

**TRANSFORMATIONAL LEADERSHIP, STRATEGIC AGILITY AND  
PERFORMANCE OF STATE CORPORATIONS IN KENYA**

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DOCTOR OF PHILOSOPHY IN BUSINESS ADMINISTRATION AND  
MANAGEMENT (STRATEGIC MANAGEMENT) OF KENYA METHODIST  
UNIVERSITY**

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## DECLARATION

This thesis is my own original work and it has not been presented for a degree or any other award in any other University.

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## **DEDICATION**

This work is dedicated to my loving daughters Janice James and Jean James, The Late James Olwenge Nyawatta, and my loving parents Bruno and Leotina Ogolla. Their prayers gave me the courage to walk through the journey.

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## ABSTRACT

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. Therefore, for them to achieve exceptional performance in the current volatile and uncertain socio-economic environment, state corporations in Kenya require agile leadership capabilities and effective management styles. The purpose of this research was to examine the influence of transformational leadership on organizational performance of state corporations and further explore whether strategic agility mediates that relationship. The study was grounded on transformational leadership, dynamic capability, stakeholder and game theories. Empirically the study investigated the relationship between the individual components of transformational leadership namely, Idealized influence, Inspirational motivation, Intellectual stimulation and Individual consideration, on organizational performance and strategic agility constructs as the mediating variable. The Multifactor Leadership Questionnaire (MLQ -5X)" of Bass and Avolio (1997) was adapted to measure the different dimensions of transformational leadership and Balance Score Card (BSC) to measure performance. Pragmatism research philosophy approach was employed using descriptive cross-sectional mixed method survey design. The research collected empirical data using structured and semi structured questionnaire instrument from valid sampled respondent 215 top leadership and management from 55 State Corporations. The data was analyzed using the Statistical Package for Social Sciences Program (SPSS) and Structural Equation Model (SEM). The analyses generated both descriptive and inferential statistics on transformational leadership and strategic agility on performance of state corporations in Kenya. The study tools showed strong reliability of Cronbach's Alpha  $\alpha$  of up to 0.941. Transformational leadership through its four components had positive and significant influence on organizational performance with  $R^2$  of 0.845. Strategic Agility mediation effect on the relationship between transformational leadership and organizational performance upraised  $R^2$  to 0.904 indicating partial mediation influence. This study concluded that transformational leadership and strategic agility are vital capabilities to enhance organizational performance in the state corporations. Practically, this research confirms that each construct of transformational leadership influences performance differently. Therefore, this finding can help companies with their leadership development process. The results of this study will have significant implications on theories, leadership and management of state corporations. The originality of this research provided basic configuration of modelling Transformational leadership by Structural Equation Model and conceptual model that proved the effect of idealized influence, inspirational motivation, intellectual motivation, individual consideration on high performance of state corporation inserting strategic agility as mediation effect of the influence between variables that were performed in previous researches.

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## LIST ABBREVIATIONS AND ACRONYMS

<b>ANOVA</b>	Analysis of Variance
<b>BSC</b>	Balance Scorecard
<b>CEO</b>	Chief Executive Officer
<b>DCV</b>	Dynamic Capabilities View
<b>GOK</b>	Government of Kenya
<b>IC</b>	Individualized consideration
<b>ICT</b>	Information communications and Technology
<b>IGAC</b>	Improving Government Agency Performance
<b>II</b>	Idealized influence
<b>IM</b>	Inspirational motivation
<b>IS</b>	Intellectual stimulation
<b>KEMSA</b>	Kenya Medical Supplies Authority
<b>KNBS</b>	Kenya National bureau of statistics
<b>KRA</b>	Kenya Revenue Authority
<b>Kshs.</b>	Kenya Shillings
<b>MDGs</b>	Millennium Development Goals
<b>MLQ</b>	Multifactor Leadership Questionnaire
<b>NACOSTI</b>	National Commission for Science, Technology and Innovation
<b>NMC</b>	Numerical Machining Complex
<b>NPM</b>	New Public Management
<b>OP</b>	Organizational Performance
<b>OECD</b>	Organization for Economic Co-operation and Development
<b>PLS</b>	Partial Least Square
<b>PRSP</b>	Parastatal Reform Strategy Paper

<b>PSR</b>	Public Service Reform
<b>PTPRs</b>	Presidential Taskforce on Parastatal Reforms
<b>RBV</b>	Resource Based View
<b>ROA</b>	Return on Assets
<b>ROE</b>	Return on Equity
<b>SA</b>	Strategic Agility
<b>SACCOs</b>	Savings and Credit Cooperatives
<b>SCAC</b>	State Corporation Advisory Committee
<b>SDGs</b>	Sustainable Development Goals
<b>SEM</b>	Structural Equation Model
<b>SOEs</b>	State Owned Enterprises
<b>SPSS</b>	Statistical Package for Social Science
<b>TL</b>	Transformational Leadership
<b>VRIO</b>	Value, Rareness, Imitability, Organization.
<b>WEF</b>	World Economic Forums

# CHAPTER ONE

## INTRODUCTION

### 1.1 Background of the Study

Study research Investigations regarding the subject of organizational performance suggests that this variable is one of the most important subjects for leaders to consider when attempting to build and improve their operations (Kroll, 2016). Despite the importance of organizational performance few investigators have sought to understand what capabilities are desired to grasp on outcomes when it comes to performance (Kroll, 2016). Leadership offered within the organization has been appreciated as a potential area for enhancing organizational performance (Alvesson & Kärreman, 2016). This study has specifically identified transformational leadership as a strategically unique approach to supporting employees to distinctly revolutionize organizational performance. As the business environment in Kenya becomes more complex as a result of uncertainty, volatile business environment, market competition, globalization, technology, and intensified customer demands (Alvesson & Kärreman, 2016) these organizations must nurture the strategies for desired performance results.

This study identifies and describes Transformational leaders as those who stimulate and inspire followers to achieve desired results and develop their own leadership capacity (Bass & Riggio, 2005; Moriano & Mangin, 2014). Transformational leadership is a leader that drives a compelling, articulate and clear vision; mobilization of followers commitment, institutionalization of organizational change, growing followers 'awareness of what organizational right and important; and motivating them to perform beyond expectation (Prasad & Junni, 2016).

Descriptions envisioning organizational performance is a fundamental primary research objective in the field of strategic management (Simon, Fischbach & Schoder, 2014). This is because organization performance is the core reason of its existence and the heartbeat of strategic management field (Bergh, Connelly, Ketchen & Shannon, 2014). Further, explaining variations in performance remains crucial for strategic management practitioners and scholars. Present and past literature provides linkage of the organizational resources such as its capabilities and firm performance. Organizational leadership is a strategy that have and give influence on performance (Datche, 2015; Shanafelt, & Swensen, 2015,) more than any other factors. Long term performance of organizations is assured by dynamic capabilities put in place by the leaders, (Wilden & Gudergan, 2015)

Alatawi (2017) conceptualized transformational leadership as comprising four I” s: idealized Influence, inspirational motivation, intellectual stimulation and individualized consideration. In idealized influence, the leader is admired, respected and trusted. It allows the leader to serve as role model for the followers. Inspirational motivation, leader articulates an exciting vision of the future, shows his or her followers the ways to achieve their goals, and expresses his or her belief that they can succeed. In intellectual stimulation, leaders stimulate the thinking of their followers by encouraging innovation, creativity, as well as, involving them in the solution to a variety of problems (Ogola, Sikalieh & Linge, 2017). In individualized consideration, leaders care and offer support to followers, providing opportunities for the followers to grow individually, as they act as mentors and coaches to become adeptly to realise organization performance.

Silva and Mendis (2017) observed that leaders who are transformational are those who exhibit the four I's and thus improve the capacity and performance of the organizations. Transformational leadership has significant influences on work attitude and behaviour of followers to performance beyond expectation. The leaders support the growth of an emotional attachment between leaders and followers, which helps in shaping values, aspirations and priorities of followers (Kao & Tsai, 2016; Gathungu, Iravo & Namusonge, 2015).

Transformational leadership's fundamental objective is to involve the followers in organization from different levels to contribute in organization outcomes in their objectives and goals to ensure realization of performance. An organization's accomplishment and success are subject on many factors such as its dynamic capabilities, stakeholder management, its decision making. This study is supports most of the classical theories such us dynamic capabilities, stakeholder, game theories suggest that organization performance is a mixture of capabilities and processes (Peng, Lin, Schaubroeck & Zhang, 2016; Teece, 2014).

There is little consensus among scholars and practitioners as to what definition of leadership is Caillier (2014) defines Leadership as the process of influencing the activities of an organized group in its efforts toward goal setting and goal achievement. (Frohlich & Oppenheimer, 2015) posit that leadership is persuasion not domination, and so true leadership only occurs when others willingly adopt the goals of a group as their own. (Northouse, 2015; Herman & Chiu, 2014) defines leadership as a process of influencing activities of an organized group, movement, inspiration, outcomes or change process.



Different Scholars from different discipline such as Berkovich (2016) and Mathew and Gupta (2015) have highlighted leadership as inspirational motivation to achieve organization goals and objectives and being creative and directive force of morale. According to Katou (2015), leadership is getting things done through others. Kazmi and Naarananoja, (2014) quoted America 34<sup>th</sup> President Dwight Eisenhower of world war 1 who defined leadership as the ability to decide what is to be done and then to get others to want to do it. According to yet another USA president, Harry Truman, a leader is a person who has the ability to get other people to do what they don't want to do, and like it.

This study defines leadership as a process of influencing motivating, inspiring, teams, workers and groups, to realise, satisfy or achieve intended objectives. Other definitions highlight the idea of movement. Kim (2015); Carleton, Barling and Trivisonno (2018) defines leadership as influencing and “moving people to change. Day, Gu and Sammons (2016) think that good leadership should result in an output and competitiveness. Ogola et al. (2017) states that, a leader is the one who knows what to do next and why, and can bring the appropriate resources to bear on the need at hand. Other literature emphasises having vision, mission and ability to show direction towards goal attainment in any organization, which in turn enhances performance, as an important leadership trait.

The management profession historically has linked and put together the components of leadership and management. Past studies such as Renjith, Renu and George (2015) have emphasized leadership behaviours within the manager-subordinate relationship, and leadership has been viewed as an interpersonal, managerial role having to be motivating subordinates (Gilbert, Horsman & Kelloway, 2016; El-Toufaily, 2018). Organizations

have realized that total organizational performance is no longer dependent on the deployment of tangible resources, but rather on its accompaniment of the leadership.

According to school of management, organizational performance is highly dependent on the leaders of the organization and the input performance of employees (Kamali, 2014). According to Andriani, Kesumawati and Kristiawan (2018), organizations can outperform others by focusing on the effects of leadership. This is due to the fact that leaders play a key role in organizations as they measure external circumstances, provide guidance for workers to face challenges, and establish organizational superiority for continuous improvement and performance development (Odumeru & Ifeanyi, 2013)

In the past, leadership approach was always coupled with the empowered persons in vertical authority-structured system while transformational leadership encourages team attribute across the board. Developing a high performing organization starts at the top, with effective leadership. Poor leadership can result in mismanagement of resources, strategic misalignment and a cloud of other organizational problems that can undermine a company's performance, (The Centre for Leadership [CL], 2016). The issue of leadership is a very important one, because individual and socio-Economic success depends on whether good or bad leadership is exercised. Thoughtfully, Paarlberg and McCleskey (2014) observes: I wholeheartedly believe that everything rises and falls on leadership. By that I mean that, more than anything else, the leadership of any group or organization will determine its success or failure.

A leader is a public architect, the leadership role is to enable communications, inspire and foster the innovative working environment, and enable the individual's perspectives, while nurturing business drivers to improve organizational performance. Leader must maintain a keen awareness of organizational value, the impact on the

future, and the significance of changing environment. A leader is developing greater number of people, followers to communicating and focused on solving problem a challenge, with varying methods, enables one to address complex issues effectively (Lan, & Chong, 2015).

This study takes into consideration for leadership that can contribute to the transformation of the state corporation in Kenya is very critical in this volatile business environment and the effect of globalization. Kets de Vries, Sexton and Ellen III (2016) advocates that especially because of weak economies and weak institutions in Africa, the problem of lack of transformational leadership matters more for this continent than for other parts of the world. It's on this basis that this study is investigating the relationship between Transformational Leadership and performance of state corporations in Kenya and whether the relationship is mediated by strategic agility capabilities.

Leadership and management are the same side of the coin. In a global dynamic volatile business world, Manager's and their teams needs to follow dynamic strategic management processes such as; analysis, formulation, implementation, strategic agility control and evaluation to enable their organizations experience success and achieve their goals and objectives (Mwambazambi & Banza, 2014; Mathew & Gupta, 2015; Dennings, 2018). Strategic management is therefore defined as the process by which organization's objectives are set, policies are developed and plans are laid out to achieve these objectives and performance. This study therefore requires the management to allocate resources to implement the plans. Essentially, this refers to the top echelon of management in an organization who strives to provide the overall direction of the whole endeavour to achieve their set targets and goals.

The organizations responsibilities are usually performed by their Chief Executive Officer (CEO) and the executive team, guided by organizational mission and vision statements. Hence, strategic management is the on-going process that can be broken down into several stages. First and foremost, a plan (strategy formulation) is established whereby the functions or purpose of an organization is identified by the leadership. This helps to shape and implement the broad objectives of the organization through being strategically agile. Top management therefore gets involve in identifying the organization's strategic advantages and core competencies, whether to focus on customer service, gross margin, research and developments and the ideal strategy to best deploy their resources to achieve their objectives for realised performance (The Centre for Leadership [TCL], 2016).

The big question one might ask on the study as a strategist is the relationship between Strategic Management and Leadership. Strategic management and leadership are one and the same coin. Managers today are filled with many responsibilities and objectives that can't simply be tackled with a single attitude but with a team of workforce that can be flexible to tackle today's complex marketplace (O'Shannassy, 2016). As the boundaries of countries gradually fade with increasing globalization, the underpinnings of strategic management hinges on managers' understanding of agile environment, competitors, markets, prices, suppliers, distributors, governments, creditors and shareholders, and customers worldwide.

Thus, it is important for top leaders to formulate a strategy, to communicate their mission or vision statement and enable the successful execution of their business activities through their teams for realised performance. Through transformational leadership, strategic agility the organization processes that are concerned with setting

the long-term goals and objectives, which involves several considerations such as: Allocation of resources, businesses to explore, invests, and exit, Joint ventures or mergers, expansions plans, moving into foreign markets will be easily achieved (Nyarangi, 2013).

In the past, the theories of leadership have included trait theories and behavioural theories. Situational and contingency theories considered leaders as heroes who made all the decisions for realised performance (Ondari, Were & Rotich, 2018). However, the present generation of workers needs leadership that encourages participation and creativity for successes and performance. In this context, transactional and transformational leadership theories have gained currency. Pradhan and Pradhan (2015) was the first to differentiate between these two kinds of leadership and Roueche, Baker III and Rose (2014) proposed the full range leadership theory and differentiated transactional and transformational leadership.

Transformational leadership can be defined as “a motivational leadership style which involves presenting a clear organizational vision and inspiring employees to work towards this vision through establishing connections with employees, understanding employees’ needs, and helping employees reach their potential, contributes to good outcomes for an organisation” (Alvesson & Kärreman, 2016). Transformational leadership can also be seen as a process of developing people who accomplish goals and objectives that in turn lead to the performance of the organization.

Transformational leadership was introduced by Burns (1978) in his descriptive research on political leaders. He believed that the foundation of transformational leadership is the promotion of consistent vision, mission, and a set of values to the members (Sergiovanni, 2016). Transformational leaders guide followers by providing them with

a sense of meaning and challenge. They believe in the philosophy that a leader can influence followers only when he performs what he talks. The leaders act as role models that followers seek to emulate (Yaser, 2016).

The transformational leadership theory, unlike transactional leadership theory, which involves exchange of reward transactions between leaders and followers, this theory is based more on the ability of leaders to change the values, beliefs and needs of their followers. Transformational leadership is a concept that works to reshape performance of individuals and their organizations. Transformational leadership elevates the goals of subordinates and enhances their self-confidence to strive for even higher goals. The adoption of this theory guarantees superior performance in organizations facing strategic turbulent environments and uncertainty (Abdullah, 2015).

Transformational leadership theory focusses on the associations formed between leaders and followers. Transformational leaders motivate and inspire followers perceive the importance and higher good of tasks. These leaders are focused on performance of group members, but also want each member to fulfil his or her potential. Transformational leaders often have high ethical and moral standards, which they impart to their followers, hence the study suggestion to the state corporations in Kenya (Shusha, 2013). Transformational leadership guides and motivates a common vision of the organization. It motivates workers to be creative to seize opportunities to improve organizational performance, (Berkovich, 2016).

This study research was grounded on transformational leadership theory as well as three other theories which are, dynamic capabilities, stakeholder and game theory (Vandenabeele, Anderson & Lesink, 2014). The research presents an analytical perspective of transformational leadership and its role on organizational performance

and its efficacy centred on synchronized transformational leadership, mediated by strategic agility. Similarly, CEOs, managers of State corporations in Kenya lead teams within multiple hierarchical levels with fundamental focus on individual, team, and organizational-level outcomes (O'Reilly & Tushman, 2013) are able to improve on their performance.

Transformational leadership involves the commitment of others, creating associations, raising motivation and morality levels of leaders and followers (Northouse, 2013). As the interconnectedness of globalization on trade, foreign policy, common global concerns based on terrorism, and environmental welfare continue, organizations need more global leadership that can mobilize others to their course to ensure appropriate use of resources including human capital that ensure safe and healthy global citizens (Institution's) such as state corporations under study (Joseph, 2015).

Organizations worldwide need different leadership styles in the rapidly changing global contexts that influence performance of organizations, strategies and organizational objectives (Shanafelt & Swensen, 2015). The reality and the need for high performing organizations has intensified, hence the need for transformative leadership that can respond to changing, volatile and uncertain business environment. This is because of the “collapse of structures in organizations to be sustainable and perform as required (Netter & Poulsen, 2015). This has created a vacuum and that needs to be filled. Transformational leadership has characteristics that influence the followers to realise superior organizational performance, thus it forms the underpinning theory of this study.

Globally Nations have grown their economies through effective and efficient management of state corporations and agencies (Mpofu, 2015). Kenya is not an

exception and can therefore exploit its Corporations and Agencies for the same. This makes these Corporations and agencies integral part of the nation's development agenda OECD (2016). However, for the Corporations and agencies to perform adequately and bring value to the Government and its citizens, the concept of adequate resource mobilization and prudent utilization is brought into focus, hence the need to practice strategic agility approaches and capabilities (Alvesson & Kärreman, 2016).

In Kenya state corporations after Kenya's independence in 1963, establishment was driven by a national desire to: Accelerate economic social development for national improved products and services performance; Redress regional economic imbalances leading to poor economic and financial performances; Increase Kenyan Citizen's participation in the economy creating collective commitment for enhance performance; Promote indigenous entrepreneurship for strategic competitiveness which supported increased strategic sensitivity to perceive business environmental changes to encourage high performance of the country economy (Wilden & Gudergan, 2015). This study therefore fills the gap of how transformational leadership determines the performance of State Corporation to help Kenya achieve her national desire to accelerate economic and social development for improved products and services of the organizations.

State corporations were also to promote foreign investments (through joint ventures). This policy was contained in the sessional Paper No. 10 of 1965 on African Socialism and its application to planning in Kenya (Louw, Muriithi & Radloff, 2017) To improve the functionality of state corporations, a comprehensive review of the Public Enterprises Performance was carried out in 1979 (the Report on the Review of Statutory Boards) and 1982 (the Report of the Working Party on Government Expenditures).



The Report on Review of Statutory Boards pointed out that: The growth in the parastatal sector had not been accompanied by development of efficient systems to ensure that the sector plays its role in an efficient manner to realise their performance (PTPRs, 2013). This study therefore through the adaption of transformational leadership, strategic agility components will help fills the gaps to improve Parastatals performance which were characterized with prolonged inefficiency, financial mismanagement, waste and malpractices rather than government investments for increased services and products performance (Kim, 2015).

Organizations such as State Corporations in this research study needs to thrive despite business environments characterized by uncertainty and unpredictability arising from constant technological, social, political and economic changes. Organizations find themselves in dynamic environment, which demand constant adaptation. In such environment, organizations need different leadership capabilities to guide them through the turbulence (Joseph, 2015). Organizations need transformational leadership capacities in order to sustain their performance and deliver positive outcomes for customers and stakeholders (Idris, & Al-Rubaie, 2013).

Past studies indicate that it is fundamental for organizations to develop and create capabilities of Transformational leadership to enhance performance of organizations (Kirui, Iravo & Kanali, 2015). Globally organizations teams and performance paths are mostly shaped by the way leaders give support to organizational members by providing clear direction in consideration to a course of action and objectives. Eisenbeiß and Boerner (2013) theorized that transformational leadership is linked to organizational performance. Transformational leader put in consideration the potential needs of

followers, and satisfy their higher motives by appreciating complete attributes of the followers for superior performance.

Transformational leadership also plays a significant role in improving staff performance according to the study by Mohamad and Taher (2013) in Libya and this is supported by Ciepley (2013) assertion that application of transformational leadership style improves performance. Chirchir (2015) emphasized the need for African countries to adopt transformational leadership since it is important in improving performance of the workers and the organization.

Organizations globally need transformation in their leadership styles in order to reinvent themselves. They need organizational agility and strategic agility in order to achieve higher and competitive performance. Transformational leadership is about renovating, reconfiguring the organization realising strategic agility and how it is raising performance to a new level (Carter *et al.*, 2013). In a dynamic environment, organizational strategy, management systems, structure and technology are critical elements in handling uncertainty and challenges as well as in framing opportunities and threats in ways that enhance organizational performance (Datche, 2015).

Literature on transformational leadership has investigated on how the above elements interact with organization strategies, and how the employees can implement these to realise improved organizational performance (Bellé, 2013). The future of the traditional administrative leadership has come under scrutiny in the last three decades as new leadership styles emerge within both public and private organizations. They practice open interactions and motivation of transformational leadership (Arif & Akram, 2018).

Empirical review of this study reveals that many, if not most, large State Enterprise Organizations are active internationally and engaged in trade, with some emerging

country governments pursuing explicit policies of SOE internationalisation (Gilbert *et al.*, 2016). Increased global competition for finance, talent, and resources are seeing some countries turning to SOEs as tools to strategically position themselves for the future in the global economy.

This research recommends that state corporations build transformative leadership capabilities to enable them deliver on visions and missions of their organizations. In order to build this culture on performance, state corporations need transformational leadership abilities that stimulate strong ethical culture and consistent demonstration of these leadership behaviours at all levels of the organization to improve performance. The State Corporation priorities should be strongly interconnected such that achievement of one will also require realization of all other priorities hence the importance of an inspiring leadership. Bold transformative leadership can help shape national, regional and global change in businesses operating in uncertain and volatile environment (Abdullah, 2015).

From the strategic point of view, leadership approach to management is as old as warfare and even has military origin. The history of strategic management traces leadership to the ancient Greek through early 20th century and to modern business practices. The recent public and private sector efforts on how leaders adjust to challenges and environmental uncertainty (Wilden & Gudergan, 2015) maintains that the term “strategy” was derived from the Greek word “*strategies*” which literally, means General (leaders) in the army. Each of the ten ancient Greek tribes annually elected *strategies* to head their respective regiments. At the battle of Marathon (490 BC), the *strategies* advised the political ruler as a council (leaders). This current study

suggests that strategic agility capacity can enhance performance of a transformational leader.

Researchers and scholars have over recent past perceived transformational leadership as an effective leadership strategy to be adopted in both private and public organizations, (Samaitan, 2014). This study considers transformational leaders as significant because they often make choices that most other leaders would not, Sekaran & Bougie (2013) and they display leadership characteristics that clearly cast them as change agents. They are courageous, they believe in people, they are driven by a strong set of values, they are visionaries and they are lifelong learners and can cope with uncertainty (Amankwaa, Gyensare, & Susomrith, 2019).

