariate regression analysis was used to assess the relationship between independent variables and the dependent variable. This study assessed the effect of transformational leadership on performance of commercial state corporations in Nairobi County. The findings were presented in three tables discussed below.

The model summary was used to establish the amount of variation in performance of commercial state corporations in Nairobi County as a result of changes in transformational leadership (individualized consideration and idealized influence). Table 4.4 presents the findings.

**Table 4.4: Model Summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.872 <sup>a</sup>	.760	.757	.36246

a. Predictors: (Constant), Idealized Influence and Individualized Consideration

The model summary indicates a strong relationship between the predictors (Idealized Influence, and Individualized Consideration) and the dependent variable (performance of commercial state corporations) as shown by correlation coefficient (R) value of 0.872. The coefficient of determination (R Square) value of 0.760 suggests that approximately 76.0% of the variance in the performance of commercial state corporations can be explained by the predictors included in the model. This indicates a high level of predictive power, implying that the combination of idealized influence and individualized consideration significantly contributes to explaining variations in organizational performance. The Adjusted R Square, which takes into account the number of predictors in the model, remains close to the R Square value, indicating that the model's explanatory power remains robust even after considering the complexity of the predictors. Therefore, the model summary underscores the effectiveness of the combined predictors in explaining and predicting organizational performance within commercial state corporations.

The study also computed the analysis of variance (ANOVA) which was used to test whether the fitted model was significant. Significance of the model was tested at 5% confidence interval.

**Table 4.5: Analysis of Variance**

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	49.343	2	12.336	93.895	.000 <sup>b</sup>
	Residual	22.860	176	.131		
	Total	72.203	178			

a. Dependent Variable: Performance of Commercial State Corporations  
b. Predictors: (Constant), Idealized Influence and Individualized Consideration

The ANOVA results demonstrate a significant overall effect of the combined predictors (idealized influence and individualized consideration) on the performance of commercial state corporations, as evidenced by the significant F-statistic of 93.895 ( $p < 0.05$ ). This indicates that the variation in the performance of commercial state corporations can be significantly explained by the included predictors. The regression model accounts for a substantial proportion of the total variance in performance. These findings suggest that the included predictors jointly contribute significantly to explaining the performance of commercial state corporations, highlighting the importance of idealized influence and individualized consideration in driving organizational success within this context.

Having established that the model was significant, the coefficients table was used to fit the regression model. The beta coefficients of the study variables are as shown in Table 4.6.

**Table 4.6: Beta Coefficients of the Study Variables**

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	.363	.183		1.988	.048
1 Idealized Influence	.338	.073	.470	4.630	.000
Intellectual Stimulation	.245	.080	.250	3.065	.003

a. Dependent Variable: Performance of Commercial State Corporations

From the beta coefficients table, the following regression model was fitted:

$$Y = 0.363 + 0.338 X_1 + 0.251 X_2$$

The coefficient for Individualized Consideration ( $\beta = 0.251$ ,  $p = 0.012$ ) indicates a significant positive relationship between Individualized Consideration and the performance of commercial state corporations. This suggests that when leaders provide personalized support and attention to employees, it positively impacts organizational performance. This finding can be linked with Golyama, Chachage, and Kapaya's (2017) research on the influence of individualized consideration behavior on public sector performance in Tanzania. Their study highlighted that individualized consideration had a positive and significant influence on public sector performance, emphasizing the importance of recognizing and addressing individual needs within organizations. Therefore, the significant coefficient for Individualized Consideration in the current study reinforces its relevance in enhancing organizational effectiveness within commercial state corporations.

The coefficient for Idealized Influence ( $\beta = 0.338$ ,  $p = 0.000$ ) indicates a significant positive relationship between Idealized Influence and the performance of commercial state corporations. This suggests that when leaders exhibit idealized influence, inspiring trust and admiration among followers, it positively influences organizational performance. This finding is consistent with Katywa's (2021) research on idealized influence as a catalyst for efficient service delivery in the Buffalo City Metropolitan Municipality (BCMM), South Africa. Katywa's study demonstrated that idealized influence had a statistically significant relationship with service delivery in the BCMM, highlighting the role of leaders in influencing meaningful performance at an individual level. Therefore, the significant coefficient for Idealized Influence in the current study underscores its importance in driving organizational success within commercial state corporations.

## Conclusions

The study results suggest that individualized consideration plays a crucial role in determining the performance of commercial state corporations in Nairobi City County, Kenya. Correlation analysis reveals a strong positive correlation between individualized consideration and organizational performance. Regression analysis reinforces this finding with a significant positive beta coefficient for individualized consideration. Thus, the study concludes that embracing individualized consideration, which involves collective decision-making, empowerment of employees, and fostering close relationships, is essential for improving the performance of commercial state corporations in Nairobi City County.

According to the study findings, idealized influence significantly impacts the performance of commercial state corporations in Nairobi City County, Kenya. Correlation analysis indicates a robust positive correlation between idealized influence and organizational performance.

Regression analysis further supports this by demonstrating a significant positive beta coefficient for idealized influence. Therefore, the study concludes that cultivating idealized influence, characterized by demonstrating high ethical standards, integrity, and serving as positive role models, is critical for enhancing the performance of commercial state corporations in Nairobi City County.

## Recommendations

### Individualized Consideration

Given the favorable perception of individualized consideration, it is recommended that commercial state corporations in Nairobi City County, Kenya emphasize the importance of personalized leadership approaches. Leaders should strive to engage in collective decision-making processes, empower employees by providing them with autonomy and recognition, and establish supportive relationships with staff members. Implementing mentorship programs where leaders provide one-on-one guidance and coaching to employees can foster individualized consideration. Moreover, organizations should invest in leadership development initiatives that emphasize the cultivation of empathetic and supportive leadership styles.

### Idealized Influence

To capitalize on the positive perception of idealized influence, commercial state corporations in Nairobi City County, Kenya should focus on strengthening ethical leadership practices and promoting integrity throughout the organization. Leaders should lead by example, demonstrating high ethical standards and integrity in their actions and decisions. Creating platforms for effective communication and promoting transparency can enhance trust and credibility among employees. Leadership development programs should include modules on ethical leadership and idealized influence, emphasizing the importance of aligning organizational values with leader behavior.

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