In the last fifty years, management and leadership scholars have studied the relationship between transformational leadership and organizational performance and different schools of thought have emerged, (Chege, 2017). According to Braun, Weisweiler and Frey (2013) leadership entails the ability to identify and leverage opportunities and threats, and to exploit internal and external competencies. Most critical in contexts of great uncertainty, leaders set vision for their followers, foster commitment to its execution, and arouse imagination in the process to cope with rising and often contradictory demands. To enhance organizational performance leaders, require the right aptitude to uphold organizations resourcefulness, motivate the workers to confront their own work value arrangements to improve their individual and organizational performance as cited (Chege, 2017).

### **1.1.1 Transformational Leadership**

Transformational leadership influences change in individuals and collective systems in communities and organizations. Transformational leaders seek to change existing

patterns, values, beliefs and goals, and create new ones that encourage the greater commitment. This leadership approaches creates and builds valuable and positive transformation on the followers with the purpose of developing followers into similar leaders (Antonakis & Robert, 2013). Transformational leadership augments the driving force, self-confidence and performance of the workforce through diverse methods to improve organization performance.

Transformational Leadership represent successful strategic leaders have to appeal to both the self-interest of the people they work with and to these social interests. The leader connects the follower' sense of identity with organization the mission and the collective identity of being a role model to the followers in the organization. The leader identifies with the strengths and weaknesses of followers, to align followers with organizations vision, mission so as to optimize their performance (McCleskey, 2014).

The Transformational leadership empowers followers to display exceptionally high outcomes (Van Knippenberg & Sitkin, 2013) which results in improved organizational performance. The leader recognizes the required change through inspiration, and executes the change with the commitment of the team members (Breevaart, Bakker & Espevik, 2014). On the other hand, Strategic Agility is the capability of the leaders to rapidly adapt the organization plans by responding to the business and operating conditions in an uncertain environment. Strategic Agility leads to this change through its three components such Strategic Sensitivity, Resource Fluidity and Collective Commitment that makes the most of the strengths and provides what is necessary for the organization's sustainability (Roueche *et al.*, 2014).

Transformational leadership proposes that the leader's behaviour can arouse followers to an advanced level of thinking (Odumeru & Ogbonna, 2013). The leader appeals to

the followers' morals and principles that enhance commitment to a well-articulated vision and inspire them to be creative in thinking and become problem solvers. Indeed, the positive association between the transformational leader and follower is well-documented and many studies have also begun to examine the process by which those effects are ultimately realized (Alvesson & Kärreman, 2016).

Transformational leadership is an increasingly recurring theme in organizational performance, and management sector in general. Whatever the leadership style, leader's capability determines their ability to initiate meaningful influence on team members and the positive effect in organizational performance. Transformational leader gains trust of the followers and allows collaboration among team members (Kark & Shamir, 2013). According to Clarke (2013) transformational leadership is the applicable leadership behaviour that is crucial to improve performance in organizations.

Transformational leadership is to "transform" people and organizations in a factualness that is, to change them in mind and heart, enlarge vision, insight, and understanding; clarify purposes; make behaviour congruent with beliefs, principles, or values; and bring about changes that are permanent, self-perpetuating, and momentum building. In this leadership style, the leader motivates and inspires by developing a compelling vision, selling that vision, and focusing on developing relationships with followers as a teacher, mentor, and coach (Men, 2014). This type or style of leadership often focuses on the "big picture" and on concern for people and their individual needs (Choudhary, Akhtar & Zaheer, 2013).

The followers' commitment is formed by the way leaders support their organizational constituents and delivers understandable direction in keeping with the organization's strategies (Eisenbeiß & Boerner, 2013). They further elaborated that a transformational

leader has to watch out for prospective needs in admirers, and satisfies higher motivations, whilst connecting with the full attributes of the followers. In transformational leadership, the focus is on the augmentation of followers' involvement with the goals of the organization (Kao, & Tsai, 2016) leading to workers commitment to their tasks and their organizations performance.

Transformational leader is motivational and has with clear organizational vision that stimulates and inspires and can be achieved by establishing a closer relationship with workers, considerate to their needs, and mentoring and coaching them to attain their possible, contribute to good outcomes for the organization. An analysis of this, transformational leadership supports organization goals, values and beliefs that encourage employees to structure what they do as a special part of the organization performance (Prasad & Junni, 2016). According to this study, performance is not only measured on financial outcomes but in the perspective of other wholesome elements such as customer satisfaction, internal business processes, learning and growth which are compatible with transformational leadership characteristics of improving organization performance and followers needs.

Transformational leadership entails influencing followers by coaching and mentoring, inspiring followers' goals and providing them with self-confidence to perform beyond the expectations specified in the implicit or explicit exchange agreement in the organization (Tourish, 2014). A transformational leadership characteristic that identifies him from other leadership approaches is its active involvement with the followers. Transactional leaders, on the other hand, motivate followers with an existing set of personal values and by providing rewards that are attractive to their current value framework, while transformational leaders actively seek to change personal values

among followers so that they can go beyond their self-interest for the good of larger entities such as the group and organization (Bromley & Meyer, 2017).

Leaders are the major factor influencing processes and enabling goal attainment. Effective leaders achieve better organizational performance by bringing the right people and technology together to offer a product or service successfully (Clarke, 2013). This means that leaders affect and direct resources and processes that exist in an organization to attain superior outcomes. The primary function of transformational leader is to articulate the organization's mission, vision, strategy, and goals clearly and precisely ensure these are effectively communicated throughout the organization. This aims to convince and direct subordinates towards the organizational goals (Moriano & Mangin, 2014). This research focuses on the ability of State Corporations to adopt a strategically agile capabilities that facilitate to coping with uncertain business environment using transformational leaders who in turn will be able to influence their team members in the organization for superior performance.

Organizations do not exist in isolation; hence somebody must take charge in managing organization's activities through performing the management functions of planning, organizing, directing and controlling both human and material resources for attainment of organizational objectives in its context (Herman & Chiu, 2014) describes leadership as a progression of directing and influencing a group towards achieving individual, group and organizational goals. In order to achieve organizational performance through effectual strategic agility, there is a need for effective, planned and stable leadership.

The leader's role requires precision, time, careful consideration, and clear communication and right decision-making. Hence, this will encompass creating action plans, defining functional roles, and determining skills and resources, as well as strategy



and vision for the organization. Transformational Leadership creates vision, inspires others to follow the vision, and provides the tools and resources needed to bring the vision into reality through its four components of Idealized influence, Inspirational motivation, Intellectual stimulation and Individual consideration (Moriani & Mangin, 2014). Therefore, this study research approach is for consideration of transformational leadership for effectual organization performance.

These four components of transformational leadership are fundamental when it comes to transforming an organization and empowering followers. The transformational leaders are usually nimble to adapt to changes within an organization hence able to manage uncertainties in business environment. The purpose of effective leadership is to create positive change. Alongside with this, he or she dedicates time and effort into translating the organization's vision and mission to each member of staff for purposes of motivation, inspiration, and unifying the organization as a whole. Becoming a transformational leader is an evolutionary process hence can improve dismal performance in organization (Eisenbeiß & Boerner, 2013).

Transformational leadership through its four components have characteristics which leads to superior performance. The four components, Idealized influence emphasizes trust, values, and ethics (Datche, 2015). Idealised leaders show great persistence and determination in the pursuit of objectives, show high standards of ethical principles and moral conduct, sacrifice self-gain for the gain of others, consider subordinates needs over their own needs, and share successes and risk with subordinates (Ngaithe, 2016). Inspirational motivation which refers to the leader's enthusiasm and optimism in creating a vision for the future and stimulating similar feelings among followers (Kao & Tsai, 2016). Leaders with inspirational motivation challenge followers with high

standards, communicate optimism about future goals, and provide meaning for the job at hand (Bacha, 2014), Intellectual stimulation; this is displayed when the leader helps followers to become more innovative and creative (Datche & Mukulu, 2015) by questioning assumptions, reforming problems, and approaching old situations in new ways which can improve organization performance.

Individualized consideration, this concept reflects the consideration of followers' abilities and their level of maturity in order to determine their needs for future development taking into account individual differences of the followers. Leaders build a considerate relationship with each individual, pay attention to each individual's growth and achievement needs by acting as a coach or mentor in order to develop subordinates' potential in a supportive climate for improve performance (Silva & Mendis, 2017).

An effective and forward-looking organization will have a transition plan as an avenue for building subsequent leaders who will be on the ground to take over from the incumbent when the incumbent eventually leaves or retires from office. Most firms retain their captains for period of five to ten years. Though tenure-ship of most firm team leaders is short, they nonetheless have great strategic implications. A leader who does not understand the strategies in place before the assumption of office may make decisions that will disorganize an already working strategy (Carter, Armenakis, Field & Mossholder, 2013).

Majority of empirical studies have focused on direct effects of either leadership or organizational culture on organizational performance, none has attempted to study the mediating effect of strategic agility on organizational performance despite its compelling theoretical stances (Clarke, 2013). According to Roueche *et al.*, 2014) direct

effects analysis is insufficient in understanding complex issues such as organizational performance. He further asserted that mediation analysis is a key part of what has been called process analysis through which transformational leadership influence organizational performance can be identified. Clarke (2013) affirmed the need for research to move beyond only analysing direct effects. It is by analysing whole effects, would one be able to gain better insights on research issues.

In Africa, Transformational Leadership has evolved within varying contexts, such as family, school, college or university, and church. A number of articles indicate instances where transformational leadership contribute to the church leadership. Working for and with the surrounding communities whilst keeping an open eye to global issues, the church has been able to positively influence these communities (McCleskey, 2014). From the African perspective, African churches through their leaders have achieved and are achieving a lot through sensitization and empowerment. This is essential as it focuses on the development of the required values for the necessary leadership that brings about community transformation (McCleskey, 2014).

It is believed that many alienated African masses will be taken on board whilst their leaders are helped to reconnect with them and learn to serve them with dignity through transformational leadership. Such an effort can be effective and of real value only when it is fully aware of the time, context and real needs of the continent as part of the global village. According Mathew and Gupta (2015) transformational leadership can satisfy the higher needs of followers, and raise each follower inspiration and self-confidence. Transformational leaders articulate an inspiring vision and challenging goals (Braun *et al.*, 2013) as presented by leaders such as Gandhi, Nelson Mandela or Martin Luther King Jr, Steve Jobs. Transformational leadership also caters for succession planning as

the leader develops followers into leaders, and therefore succession becomes easier should the leader depart from an organization (Day *et al.*, 2016).

### **1.1.2 Organization Performance**

Definition of organizational performance is an open question with few studies using consistent definitions and measures (Katzenbach & Smith, 2015). Performance is very common in management research although its structure and definition are rarely explicitly justified; instead, its appropriateness, in no matter what form, is unquestionably assumed (Farooqui & Nagendra, 2014). A company performance is a complex phenomenon requiring more than a single criterion to measure it. Currently, many researchers have conceptualized organizational performance as a multidimensional phenomenon (Chen & Tzeng, 2014) as it covers diverse aspects, purposes and types of companies and organization levels.

Assessment of organization performance is a fundamental component of management process in any type of corporation. In this context, many approaches to measure organizational performance have been developed. Productivity and efficiency analyses and profitability measures have become important in determining a company's performance. However, although the single output to input ratios, such as returns on investment (ROI) and return on sales have been used as indices to characterize financial performance, questions have emerged whether the conventional measures of performance such as profitability, productivity or efficiency are adequate (Jiang, Zhao & Ni, 2017).

In the past organizational performance was commonly appraised with financial indicators such as return on investment or profit per share. This brought about narrowness of criteria for measuring organizational performance in fact a phenomenon

of range restriction having consequences on the way managers of organizations viewed performance. This research considered the larger range among the performance criteria, which will result in greater performance outcomes (Nandita, 2013).

This research introduced the BSC as an integrated system, combining conventional backward-looking financial performance measures and more forward-looking non-financial measures related to customers, internal processes as well as learning and growth. The purpose of the BSC in this study was to help reduce problems related to managerial myopia and short-termism (Soltani, Zareie, Milani & Navimipour, 2018), by providing managers with nimbleness about the future performance of an organizations.

Drawing from an empirical study, four dimensions of organizational performance are described along with their results on organization performance. This research adopted the Balanced Scorecard (BSC) by Zhang, Khan, Lee and Salik (2019) four dimensions of performance of financial and non-financial perspectives of which senior management team capable of understanding and using the dynamic, causal models to effectively guide their strategies and operations to improve performance. Madsen and Stenheim, (2014) approach of BSC as a tool of measurement for organizational performance was also employed to improve performance approach in the organizations.

Mahmud and Hilmi (2014) presented the balanced scorecard (BSC) which proposes a holistic view of the organization by integrating four perspectives of performance: financial, customer, internal business processes, and learning and growth. The financial perspective (shareholder value) is the final aim of the business, even if they recognize the need to balance with the other three dimensions. The authors stress the importance of identifying the drivers of performance and emphasize company alignment to strategy

with performance measures (Pokharel & Ok Choi, 2015). This study takes into account the different perspectives of managing organization performance and adopted BSC approach to undertake the study on performance of state corporations in Kenya.

This study advocates that Top management as transformational leaders in state corporations should ensure that the performance improvement initiatives are aligned to corporate strategy as per this study. They should consider aligning their performance improvement holistically, starting at the organization's understanding from "the shop floor" to ensure they are compatible with the organization corporate goals and vision. For improved performance top management at the state corporations should device strategies that can be easily justified in budget, communicate the prioritized improvement initiatives clearly and to help them improve performance (Hancock, Allen, Bosco, McDaniel & Pierce, 2013).

For superior outcomes State Corporation's performance initiatives need to be formulated from bottom up and inclusive. To make state corporation performance more strategic top leadership management need to start at a higher strategic objective and introduce the initiatives to lower levels of the organization, discuss necessary performance initiatives at the end of strategic assessment processes throughout the organizations (Khattak, Iqbal & Khattak, 2013).

Every organization seeks to improve and increase its performance level by providing learning opportunities to its workers (Birasnav, 2014). Organizations must perform at individual level to improve the performance of whole organization. All state corporations' organizations must perform well to achieve overall performance level. Different Organizations over the world have designed different processes to improve

performance level from functional to employees and its organizational level to manage overall organizational performance (Nazir & Shah, 2014).

This research advocates that the organizations should develop transformational leadership, a strategic agile approach in identifying and closing performance gaps that will help organizations execute their strategy more effectively (Herman & Chiu, 2014). The approach should commence by thinking critically about what and why, before how. Remembering that, performance improvement initiatives are *how's*; while organization vision, goals, and strategy are *whys* and *what's*.

This study advocates for top management to develop *how's* from *what's* and *why's*, as the leadership requires a strategic framework for building and connecting the strategic elements that make up strategic thinking process and plan for improved performance. In this research, performance measurement framework is adopted from balanced scorecard approach. However, this approach assumes that strategic elements such as; vision, mission, values, customer value proposition, and strategic themes and goals have been developed (Birasnav, 2014).

Top leadership and management in state corporation applying inspirational motivation are able to develop strategic objectives and a strategy map based on the strategic elements which is fundamental to performance improvement initiatives that are developed to close performance gaps in state corporation organizations. Top leadership in state corporations can use BSC tool to show how the four perspectives of Balance Score Card bring organizations goals and strategies together to blend their activities for enhanced performance (Nazir & Shah, 2014).

For high performance the top leadership in state corporations can therefore blend their strategic objectives, together with BSC perspectives, which are financial perspectives,

customer satisfaction perspective, internal business processes and learning and growth. Attainment of financial and customer objectives increase earnings to these organizations, which are the final desired outcomes that the state corporations are working towards. By linking objectives at top management level with departmental and employee level goals, organizational accomplishments can be achieved, resulting to superior performance. Finally, strategic initiatives and performance measures and targets can be linked to each objective for strong and superior performance (Mihaiu, 2014).

Pradhan and Pradhan (2015) used the Balanced Score Card (BSC) approach to define organization performance based on the outputs influenced by correlated input factors such as organizations skills, technology in terms of hard and software's which results into to increased internal processes, customer satisfaction, learning and growth. In this, research the Kaplan and Norton Balanced Score Card is adopted to measure organizational performance.

Najeeb (2014) argues that organizational performance should not be measured in terms of only financial profitability, market share and return on investment only, but should encompass quantitative and qualitative parameters. This statement fits well with the definition of the BSC that, according to Gentry, Chow and Segev, (2015), is a model that integrates financial and non-financial strategic measures.

Scholars have indicated that BSC has become a more relevant to tool with which government and their agencies can measure performance (Indiatsy, Mwangi, Mandere, Bichanga & George, 2014). Government agencies such as State Corporation now emphasise on citizen market-based public sector services that promote innovation through competition. Just like other state-owned enterprises, state corporations now



have their performance measured by financial accountability, programme outputs, service delivery standards, client satisfaction and other key-performance indicators. Hence, these new demands have made government agencies more competitive, and with such competition, the BSC becomes more relevant a tool to implement their strategies for enhanced performance.

The “balanced scorecard” encourages managers to monitor how well the organization is serving customers, managing internal actions, and set a background for future improvements resulting into high performance. The Balanced Scorecard can track and give comprehensive strategic view of the organization, (Pradhan & Pradhan, 2015). Measuring Effectiveness, efficiency and Performance of state corporations has been a challenge since the country attained her independence in 1963. This has hindered realization of sustainable economic growth and development (Zhang *et al.*, 2019). Globalization mega-trends are leading to increasing levels of complexity, dynamism and uncertainty in both the public and corporate environment in an uncertain economy, organizations need effective strategies such strategic agility approaches that will enable them to thrive and increase the performance.

In this study, performance has been defined as the accomplishment of a given task measured against pre-set known standards of accuracy, completeness, cost, and speed. In a contract, performance is deemed to be the fulfilment of an obligation, in a manner that releases the performer from all liabilities under the contract (Abualoush, Bataineh, & Alrowwad, 2018). Performance outcomes remain critical to organizations in the 21<sup>st</sup> century. According to Lo and Fu (2016) organizational performance is the assessment of the functioning of an organization under such parameters as productivity, underlying optimism and effectiveness with the aim of attaining competitive advantage.

Performance decisions and measures are useful in developing reform strategies that lead to achievement of organizational goals (Mihaiu, 2014).

Finally, by top management focusing on strategy they are able to make choices that are aligned to corporation goals and hence improve performance of State corporations. Balanced Scorecard was used to align the organization outcome picture of the future (shared vision), with their business strategies, required employee performances, and day-to-day operations, processes. State corporations can be able to benefit from other improved performance strategies which include determine what matters, identifying more efficient processes focused on customer needs, improving organization plans prioritization, enhancing internal and external communications, improving alignment of their strategies with day-to-day operations, and as well linking budgeting and cost control to organization strategies for improved performance (Choudhary *et al.*, 2013).

### **1.1.3 Strategic Agility**

Strategic Agility is the capability to continuously and adequately change and adjust the planned course in core business at appropriate time, in response to changes in business environment. This may include creating new products and services or innovative ways of doing businesses for producing value for the company (O'Shannassy, 2016).

According to Weber and Tarba (2014) Strategic Agility is the capability of surviving and prospering in the competitive environment of continuous and unpredictable change by reacting quickly and effectively to changing markets, driven by custom designed products and service. Strategic discontinuities and disruptions usually call for changes in business models. However, over time, efficient firms naturally evolve business models of increasing stability – and therefore rigidity. Resolving this contradiction is based on developing three core meta-capabilities to make an organization more agile:

strategic sensitivity, leadership unity (collective commitment) and resource fluidity (Mavengere, 2013).

Strategically agile organizations are responsive and flexible to customer needs, while they hedge risks of supply shortages or disruptions by pooling inventory and other capacity resources. Organizations that have the capability to be responsive to the changing, diverse and unpredictable demands of customers on the front end, while minimizing the back-end risks to supply disruptions, can be seen as strategically agile and have the capacity and capability to increase their performance (Ivory & Brooks, 2018).

Traditionally State Corporations in Kenya receive grants from the government and still perform poorly. There is no motivation to improve performance or employ sound management techniques. This research explored how state corporations, their leadership and workforce can create “new frontiers of opportunity, growth, and jobs,” for improved performance rather than fighting for a bigger slice of existing resources. The state corporations can be in the forefront in creating larger economic pie for all by developing agile approaches in all departments proportionately (Ananthram & Nankervis, 2013).

Organizations in today’s world face great turbulence in business environment due to ever-evolving competition, changing technology, fluctuating demand, disruption in the supply chain caused by man-made or natural disasters, etc. High levels of environmental turbulence disrupt organizations, increases uncertainty and risks faced by organizations. Consequently, managing uncertainty and reducing risk should become the focus of the organizations and their leadership (Hawkesworth & Klepsvik, 2013). Building strategic agility in organizations improves capability to manage

unforeseen changes and risks faced by organizations. Therefore, state corporations adopting transformational leadership and strategic agility become well prepared since the followers will have acquired the coaching, training, modelling from the leadership to manage and maintain high performance (Chan, Ngai & Moon, 2017).

Strategic Agility has become the new frontier of nimble-fingered management to make organizations have improved performance by being better than everybody else is in highly competitive and established fields. Organizations practising Strategic Agility create new markets and opportunities, hence improved performance which in turn improve profit margins and add value to the public. In using component like strategic sensitivity state corporations will be able to creator of favourable setting within which workers can develop themselves and improve their performance (Hemmati, Feiz, Jalilvand & Kholghi, 2016).

Through strategic agility component such as resource fluidity state corporations will be able to allow active participation of more shareholding and state holding for higher and improved performance. Strategic agility will encourage institutional collective commitment by dismantling some of the existing administrative hurdles which discourages new initiatives and provide needless opportunities for mixed poor performance but able to perceive opportunities for high performing organization (Kizilos, Cummings & Cummings, 2013).

This study considered Transformational leadership in combination with strategic agility capabilities can provide state corporations with the dynamics to thrive in turbulent and uncertain business environments. These capabilities can enable these corporations to rapidly and appropriately customize products and services by taking advantage of globalization and advances in technology. When they introduce new technologies and

globalization, they create a new level for competitiveness and additional avenues and revenues for differentiation and growth (Arbussa, Bikfalvi & Marquès, 2017). In addition to investments in technology, organizations must also invest purposefully in resources, people, structures, knowledge and systems if they are to develop core capabilities that make possible sustainable advantage. This can be through innovations on the one hand or excellent execution on the other for increased performance of the organizations (Brueller, Carmeli & Drori, 2014).

#### **1.1.4 Transformational Leadership and Organizational Performance**

Leadership research has identified transformational leadership as an important factor that affects organization performance (Kanten, Kanten & Gurlek, 2015). According to Herman and Chiu (2014) transformational leadership has a positive significant influence towards improving organization performance directly and indirectly (through “Strategic Agility” as the mediating variable). Hence, transformational leadership is an important capability for managers since it helps them to achieve the organization’s objectives, including the improvement in organizations’ performance.

Transformational leadership inspires followers to be involved, commit and share vision and goals of the organization. It encourages followers to be innovative in solving organizational problems; and supports followers to have leadership competencies through coaching and mentoring (Men, 2014). Transformational leadership can be an important factor that influences organizations performance through its constructs such as (El-Toufaily, 2018) idealized influence, inspirational motivation, intellectual stimulation and individual consideration, which are qualities of transformational leaders.

In organizations, effective leadership is not limited to issues of finances and material resources but extends to the growth and development of personnel. Successful organizations need dynamic and progressive leadership because competent leadership provides resources and manages support systems (İşcan, Ersarı & Naktiyok, 2014). Organizational performance accomplishment relies on efficient and effective processes of the management team and empowered followers on the organization vision, mission and objective goals to remain focused on performance outcomes, hence transformational leadership who expresses a vision that accentuates the way in which shared goals are compatible with followers values, causing followers to regard organizational goals, values as their own and perform beyond expectation, (McCleskey, 2014).

Idealized influence one of the components of transformational leadership is when the leader behaves in ways that lead as role model and is demonstrated when the subordinates admire, respect, and trust the leader. The followers also acknowledge extraordinary capabilities, persistence, and determination in their leader to achieve organizational goals as they develop ethical and moral conduct (Antonakis & Robert, 2013). Inspirational motivation arises from the use of effective communication styles of influence. It involves the leader's ability to inspire enthusiasm and optimism in the followers. This behaviour articulates the importance of leader's communicating high expectations to employees, inspiring and motivating them to develop shared vision in the organization (Clarke, 2013).

Transformational leader through its component of intellectual stimulation also arouses critical thinking, enhances problem solving, and empower subordinates to be creative and innovative to solve problems and find solutions through intellectual stimulation

which happens in the mind and heart of followers resulting into increased creativity and innovation, new ideas to solving organizational problems (Alvesson & Kärreman, 2016). An individual consideration leader has the characteristics to act as a coach or mentor to followers by taking into account each individual's needs and strengths to realise growth and achieve their potential (Prasad & Junni, 2016). The leader is expected to have excellent communication and interpersonal skills, shows sincere care and compassion towards followers. Transformational leader is fundamentally interested in incessant growth and development of followers as they move towards shared goals for increased performance (Atmojo, 2015).

### **1.1.5 The Concept of State Corporation**

State corporations are also known by various names including, parastatals or government corporations, state owned enterprises, public sector units or enterprises. Despite decades of liberalization and privatization in many countries, state ownership and state-led business, activities remain widespread (Mpofu, 2015). Many SOEs endured over the years and turned into large corporations at times collaborating with private sector investors and competing on a global scale against multinationals.

The governments sometimes establish state corporations to address market failures. The goal of private enterprises is profit maximization; however, in some sectors of society, this objective may be harmful to society. To avoid the defects of capitalism, governments are giving emphasis to establishment of state corporations e.g. Kenya Medical Supplies Agency (KEMSA). Sometimes the government views some sectors as strategic. These strategic industries are often needed to provide basic services that address social and economic improvement of populations at affordable rates, taking

into account welfare of the people. Strategic industries include water supply, electricity supply, transport industry (Njoroge, Ongeti & Kinuu, 2015).

Some sectors and industries require heavy investment and of high risk hence often not possible for private sector to make such investments. Investment such as ship building, railways, and energy generation industries such as geothermal development corporation are usually implemented by government arms (parastatals). Government establishes the entities for the economic development. Sometimes optimum utilization of natural resources for the benefit of whole populations and to the best national advantage requires a vehicle. State corporation enterprises are able to fulfil this objective because private sector companies do not have similar goals (Eisenbeiß & Boerner, 2013).

Government plans and policies are sometimes better implemented through state enterprises that have systems that support government goals such as output, affirmative action in employment, tenders. State corporations can be big in size and therefore able to generate advantages of economies of scale. This enables them to provide goods and services at reasonable rates. This can sometimes justify monopoly rights to avoid costly and wasteful competition common in private enterprises. The State corporations are now a critical component of Kenyan economy and their organizational performance have important impact on the Kenyan economy.

Globally, the context of management decision-making has changed, and governments are under pressure, not just from the financial and economic crisis, Organisation for Economic Co-operation and Development (OECD), (2016). Organizations are faced with increasing business complex environment, which, involve a huge number of actors and stakeholders. State Corporations are now integral part of the business sector. Most of these institutions face historical adjustment challenges, with the rapid pace of change



in their technological, economic and social environments, and with globalization as well. The traditional, hierarchical model of government decision making no longer works. Ministerial silos make it difficult for the state corporations to address more complex, interdependent policies. State corporations have tried to keep up with the worldwide complexities in order to succeed (Netter & Poulsen, 2015).

The global complexities, universal and horizontal policy challenges call for improvement in public governance structure. State corporations linked to government ministries or departments using public sector governance structures. Governments in many countries have adopted these entities to enhance local development, address market failures and ease of service delivery (Liang, Dong & Zhang, 2014). However, they lack structure to enable them to successfully accomplish these goals. They need effective structures facilitate flexible, quick to respond, resourceful and accountable management that can provide improved public services and enhance competitiveness, improved performance and better local development (Ciepley, 2013).

The state corporations in Kenya were formed under governance models of industrial countries that operate in more orderly, predictable environment and in a less interconnected world. Traditional hierarchical organizations and the logic of their leadership, policy planning and decision-making performed well in the stable socioeconomic environment of the post-war decades, capitalizing on reconstruction, steady growth, and a young and growing population of hungry consumers moving up the economic ladder. Given the current trends, these corporations face many challenges. The populations are young but lack jobs and have poor incomes and low demand. Socioeconomic indicators in most African countries are depressingly low (Datche, 2015). Except for a handful of countries, most African states missed many of the

Millennium Development Goals (MDGs') indicators. It will be even more challenging to move the outcomes towards Sustainable Development Goals (SDGs).

### **1.1.6 The Development of State Corporations in Kenya**

State corporations in Kenya are established by Acts of parliament in pursuance of government policy and other various Acts including the State Corporation Act Cap.446 (Directorate of Personnel Management [DPM], 2006). State Corporations were first established in Kenya by the colonial government to provide key services and goods to the economy that would not otherwise be delivered by the private enterprises (Badaso, 2014). They control key sectors such as agricultural exports, transport and communications, manufacturing and agricultural trade (Netter & Poulsen, 2015). The government exercises immense control over State Corporation, as it has powers to appoint directors and issue directives of a general nature. These corporations occasionally make a surplus in order to sustain themselves while meeting their objectives (Datche, 2015).

Kenya's Vision 2030 requires a transformational mind set in the way business is conducted to realise outcomes. The Presidential Taskforce on Parastatal Reforms (PTPRs) (2013) and literature review indicates that Parastatals are: government owned entities that are important in promoting or accelerating economic growth and development, these entities are critical to building the capability and technical capacity of the state in facilitating and/or promoting national development, important instruments in improving the delivery of public services, including meeting the basic needs of citizens, creation of good and widespread employment opportunities in various jurisdictions, building of international partnerships (Datche, 2015). SOEs play a major

role in enabling social and economic transformation of the economies in which they operate.

In the past decade, state corporations have been deeply involved in economic problems of most African governments the Kenya National Bureau of Statistics (KNBS) (2013) Economic survey advocate Top leadership of state corporations usually work in complex legal and institutional frameworks that generate multiple reporting and accountability lines (Wainaina, 2014). This has often led to ineffectiveness, poor financial management and loss of public assets. The Kenya National Bureau of statistics (KNBS, 2013). Economic Survey GoK (2016) highlights that the state corporations do not have adequate performance management frameworks. Performance measures do not effectively link individual performance to institutional performance as well as national development goals. The organizations also have weak human resource and institutional capacity to attract and retain the skills required to enhance organizational performance. Some boards have also been ineffective and have failed to provide strategic direction for their corporations. Kenya National Bureau of Statistics (KNBS) (2013) Economic survey advocates.

The inefficiencies of state corporations are attributable to failure of the government structure to motivate the corporations to realize competitive business standards through policies that can make them being agile and not totally relying on exchequers. Because of their inefficiencies, losses, budgetary burdens, and provision of poor products and services, there has been clamour for privatization (KNBS, 2014) Economic Survey. They are part of government problems rather than providing socio economic solutions. Occasionally, they achieve some non-commercial objectives, which are used to justify poor economic performance.

Capital grants from the government to State Corporation in that fiscal year increased by 45.1 per cent to Ksh 269.1 billion from Ksh 185.4 billion over the previous period KNBS, (2016), (Economic Survey [ES], 2016). These resources were directed towards government priority programmes in irrigation and agriculture, energy and general infrastructure. The expenditure on acquisition of non-financial assets was expected to grow by 9%, yet there has been little growth. KNBS (Economic survey, 2013) also shows poor performance in state corporations.

Entities such as Kenya Railways, Mumias Sugar Limited (2013/14), Kenya Ports Authority, Kenya Airport Authority, and Kenya Airways had to get government intervention on several occasions. According to the same report, eleven (11) commercial State Corporations made losses, compared to twelve (12) in 2010/11 and sixteen (16) in 2009/10. This represents an improvement of 21%, 23% and 31% respectively of all commercially oriented Government Owned Entities indicating only dismal performance.

Leaders in State corporations have failed to lead for results and accountability for improved performance (Parliamentary Public Investment Committee [PPIC], 2011). The report by Ongeti (2014) revealed that failure in state corporations is largely a function of weak leadership arising from the dependence of top leadership on political players. Abdullah (2015) concluded that leadership engagement to his followers affects the adoption of internal processes, customer satisfaction for improved performance.

Most of the challenges are as a result environmental volatility and competition that demand innovation on products and services. These have put pressure on leadership of state corporations. Expectations of both internal and external stakeholders call for new leadership styles and tools (PTPR, 2013). Adopting transformational leadership and

strategic agility constructs such as, strategic sensitivity, resource fluidity, collective commitment is proposed by this study can be used to enhance performance.

Given such circumstances, state corporations have opportunity to learn to respond using practices and approaches that are strategically sensitive (perception), practicing resource fluidity, that is allowing more mobilization of resources and collective commitment of top leadership making right decisions aimed at improved performance. The relationship between Organizational Leadership style and performance continue to be singled out as important aspect of research and practice given the apparent waning of traditional drivers of performance (Chege, 2017). There is need for organizations to adapt to highly dynamic, volatile and competitive business environment, in order to perform and remain relevant.

The importance of transformational leadership as a component of strategic management process toward high performance has in recent studies been considered change and performing agent in organizations and as well been subject of a lot of discussion by scholars and practitioners in the same consideration of improved performance. Chege (2017) who concluded research in 57 public sectors in the United Kingdom revealed that transformational leaders could influence how followers perceive their work activities and that these perceptions resulted in an increase in the followers' job satisfaction, commitment, and performance.

Although state corporations are known to perform dismally, a few have managed to deliver on their strategic objectives. From literature review, a state corporation that has been in operation since 1933 has managed to be a leading producer of world-class cement. By providing a 'lifeblood' of the construction industry, the state corporation has helped build Kenya from the ground up in sectors such as housing, education, health,

tourism, transport and communication. Its flagship brand is well known and appreciated all over Kenya as a symbol of quality and reliability. The nation's historical structural infrastructure landmarks such as KICC, Thika Superhighway and Chemususu Dam have all been constructed using cement from this state corporation.

Kenyan State Corporations are established and regulated under the State Corporations Act (Chapter 446) of the Laws of Kenya. They are wholly owned by the government or the state owns controlling majority share or is sometimes owned by another state corporation (Chirchir, 2015). Until 2004, State Corporations were managed by councils or boards led by a non-executive chair, appointed by the president. This has since changed; corporations now have the board and management headed by the CEOs GoK. (2013). Kenyan State Corporations are classified into eight core functional categories, namely: financial, commercial, manufacturing, regulatory, public universities, training and research, service, regional development and tertiary education and training. State Corporations have broad goals seeking to meet the country's economic goals, social goals and improved performance (Presidential Taskforce on Parastatal Reforms [PTPR], 2013).

Nyayo Motor Corporation, later the Numerical Machining Complex (NMC) was a good idea that was poorly implemented due to lack of effective translation of strategic vision into tangible objectives and outputs. This was a perfect of poor performance in state corporation sector. A comparison of the NMC with the *Perusahaan Automobile National Sendirian Berhad (Proton)* established in Malaysia in 1983 clearly illustrates the issues. *Proton* adopted a strategic approach by collaborating with Mitsubishi and leveraging domestic demand to create a product that supported other parts of the

Malaysian economy. The NMC could have benefited from technology and financial resources from a strategic partner.

Effectiveness, efficiency and Performance of state corporations' sector has been a challenge due to dismal performance since the country attained her independence in 1963 thus hindering realization of sustainable economic growth and development (Kumar, 2016). Global mega-trends are leading to increasing levels of complexity, dynamism and uncertainty in both the public and corporate environment. In an uncertain economy, organizations need effective strategies that will enable them to thrive hence the need for these organizations to adapt strategic agility practices and approaches for improved performance and be in the forefront in delivering their socio-economic agendas in vision 2030.

The concept of public reforms was accepted back in the year 1993 in Kenya as a tool for nurturing the efficacy of delivering services to Kenya's populations. Since then however, efforts directed towards the reforms have recorded success and challenges. Different and new approaches have been employed in the last three years especially the performance contracting concept and Mwongozo code of ethics (2015) in state ministries and corporations which aimed at improving value and productivity in managing public affairs (Kyalo, Katuse & Kiriri, 2016).

Commercial State Corporations make good profits and pay shares to treasury while other self-financing State Corporations i.e. the regulatory agencies manage to generate funds for their sustainability (Ongeti, 2014). State Corporations are a varied group ranging from organizations that perform core government functions such as Kenya Revenue Authority (KRA) to purely commercial enterprises, which operate in

competitive markets such as the government-ailing sugar sectors hence the need of them being agile.

### **1.1.7 State Corporations and Strategic Agility**

Other countries such as Finland have taken concrete measures and have introduced the building of strategic agility into government arrangement and practice within the arm of government institutions. As Kenya moves towards achieving Vision 2030, one of the underpinning principles is the need for business unusual. A factor is reinforced by the theme Kenya Vision 2030 as well as the transformational focus, underpinned by the demands of the Constitution of Kenya 2010, PTRPs (2013). Available literature suggests that these capacities and capabilities are not inherited, but painstakingly built (UNRISD, 2010 & PRC, 2013).

Acknowledging the fact that the state corporations will have a major role to play in growing the economy, The process of strategic agility, aims at integrating strategic policies, capabilities and resources re-allocations, just as In Finland state corporations, which are government arms, have integrated this through, drawing up their Strategic Implementation Plans with projects grouped under strategic policy pillars as outlined in Vision 2030, social, economic and political (Vecchiato, 2015).

At the beginning of each year, state corporations ought to convene meetings to discuss what has been achieved under different projects-based performance indicators. State corporations should be able to identify and analyse opportunities and threats as they emerge in new insightful ways in the drive towards improving performance. To maintain strategic advantage through anticipation and foresight, develop resilient capacities that make them aware and develop abilities to create new options to



strengthen the coordinating management functions of top management through regular meetings to realise improved performance (Arbussa *et al.*, 2017).

On the side of the management side, corporation's leadership should design performance management system that is strategic, light, horizontal and unified, linking it to strategy implementation plan. This will manage any uncertainties and avoid disruptions that can affect their objective to improved performance. Finally, they will be able to develop plans that will be able to merge them to parent ministries into one agency, with the same reward system to improve mobility within the administration (GoK 2016; GoK,2013). This should affect the cultural lever that their employees should be working the same vision as a whole rather than for a single ministry, resulting into stakeholders or customer satisfaction, fast and quality services availability, thus improved performance.

In Kenya State Corporations' sector has contributed to the socio-economic growth and development of the economy. In 2013, the parastatal sector contributed about 871,000 jobs in Kenya according to presidential state corporation report (PTPR, 2013). The newly employed provides an opportunity for introduction of transformational leadership principles and structures in the sector to improve their performance and further contribute to the socio-economic development geared at meeting the county's vision 2030.

## **1.2 Statement of the Problem**

This research was undertaken at a time when organizations in both public and private sectors are faced by challenges of poor performance outcomes, turbulent operating environments, competition, better-informed customers and more demanding stakeholders. Public organizations in Kenya face a crisis of performance associated

with poor leadership (Government of Kenya [GoK], 2013; Nyarangi, 2013). Organization for Economic Co-operation and Development (OECD) (2013) reported that State corporations in Kenya have been facing performance challenges. The report of the presidential taskforce on parastatal reforms (GoK, 2016) indicates that there were a number of cases of complete leadership dissatisfaction and missed opportunities from established state corporations. For example, Mumias Sugar, Uchumi supermarkets and the Kenya Railways Corporation realised disappointing performance despite their critical roles in their sectors and Kenya's economy.

A recent survey by the PTPR, (2013) showed that the performance of the state corporations does not match the financial resources invested by the government. To improve performance, the corporations need to adopt and adopt latest public sector management and leadership practices to respond to turbulent global trends. In Kenya, as in other countries especially sub-Saharan Africa, government products and services are often channelled through government owned entities, (Ngaithe, 2016; GoK; 2016; GoK, 2013). Despite the fact that the state corporation sector is charged with economic development role, most of them do not meet even minimum performance expectations. The poor performance has led to low economic sustainability (PTPR, 2013).

The State corporations also face inadequate performance management frameworks that can effectively link their performance to national development goals such as vision 2030. Performance management frameworks have failed to adequately link individual performance to institutional performance, which can promote and fast-track economic growth and development using balance scorecard (Chirchir, 2015). The research investigated the relationship between idealized influence, intellectual stimulation, inspirational motivation and individualized consideration and organizational

performance to gain better insight into the roles of individual components of Transformational leadership on organizational performance (Malik, Javed & Hassan, 2017).

In Kenya, studies by Datche and Mukulu, (2015) have revealed a positively significant relationship between transformational leadership and organizational performance. Ngaithe (2016) revealed a positive relationship between transformational leadership and staff performance in commercial and strategic State-Owned Enterprises and how organizational culture moderated the relationship between transformational leadership and performance of staff in strategic and commercial state corporations in Kenya, and recommended that similar studies to be conducted in private owned companies. Similar study findings were revealed by Datche and Mukulu (2015), who recommended similar studies with employee engagement moderating the variables.

The research paper therefore examined and explored the influence of Transformational leadership on organizational performances on state corporation organization in Kenya and if strategic agility mediates the relationship between the two variables. The research takes four theories transformational leadership, dynamic capability, stakeholder theory and game theory in the examination of the influence of transformational leadership elements on organizational performance. The results indicate that through its four constructs, transformational leadership significantly influence and improve performance of state corporations.

### **1.3 General Objectives of the Study**

This research aimed to examine the influence of transformational leadership on performance of state corporations in Kenya and whether strategic agility mediates the relationship.

### **1.3.1 Specific Objectives**

The study was guided by the following specific objectives:

1. To determine the Influence of idealized influence on performance of state corporations in Kenya.
2. To establish the influence of inspirational motivation on performance of state corporations in Kenya.
3. To examine the influence of intellectual stimulation on performance of state corporations in Kenya.
4. To establish the influence of individualized consideration on performance of state corporations in Kenya.
5. To determine whether strategic agility has influence on performance of state corporations in Kenya.
6. To examine whether strategic agility influence the relationship between transformational leadership (idealized influence, inspiration motivation, intellectual stimulation and individual consideration) and performance of state corporations in Kenya.

### **1.4 Research Hypotheses**

Based on the above specific research objectives, the following 6 Hypotheses were formulated.

H<sub>1</sub>: Idealized influence has no significant influence on performance of State Corporations in Kenya.

H<sub>2</sub>: Inspirational motivation has no significant influence on performance of State Corporations in Kenya.

H<sub>3</sub>: Intellectual stimulation has no significant influence the performance of State Corporations in Kenya.

H<sub>4</sub>: Individual consideration has no significant influence on performance of State Corporations in Kenya.

H<sub>5</sub>: Strategic Agility has no significant influence on performance of State Corporation in Kenya

H<sub>6</sub>: Strategic Agility has no significant mediating effect on the relationship between transformational leadership (idealized influence, inspiration motivation, intellectual stimulation and individual consideration) and performance of State Corporation in Kenya.

### **1.5 Justification of the Study**

Reviewed literature indicate that leadership is imperative for supporting and enhancing organization performance (Yang & Liu, 2012). Farooqui and Nagendra (2014) empirically analysed the influence of transformational leadership and strategic human resources on performance of State Corporations in Kenya as perceived by employees. The results revealed that transformational leadership constructs have influence on performance of State Corporations in Kenya. Further, the role of strategic agility on this or similar relationships has received little attention in empirical studies. These gaps justified an empirical investigation to fill the knowledge gaps. A study in Australia by Morton, Stacey & Mohn (2018) show that transformational leadership has a significant positive influence on employee sustainable performance, except for inspirational motivation construct, which had an imprecise influence on task sustainable performance.

Literature in the past three decades indicate that transformational leaders are a transformative driving force that is playing crucial role in organizational performance through better worker or team relationships, effective coordinating mechanisms for change, aligning processes with mission, goals and strategies of the organization. Transformational leadership has been associated with high-level worker outcomes through commitment to an organization, trust in the leader and a variety of positive organizational citizenship behaviours (Chen & Tzeng, 2014).

Transformational leaders can help subordinates achieve set goals by demonstrating high degree of communalism and establishing a constructive relationship between the leader and the followers to improve performance (Farooqui & Nagendra, 2014). The findings of this study revealed that organizations performance is positively influenced by transformational leadership in State Corporations in Kenya. Literature reviewed revealed that some of the state corporations have been through closure or dismal performance. The research hypothesizes that the state corporations' lack of transformational leadership approach contributes to this. It was of interest for the researcher to determine whether transformational leadership mediated by strategic agility can improve performance of State Corporations.

The theory of transformational leadership hypothesizes that transformational leaders are effective in circumstances of uncertainty and volatility through attributes of a transformational leader. For competitiveness in difficult and unpredictable environments, state corporations need to reform in terms of their expected services and products. This kind of environment requires an exceptional leadership with a clear vision for enhanced performance (Najeeb, 2014).

There are potential for growth in state corporations' sector in Kenya. Nurturing transformational leaders could support realisation of this potential. The functions of state corporation leaders are becoming increasingly complex, ranging from communication, interaction, collaboration, shared leadership, and policy interpretation, meeting the needs of the public in their charged responsibilities and the government in their operations. This therefore calls for finding transformational leaders at the state corporations to meet these leadership challenges for superior organizational performance (KNBS, 2016). In the global business environment, organizations need to transform themselves continuously to be dynamic as they cope with disruptive and structural changes.

This research has postulated that transformational leadership and strategic agility could help these institutions improve performance through better internal process, upgraded excellent products and services offered to customers, shareholders and stakeholders. In the last decade, researchers identified Transformational leadership strategies of motivating and stimulating followers as individuals and as teams to achieve objectives of the organization and contribute towards its vision.

Strategic agility is a management capability tool processes that has emerged to enable organizations by adjusting to disruptions in business environment and remain competitive with superior performance (Kumkale, I. 2016). Strategic agility is also one of the most important capabilities that can play an important role in changing the organizations strategies through speed of response to environmental changes. This study examined the relationship between transformational leadership and organizational performance of State Corporations in Kenya mediated by strategic agility processes. Performance of state corporations in Kenya has shown persistent

dismal performance in the last ten years pointing to the need for leadership styles with transformative characteristics.

This study therefore sought to fill the knowledge gap by examining the influence of transformational leadership on the performance of state corporations in Kenya and if the relationship is mediated by strategic agility. The study answered the following questions. What is the influence of transformational leadership on performance of state corporations in Kenya? In addition, does strategic agility mediate the relationship between transformational leadership and performance of State Corporation in Kenya?

### **1.6 Limitations of the Study**

The research focused on top management in 55 of the 178 state corporations in Kenya as per the 2011 Performance Contracting Evaluations Results (GoK, 2013). State corporations play an important part in Kenya's socio-economic development. The second limitation is that performance measures used in this study were largely qualitative. Nevertheless, perceptual measures have been used in the past, and have provided reliable outcomes. This research focused exclusively on state corporations and it may be difficult to generalise the results to private companies. The study provided insight in the influence of transformational leadership on performance of State Corporation in Kenya. Specifically the identification of the constructs of transformational leadership influence on performance. There could be other factors that has influence on performance other than what has been researched in this study.

The study faced various resource limitations during the entire period of the research including time, finances and technical support during data analysis and thesis development. The study focused state corporations and the trained research assistance who were trained in data collection might have had no courage to get in depth



information. The research instrument was designed to minimise response bias by providing for options within a given range while some data gathered were self-reported from self-filled respondent questionnaires. The respondents provided their own information on transformational leadership components based on their own perceptions.

Absolute data was obtained only from top management and supervisors which was limited in provision of collaborative evidence to ensure objectivity and improved reliability. Despite the limitation's quality was not compromised because the study was designed scientific way following a systematic literature review. The limitations highlighted did not have essential effects on the results and findings of the study. This makes an immense contribution in the area of leadership and management.

### **1.7 Scope of the study**

The study aimed at examining the influence of transformational leadership style on performance of State Corporation in Kenya with a focus on commercial and Strategic functions. It focused on 257 top level managers of the 43 commercial and 21 strategic function state corporations in Kenya in the year 2016, as per the State Corporations Advisory Committee Report (SCAC, 2016). The study was conducted in Nairobi, and Machakos County in Kenya in the year 2018

### **1.8 Significance of the Study**

The research findings of this study will be of benefit to the following.

#### **1.8.1 State Corporations**

Limited information for and about state corporations are a constraint to management and decision-making. They need to know the extent to which they have played their

socio-economic roles, the jobs created, incomes earned, constraints faced and improvement to social indicators that, for example, contribute to Sustainable Development Goals (SDGs), Vision 2030 and broader socio-economic goals. The study has provided valuable information to enable State Corporations identifies performance drivers and analyse performance measures. They can improve their performance by clarifying their strategic objectives, building capacity of leaders to collaborate and motivate their teams to adapt to prevailing global working environments and identify opportunities and challenges. This will support the call of transformative leadership to enhance the manifesto of the government through Presidential Task force report (GoK, 2013).

### **1.8.2 County Governments**

This study challenges state corporations to develop more strategies that support their goals, visions and objectives in a clearer way to alleviate poverty and create more jobs in the counties.

### **1.8.3 National Government**

The National government will benefit through effective realization and implementation of strategic agenda aligned to the state corporations to deliver better services and Socio-Economic responsibilities effectively.

### **1.8.4 Scholars**

The research is of significance to the scholars in private and public sector management, strategic management, human resource, who may want to carry further research in the areas transformational leadership, strategic agility and performance in other institutions. The literature review underscores the need for organizations to pay more

attention to strategic agility and leadership styles for enhanced performance. The literature also has limited research on strategic agility, which is an indication, that further study on strategic agility should be undertaken. Given the importance of successful strategic agility influence, this study is an indicator to the perceived positive relationship between strategic agility and performance of state corporations in Kenya, findings that are instrumental in future research.

### **1.8.5 Managers and Consultants**

The state corporation managers will benefit from this study as it guides them on how to operate in a more globalized, interconnected and competitive world. Strategic management, social and corporate governance issues of State Corporation can be improved through transformational leadership. These can in turn improve overall management and improve quality needed to compete successfully.

State Corporations that build capacities and adopt practices such as strategic agility can increase performance and increase shareholders value more, manage risks better, make respond appropriately to regulatory disruptions. The study is an important resource to assist managers to review major strategic objectives and challenges to improve organizational outcomes. Managers will be able to apply transformational leadership and strategic agility capabilities for improved performance.

### **1.9 Assumption of the Study**

The study was based on a number of assumptions. The samples that were selected for the study was representative of the Kenyan state corporations. The data collection instruments used was valid, reliable and measured the desired constructs. It was expected that the respondents understood the questions and answered them honestly, accurately and objectively and that all the questionnaires would be completed and

returned within an agreed target period. It was also assumed that strategies and decisions in the corporations are based on business imperatives in competitive in the market place.

### **1.10 Operational Definition of Terms**

This section provides the operational definition of concepts that were used in the study.

**Agility:** Agility is organizational positioning and repositioning, efficacy in the allocation and reallocation of resources, and consistency in the creation of value for shareholders and stakeholders, are the aims of mission- and vision-based strategic management

**Balanced Scorecard:** Is set of performance visual tool used to measure targets and results relating to four dimensions of organization performance—financial performance, customer satisfaction, internal business process and learning and growth.

**Collective Commitment** is the adherence and commitment to a common vision and set of overall objectives, and using them to guide public actor's individual work and collaborate with actors both inside and outside state corporations to achieve goals collectively.

**Customers:** These are the users of products or services provided by state corporations the general public, taxpayers, taxpayer representatives, the sponsors of the agency.

**Idealized influence:** Under this attribute, the leader builds trust through exemplary behaviour that followers wish to emulate.

**Individualized Consideration:** This a transformational leadership component where the leader attends to each follower's needs, and acts as a mentor and listens to the

follower's concerns and needs. The leader is empathetic. The leader supports and keeps communication open and places challenges before the followers in the organization.

**Inspirational Motivation:** this component of transformational leadership entails the degree to which the leader articulates a vision that is appealing and inspiring to followers. Leaders with inspirational motivation challenge followers with high standards communicate optimism about future goals and provide meaning for the task at hand.

**Intellectual Stimulation:** This component of transformational leadership the leader engages the followers to challenge assumptions, take risks while soliciting the followers' ideas. Leaders with this style stimulate and encourage creativity in their followers.

**Leadership styles:** This refers to the consistent pattern of behaviour exhibited by leaders when relating to subordinates and others, including the way they communicate and control the followers or situations.

**Multifactor Leadership Questionnaire (MLQ):** The Multifactor Leadership Questionnaire (also known as MLQ 5X short, or the standard MLQ) identifies the characteristics of a transformational leader and helps individuals discover how they measure up in their own eyes and in the eyes of those with whom they work. Performance can be measured through a retesting program to track changes in leadership style.

**Organization:** A social unit of people that is structured and managed to meet a need or to pursue collective goals. All organizations have a management structure that determines relationships between the different activities and the members, and

subdivides and assigns roles, responsibilities, and authority to carry out different tasks.

Organizations are open systems that affect and are affected by their environment.

**Organizational performance:** refers to an organization's ability to acquire and utilize scarce resources as expeditiously as possible in the pursuit of its operational goals.

**Performance:** This is the accomplishment of a given task measured against pre-set known standards of accuracy, completeness, cost and speed. In a contract, performance is deemed to be the fulfilment of an obligation, in a manner that releases the performer from all liabilities under the contract.

**Resource fluidity:** Is the ability to move resources (human and financial) in response to changing priorities, to identify and promote innovative ways to maximize the results of resources used, and to increase efficiency and productivity for both economic consolidation and re-investment in more effective public policies and services. Fluidity is also fast mobilization and (re) deployment of strategic resources or funds, people and competencies providing the operational underpinning for strategic agility.

**Return on Investment (ROI):** proportion of monetized return to total investment in a state corporation per given period.

**Stakeholder:** An entity, an individual or group with an interest in the success of an organization in delivering intended results and maintaining the viability of the organization's products and services. Stakeholders influence programs, products, and services.

**State Corporation:** These are entities incorporated and are solely or majority owned by government or its agents for commercial and non-commercial purposes

**Strategy:** Strategy is a plan or plans that which top management does that is of great importance to the organization. It refers to the basic directional decisions, which are, purpose and mission, and the important actions necessary to realize directions.

**Strategic Agility:** This research conceptualised strategic agility as a combination of three organization capabilities namely, strategic sensitivity, resource fluidity and collective commitment that can enable the corporation to renew the business operations without losing opportunities to new business models and innovative ways.

**Strategic Sensitivity** is the sharpness of perception and awareness that enable corporations to recognize, comprehend and balance government values, societal preferences, current and future costs and benefits, expert knowledge and analysis, to use this understanding to plan, set objectives, make decisions, and prioritize institutional activities.

**Transformational leadership:** Is leadership style that enhances followers' involvement in attainment of the goals of the organization, leading to performance improvement.

**Transformational leadership theory:** is the case where leaders engage and urge their followers not only to encourage them to achieve something of importance but also to “morally uplift” them to be leaders themselves.

### **1.11 Chapter Summary**

This chapter presented the background of the study delineating the link between organization performance, transformation leadership and strategic agility. Additionally, research problem and the significance of the study were acknowledged. The study sought to examine the relationship between transformational leadership, performance

of Kenyan SOEs and whether the relationship is mediated by strategic agility. The chapter outlined the research objectives and hypotheses to be tested. The chapter also presented the significance and the scope of the study, various operational terminologies used in the study. The next chapter presented theoretical and empirical literature review while chapter three presented the research methodology. Chapter 4 presented the results and findings and chapter five presents the discussions, conclusions and recommendations of the study.



## CHAPTER TWO

### LITERATURE REVIEW

#### 2.1 Introduction

This chapter presents analysis of literature and linkages with the research study on transformational leadership, strategic agility and organizational performance. The review incorporates theoretical material and empirical studies that were relevant to the objectives of this research. This ensured that the research is placed on sound theoretical grounding and helped in identification of knowledge gaps that needed to be filled. The study maintains that in uncertain volatile business environment, organizations need transformative leadership and strategically agile approaches to remain relevant and effective (McCleskey, 2014).

Transformational leadership focuses on inspiration and motivation, new perspective features, focusing on goals and objectives of the organization for better organizational performance (Mutahar, Rasli & Al-Ghazali, 2015). Strategic agility is the ability to make fast turns, transform and renew the corporation without losing opportunities (Doz & Kosonen, 2013). Strategically agile organizations are able to constantly adjust and adapt strategic directions in their core business, create new products and services, new industry models and innovative ways to create value for their organizations even in turbulent business circumstances (Hamidullah & Sait, 2015).

As state corporations strive to provide services to citizens, senior leadership and management tasked with the organization results have to navigate complex bureaucracies (Kim, 2015) in the context of increasingly volatile environment that need new capabilities. Although leaders of state corporations attempt to implement change in risk-averse public environments, they often struggle to deploy the most effective

leadership strategies (Green & Roberts, 2012). Sometimes the senior managers expend time and energy on practices that do not lead to improved performance because they are not based on any tested tools or strategies and results are often less than satisfactory (Hanna & Katja, 2013).

Jiang et al. (2017) identified the need for further research in transformational and transactional leadership in public sector context. He proposed a broad-scale review of the public sector to gain new insights on appropriate leadership strategies. Therefore, this research provided additional contribution in investigating the relationship between transformational leadership and organizational performances of State Corporations in Kenya mediated by strategic agility. It explored how transformational leadership and strategic agility can be used to address performance (Louw *et al.*, 2017). The research further investigated the mediation effect of strategic agility on the relationship between transformational leadership and performance of state corporations in Kenya.

### **2.1.1 Overview of Leadership**

Leadership is often defined as interaction between leader and subordinate with the goal of influencing the performance of the latter to accomplish organizational goals (Smedick & Rice, 2018). Leaders are promoters of change and routinely challenge the norm by encouraging creativity in decision-making. Leaders focus on goals, objectives, mission, and vision. The state corporations are facing many myriads of challenges including reported poor performance, the needs of their stakeholders and demands for effectiveness, better financial results including better profits, lower prices for consumers and higher wages for employees, less waste and pollution, and growing demands for ethical and moral behaviour. State Corporations are also facing challenges brought about by globalisation. Strategically agile organizations global often turn these

challenges to opportunities by being innovative and learning alternative ways of offering products and services (Trmal, Bustamam & Mohamed, 2015).

Management today call for Transformational leadership capabilities in order to influence and turn around the performance of these organizations through mobilization of resources and change management. Information Communications and Technology (ICT) has created new opportunities and challenges. While in many instances, it has made it possible to offer new products and services efficiently. It has made processes and standards easily comprehensible to leaders. However, the ICT infrastructure and skilled staff are still expensive, hence the need for more opportunities of learning and growth (Vandenabeele *et al.*, 2014). To be successful the state corporations have to mobilize resources to acquire ICT capabilities. This is necessary for large corporations to effectively function and succeed in increasingly globalized environment. This will also enable the state corporations to embrace global management standards to improve performance of their organizations.

Leaders in any organization are often accountable to future achievements of the organizations based on their own strategic actions. Leaders also influence followers to achieve group or organizational goals in any environment including technologically uncertain globalised business environment. In interconnected globalised world, leaders act within dynamic system of global pressures and trends. This affects a wide range of leaders, political leaders, corporate leaders or civil society leaders are “tracked” every year through mechanisms such as the World Economic Forums [WEF], 2016). Global Risks Report identified the following risks for 2016, failure of climate-change mitigation and adaptation, weapons of mass-destruction, water crises, large scale

involuntary migration and severe energy price shocks adding to existing challenges within which political and corporate leaders have to operate.

### **2.1.2 Types of Leadership**

Literature on leadership and organizational performance are characterized by a number of imperative periods. McCleskey, (2014) argued that the study of leadership spans more than 100 years. Past studies categorized leadership based on “traits”, identifying personality traits which characterized successful leaders (Salehzadeh, 2017). Trait theories assumed that successful leaders are born and that they have certain innate qualities that distinguish them from non-leaders. However, the difficulty in categorizing and validating these characteristics led to widespread criticism of this trait approach, indicating the emergence of style and behavioural approaches to leadership (Wang, Rode, & Chen, 2013).

In the last fifty years, new approaches to the types of leadership have come up with behavioural theorists shifting the emphasis away from the characteristics of the leader to the behavioural and style kind of the leadership adopted by (Mirayani, Kusumaningsih, Mustikasiwi & Purwanto, 2019). Some of the new principal views concluded that leaders who adopt democratic or participative styles are more successful. The early researches were determined on identifying “one best way of leading”. However, Style and behavioural theories ignored the role, which situational factors determine effectiveness of individual leaders leading to performance (Nielsen, Boye, Holten, Jacobsen, & Andersen, 2019).

Situational and contingency theories of leadership as quoted by (Kark & Shamir, 2013) shifted emphasis from “the one best way to lead” to context-sensitive leadership. It held that success or failure of leadership depended on the leader’s effectiveness in analysing

situational factors, and the adoption of the suitable style to deal with every situation. In a more recent past leadership, studies have distinguished transactional leadership from transformational leadership as quoted by (Ongeti, 2014). Transformational leadership is one part of Full Range of Leadership (FRL) model developed by Kizilos *et al.* (2013). The FRL structure includes transformational leadership, transactional leadership and laissez-faire leadership. In transactional leadership model, leaders use rewards and punishments to gain follower compliance.

According to Farooqui and Nagendra (2014) transactional leadership style has two components Contingent reward and Management by Exception (Active and Passive). Under Contingent Reward, an agreement is developed between leader and follower. The follower's activities are monitored and guided by the leader with proactive advice. When terms of agreement are successfully completed, the follower receives a reward for example wage or promotion. In case the follower fails to meet the terms of the contract, the follower is penalized. Under Management by Exception (Active and Passive) component of transactional leadership, the followers who fulfil their end of the agreement are given little feedback or guidance, and in extreme cases, completely ignored. When, however, followers fail to meet terms of the agreement leader reacts, often with negative feedback.

Laissez-faire leadership style is defined as a non-leadership style, since it entails doing nothing and just letting the things happen (Lo & Fu, 2016). In an organizational context, top leadership and management using this method avoid taking a stand or make decisions or set standards and goals; they ignore problems, do not monitor anything, and do not provide feedback or any other information to the followers. This type of leader does not assume responsibilities required from their position as leaders.

Leadership style becomes more ineffective the further it falls away from transformational leadership on the FRL leadership spectrum. According to Okwemba and Musiega (2014), effective leaders display more transformational leadership capabilities most of the time than ineffective leaders.

Studies by Bass identified transactional leaders as significant and often focus on reward exchange relationship with their subordinates (Nandita, 2013). However, transformational leaders were found to be visionary and passionate, with an intrinsic aptitude to motivate subordinates (Datche, 2015). Recent research indicate that leadership studies have gone through periods of uncertainty or a wide range of constructs, including leadership and culture, leadership and organizational commitment, while some current studies have focused on the importance of the leadership on the achievement of organizations performance. Hancock et al. (2013) argues that effectiveness of a leader is a major and significant factor determining performance of a team, or an organization, or an entire nation.

Current studies anticipate that state corporations can cope with the increasing volatility and turbulence of the external environment using resource fluidity if they are equipped with relevant skills (Dekoulou & Trivellas, 2015). The public sector can also source skilled personnel from NGO and the private sectors or form private partnership strategies. It is widely acknowledged that leadership is a key factor that has made private sector more effective than the public sector. In private sector, leadership has played fundamental role in organization performance, and has therefore contributed to most of its positive outcomes (Ananthram & Nankervis, 2013).

The current turbulent global business environment is markedly different from the situations that typified business entities in the 1970s and 1980s. The changes have led

to paradigm shift, with the focus turning to charisma, visionary, and transformational (Dust, Resick & Mawritz, 2013). This shift was seen as enlightening new leaders who have clarity in defining organization's mission and the fundamental values that supports and define organizational performance. Thus, in the "New Leadership" setting, leaders are seen as managers of essence who influence organization processes and performance.

In last few years, there has been a shift mostly perpetuated by disruptions in the global scene such as fast developing knowledge in the socio-political environment that require development of efficient leadership (Salehzadeh, 2017). The shift has subsequently called for leadership development programs that improve capability and performance of leaders, their followers and the organizations they lead.

### **2.1.3 Leadership and Management**

Leadership refers to a set of behaviours and characteristics that an individual possesses and influences another individual or group of individuals in a situation and act or obey that individual in a desired manner. Researchers have in the past, identified various types of leadership with behaviours suitable for accomplishing tasks in a particular situation and for variety of tasks. Leaders create vision for a future state of the organization and motivate all members of the organization to collectively commit towards attainment of that vision (Algahtani, 2014). Amanchukwu, Stanley and Ololube (2015) posit that in an organizational setting, leadership is a social tool for moulding members and resources of the organization in a manner that can influence attainment of organizational goals and objectives. Algahtani, (2014), on the other hand, concludes that leadership is the progression of influence of others through trust and confidence to attain positive organizational performance objectives.

Traditionally, strategic management has been the participation for only senior management and leadership positions. This research considers that “Strategic Management” is about the work that the top person has to perform and how others contribute to it. Over the years, with dissolving boundaries and disappearing hierarchies in increasingly flat organizational structures strategic management and leadership have undergone a huge change. With people analytics appearing as one major trend more organizations are now paying attention to employee experience (Willis, Clarke & O'Connor, 2017). Consequently, we are likely to see changes in leadership and strategic management practices in organization for improved performance.

Strategic Management is tied to leadership particularly in the implementation process whereby a firm establishes their annual objectives, devise policies, and set aside resources to ensure the successful execution of strategies. This involves devising a strategy and becoming agile to perceive and instill a supportive culture, creating an effective organizational structure, redirecting marketing efforts, preparing budgets, developing and utilizing information system and linking employee compensation to organizational performance (Algahtani, 2014). This study considers that leaders have the responsibility to identify the need for change and set the directions, when managers should participate in this procedure and suggest solutions and so the survey instruments considering top leadership management. The study also considers that its leaders and managers who are responsible for performance and financial performance of these organizations Cohn (2015).

Leaders need to know how the Organization is going and develop the policy and strategy, while managers should know the results of the operational actions and their areas which will influence the performance of state corporations. In this implementation



process, management would require employee commitment to follow-through with responsibilities to ultimately reach desired goal and outcomes and performance. This is when leadership comes to the forefront when employees incline on managers for their leadership and their ability to best utilize their skills and capabilities. This involves efficient use of resources to solve problems, and deliver solutions in place. Thus, the link between strategic management and leadership for this study is the use of transformational leadership styles to make the best of human capital to help the state corporation organization perform (Jiang *et al.*, 2017).

Leadership within an organization, in essence, is the action of leading a group of people or an organization, in the sharing and communicating of a vision to a large group of people which is characteristics of transformational leadership construct inspirational motivation (Datche, 2015). Leadership often comes in many different styles, accordingly to the varied situations. In this instance, these styles could vary depending on the situation, objectives, and the group setting. This first style refers to situational leadership which is a style that is reliant on the task or situation. The following is transactional leadership whereby the leader is guided by the objectives and adapts accordingly to meet his/her goals.

Furthermore, we have participative leadership which is a style that involves collaboration of employees to collectively provide input to achieve their task. And finally, we have transformational leadership that involves inspiring and motivating employees to share a common vision or goal (Amankwaa *et al.*, 2014). Transformational Leadership will help the followers learn how to effectively lead those around them, communicate ideas and expectations accurately and manage organizational finances. Research has shown that leadership effectiveness and impetus

can contribute to growth and social good in Africa (Louw, *et al.*, 2017). Notwithstanding this finding, the concept of leadership effectiveness and motivation have been poorly contextualized because the African perspective of leadership effectiveness and motivation have been equally poorly articulated and less well understood (Hopton, Barling & Turner, 2013). Further, a limited number of studies have paid attention towards understanding the process of transformational leadership behaviour in enhancing organizational performance. The GLOBE study for instance, presents just one page on sub-Saharan Africa in its book of studies and offers limited findings in its analysis of empirical data (Hoque, 2014).

The theory of leadership and its definition continue to fuel discourse in academic and professional fields, a lot of deliberations, active attention, discussions and sometimes, puzzles as management schools of thought have multiplied. To date the definition of leadership is still a challenge, given the complexity of the subject; the challenge of the definition is yet to be resolved. According to McCleskey (2014), leadership is related to the functions and tasks to be performed. Leadership is therefore a process, an attribute of personality, an effect of authority, a particular type of action or behaviour, a form of persuasion, a power relationship, a tool to achieve goals, the outcomes of an interface, a distinguished role or initiation of a structure (Jiang *et al.*, 2017).

Leadership is the subject composed of ten letters, each representing a powerful word that develops the most admired topic in the modern-day organizations. The words that characterize these subjects are: listen, enthusiasm, aspiring, decisiveness, empowerment, responsible, supportive, humble, and inspiring as well as planner, (Kemal & Surji, 2015). Thereby, leadership is defined as a position to listen with enthusiasm, having an aspiring mind to be able to make a decisive action, empower and

encourage others in a responsible, supportive and humble manner to inspire them to achieve set goals as planned. Leadership is influence; therefore, becoming a real leader requires the right attitude and behaviour in dealing with people in any organization or society.

In other studies, Leadership has been defined, according to Hollstein (2014) as a process of influencing the activities of an individual or a group in an effort towards goal accomplishment. According to Herman and Chiu (2014) leadership is connected with stimulus and incentives that motivate people to reach common objectives. Joseph (2015), states that the essence of leadership involves achieving objectives with and through people. İşcan et al. (2014) define leadership as the method of influencing people to make an effort by their own will and enthusiasm towards obtaining the group's goals.

Leadership is the probability of taking caution of managing mistakes from occurring thus improving performance According to Caillier (2014), leadership permits collaboration, contributes to creativity and has an integrating role, to reduce discrepancy, and it keeps people united even when not physically. In this way, leadership, together with stimulants and incentives, promotes people's motivation towards achieving common goals, having a relevant role in the processes of forming, transmitting and changing organizational culture that advance performance (Kyalo *et al.*, 2016).

## **2.2 Theoretical Underpinnings of the Study**

A theoretical concept does not necessarily mean that the concept is impractical or beyond the reality. Relatively, a theory is a careful way of explaining the relationship between concepts and thus, improves the appreciation of certain practical situations. A

theory is also the “blueprint” for the research, which serves as the steering wheel on which to construct and uphold a research idea. In this study theories were formulated to explain, predict, and understand phenomena and, in this study to challenge expand existing knowledge within the limits of significant bounding hypothesis. It offers the structure on how researchers philosophically, epistemologically, methodologically, and analytically approach the study as a whole (Abbasi & Zamani-Miandashti, 2013).

A theory refers to a set of statements about interrelationships between concepts that allow us to predict and explain various processes and events (phenomena or social realities). Kumar (2016) defines a theoretical framework as a “structure that guide’s research by relying on a recognized theory; that is, the framework is constructed using an established, coherent explanation of certain phenomena and relationships” (Liang *et al.*, 2014). A theory is an explanation of some aspect of a phenomenon. Theories have practical value since they have been used to enhance understanding, predict and control various phenomena (Ciepley, 2013). The main aspect of theory is to inform practice.

The theory sometimes involves a collection of existing theories that organize knowledge and isolate findings from different research studies into powerful explanatory framework as well as models from literature or from professional hunch that underpin conceptual framework and inform problem statements. Transformational leadership, strategic agility and organizational performance draw upon several numerous theories discussed below. This study was founded on four theories, Transformational Leadership Theory, Dynamic capability view theory (Nazir, & Shah, 2014), Stakeholder theory and Game theory. The theoretical underpinnings of this study are discussed in the paragraphs below.

### **2.2.1 Transformational Leadership Theory**

Transformational Leadership Theory was founded by Edward Burn Mcgregory in 1978 on his study on political leadership. This study is based on Burns work of 1978 and the work of Effelsberg, Solga and Gurt (2014) on transformational leadership. He described leadership as a collection of three behaviours, ability of leaders to inspire followers (known as charismatic leadership) work with followers individually to meet their personal needs also known as individualized consideration and support innovativeness and effortful problem solving known as intellectual stimulation. Transformational Leadership represent successful strategic leadership who have to appeal to both the self-interest of the people they work with and to these social interests.

This study is based on transformational leadership which distinguishes itself from the rest of the previous and contemporary theories, on the basis of its alignment to a greater good as it entails involvement of the followers in processes or activities related to personal factor towards the organization and a course that will yield certain superior performance to the stakeholders social dividend (Kemal & Surji, 2015). Transformational Leadership is combination of charismatic, personalized influence (providing the vision, encourage high standards, energizing the followers) and instrumental, competence-oriented professionalism (Andersen, 2015). Hence, this study considers Transformational leadership as a pillar for the complex changes in volatile uncertain business environment to realise organizational performance.

Transformational leadership theory analyses effective behaviours among leaders and the effect of such behaviours on follower performance (Ciulla, 2014). Transformational leaders influence their followers using exemplary behaviours, inspiration, and selfless attitude. Transformational leaders also demonstrate effective leadership, through their

behaviours, and stimulate followers' commitment to organizational goals. Transformational leadership represents a leadership strategy aimed at increasing the employees' motivation to achieve organizational goals (Priest & Gass, 2017). Other studies have investigated the link between transformational leadership behaviours and their impact on performance (Laymon, 1985 as cited by McCaffery, 2018).

The concept of transformational leadership brings together the many strands of creative vision and action, from the cognitive to the organization, changes of capabilities and integration of dynamic capabilities theory in organizations. A transformational leader is a person who stimulates and inspires (transform) followers to achieve extraordinary outcomes. Transformational leaders are change agents who move organizations from frameworks defined by outdated vision to view of new strategies in organization vision and mission. They become role models to the followers and this in turn enhances organizational performance (Effelsberg *et al.*, 2014).

Transformational leaders are supposed to inflate a sense of determination, long-term commitments, and mutual interests, which are founded on shared interdependence, on everybody's willingness and disposition to put the organization goals above personal interests. Due to transformational leadership, innovative and people-oriented nature, transformational leadership is regarded as an effective leadership performance (Garson, 2016) of which this study is based.

Transformational leadership is characteristically open to innovation, conceptualizes abrupt changes in the business environment, which imply radical changes in the organization. Transformational leaders consider themselves as change agents and they motivate followers. Unlike transactional leaders, who exercise their power by rewarding the employees and giving them money and status. Transformational leaders

on the other hand, inspire their followers and lead them towards a dream or vision (Creswell, 2014) for enhanced performance. The constructs below explain transformational leadership theory characteristics in details.

**Idealized influence:** Followers view the leader in an idealized way. The followers trust the leaders and they desire to emulate them. This aspect of transformational leadership has both idealized attribute and idealized behaviour and provides a way to distinguish between attribute and behavioural aspect of the idealized influence (Wang *et al.*, 2013). Idealized attribute looks at the followers' perceptions of their leaders while idealized behaviour evaluates the followers' observations of the leader's behaviour (Elgelal & Noermijati, 2015).

Transformational leaders are decision-makers who work towards the greater good of the team and their organizations. Hence, are mentors and lead by example. "Transformational leadership is values-based, which is necessary for sustainable change and ensures that the results achieved are underpinned with a strong moral and ethical foundation, hence are able to manage any uncertainty or resistance to change," according to (Effelsberg *et al.*, 2014). Transformational leadership is also regarded as a development instrument, and has been used in all change and development sectors in the western and other societies and governmental organizations. Practical example is the Finnish Defence Forces using widely Deep Lead Model as basic solution of its leadership training and development. Transformational leadership can be applied in public sector entities to realise high performance.

**Inspirational Motivation:** Under this component, the leader articulates organization vision on which strategy to use in a way that motivates the team and how the team can be successful. The leader's vision creates optimism and passion, and hence the

followers focus on the vision that is appealing and inspiring (Geib, & Swenson, 2013). Inspirational motivation, Leaders can communicate organization mission in clear and simple ways that improve worker understanding and acceptance of the vision. Leaders with inspirational motivation challenge followers with high standards, communicate optimism about future goals, and provide meaning to the task at hand. The leader encourages followers need to have a strong sense of purpose if they are to meet the goal of the organization as he motivates and actin ways that generate vigour that drives a group forward.

The creative aspect of Inspirational Motivation is sustained by communication skills that aim to make the vision comprehensible, exact, influential and attractive. This construct enables the leader to get into the minds of the people so that they understand that whatever task they are doing, they are not just doing that task but are a part of the big picture. The leader encourages the followers to develop and be more enthusiastic about their tasks and become optimistic about the organization future and believe in their abilities (Jiang *et al.*, 2017).

Inspirational motivation uses effective communication that influences the followers as the leaders articulate and demonstrates to the followers the importance of leaders communicating high expectations to the workforce, inspiring and motivating them by providing meaning and challenge towards a shared vision in organizations (Kazmi, Naarananoja & Kytola, 2015). Inspirational managers align individual and organizational objectives together, making it possible for the followers to achieve individual and organizations performance. Inspirational motivation aspects of transformational leadership motivate and inspire their workers by offering a shared meaning and a challenge to the followers, according to McCleskey (2014). As a result,



the leader promotes team spirit, enthusiasm, and optimism in their followers by involving them in a positive vision of the future and by communicating high expectations that followers and the organization wants to achieve (Gomes, 2014).

The alignment of individual desires with the needs of the organization is an essential strategy of inspirational motivation. The leaders endeavour to nurture the spirit of teamwork and commitment by clarifying the vision, mission and strategic goals of the organization and creating a strong sense of determination among the employees (Hayes, 2013). Inspirational motivation translates to confidently and positively communicating the vision, showing energy and enthusiasm in order to create an appealing and convincing vision (Jiang *et al.*, 2017) that aids superior organizational performance.

**Intellectual Stimulation:** Transformational leaders use this behaviour and attribute to develop competent supporters and motivate innovative ideas this will encourage state corporations to be institutionalised to be creative and innovative. These leaders also make the followers believe in creative decision-making and problem-solving workers for improved performance. Transformational leaders always encourage internal learning and try to create the right environment for it. The leader fosters an environment where it is safe to have conversations, be creative and voice ideas, a place where all team members feel valued. They challenge cultural norms and work to inspire passion with their teams and peers (Algahtani, 2014). Due to its innovativeness and people-oriented nature, transformational leadership is regarded as quite an effective leadership style (Juma & Ndisya, 2016). Transformational leadership is open to innovation and it involves radical changes in the organization to enhance performance.

As Prasad and Junni (2016) puts it, intellectual stimulation leaders are adept at "turning *me* moments into *we* moments." Through intellectual stimulation, followers

are challenged to find new ways in doing their job as teams for improved performance and to keep to the vision and the objectives of the corporations in broad-spectrum. Intellectual stimulation increases the capacity of the subordinates to understand and solve the problems, and is a thought provoking and imaginative exercise, including changes in values and beliefs (Takala & Naaranoja, 2015).

**Individualized Consideration:** This construct measures the extent to which this kind of leadership takes into account each individual's needs by being their mentors and coaches as well as paying attention to the needs of each follower. The leader provides insight, maintains open communication and encourages the followers to be active by showing them on how to face challenges and issues before them. The actions also include provide the need for respecting and celebrating the individual contribution to strengthen the followers team spirit. The followers in return develop determination and desire for self-growth and acquire inherent motivation for their responsibilities (Ljungholm, 2014).

The individualised consideration involves the leader confronting the follower's assumptions, taking risks and seeking followers' ideas. Leaders with this aspect of transformational leadership stimulate and encourage creativity in their followers. In return, the followers are nurtured and develop into people who think independently. Learning is an important aspect of coping with unforeseen circumstances is learning opportunity (Hoch, Bommer, Dulebohn & Wu, 2018). The followers develop assertiveness, they ask questions and believe profoundly in important organizational issues and they demonstrate advanced ways of performing their tasks.

According to Prasad and Junni (2016), this kind of leader develops successful followers through taking into account each member needs and ability. Burns explains that

transformational leadership is more valuable than transactional leadership who exchange rewards. Transformational leaders go beyond transactional leaders to motivate their followers to recognize the importance of organizational vision and forfeit their self-interest for that of the organization (Northouse, 2013) thus maintain and improve organizational performance. Antonakis and Robert (2013) hypothesized that transformational leadership results in transforming individuals, groups and organizations as well as creates real and substantive change in performance, team attitude and moral elevation to improve organizational performance.

Van Knippenberg and Sitkin (2013) advanced the transformational leadership theory by Burns and believed that leaders have the aptitude to inspire and activate subordinates to perform beyond all expectations and achieve beyond set goals. Kao and Tsai (2016) define transformational leadership in similar approach to Odumeru and Ogbonna (2013). However, some subtle differences exist. They suggest all transformational leaders engage in five types of behaviour. First, leaders “Model the Way” by publicly defining their values and by living them with integrity. Second, transformational leaders “Inspire a Shared Vision” by knowing their followers’ hopes, dreams, and values.

Third, transformational leaders “Challenge the Process” by recognizing and supporting innovation. Transformational leaders also “Enable Others to Act” by distributing power to members of the team and encouraging open communication. Clarke (2013) states that transformational leaders “Encourage the Heart” by knowing, appreciating, and celebrating their stakeholders. Although slight differences exist between the above definitions of transformational leadership, they seek a common purpose to guide organizations and followers within those organizations on a path to self-actualization.

However, transformational-theory of leadership (Banks, GMcCauley, Gardner & Guler, 2016; Men 2014) has been criticized for its conceptual weaknesses.

Murgor (2014) argued that although transformational leadership is expected to improve organizational performance, it does not address the outcomes of transformational leader on organizational processes that are key to organizational performance. He argues that past studies have not sufficiently discussed the causal effect of transformational leadership on the processes that lead to the effectiveness of organizations such as configuration, philosophy, strategy and mechanism. Notwithstanding the criticism, this study postulates that transformational leadership through its components has positive influence on organizational performance as well as processes when mediated by strategic agility.

Another weakness of the transformational leadership theory is its tendency to address only the effect of a transformational leader on individual behaviour and not on the group or organization (Murgor, 2014). Yukl, (1999) cited in Moriano and Mangin, (2014) postulates that the high inter-correlation of the transformational leader performances raise questions on the constructs validity of the measurement instruments on the omission of other leadership behaviours which contribute to leadership efficiency like planning, delegating, coordinating, controlling, networking with the teams to enhance organizational performance.

Moriano and Mangin, (2014) were of the view that past studies on the transformational-transactional theory have not sufficiently included the situational variables that may enhance or mediate transformational Leadership effect on followers. The two scholars argue that transformational leaders do not operate in a vacuum and therefore situations like unfavourable environmental conditions, different organizational structures, and

organizational values may influence the effectiveness of a transformational leader. It has also been pointed out that the theory does not identify situations when transformational leadership is uncomplimentary.

Past studies indicate that followers of transformational leaders can be so motivated such that they experience “burn out”, Harrison (1987) cited in Moriano and Mangin (2014). The transformational-transactional theory is said to have a bias towards heroic conceptions of leadership by not giving room for shared responsibility or the followers’ individual capacity to perform (Herman & Chiu, 2014). Regardless of the stated conceptual weaknesses of the transformational-transactional theory, many writers have described the positive aspects of the theory in testing for leadership effectiveness and that there is considerable evidence that transformational leadership is effective. Transformational-transactional theory and the Morton, Stacey and Mohn (2018) transformational leadership model were chosen for this research, as they are most suitable and relevant to the study context.

### **2.2.2 The Dynamic Capabilities Theory**

Dynamic Capabilities Theory was developed by Teece et al (1997) cited in Teece (2014) and is defined as the ability of organizations to integrate, reconfigure internal and external competences to address fast changing and uncertain business environments. The framework is based on the works of Barney (1991), Rumelt (1984) and Wernerfelt (1984) cited in Teece (2016). The theory advantage of this lies in the ability to get outcomes, more incisively, more unexpectedly and faster ahead of the rivals. The dynamic capabilities view of a firm was developed by Teece in early 1990s. The framework is based on the works of Barney (1991) cited in Teece (2016). The theoretical framework is an advancement of the resource-based view of the firm which

views resources as the key to superior organization performance.

This study considers dynamic capabilities theory is an extension of the resource-based view (RBV) of the firm as outlined by Penrose (1959), Nelson and Winter (2002), Wernerfelt (2014), Barney (2005/2010), Fahy, 2000; De Oliveira & Evaldo Fensterseifer (2003); Clulow et al. (2003) among others. Dynamic capabilities and RBV share assumptions, but the former helps us to understand how a firms' resource stock evolves over time leading to firm performance. The dynamic capabilities approach tends to guide managers on creating distinctive and difficult-to-imitate advantages and to avert losing customers to the competition.

The term dynamic capabilities were used by Teece (2016), to stress the firms' ability to exploit internal and external firm-specific competencies to address the dynamic environment for realised performance. If a resource exhibits the VRIO attributes, it enables an organization to achieve a competitive advantage (Hong, Zhang, & Ding, 2018). Dynamic Capabilities Theory was advanced by Choudhary et al. (2013) and is defined as the ability of organizations to integrate, reconfigure internal and external competences to address fast changing and uncertain business environments. The advantage of this lies in the ability to get outcomes, more incisively, more unexpectedly and faster ahead of the rivals (Farooqui & Nagendra, 2014). This study framework is based on the works of Chen and Tzeng (2014).

While there is no consensus as to what dynamic capability is, it is however agreed by scholars that dynamic capability is not commonplace (Teece & Leih, 2016)). Teece (2018) hypothesize that dynamic capabilities are the organizations processes that supports integration to, build and reconfigure internal and external capabilities to address rapidly changing business environments. The dynamic capabilities view (DCV)

therefore in this study focuses on the organization capacity to survive in dynamic changing environments by creating new resources and by renewing or changing the resource base to realize their performance.

Dynamic capabilities are as routines which enable a firm to readjust its resources such as research and development, new product development and acquisition skills as described by (Raushan, 2016; Teece (2018), hence in consideration to this study to help enhance state corporation performance. Dynamic capabilities are considered as by (Girod and Whittington (2017) to be superior-level processes which allow critical day-to-day routines to be re-aligned to suit demands of new contexts and developments to sustain organization performance. Similarly, Teece (2014), the study agrees with Hong, et al. (2018) who associated dynamic capabilities with constant change to make them more flexible and adaptable to changing and uncertain business environment to performance.

Fainshmidt, Pezeshkan and Markowski (2016) identified the potential of dynamic capabilities as the foundation of competitiveness. This study agrees with the past study which identified dynamic capabilities as the foundation of realising organization performance. However, there is criticism associated with dynamic capability perspective (DCP). Highly developed capability, in the area of technologies or new product development may lead to organizational stability hence rigidity which may affect state corporations which will adapt this. This is not a feasible option in the current turbulent operating environment. However, dynamic capability has remained preferable to its predecessor the resource-based view (RBV). Nandita (2013) consider dynamic capabilities to be “superior-level processes which allow critical day-to-day routines to be re-aligned to suit demands of new contexts and developments.

“Similarly, Wang et al. (2013) associate dynamic capabilities with constant change to make them more flexible and adaptable to changing and uncertain business environment. This study is based on three distinct dimensions (sensing capability, integration capability, and reconfiguration capability that links well with different aspects of strategic agility that can in turn improve organization performance, Morton, Stacey and Mohn (2018) in their IT leadership research as an agenda and framework for managers. Dynamic capabilities affect organizational performance indirectly and directly. The indirect effect on performance is achieved through reconfiguring the resource base and can be accomplished through creating, extending, and modifying the resource base in all the departments (Morton, Stacey & Mohn, 2018; Nazir & Shah, 2014). These reconfigurations endeavour to positively influence organizational performance, hence State Corporation’s performance.

As indicated by Teece et al. 2014) that dynamic capabilities are tough to develop and difficult to reassign because they are unspoken and are entrenched in an inimitable set of interactions and account of organizations and once developed are non-imitable and holds organization reputations and culture that leads to improved performance which transformational leaders need to nurture among its followers. Dynamic Capability Perspective (DCP) Theory point of view is also related to the resource-based view (RBV) theory which will enhance State Corporation’s performance (Lin & Wu, 2014). However, according to (Alahmad, 2016), RBV is about doing things right while dynamic capabilities are about doing right things at the right time through rapid decision making and action on challenges and opportunities brought about by organizations unique processes, culture and perceptive appraisal of business environment and technological changes. While resources base according to RBV refer to physical, human and organizational assets.



Zhu and Akhtar (2014), believes that dynamic capabilities are learned practices and structures to enhance performance as the organization analytically create and adjust in doing things for it to become more effective (Teece, 2018). Top leadership and those with managerial functions are relevant to dynamic capabilities in areas of co-ordination, guided learning, and reconfiguration or transformation Zhu and Akhtar (2014). Dynamic capabilities also involve managerial entrepreneurship and leadership skills of top management in the organization. The top management must have managerial ability to design, develop, implement and modify their daily organizational routines (Afsar, Badir & Bin Saeed, 2014) in line with dynamic capability theory. This study is inclined to suggest that the top management in state corporations and in the context of transformational leadership and strategic agility need to be able to design, develop, implement and modify strategies for superior performance.

Past reviews according to Teece (2014) emphasize that, strong dynamic capabilities include internal business procedures, business models, technologies, and leadership skills in place to influence high performance by sensing, seizing and transforming an organization. Strong dynamic capabilities demonstrate technical and transformational agility and are therefore able to create new knowledge and maintain superior processes and modify structures and industry models to remain competitive. It is also believed that organizations stay competitive by constantly shaping and reshaping strategy in a business environment full of uncertainties (Pokharel & Ok Choi (2015).

Girod and Whittington (2017) research suggests that leaders have cognitive capabilities for sensing, seizing, and reconfiguring in varying degrees, and that firms whose executives are endowed with these capabilities respond more effectively to strategic challenge and opportunity. Dynamic capabilities have a direct effect on performance as

the creation, maintenance, and utilization of dynamic capabilities create costs (Allio, 2013). The hypothetical structure is a progression of the resource-based view of the firm, which analyses resources as vital to superior organizations performance. These resources are known to exhibit, Value, Rareness, Imitability, Organization, the VRIO characteristics, which enable organizations to attain competitive advantage (Lai, 2011).

Capabilities as defined by Weber and Tarba (2014) are the key role of strategic management in appropriately adapting, integrating, and reconfiguring internal and external organizational skills, resources, and 6 functional competencies to match the requirements of a changing environment. This study concurs with the previous is description of dynamic capabilities, integrate, build, and reconfigure internal and external proficiencies to address rapidly changing business environments' (Brueller *et al.*, 2014) and how transformational leadership and its four elements adaption in state corporations' organizations can improve performance.

According to Bell (2013), a capability is the capacity to utilize resources to perform a task or an activity, against opposition of circumstances. Capabilities flow from astute bundling or orchestration of resources by being strategically agile as per the changing environment. The dynamic capability theory according to (Fainshmidt, *et al.*, 2016) is based on the concept that organizations are able to renew their resources in a way that suits the changes taking place in the uncertain business environment.

According to Arbussa *et al.* (2017) dynamic capability approach examines how organizations are able to integrate, build, and reconfigure their specific competencies (internal or external) into new competencies that match changes taking place in a turbulent environment (Hong, Zhang & Ding (2018). The findings of this study due to global business environmental uncertainties state corporation organizations have and

are putting up processes for integrating, reconfiguring their specific competencies to improve their performance and be competitive by partnering with other international organizations.

The dynamic capability framework is based on realization that organizations with greater dynamic capabilities outperform those with smaller dynamic capabilities since activities in a dynamic environment call for organizations to continuously renew, reengineer and regenerate their internal and external firm's specific capabilities in order to remain competitive (Teece, 2017). The dynamic capabilities are costly and complex to develop and difficult to transfer because they are tacit and are embedded in a unique set of interactions and context of the organization but transformational leader will be able to utilise.

According to (Fainshmidt *et al.*, 2016; Mavengere, 2013) dynamic capabilities reside in both managerial entrepreneurship and leadership skills of the firm's top management and in managerial ability to design, develop, implement and modify their daily organizational routines (Teece & Leih, 2016) and hence top management team of this organizations are able to utilise to improve their performance. According to Schilke, Hu, and Helfat (2018) who also agree with this view that strong dynamic capabilities include processes explained by strategic agility constructs such as resources fluidity that enable flow of resources across the department to enhance performance.

This research advocates for the need to adapt and upgrade existing capabilities and to add new capabilities places increased emphasis on the need for state corporations to develop dynamic capabilities. The study findings explain how the nature of the dynamic capability theory constructs and the industry environment in which they are employed shape its value, thus offering a more nuanced conceptualization of the transformational

leadership, dynamic capability, stake holder, game theories relationship to performance. Dynamic capabilities allow a firm to adapt to external pressures and change which agrees with Creswell (2014) who defined a dynamic capability as: “a learned and stable pattern of collective activity through which the organization systematically generates and modifies its operating routines in pursuit of improved superior performance.

The business models such as balance scorecards together with strategic agility in this study promote integration of different processes perspective for improved performance. Technology and leadership skills from management are needed to actualise high performance sensing, seizing and transforming an organization of which this study advocates when adopted will improve performance of state corporations in Kenya. Strong dynamic capabilities in organizations are manifested in technological and market agility and their ability to create new technologies, differentiate and maintain superior processes, and modify their structures and business models and stay in tune with changes in the business environment, shape and reshape in the market as necessary so as to remain competitive (Mavengere, 2013).

State corporations need to adopt structural capabilities and adaptability to enable them to survive in complex and dynamic environment. Technology adoption is a dynamic capability and keeps on shifting with changes in the environment (Mohamad & Taher, 2013). According to Hemmati et al. (2016), dynamic capabilities examine organizational resources by taking into account the demands of customers and market trends of particular products or services. It also emphasizes innovation as a response to changes in the operating environment and creating a link between the organization, its customers and other key participants to improve its performance (Morton *et al.*, 2018).

Dynamic capabilities consider three types of managerial activities according to Girod, and Whittington (2017), sensing meaning identifying and assessing opportunities and threats outside the company, seizing implying mobilizing resources to capture value from those opportunities and transforming creating momentum for continuous renewal. This fits well with the three variables in this study, transformational leadership, strategic agility and performance.

This study considered strong dynamic capabilities which include processes, corporate models, technology, and leadership skills needed to effectuate high performance through sensing, seizing and transforming an organization, (Morton *et al.*, 2018). Organizations with strong dynamic capabilities exhibit high internal and external processes to become strategically agile, and are able to create new technologies through intellectual stimulation, differentiate and maintain superior processes and modify their financial structures for allocation and reallocation of resources and business models in order to stay ahead of competition, stay in tune with the volatile business environment to shape and reshape the business environmental market where necessary (Morton *et al.*, 2018; Teece, 2014).

The dynamic capability theory underpins all the three independent variables in this study. Leadership is a dynamic capability and a change in leadership skills is required as the environment of business changes. Organizational structures keep on changing with changes in strategies necessitated by the market changes. Leadership capabilities and adaptability are required for organizations to survive in a complex and volatile dynamic environment. Learning and Growth in organization performance are new capabilities that can be created in human capital through training and acquisition of new

knowledge and skills through intellectual stimulation as per environmental change, (Teece, 2014).

Dynamic capabilities theory is closely related to the fundamentals of strategic agility. Two of the components of strategic agility, strategic sensitivity and resource fluidity resonate well with dynamic capabilities theory. Both emphasize rapid allocation and reallocation of resources to increase competitiveness and organizational performance. Dynamic capabilities are organizational practices through which these organizations are able to achieve new resource arrangements, competitiveness and better organizational outcomes (Girod & Whittington, 2017). Dynamic Capability Perspective (DCP) Theory point of view is also related to the resource-based view (RBV) theory.

### **2.2.3 Stakeholder Theory**

Stakeholder theory was first described by Dr. F. Edward Freeman, (1984), a professor at the University of Virginia, in his landmark book, “Strategic Management: A *Stakeholder Approach*.” Which suggests that shareholders are merely one of many *stakeholders* in a company. Stakeholder theory maintains that there are other parties involved, including employees, customers, suppliers, financiers, communities, governmental bodies, political groups, trade associations, and trade unions. The theory considers competitors as stakeholders since their status has capacity to affect the firm and its stakeholders (Jones, Wicks, & Freeman, 2017).

Freeman (1984), Fliedner and Vokurka (1997) cited in Birasnav (2014) proposed that for an organization to accomplish its objectives, it had to utilize its relationships with stakeholders to accomplish both organizational goals and stakeholder goals. In this view, the stakeholders are not just organizational overseers but are a resource to be used in meeting organizational objectives. This requires satisfying at least minimal interests

of all stakeholders. Freeman's perspective is both multi-constituency and multidimensional of which state corporations in Kenya fits succinctly.

Stakeholder theory looks at the relationships between an organization and others in its internal and external environments of which according to this study supports the objectives of the study. This supports performance of organizations state corporations by keeping an eye on customer satisfaction and growth and learning on balance scorecard level. It also looks at how these connections influence how the businesses conduct their activities (Jones *et al.*, 2017). The stakeholder theory is an organizational management tool that supports business ethics that address principles and standards in managing organizations. Stakeholders' theory supports the idea of organizational performance.

Stakeholder theory in the past studies assesses organizational performance versus expectations of a variety of stakeholder groups that have particular interests in the results of the organization's activities supported by various components of transformational leadership (Pradhan & Pradhan, 2016). The core concept of the stakeholder theory is that a corporation enables people to come together to create economic value, (Jones, Wicks & Freeman, 2017). The voluntary participation and cooperation of different people and organizations allow all participants from different sectors to improve their own circumstances.

In collaboration with all stakeholders SOEs actively drive the effort to ensure that there is a shared understanding of and commitment to the socio-economic development challenges as well as the expected role of the state corporation organizations in addressing these challenges, (PTRPs, 2013). To achieve success, stakeholder theory stresses that a corporation's leaders must identify what factors and values bring all of

the company's principal stakeholders together (Bridoux & Stoelhorst, 2014). They can then define the corporation's purpose; decide how they want to conduct business and develop the types of relationships they need with different stakeholders. By fostering a shared sense of value that the business creates, management can persuade stakeholders to help the company achieve its goals and hence organization performance.

Stakeholder research was amalgamated around a unique knowledgeable location that corporations must be understood within the context of their stakeholder relationships and that this understanding must grow out of the interplay between normative and public methodical understandings to realise performance (Bridoux & Stoelhorst, 2014). Stakeholders' theory supports the Balanced Scorecard (BSC) performance measurement system by Kaplan and Norton (1992); Atmojo (2015) and its successor Sustainable Balanced Scorecard. Atmojo (2015) argued that most strategic stratagems were unbalanced because one stakeholder group namely the stockholders were overemphasized. Stakeholder theory therefore encourages organizations to work with the whole array of stakeholders internally and external stakeholders. Balanced Scorecard aligns business activities with the vision and strategies of the enterprise (İşcan *et al.* 2014).

Atmojo explains that the system monitors the execution of objectives against the company's strategies and improves internal and external communication of which when adapted can enhance state corporations improved performance. This approach provides a business an active versus passive strategic management solution by providing management daily directives. With this framework, state corporation management can identify needs to be executed, as well as how and what factors to improve their performance.



Balance scorecard (BSC) views the organization from four perspectives, financial, customer, business process, and learning and growth for the purpose of gathering and analysing data from each perspective and using the data to manage the organization and achieve the objectives. The study incorporates Balance Score Card components financial, customer/market perspective, business processes, short-term and long-term learning and growth (development) (Hörisch, Freeman & Schaltegger, 2014). In this study, stakeholder theory was operationalized as an aspect of management organizational leaders can use as they face constant uncertainty to achieve state corporation objectives.

Due to complexity and multidisciplinary character of stakeholder concept, new contribution with evidence from practice is useful in management of State Corporation. Stakeholder theory contends that in organizations there are other parties involved, comprising of employees, customers, suppliers, financiers, communities, governmental bodies, political groups, trade associations, and trade unions. Even competitors are sometimes referred to as stakeholders their status being derived from their capacity to affect the organizations and its stakeholders. The nature of what constitutes a stakeholder is sometimes contested with hundreds of definitions existing in the academic literature (Jones *et al.*, 2018).

State corporations are working organs connected to public bureaucratic structure that is based on chain of command (hierarchy) but with robust strategic performing association and working and leadership systems as its comparatively fluid foundation (Bellé, 2013). In this research, the theory explains the connection involving the performing organizations and leadership, analysis in uncertain volatile environment. This implies constant adjustment in the leader's set- roles and relationships brought about by the

shift from bureaucratic entities to the strategically agile organizations. This leads to a situation combines Transformational leadership and strategic agility and organizational performance.

The Stakeholder theory provides appropriate theoretical model, as it offers the flexibility to accommodate various leader relationships and varieties of customers (Bridoux & Stoelhorst, 2014). The stakeholder model of organizational leadership helps to predict leader effectiveness in organizations characterized by uncertain organizational frontiers, flattened hierarchies, and work relationships brought about by operating in competitive environment and performance measured by global standards. The stakeholder view of strategy integrates both a resource-based view and a market-based view, and adds a socio-political aspect (Jones, Harrison, & Felps, 2018).

One common version of stakeholder premise seeks to define the specific stakeholders of a company through the normative theory of stakeholder identification and then examine the conditions under which managers treat these parties as stakeholders, the descriptive theory of stakeholder salience. In state corporation sector, relationships and collaborations of various stakeholders can be crucial for their survival strategies despite business environmental uncertainties, organizational performance and long-term sustainability. Mkalama, (2014) indicates that financial measures of performance under this theory include traditional indicators such as cash flow, sales, and return on investments. Business processes include support activities such as order processing (Kim, 2015).

In stakeholder model, customer perspective includes trends in customer satisfaction or average waiting times on telephone hot lines for service satisfaction. The learning and growth perspective in organizations places priority on the human capital and considers

processes such as participation in training as critical. The BSC provides a framework to translate the outcome of theory into specific tasks based on its four perspectives for effective performance and employee's management (Jones *et al.*, 2017).

The business world has devised sustainable balanced scorecard that incorporates additional measures on social and environmental issues to further enhance organizational sustainability (Arif & Akram, 2018). Organizations are faced with new concepts such as sustainable development, which has caused a paradigm shift in how organizations measure performance. The concept of sustainability therefore has wider implication for organization business strategies, such as stakeholder priority, which in turn affects their performance, and so organizations need to consider this concept as an opportunity to serve variety of organizations constituencies by becoming agile as opposed to only being compliant to issues or the practice of a cost minimization.

Toteng (2014) that the stakeholder theory does not have an aim of changing the focus of parastatals away from the market place achievements toward human decency but to establish the understanding of business in which these aims and goals are connected and mutually reinforcing. Understanding the interests of stakeholders is very important in parastatal management and therefore government responsiveness to these interests and the interests of society in general are fundamental to service delivery and their performance as organizations.

#### **2.2.4 Game Theory**

Theory of Games and Economic Behaviour was founded and published by John-Von Neumann and economist Oskar Morgenstern (1944). Game theory has been applied in various areas of study to understand why an individual makes a particular decision and how the decisions made by one individual leader affect its followers for improved

performance. This supports this study on how transformational leadership in State Corporation are able to improve performance by influencing followers to make strategic decisions for improved performance beyond expectation (Prisner, & Erich. 2014).

The subject of Game theory are situations, where the result for a player does not only depend on his own decisions, but also on the behaviour of the other players in this case state corporations through transformational leadership should take into consideration uncertainty, volatility in the business environment on decisions to the consumers of their products and services (Prisner, & Erich., 2014). Game theory is the theory of independent and interdependent decision making in organizations where the outcome depends on the decisions of two or more autonomous players, one of which may be nature itself, and where no single decision maker has full control over the outcomes (Bridoux & Stoelhorst, 2014).

According to in Liang et al. (2014), game theory comes to the forefront as a strategic tool in times of uncertainty; it offers perspectives on how players might act under various circumstances, as well as other kinds of valuable information for making decisions. Game theory is used in the study as an alternative tool for analysing strategic interaction between leadership nuggets and organization performance. Organization business and Game theory are about providing a service that the customers' demand, such as innovation, developing cutting-edge technology, being first to the market, reaching the right customers, and building value for them. It also includes managing risk as they manage partnerships and stay ahead of the competitors.

Miles (2017) introduced the theory of games in an effort to fill the vacuum created by the lack of general theory of strategy. The game theory is no doubt relevant to Kenyan state corporations. The game theory argues that one competitor's move is likely to

galvanize response from another, and the outcome of choices made by a firm is dependent upon the choices made by its rivals in the industry. Game theory is thus concerned with the interrelationships between the competitive moves of a set of competitors (Perlmutter, 2017). Game theory offers insight that allows the modelling of competition as a process of interactive decision making by rivals (Harrison, Freeman & Abreu, 2015).

It permits the framing of strategic decisions by providing the structure and lens for understanding competitive situation in terms of the identity of players; specification of each player's options; pay off from their strategic choices; and the sequencing of decisions that may lead to enhanced competitive position for improved performance. The state corporations in Kenya therefore need to galvanize response from global environment, and the outcome of choices made by an organization is dependent upon the choices made by their rivals in the global environment.

Game theory in this study is concerned with the interrelationships between the competitive moves in the global arena and the influence of a set of organizations offering similar services, products either at the local or at the global level (Chiu & Wang, 2015) for improved performance of her citizens. The game theory encompasses strategy, response and outcome of other competitors and therefore supporting strategic agility and organization performance. Advances in information technology (IT) and e-commerce further enrich and broaden these interactions, by increasing the degree of connectivity between different parties involved in market place to improve organization performance (McAdams, 2017).

The theory of games has since been revolutionary and apparently useful in the study of competitive behaviour, performance and business interactions especially in the 1990s.

The game theory shaped strategic decisions and enhances prediction of outcome of competitive positions that help to identify optimal strategic choices in many fields beyond business (Hoque, 2014) resulting into realistic performance. The theory also encourages both competition and cooperation as often reflected in cooperative consortium and strategic alliances a phenomenon technically referred to as competition (McAdams D, 2017).

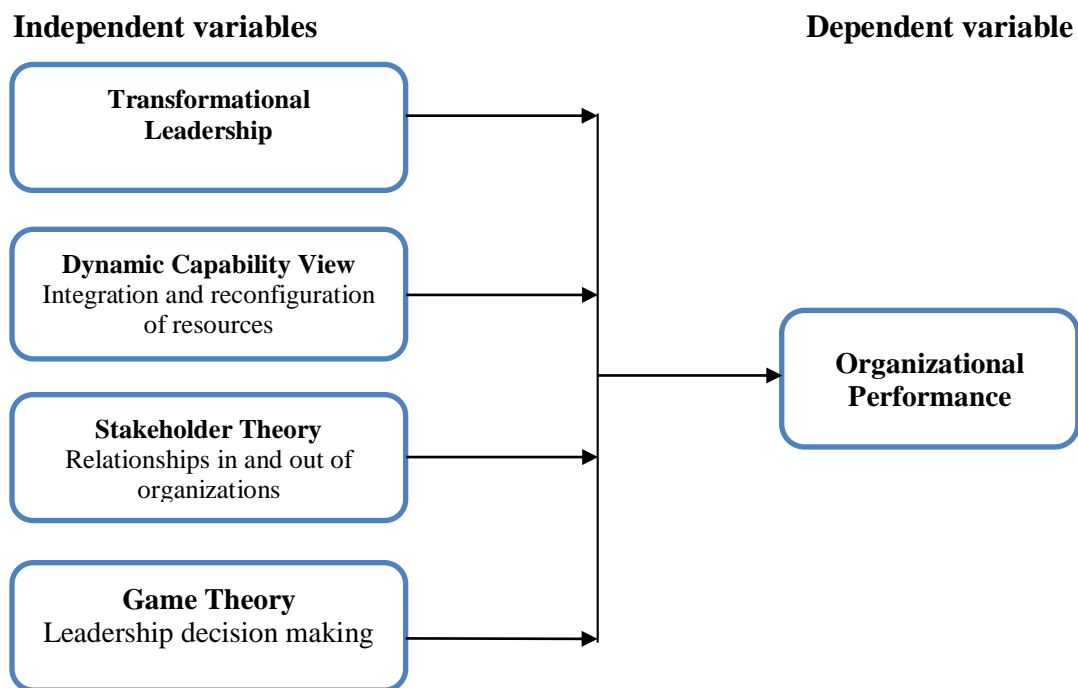
State corporations needs to be strategically agile and therefore game theory introduces deterrence, provokes commitment, alters the structure of the game from win-lose or lose-lose into win-win outcome and signalling among competing players in the marketplace or industry, which predicts uncertainty in the business environment resulting that might otherwise result in poor performance. The game theory is an agent that has clear preferences, models uncertainty via expected values of variables or functions of variables, and always chooses to perform the action with the optimal expected outcome for itself from among all feasible actions hence useful for managers.

State Corporations need to embrace globalization, and its opportunities and disruptions. The increasing complexity of the operating environment is external to all players and the only viable strategy is to adapt to the uncertain business environment. In any business, interactions with customers, suppliers, other business partners, and competitors play an integral role in any decision. According to (Karami & Tajvidi, 2016) each firm is part of a complex network of interactions; any business decision by a firm affects multiple entities that interact with or within that firm, and vice versa. Ignoring these interactions could lead to unexpected and potentially undesirable outcomes. The contribution of game theory to this research was the interaction between

information used and generated in game theory are linked to transformational leadership and strategic agility constructs.

### 2.2.5 Theoretical Framework

A theoretical framework outlines epistemological, methodological and analytical grounds for the study and elaborated how Transformational Leadership through its components such as idealised influence, inspirational motivation, intellectual stimulation, individual consideration related with organization performance and how strategic agility helped in mediating the independent and dependent variables (Osanloo & Grant, 2016). Theoretical framework helped the researcher to make the right decisions on the subject of the study.



Source: Author (2020)

Figure 2. 1: Theoretical Framework

## **2.3 Empirical Review**

To understand the field of leadership and organization performance. The study reviewed literature from previous work as published in various documents including books, peer reviewed journals and research by other scholars. The main variables of this research are Transformational Leadership, Strategic Agility and Organizational Performance. The study investigated the influence of transformational leadership on organizational performance and mediation effect of strategic agility. The review discusses the dimensions of transformational leadership undertaken in the study.

### **2.3.1 Transformational Leadership**

This study concurred with Chege (2017) specify that, transformational leadership is known for influencing followers to achieve both their own success and organizational desired goals. This is because transformational leaders inspire their teams and followers to achieve objectives that are more difficult and they also help their followers to build their capabilities, (Datche, 2015). The study notes that Transformational leaders create strategic vision and communicate the vision through intensifying and demonstrating the vision by 'practising the talk,' being consistent, and building an assurance towards the organization's vision.

A literature reviewed from a study carried out by Mathew and Gupta (2015) in Turkey school to determine the relationship between variables of the transformational leadership research, correlation analysis was used and the findings revealed that there was a positive and significant relationship between perceived transformational leadership behaviors and work engagement of teachers. Transformational leadership theory that was developed by (Bass, 1985) cited in Ciulla (2014) who classified transformational leaders into "Four I's" namely, idealized influence, inspirational



motivation, intellectual stimulation and individualized consideration and (McCleskey, 2014) respectively for dynamic capability view.

### **2.3.2 Idealized Influence**

A study by Abbasi and Zamani-Miandashti (2013) revealed that transformational leaders build the capacity and capabilities of their subordinates and encourage them to work to their maximum potential consequently improving their productivity and performance of the organizations. According to this study effective leadership practices can provide strategic direction to followers, create confidence and motivate the followers to handle uncertainty and challenges that affect the organizational performance. This heightens the followers' awareness and self-confidence ultimately increasing organization performance. The high levels of capabilities awareness lead to strategic agility that enables them to adjust and adapt in face of uncertainty and challenges as they emerge (Ananthram & Nankervis, 2013).

Under idealized influence construct, the leaders' behaviour transform, become role models for their followers. The leader is accepted, esteemed, and trusted by the followers who in turn want to emulate the leader. The followers recognize astonishing competencies and determination of their leaders making them willing to take risks to achieve organizational or personal objectives to improve performance. This can motivate managers and their teams adopt ethical and moral conduct in the work place (Caillier, 2014). This type of capabilities development is compatible with learning and growth as of the balanced scorecard perspective of organizational performance (McCleskey, 2014).

Through this construct, idealised leaders influence three areas of the organization: the internal mind-set (internal business processes) of the workforce in the organization, and

adjustment to strategic agility among the followers. This often results in improved performance beyond normal organizational expectations. In influencing the internal business processes and mind-sets, new behaviours develop inside the organization and integration of new dynamic capabilities are able to enhance organization performance (Garson, 2016). Transformational leadership hence creates a ready-for-change, innovative, willing to adapt environment for superior performance.

This implies the organizations adjust internal structures to enhance internal business process of balance scorecards which is manifested from inside towards outside, namely to 'get inside the people' they are trying to help and develop (Eisenbeiß & Boerner, 2013). Leaders help their followers to overcome their inner mental reservations and inhibitions, create personal relationships, with emphasis on mutual understandings, familiarity and two-way communication. This enables the followers gain self-confidence, become aware of their abilities and skills and understands their role in the organization. This further helps them connect their roles to the organization's mission and vision. These form the foundation for long-term commitment to their jobs, their co-workers, and the whole organization (Men, 2014).

According to this study through charisma or idealized influence the leader expresses his/her beliefs, takes up attitudes and appeals to followers on an emotional level through a clear system of values that is presented in organizations action as soon as he/she becomes a model for followers. Trust between leaders and follower is built in that way that stands on solid moral and ethical grounds. Hamidullah and Sait, (2015) define transformational leadership as a type of leadership in which interactions among interested parties are organized "around a collective purpose" in such a way that "transform, motivate and enhance the actions and ethical aspirations of followers.

“It can be concluded that our behaviour is directed by the inherent system of moral values so that transformational leadership can be seen as a leadership style that leads to positive transformations and changes of the followers through the impact on the structure and strategy of the organization which enhances performance.

The study findings show that idealised influence emphasizes the importance of having a collective sense of vision and mission corresponding with Yasin, Ghadi, Fernando, and Caputi (2013) whose study result shows that idealized influence sets high standards and creates a positive vision, which empowers the workforce and establishes enthusiasm together with optimism leading to individual achievement in their tasks and improved organization performance. This result also corresponds to Abualoush et al. (2018) that idealised influence practice among top leadership in state corporations influence performance.

Yaser (2016) who revealed that idealized influence represents the highest levels of moral conduct. He also notes that leaders are often willing to sacrifice their own desires for the good of their teams and organizations. Kark and Shamir (2013) also argued that leaders ought to send signals repeatedly to encourage respect and loyalty for continued commitment from their followers.

### **2.3.3 Inspirational Motivation**

Inspirational motivation outlined a transformational leader's behaviours that focused on inspiring and motivating their followers to attain challenging goals and objectives that may seem unviable in the uncertain environment. This dimension of transformational leadership was measured by their ability to communicate organizational vision fluently, their power of sharing that vision clearly, delegation and people development, participatory decision-making and how compassionate they are with their followers and

developing their capacity to handle diverse decision-making situations (Nusair, Abaaneh & Bae, 2012).

In this research, inspirational motivation was hypothesized to represent the ability of the top leadership of the corporations to articulate compelling vision for the future, clearly communicate what needs to be accomplished and express optimism that future goals will be achieved. Hoque (2014) investigated inspirational motivation through the link between communication and motivation and its overall influence on staff and organizational performance empirically.

The results showed that organizational communication plays an important role in employee motivation and performance of staff, hence organization performance. This implies that majority of the respondents agreed that various aspects of inspirational motivation are practised in their corporations. This study therefore recommends that upward and downward communication in an organization amongst top management and the whole institution lead to superior performance. This is compatible with the findings by Jiang *et al.*, (2017).

The transformational leader is visionary and to mobilise followers towards the vision entails fundamental changes in the cultural systems of the organization. The leader singularly articulates the need for change and enlists support of members and stakeholders of the organization (Juma & Ndisya, 2016). The leader inspires the individuals and groups to commit to necessary re-conception and redirection as the opportunities arise in uncertain business environment to enhance state corporation performance.

Kazmi and Naarananoja (2014) in his research recognized that inspirational motivation promotes team empowerment, innovativeness and learning leading to organizational

effectiveness. This supports the study where inspirational motivation showed strong support for learning and growth and internal business processes which in turn improved performance. Transformational leaders should, therefore, behave in such a way, which motivates and inspires people. Such behavior includes implicitly showing enthusiasm and optimism, stimulating team work, pointing out positive results, advantages, emphasizing aims and stimulating followers.

Transformational leaders should, therefore, behave in such a way, which motivates and inspires people. Such behavior includes implicitly showing enthusiasm and optimism, stimulating team work, pointing out positive results, advantages, emphasizing aims and stimulating followers. Femi (2014) examined the significant relationship between communication as a way of inspiration and worker's performance in some selected organizations in Lagos State, Nigeria and found that a relationship exists between effective communication and worker's performance, productivity and commitment.

#### **2.3.4 Intellectual Stimulation**

Through intellectual stimulation, leaders encourage their followers to question conventional theories, re-evaluate beliefs and long-standing practices using new methods. The leader encourages resourcefulness and does not use public criticism to respond to individual mistakes of individual personnel but instead implores innovative information and creative solutions to problems (Lo & Fu, 2016). Intellectual stimulation facilitates critical thinking, enhances problem solving and empowers all the team. Kowalski (2013) argued that intellectual stimulation calls for honesty with no fear of criticism on the part of the leader and followers to increase levels of confidence in problem solving situation to improve performance.

According to Chen and Tzeng (2014), stimulating the mind leads to increased level of creativity in the workforce. In other words, employees are encouraged to come up with new ways for solving problems experienced in the organization. These solutions in turn lead to enhance organization performance. According to Tourish (2014), leaders intelligently motivate their teams by emphasizing rationality in their problem-solving circumstances. Transformational leaders through intellectual stimulation improve the understanding and imagination of their followers.

Intellectual stimulation, one of the components of Nandita (2013) transformational leadership model, is said to heighten efforts within subordinates. Intellectual stimulation generates problem awareness and problem solving, thought and imagination, and values and beliefs. Intellectually stimulating leaders concentrate on strategic thinking and intellectual activities in tasks of analysis, formulation, implementation, interpretation, and evaluation (Datche, 2015).

Organizational executives using intellectual stimulation are able to discern, comprehend, visualize, conceptualize, and articulate the opportunities and threats to the organization and determine the organization's strengths, weaknesses, and comparative advantages organization performance. The study also argues that transformational leaders question the status quo, encourage imagination and creativity by encouraging intuition and logic in the followers (Ndisya & Juma (2016). Thus, intellectual stimulation disputably forms part of empowerment of followers and thus they are able to increase their own individual performance and the organization's as well.

### **2.3.5 Individualized Consideration**

Individualized consideration refers to leadership that acts as a coach or a mentor in order to support members of staff to reach their full potential (McCleskey, 2014). This type of leader is empathetic, recognises strength, needs of individual members of his team, and compensates them for creativity and innovation. Ljungholm (2014) states that transformational leadership style establishes an emotional bond between the leader and the subordinate; this is represented through trust and confidence in the influence and capability of the leader.

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

Ogola et al. (2017) investigated the influence of individualized consideration leadership behaviour on employee performance in SMEs in Kenya. This study targeted the KPMG top 100 SMEs of 2014 in Kenya. A correlational research design was employed to investigate the relationship between the independent variable and the dependent variable. Closed ended questionnaires were used to collect data from a sample size of 226 managers of SMEs under study. Stratified proportionate random sampling techniques were used to obtain a sample of 226 out of a target population of 553 managers. Kirkbride (2016) who revealed that individualized consideration leader demonstrates high concern for their followers, treats them as individuals, and gets to

know well about them and listens to both their concerns and ideas. Individualized consideration deals with fundamental transformational leadership behaviours of treating individuals as important contributors to the organization. Leaders who use this style of leadership give due consideration for their employee needs and coach them to bring sustainable development (Sarros & Santora, 2013).

The findings of Ogola et al. (2017) revealed that Individualized Consideration leadership behaviour and employee performance in SMEs in Kenya had a strong positive and significant correlation and a positive and significant relationship. The study concluded that high performance is achieved when the leader recognizes the employees' efforts, creates confidence, and encourages self-development practices, effective communication as well as mentoring and coaching. The study by Najeeb (2014) examined the effects of individual consideration on organizational performance. The study tested hypotheses at four levels. First, top leadership spends time teaching employees, treating team members as individual, empowering them to develop their strengths for organizational performance improvement.

Results revealed positive relationship between individual consideration and organisational performance. While against the expectation individual consideration on top leaders spending time teaching and coaching was moderately positively related to leaning and growth of organizational performance. His analysis show that individual indicators of individual consideration support the construct and are positively related to transformational leadership, all the four items of transformation leadership were positively related to improved performance (Kanten *et al.*, 2015).

Kemal and Surji (2015), advocates that manager or supervisor who has individualized consideration style of transformational leadership creates an environment where the



subordinates feel a strong emotional bond with the leader. The leader practices outstanding communication and interpersonal skills and shows sincere care and compassion towards the members of staff (Shanafelt, & Swensen, 2015). The teams get support from their leader and these enables them to develop their talents and are therefore empowered to take decisions that lead to superior organizational performance.

Transformational leader is essentially involved in growth and development of staff and organizational performance (O'Reilly & Tushman, 2013). A fundamental characteristic of transformational leadership style is the need for change for the benefit of both the individual and organizations. These leaders create an inspiring vision for their organizations, and motivate their followers to work towards achieving organizational success and performance (Ombaka, Muindi & Machuki, 2015). As advocates of transformation, the leaders influence their subordinates to follow in their direction and act as a bridge between leadership behaviours and organizational performance. The leaders elevate their followers' interest, values and motivational levels to perform beyond expectation and achieve organizations goals.

According to Nazir and Shah (2014), transformational leaders are a prerequisite for organizations as they focus upon the organization's change progress and organizational performance in an ever-changing world. Their purpose is to alter the existing structure and influence people to believe in performance based on purpose and vision. Nguyen and Nguyen (2014) also note that excellent transformational leaders have a high degree of integrity, are motivated to lead organization through its people to higher levels of performance, they use authority and power to inspire and motivate them to trust and follow their example, to learn and grow continually.

Ndisya and Juma, (2016) examined the application of components of transformational

leadership at Safaricom. Appealing to values and emotions, transformational leaders mobilize their followers toward reform, providing new directions, new inspirations, and new behavioural patterns for their organizations resulting in staff improved performance thus the organization performance. The followers become more aware of the importance of valued organizational outcomes and the leader provides strategies for attaining those outcomes.

According to Badaso (2014), individualized consideration is achieved when organizational objective changes become objectives of the teams functioning and making decisions collectively. Individualized consideration refers to the leaders' ability to give personal attention, treat each worker individually and coach the progress of their workforce. Kao and Tsai (2016) argued that transformational leaders give special attention to growth and achievement of their teams individually. This behaviour is representative of leaders who give a supportive environment in which they listen to the individual needs of the workers.

According to Oon (2015), individualized consideration provides leaders with the opportunity to interact with organizations in a more meaningful manner. Personalized communication and mutual communication can be a valuable asset for the organization of a leader who puts it to practice. Transformational leader also pays attention to the needs of each follower to enable them grow and achieve both organizational and personal goals by acting as their mentor. The leader attempts to bring up new learning opportunities in a supportive environment and therefore the leader exhibits recognition of individual differences, offers encouragement to teams, standardizes patterns of work to others, and gives independence to workers with more experience.

Thus, the leader creates two-way communication process with the workers, promotes an active listening style, and delegates functions in order to develop the skills of followers (Gomes, 2014). Pisapia and Coukos (2015) explained that, “a transformational project manager motivates and inspires team members towards a holistic conception of project success, characterized by efficiency, effectiveness, and stakeholder satisfaction”. Alvesson and Kärreman (2016) study used a population of 200 project development managers, and found that the components of transformational leadership (i.e., idealized influence, intellectual stimulation, individual consideration, and inspirational motivation) were effective in team-based project success. These transformational domains combined, according to Shirkouhi and Rezazadeh (2013) impacts employee commitment, guides novel and creative ideas, and encourages development of individual potential.

Transformational Leadership therefore empowers workforce to put on strategic hats: Just as hierarchical boundaries are blurring so are the typical roles in an organization. Also, with an increase in the operations magnitude of today’s global companies as well as the need for employee experience, leaders are providing project based strategic responsibilities to an increasing number of employees (Alvesson & Kärreman, 2016). This is a strategic move to develop and hone leaders for tomorrow.

Transformational leader also develops a vision of the core goals of the organization in a clear manner. Developing the vision thus concerns whether the transformational leaders process the overall determined goals and develop a set of clear and well-specified goals. Setting clear goals is important, because clear goals are an important driver of employee action and performance (O’Shannassy, 2016) and motivation from set targets to achieve objectives and goals which results to improved performance.

Transformational leader as well strives to share the vision with the employees, who are supposed to ultimately execute it. When sharing the vision leaders with a transformational leadership strategy seek to communicate the vision to the employees and establish a clear understanding that things are done in order to reach the vision goals. Generating awareness of the vision and how the work contributes in reaching goals is essential for employees to act upon it (Lewis, Andriopoulos & Smith, 2014). Hence, transformational leaders both try to articulate the direction in which the organization is heading and how the day-to-day activities and actions of the workforce support the achievement of the goals and missions (e.g. public service mission) (Vandenabeele *et al.* 2014). Transformation leaders make an effort to sustain the shared vision in the short and the long run.

When sustaining the vision, the transformational leader strives to facilitate acceptance of and collaboration to achieve the vision goals as well as making an effort to generate continuously enthusiasm hereof. By continuously emphasizing why employees' work contributes to the organization and its vision, transformational leaders thereby attempt to reinforce employees' perceptions of task significance and the energy to pursue certain actions in the short as well as the long run (Alvesson & Kärreman, 2016). The research study therefore conceptualized the transformational leadership strategy as all of these three behaviours. Therefore, transformational behaviours are behaviours to develop a vision that reflects the core organizational goals, seeking to share the vision with the employees and to sustain the employee's attention to the goals for improved performance (Prasad & Junni, 2016).

In agreement with Burn's and Bass' original definitions of transformational leadership and this study finding strategy on state corporations, in order to be transformational and

improve performance, the behaviour should be carried out with the intend to activate employees' higher order need to transcend their own self-interest for the sake of the organization performance as in line with (Junni, Sarala, Tarba, & Weber, 2015). The leader therefore stresses the intention of the action.

In summation, the study defines transformational leadership as “Behaviours seeking to develop, share, and sustain a vision in order for the workforce transcend their own self-interest and achieve organization goals”. This research argues that transformational leader endeavour to transform employee motivation and values, and that the characteristics cannot and should not be separated in organization practice hence improve performance as transformational leaders exhibit behaviours that develop, share and sustain a vision through a set of complex and intertwined actions in uncertain business environment (Kao & Tsai, 2016).

### **2.3.5 Strategic Agility**

According to Vecchiato, (2015) Strategic Agility refers to broad concepts that surround range of business actions organizations can use. In the context of this study, strategic agility is defined as the ability to make fast- move decisions to exploit opportunities in the business environment and enhanced performance (Sundi, 2013). Shery (2016) described Strategic Agility as the process of adapting strategic orientations of the organization by responding to the changing business environment. Organizations to be strategically agile they have to demonstrate progress, being nimble able to achieving results quickly.

At the individual level, members of cross-functional agile teams need to be able to see the big picture of the organization which is an essential first step is setting goals that measure value to the customer and that are tied to organization business outcomes,

while making sure that everyone on the team is clear about what his or her goals are to achieve high performance. According to Mavengere (2013), organizations must respond to the challenges and opportunities brought about by business pressures in order to adapt to uncertainty in the market place and positive competitive performance. This hyper-volatile business environment requires specific dynamic strategies to maintain high organizational performance.

In disruptive environment where organizations are confronted with challenges of dynamic environment, globalization and accelerating rate of innovation, one of the primary determinants of success is strategic responsiveness, ability to remain flexible in the face of new developments and to continuously adjust the corporation's strategic direction, and to develop innovative ways to create value for stakeholders (Renjith *et al.*, 2015). Literature reviewed according to Brueller *et al.*, (2014) confirms that there is an association between Strategic Agility and organization performance and Weber and Tarba (2014) confirms that Strategic Agility plays an important role in facilitating organizational growth and processes of a product development to improve performance.

Girod and Whittington (2017) point out two forms of organizational reorganisation: restructuring and reconfiguration that improves performance in agreement with Teece, (2015). He considers that restructuring implies a dominant, "but less frequent reorganization", while "reconfiguration implies a more continuous but limited reorganization". The authors compare effects of "organizational restructuring and organizational configuration" on performance. Organizations aiming to improve performance diligently search for proficiency in delivery of products and services can. Empirical research has established that success of organizations can be attained through

Strategic agility components, strategic sensitivity, resource fluidity, collective commitment.

Strategic Agility is important in facilitating aptitude that contributes to organization performance through its constructs. Strategic sensitivity ensures sharpness of insight and the intensity of awareness. This combined with the attention of the transformational leadership ensure alertness to changes in business environment (Brueller *et al.*, 2014). Resource fluidity is the internal capability of how the top leadership can reconfigure business systems, redeploy resources rapidly, and correctly interpret business environment. Collective Commitment ensures top management is able to make brave judgments fast enough to improve performance, without being bogged in “win-lose” politics at the top.

Other studies by Vecchiato (2015) and Waweru (2016) confirm that strategic agility is a significant component of organizational performance. They defined strategic agility as the momentous determinant of organizational success. Strategic agility is the speediness, flexibility, and ability of organizations to mitigate turbulent business hazards, Murungi (2015). In this context, their study link strategic agility with transformational leadership. Morton, Stacey and Mohn (2018) described it as organizational forward-looking perspectives and opportunity-seeking characteristics to introduce new products and services in order to cope with anticipated future demands and fast-paced competition.

Similarly, Mavengere (2013) argued that being pro-active and responsive towards changes taking place in the industry and exploiting opportunities in the marketplace are the main factors of strategic agility. In addition, Weber and Tarba (2014) viewed

strategic agility as an organizational dynamic capability to reconfiguring organizational resources in response to detecting external unanticipated changes. Many researchers including Arbussa et al. (2017); Idris and Al-Rubaie (2013) supported the concept of agility and endorsed that strategic agility is ability of an organization to be responsive to the change and uncertainty in its business orientations tactics.

Strategic agility is fundamental to managers' mental models, which determine how top managers understand the *relationship between strategic agility and organization performance* (Lewis et al., 2014). Other research studies on strategic agility in Kenya includes Waweru (2016) who carried out research on the effect of strategic agility on competitive capability of private universities in Kenya focusing on 24 private universities. Waweru (2016) piloted a study on strategic agility enablers and performance of insurance brokerage firms in Kenya, while Chirchir, (2015) focused on relationship between organizational agility and operational productivity at Kenya Ports Authority. The banking industry in Kenya has been under tremendous pressure due to globalization, increased competition and technological innovations.

Numerous studies conducted on strategic agility established links between organizational capabilities and organizational performance. Researches on strategic agility including, those of Shin, Lee, Kim and Rhim (2015) and Ivory and Brooks (2018) emphasized the significant influence of strategic agility on organizational performance. There has been a lot of research conducted and literature is available on organizational agility and organizational performance. Transformational leadership cannot solely rely on either leadership management styles or strategic agility, but the adaption, integration of both is of utmost importance for organizations or businesses to survive in such unpredictable environmental changes.



Based on this literature review, the current study endeavours to determine association of transformational leadership, strategic agility, and organizational performance. This study sought to establish the mediating influence of strategic agility on the relationship. The research is unique in the context as it captures external strategic outlook and in addition, it correlated Transformational leadership and strategic agility together due to fast-paced business environment to increase organizational performance. Ananthram and Nankervis (2013) found that there is a relationship between operational agility and internal overall performance in dynamic and uncertain business environment.

In addition, he found that there is a relationship between operational agility and market related overall performance in same conditions. In the past, corporations created long-term defensible position or gain a competitive advantage; now, strategies need to be agile, able to adapt to different circumstances to maintain competitiveness for improved performance. Financial-services firms are showing increasing interest in the agility revolution (Hawkesworth & Klepsvik, 2013).

According to 1997 annual reports of some banks, Central Bank noted that to achieve their vision, they needed to foster organizational and individual agility (Choudhary *et al.*, 2013). Due to the information-intensive market, strategic institutions such as financial organizations are forced to adapt to strategic agility largely in the face of constant change, Murungi (2015). One key question these organizations must address is how to capitalize on fast change to become more agile and hence competitiveness (Ivory, & Brooks, 2018).

Different theories and studies view contemporary organizational trademarks and patents as symbols of processes on how Strategic Agility takes the shape in adapting to changes in the business world. According to Ananthram and Nankervis (2013) strategic

agility is flexibility and speed with which organizations change business strategies to respond to changes in business environment in order to manage in the marketplace. Failure of which may result in sizeable risks that can negatively affect performance. Junni et al. (2015) demonstrates that Strategic Agility enhance organization's ability to deal with the ambiguous external environment and turbulence to improve performance.

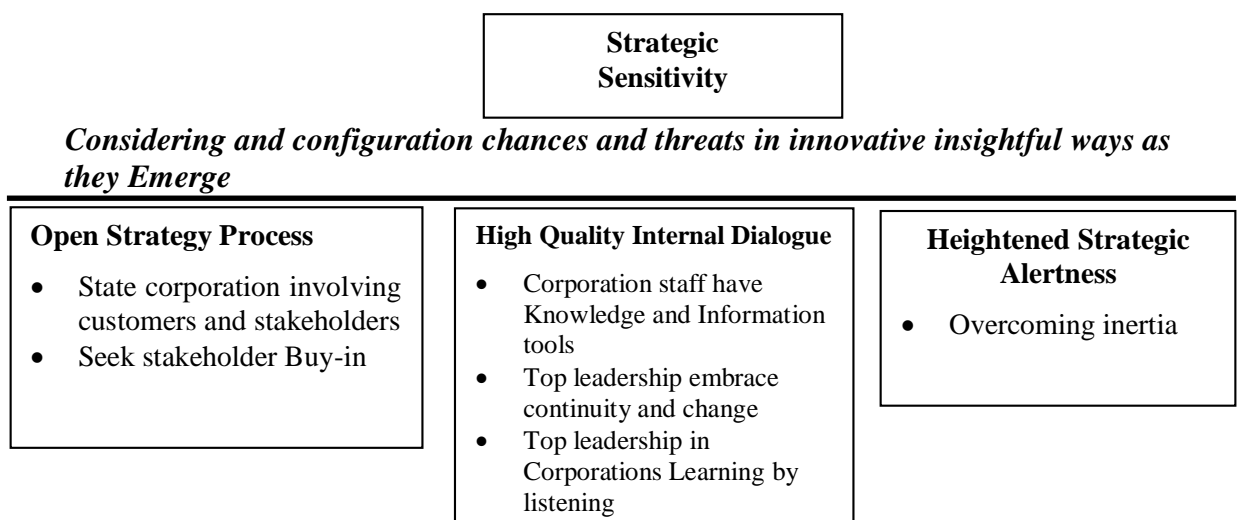
Strategic Agility is defined by Ivory and Brooks (2018) as the ability to rapidly reallocate resources at opportune time, by adopting re-orientation and re-innovation using its own capabilities. Brueller et al. (2014) concurs with structural reorientation towards change achieves positive outcomes. The study findings indicate that state corporations need to make fast re- orientation to fulfil performance goals. Strategic Agility through its constructs, strategic sensitivity, resource fluidity, collective commitment involves capabilities and perceptions on how organizations detect business conditions and gaining insights on external developments by top and middle managers where they aim to increase earnings and improve performance.

### **2.3.6 Strategic Sensitivity**

Strategic sensitivity is one of the three components of strategic agility. It has been defined as a management process used to identifying emerging issues, sensing and structuring prospects and threats in new, insightful ways. Shusha (2013) states that it is important to have foresight, recognize key trends and upcoming disruptions and identify key technological developments. Strategic sensitivity is about organizations early awareness and acute perception of incipient trends, converging forces, risks of discontinuities, and the real-time sense-making of strategic situations as they develop and evolve, (Fourné, Jansen & Mom, 2014).

Pradhan and Pradhan (2015) indicate that it is important to understand why, with what kind of mechanisms and models are important, and what “hot spots” are rising in the organizations setting. One important impact for the state corporations is to grasp the rhythm since they may need to change suddenly and rapidly in this uncertain global business environment. In sum, strategic decision-makers need to operate on the edge, beyond their comfort zones in a “stretch and stress” zone with eyes and ears wide open. Strategic insight often originates from the combination or collision of new and/or original sources of information which is input diversity for increased performance, (Raushan, 2016).

However, in addition to strategic foresight, these organizations (state corporations) also need the ability to have insight. It includes ability to discover, analyse and interpret correctly and finally take advantage of the complex strategic situations when they appear. These may be discovered through articulated communications or through systematic search. Parameters of strategic sensitivity include an open, participative strategy process; heightened strategic awareness; and high-quality internal dialogue, heightened strategic alertness to make fast moves, (Doz and Kosonen, 2013).



**Figure 2. 2: Parameters of Strategic Sensitivity**

**Doz and Kosonen (2013)**

According to Doz and Kosonen (2013), Strategic agility depends on the quality of strategic processes, which are a parameter of strategic sensitivity. Of great significance is opening strategy processes to external influences and maximizing knowledge transfer between organization and external sources. Organization connections should be built and maintained from different and sometimes unusual sources of knowledge. Doz and Kosonen (2013) propose that strategy processes must feel right for the organization based on their mission and values and result in right action and consequences.

Strategic sensitivity in this research is for enhancing the corporation's critical thinking and logical reasoning, credible questioning and consideration of multiple alternatives are the key to good decisions. The quality of top management team and how it works as a unit are essential conditions for the quality of the process. This will enhance in the corporations in restoring the economy to a higher broad-based long-term growth path with expanded opportunities for all Kenyans as they improve their performance (Doz and Kosonen, 2013).

Doz and Kosonen, (2013) further suggest that the understanding might arise from explorative measures. They propose organizations investigation, intelligence and perceptions with collective commitment to different business environment from different directions with experimentations, which might be conducted almost randomly to improve the organization performance.

Doz and Kosonen (2013) support that there needs to be high quality internal dialogue in the organizations in support to transformational leadership construct inspirational motivation. Organization members should be engaged in a systematic, organized, purposeful and open dialogue. There should be agreement and even promotion of divergent opinions and perspectives. Employees should also be guided to disengage

from their own role in the organization and to see the organization as a whole unit, take the helicopter view so to articulate their perception in the business environment. This approach is the key to helping the whole organization to develop instead of only smaller parts of it gaining from change. Especially important to this, is in top management team.

### **2.3.7 Resource fluidity**

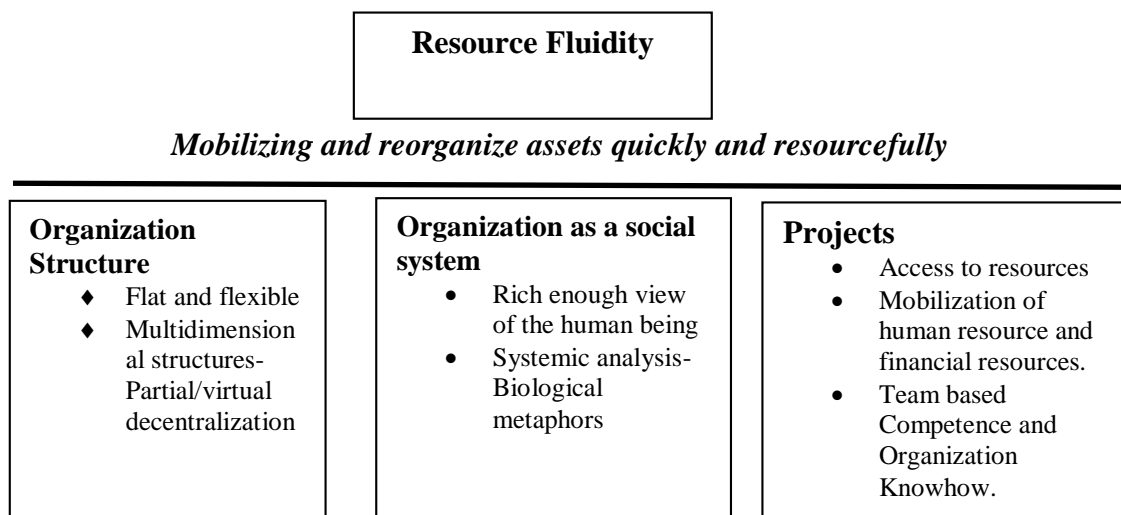
Resource fluidity is the second key component of strategic agility. This is a management process of mobilizing and redeploying resources rapidly and efficiently to meet organizations needs and take advantage of opportunities as they emerge. Resource flexibility refers to the firm ability to reallocate resources responding to changes (McCleskey, 2014). Factors that contribute to resource fluidity include rapid reallocation and use of organizational capital resources, flexible human resource management, information sharing and modular organizational structures. Resource fluidity implies ability to invest and disinvest organization's resources in projects as the business environment requires (Breevaart *et al.*, 2014).

According to Buller and McEvoy (2012), what is needed to achieve this, is to expand portfolio of autonomous units, a hierarchical levels of organizations broad-spectrum managers who can be transferred across units. The main challenge is that most of the resources are tied to some function, and it may be difficult to reallocate those resources, especially when it would be for something else than the traditional core business this relates to over-funding of legacy businesses (Doz & Kosonen, 2013).

Resource fluidity requires disciplined processes for evaluating individual units and reallocating key resources (Buller & McEvoy (2012), i.e. having only one set of performance data (Doz & Kosonen, 2013). This means that the same evaluation system is used across the organization, and different units and functions can easily be compared

to other units and functions in the same organization. It is also important to establish dynamic governance mechanisms in order to know where to allocate resources and reassign responsibilities in a fast and flexible manner, as well as set common rules for resource allocation (Doz & Kosonen, 2013). This research concluded that Resource fluidity plays a significant role in organizational performance.

Resource fluidity needs to go hand in hand with strategic sensitivity. If key resources cannot be effectively and swiftly reallocated to areas of opportunity or crisis, strategic sensitivity cannot achieve much (Birasnav, 2014). This calls for funds, talent and expertise, technical resources and other resources to be harnessed quickly for purpose as needed, rather than parcelled out in accordance with prior plans; resources must not remain scattered or unfocused because of rigid budgetary procedures.



**Figure 2. 3: Parameters in Resource Fluidity**

**Doz and Kosonen (2013)**

The state corporations in Kenya are often culprits and victims of this. Top management are often locked in traditional mental frames, set patterns of resource allocation and inter-ministerial budgetary bureaucracies and unable to respond through the allocation of resources to strategic situations as they develop good or bad.

Resource fluidity involves fast decision making which requires flexible movement of resources. Organizations face several constraints to resource flexibility (Birasnav 2014). The resources that support current operations are often hard to move. Capital is assigned to the safe and sound options, when profit making and investments are not separated. Established customer and partner relationships may be hindering the reallocation of resources to new uncertain opportunities in fear of losing earlier profit. Units may also hoard resources for their own use preventing them to be fluently reallocated. Organizations may have others resources and lack in resources for other reasons (Doz & Kosonen, 2013).

Table 1 shows different kinds of resources in an organization and how they differ in their mobility, scarcity, “stickiness” and ability to be increased. Critical dimensions of resources concerning agility are 1) if they are able to be shared or does it need to be allocated somewhere and 2) how tightly they are bound to their environment, in other words how “sticky” or easily movable they are.

**Table 2. 1: Resources in organization for fluidity**

<b>Organizational Resources</b>		
<b>(the state corporations may need to move from time to time)</b>		
<b>Capital</b>	<b>Core Competencies</b>	<b>Customer Relationships</b>
Core Technology	Rare Tacit, Team based Competencies and Organization Know how	Suppliers Relationships
Corporate Image		
Corporate Patents		

**Source: Author 2020.**

Doz and Kosonen (2013) present a multidimensional structure, which combines different functions that make resources more fluid and detached from silo characteristics, which often block flow of resources in most of the organization. The structure also helps in making the needed separation of strategic management and profits from the resource ownership in different departments. Modularity is seen as beneficial to resource allocation. Modules are easy to reconfigure and combine in a purposeful way in different context and needs of the organizations.

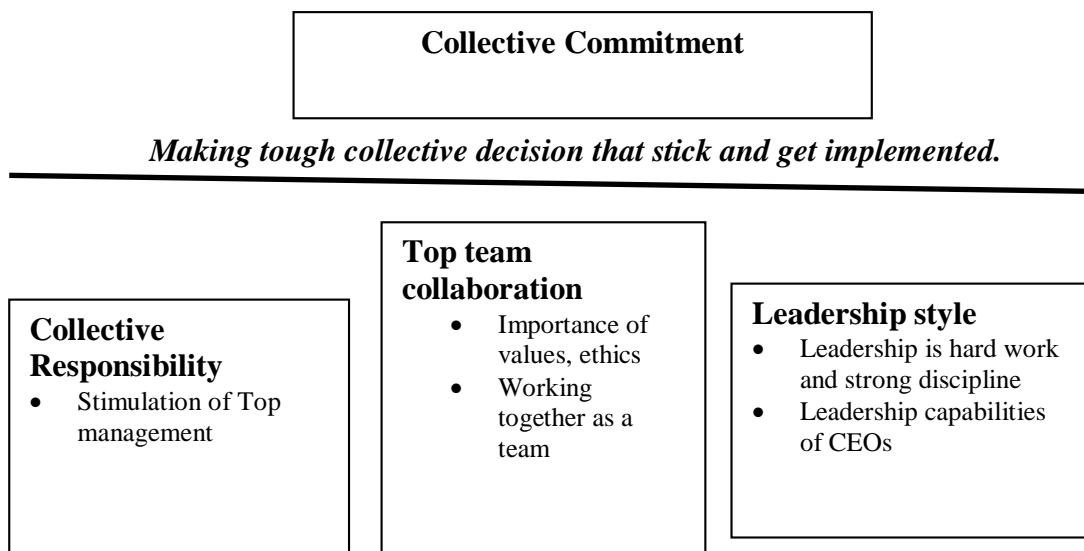
### **2.3.8 Collective Commitment**

Collective commitment is a management strategy for making robust choices that work and can be easily implemented. Factors of organizational collective commitment include top team collaboration, Stimulation of Top management, and the leadership style and sound decision-making capabilities (Rose & Norwich, 2014). According to this study, collective commitment is a strategy of how top management can lift up their team's vision to higher level, the raising of teams' performance to higher standards, the building of a leader's responsibility beyond its limitations. Collective commitment of top management will influence team's attitudes toward their work and themselves for higher performance, Murungi (2015).

The study therefore take key levers of strategic agility are thus relational, cognitive, and organizational, as well as emotional (commitment, pride, motivation) which top leadership should exploit (Doz & Kozonen, 2013). The idea of strategic agility would help state corporations to act faster, more effectively, creating more openness in the organization thus enhancing the mobility of people and knowledge for performance.



Collective responsibility as per this study includes stimulation of top management, top team collaboration checks on the importance of values, ethics, working together as a team for the success of these organizations. Leadership style helps in maintaining hard work in the organizations and strong discipline among teams and team members to help meet the set- goals through developing leadership capabilities of other upcoming leaders in these organizations (Rose, & Norwich, 2014) for improved performance.



**Figure 2. 4: Parameters of Collective Commitment**

**Doz and Kosonen (2013)**

Collective commitment is the third construct on which strategic agility stands. The behaviour and skills of politicians in power, senior appointed officials, and career civil servants is the most important element of strategic agility. The management should be capable to: 1) recognize the issue and weigh their options; 2) negotiate an agreement on how to use the resources; and 3) commit themselves and their organizations to undertake effective, integrated action. Without such a commitment from them, the measures supporting enhanced resource fluidity would only aggravate bureaucratic rivalries and thus affect organizational performance.

Collective commitment is one aspect of organizing for mutual dependency along the functions and structure of the organization, for example giving individual executives responsibility for different stages in the company's value chain, instead of only giving them formal responsibility for a business unit (Mehdi, *et al.*, 2016). Common functions and value creation logic can be utilized as integrators. Common, horizontal functions serve all the vertical units and therefore these leaders gain companywide understanding of the needs of different units. Common value creation logic on the other hand helps to maintain a shared approach between different units, which prevents division into separate silos, (Peus, Weisweiler & Frey, 2013).

Also distributing corporate-wide leadership roles beyond the unit responsibilities enhances collective commitment (Doz & Kosonen, 2013). Learning to work together is not easy for executives who have their own units, but it is crucial when it comes to reaching collective commitment (Caillier, 2014). This study advocates that this can be addressed by focusing on corporate issues instead of unit level issues, and creating share incentives plan as well as transparent goals and a fair process.

Overlapping areas of expertise within top management will be a source of strength, and which should be utilized to relate and build on one another's points of view instead of just arguing. However, it is also important to embrace conflicts rather than avoid them, as well as to keep the dialogue direct and informal (Patiño & Poveda, 2015). In order to overcome this challenge, the management needs to base their decisions on rational rather than emotional or political criteria, invest heavily in promising opportunities (Creswell, 2014), and restrict over investment in the core business (Doz & Kosonen, 2013). It is also important not to allocate resources into subunits in a way that cannot be changed without a major reorganization, but rather provide multiple channels for

accessing resources i.e. several places where managers can get access to resources when they need them instead of having just one person that acts as a gatekeeper.

This study proposes that top management teams in state corporations need to find new strategic agility approaches for renewing their own units. They need to enhance the quality of decision making, bring different perspectives and ways of thinking to their shared table. They need to disengage from trying to keep up status quo, but also hold on to accountability. They commit to the decision personally, but bear the responsibility also as a team. They need to find ways to create value together and constantly reinvent the value. As per this study, the organization's CEOs is in a great role to renew the practices.

Doz and Kosonen (2013) advocated that job and task rotation as well as people replacement practices should be incorporated to the top management team practices to ensure high quality cooperation, transformation among the teams for organization superior performance. In summary, Strategic Agility could help state corporations institute organizational processes that anticipate and adjust to disruptions in global business environment. This would help them to maximize strengths and provide what it necessary for the organization's superior performance. Strategically agile organizations achieve their objectives through components of strategic agility, Strategic Sensitivity, Resource Fluidity and Collective Commitment (Ivory & Brooks, 2018).

Denrell and Powell (2016) defines the same phenomenon as consistently identifying and seizing opportunities more quickly than the competitors do. According to him, companies need to internally have shared real time market data that is detailed and reliable; small number of corporate priorities in order to focus efforts; clear

performance goals for teams and individuals; and mechanisms to hold people accountable and to reward them.

In most cases, new policy priorities emerge, as well as service delivery systems, which are highly specialized and tightly integrated (Odumeru & Ogbonna, 2013). However, these priorities may constrain resource fluidity, the infrastructure and processes due to lack of collective commitment to enable collaboration and flexibility which are either completely lacking or insufficient, competence gaps and insufficient talent which has inhibited the pursuit of new undertakings in the global trends (Hayes, 2013). Organizations changing strategic direction often require new dynamic capabilities that may not immediately be available or take a long time to develop leading to some of the state corporations winding up or undergoing privatization.

Globally, for example, competition has become so intense that companies have been forced to collaborate and formulate survival strategies. Customer focus, electronic commerce, intelligent data management and business networks are some of the noticeable business responses (Nazir & Shah, 2014). Strategically agile organizations exhibit goal seeking behaviour, exercising their potential for agility by understanding the business situation, learning and adapting continuously as the situation changes and demonstrating sustained of purpose and model performance.

### **2.3.9 Organizational Performance**

According to Kazmi and Naaranoja (2015) organizational performance is an organization's ability to acquire and utilize its scarce resources and valuables as expeditiously as possible in the pursuit of its goals. The idea of 'performance' includes two concepts: efficiency that links inputs, costs and outcomes and effectiveness that relates outcomes to the anticipated outcomes or goals. The word 'performance' raises

the concepts of 'attainment, 'accomplishment,' and 'the execution of a task. This study, concern was caused by the concepts elaborated by the older researchers, who understood that the CEOs and senior management's guidance should be in line with the established goals (Drucker, 1954) and that the performance should be the result an analysis of future possibilities (Rose & Norwich, 2014).

The organizational performance measures financial, Non-financial, and learning and growth, customer satisfaction, internal processes as a variable as a way of addressing the criticism on organizational performance processes raised by Kim (2015) as well as on the situational factors raised by Murungi (2015). Much has been proposed by other researchers such as Meeker and Escobar (2014) that the ultimate measure of organizational performance is return on investment. While this was argued to be the aim of the organization, Ansoff acknowledged that the organization was constrained by individual stakeholder objectives.

This study therefore proposes that state corporation should have non-economic objectives that lead to high performance (maximization of return on investment) as constrained by stakeholder constraints on organizational flexibility. In contrast to Drucker, Ansoff's perspective performance can be seen as multi-constituency and one-dimensional. Although Ansoff proposes one primary dimension of performance, he does propose that there are several sub-dimensions of performance construct and therefore this study took the dimension of Balance Scorecard as a framework to measure organizational performance with its sub-dimensions.

According to Kaplan and Norton 1992; cited by Mihaiu (2014), Balanced Scorecard is a strategic planning and management methodology used extensively in business and industry, government, and non-profit organizations all around the world to align

business activities to the vision and strategy of the enterprise, improve internal and external communications, and account for organizational performance against strategic goals. This management methodology measures, analyses, and provides feedback to organizations to assist in implementing strategies and objectives (Najeeb, 2014). By taking a holistic approach, the Balanced Scorecard method also lets managers have insight into what enterprise-wide objectives have been met, and what is needed to achieve strategic goals.

The fundamental of performance in the life of a corporation warrants close focus in its conceptualization and measurements. Measuring organization performance has been a major challenge for management's scholars and business executives (Men, 2014) because performance is a multidimensional construct which cannot be measured by any single index. The traditional view of performance measurement relied heavily on financial and accounting data such as earnings per share (EPS), return on assets (ROA) and return on equity (ROE). The effects of traditional performance measurements on shareholder (market) value, has been discussed for some time (Lewis *et al.*, 2014).

Mavengere (2013) observes that the most common measure used to present organizational performance is profitability, a measure that is limiting in many aspects. According to this study, managers should waste less time monitoring but have an increased understanding of the steps needed to achieve their goals. The Balance scorecard here positions itself not as strategy formulation tool, but rather as a strategy execution tool. Businesses in the past depended on brand but currently customer experience or demand account for organization performance. This research study present that the top management needs to use measurements such as BSC which present

organization varied perspective of performance. Data collection is crucial to providing quantitative and qualitative results, which can be interpreted by managers and executives to make better long-term decisions.

The BSC is different from other strategic measurement systems because it contains outcomes and the performance drivers of those outcomes that are linked together in cause-and-effect relationships (Patiño & Poveda, 2015). The two have argued that traditional financial measures (like ROI- return on investments and earnings per share) offer a narrow and incomplete picture of organizational performance. Traditional performance measures have been criticized for encouraging short term plan, lacking in strategic focus, and not being externally focused (Sundi, 2013).

In an attempt to overcome these criticisms, Performance Management frameworks have been developed to encourage more balanced performance measurements. Girod and Whittington (2017) developed a balanced scorecard (BSC) that is intended to provide a comprehensive view of the business which involves organization reconfiguration, restructuring and its performance: Dynamic capabilities and environmental dynamism. The BSC is a performance measurement system as well as a strategic management tool that addresses shortcoming of traditional performance measurement systems.

The BSC measures across four hierarchical perspectives. The first is the financial perspective. The financial perspective is considered the highest-level perspective. Companies improve shareholder value through a revenue strategy and a productivity strategy. The outcome measurements are return of investment and profit. We considered use of profitability of the State Corporations in this study. The second is the internal business process perspective which encompasses the entire internal value,

which includes innovation, customer management, operational, and regulatory (Kumar, 2016). The third is the customer perspective, which focuses organizations on the external environment and allows firms to emphasize customer needs, which includes customer satisfaction and market share.

The fourth and the last is the learning and growth perspective. Outcome measures of the learning and growth perspective become indicators of the outcomes of each of the three perspectives above it in the hierarchy. This study therefore suggests that financial measures in these organizations be supplemented with additional measures that reflect customer satisfaction, internal business processes and the ability of an organization to learn and grow. This study adopted the BSC to measure the performance of State Corporation in Kenya because by their nature, state corporation performance may not be measured using business criteria only hence require different perspective to realise this Louw, *et al.*, 2017). Balanced Scorecard is used as a performance management system to enable top management to focus on important performance metrics that drive organizational success. BSC supplements financial perspective with customer satisfaction, internal process, and learning and growth perspectives.

Katou (2015) main aim was for the organizations to use four independent but inter-related measures. This was a simple way to redress common bias towards financial measures of performance such as overall profitability, the cost to income ratio and return on investment etc. While these are important, too much focus on this category at the expense of the other three would lead to an incomplete picture of organizational performance. Non-financial indicators are drivers that inform the managers of likely future performance. For example, learning new knowledge and skills ensure future ability of the corporation staff to sustainably generate revenue and retain customers. Without investment in staff learning and personal growth, the business has less ability



to deliver to the product quality specifications identified in its customer related goals. Organizations use of financial performance measures at the expense of non-financial performance measures (Datche, 2015). This study presents the measurement element of BSC presents both as a strategy and outcomes balanced between financial and non-financial performance measures. The research findings conclude that balanced scorecard model presents a performance tool with multiple benefits.

The BSC measures performance as well as whether organizational operational activities are aligned with long-term objectives mission and vision of the organization. It can also be used as a Strategic Management System that explains and translates vision and strategy. It also communicates and links strategic objectives and measures, plan and set targets. It further aligns the strategic initiatives, strategic feedback and organizational learning for improved performance (Idris & Al-Rubaie, 2013). This study employed operational measures, which include variables that represent how the organization is performing on non-financial issues. Measuring performance on non-financial dimensions has received renewed attention over the past decade as corporations adopt balanced scorecard BSC approach to integrate strategy and performance measurements.

BSC –balanced scorecard is a performance metric used in strategic management to identify and improve various internal functions of a business and their resulting external outcomes (Modak, Pathak & Ghosh, 2017). The BSC also measured customer perception of the organizations since customers provide direct revenues through sales, services or product given to the consumers, as their perception of the organizations is critical to increase performance and sustainability of the sales (Hawkesworth & Klepsvik, 2013). Under customer perspective, the BSC measured – time, quality, performance, and cost. The BSC also measured internal process to focus on the

activities that enhance customer satisfaction, and innovation and learning to improve the skills of employees and to achieve superior internal business process (Kazmi & Naaranoja, 2015) for improved performance.

BSC is used to measure and to provide feedback to organization. These variables include market share, changes in intangible assets such as patents or human resources, customer service consumption, and stakeholder performance. Customer services, business processes that create customer and shareholder satisfaction. Internal processes Innovation & learning-A climate that supports organizational change, innovation and growth. Performance measurement is the foundation of performance management in any organization. Traditional financial performance measurement is not capable of capturing the true performance of an organization.

Balanced scorecard is increasingly being used by both public and private corporations throughout the world and presents advantages of translating vision and strategy into action. It defines the strategic linkages to integrate performance across organizations. It communicates the objectives and measures across business units and departments (Gentry *et al.*, 2015). The BSC aligns strategic initiatives and objectives in order to attain organizational long-term goals. This study therefore advocates for the state corporation to employ balance scorecard as a strategy to improve their performance.

Finally, it aligns everyone within an organization to understand how they support the organization strategies for increased performance. The BSC provides feedback to top management as to whether the organization performance is being realized in the uncertain environment. BSC is a conceptual framework for translating an organization's vision into a set of performance indicators spread among the four perspectives:

Financial, Customer, Internal Business, Processes and Learning & Growth (Clarke, 2013).

### **2.3.10 Financial Perspective**

Kaplan and Norton (1992) as cited by Kazmi and Naarananoja (2014) observes that financial measures of performance relate to organizational achievement and profits which include financial ratios such as return on assets, return on equity, and return on investment and stock price helps in answering how state corporations look to shareholders and stakeholders. For example, how the State corporations measure and communicate their performance in terms of net revenue, operating income, and cash flow over a five-year period. This in the end shows whether they are improving in their performance and be able to be sustainable rather than depending on government grants that are often unstable, inadequate and delayed.

### **2.3.11 Customer perspective**

Public and private Business organizations recognize the importance of customer focus and customer satisfaction. They now fully understand that, if customers are not satisfied, they will soon find other products, product suppliers or service providers to meet their needs (Hoque, 2014). There are principal indicators showing that in cases where customers are not satisfied, top managements needs be aware since customers will opt for other suppliers to meet their requirements.

An inadequate customer service strategy is an important indicator of potential future loss of business even in times the financial perspective depicts increased performance. Organization emergent metrics for customers' satisfactions should be analysed in terms of type of customers and the processes the organizations are using to provide products and services to customers and customer groups, or organizations (Chen & Tzeng, 2014).

The customer perspective focuses on the people who actually purchase products and services of the organizations. Are the state corporations engaging new businesses? How about keeping their existing customers happy? How are the state corporations viewed in their industry compared to competitors? Customer satisfaction is a forward-looking indicator that can guarantee improved future organizational performance. The amount of money state corporations will make in future depends on the way they treat their customers today (Kaplan & Norton, 2015).

According to this study customer performance measures relate to customer attraction, satisfaction, and retention. These measures provide insight on how the customers see the organizations, which translates to the number of new customers and the proportion of repeat customers. State corporations needs to realizes the importance of repeat customers and develop structures to satisfy and to attract regular customers and develop regular rewards to customers for increased performance (Grygor, 2017).

### **2.3.12. The Internal Business Process Perspective**

Internal business processes refer to what the state corporations must do internally to meet customer and stakeholder expectations. It involves identifying their core competencies and critical technologies needed to ensure continued effectiveness. Under this perceptive the corporations should decide processes and competencies they must excel at and specify measures for each.

Metrics based on this perspective allow the managers to know how well their businesses doing and whether their products and services respond to customer requirements, expectations and preferences (Hanna & Katja, 2013). The top management can enhance internal communication and information flow to augment services to the customers. This can lead to customer satisfaction and retention. Effective internal business

processes also improve organization risk management, process discipline, and increases alignment of corporate shared services to enhance customers' services leading to customer satisfaction and to improved corporation performance. The corporations need to take into account efficiency aspects of Internal Business Process for example time taken to deliver a service or to create a new product and bring it to market. Using strategic agility and transformational leadership, state corporations can realize long-term performance improvement.

### **2.3.13 Learning and Growth Perspective**

The study considered that Turbulence and rapid changes in the operating environment of State Corporation demand that they make continual improvements to their existing products and services. They often need to introduce entirely new products with expanded capabilities. The corporation's ability to innovate, improve, learn to compete and meet stakeholder expectations. The corporation's ability to launch new products, create more value for customers, and continually improve operating efficiencies can a retain customers increased revenues and shareholder value. This perspective involves building human capital, infrastructure, technology, culture and other capacities that are important to superior performance.

Organization learning and growth should take training has the distinct role in the achievement of an organizational goal by incorporating the interests of organization and the workforce (Hayes, 2013). Training and capacity building are important factors in the business world today because they improve efficiency and effectiveness of both employees and the organization. Staff performance depends on diverse issues including skills to perform relevant tasks. Staff members can acquire proficiency through effective and innovative learning and turn growth strategies.

Learning and growth perception looked at overall corporate background. The top leadership need to ensure that they are up to date with new knowledge and technology. Management must be aware of the latest industry trends and enable employees to collaborate and share knowledge. The corporations must invest staff training and continuing education. These will enable corporations manage disruptions and turbulence in business environment. Learning and growth measures focus on innovation and proceed with an understanding that strategies change over time. Consequently, developing new ways to add value will be needed as the organization continues to adapt to an evolving environment. An example of a learning and growth measure is the number of new skills learned by employees every year facilitated by the top management decisions (Joseph, 2015).

The effect of training and development, on the job training, training design and delivery style can enhance organizational performance (Caillier, 2014). This perspective also ensures that technology plays a major role in learning and growth. The state corporations should ensure the staffs have skills to be able to use the latest devices and software. In order to achieve long-term objectives, top management of the state corporations need to modernize technology infrastructure by developing personnel, the systems and the procedures in continuous fashion.

The learning process has to be monitored and measured by focusing on training people to access new skills, improving the information system and reconciling procedures and practices. This research emphasises that Learning and Growth relate to future performance. State corporations needs to build the capacity to develop and continuously review the overarching strategies in respect of government owned entities by adequately capacitating the responsible institutions, ensuring adequate collaboration

between these entities and similar ones in benchmark countries and with international bodies, and targeting capacity and capability development at the national and county levels of operations (PTRPs, 2013).

The culture of continuous improvement, manage change and creating value. The organizations need to manage number of new skills acquired by the workforce every year to develop innovations that can benefit the state corporations (Naarananoja, & Kytola, 2015). State corporations using complete scorecard system are able to align the organization's picture of the future (shared vision), with their business strategies, required employee performance and day-to-day operations. State corporations will be able to benefit from other strategies that improve performance. This study looked at the role of transformational leader on the four components of the balance scorecard. The most critical aspect of strategy is how the top management uses the four BSC components of organization performance.

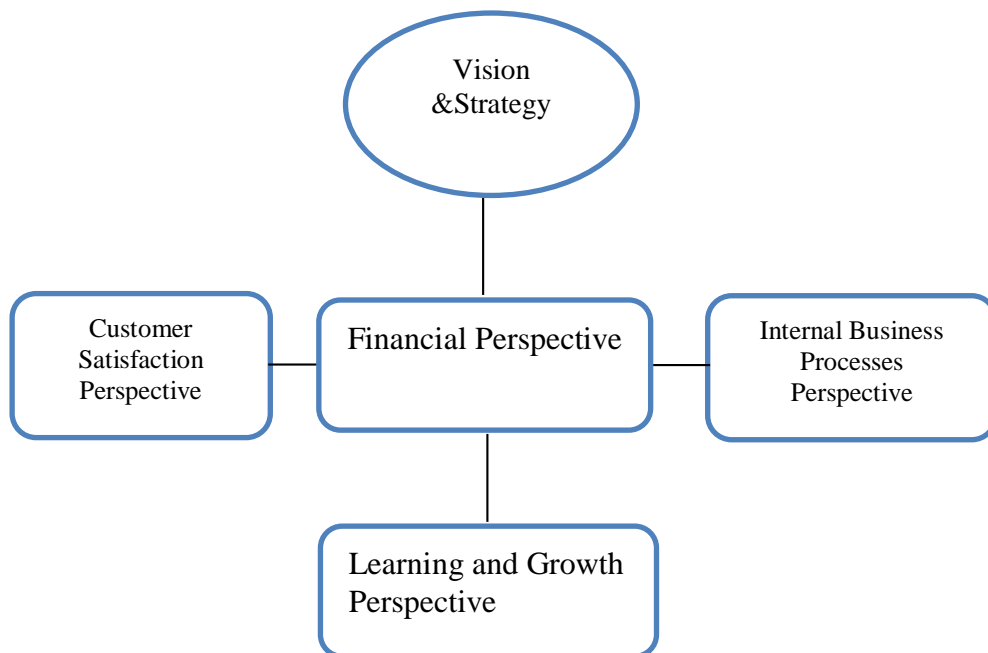
They have to integrate the four components in their day-to-day activities. Transformational leadership and strategic agility are the tools that ensure the organization sustain performance. The study shows transformational leadership and strategic agility relationship can link to desired outcomes; evaluate, measure, and improve the processes most critical to success; and target investments in human, informational, and organizational capital (Kazmi & Naaranoja, 2015).

#### **2.3.14 Government Agencies Model for Improving Performance: Balanced Scorecard**

State corporations share the same bottom-line incentives to avoid operational inefficiencies as private sector entities. Sound financial stewardship is essential to state corporation leadership. In addition, as budgets become increasingly constrained,

decision-makers will not base their allocation on the needs of the corporation. The Balanced Score Card (BSC) presents a carefully selected set of quantifiable measures derived from an organization's strategy and is a management tool with three main elements namely; measurement system, strategic management system and communication (Kazmi, Takala & Naaranoja, 2015).

In this study BSC has been used to provide how a logical connection between the Vision, Mission and Strategic Objectives with the desire on how to meet Customer and Stakeholder needs, financial, internal processes and capacity building (learning and growth) through cause-and-effect relationships (Kazmi, Takala & Naaranoja, 2015). However, combination of financial and non-financial measures is a way to measure performance of an organization as well as provide a strategic control model to achieve its vision and strategic objectives as indicated in the figure (Kazmi, Takala & Naaranoja, 2015).



**Figure 2. 5: Balanced Scorecard: A Model for IGAC**

**Key: IGAC- Improving Government Agency Performance**



Balanced scorecard used in this study as a strategic planning and management tool that can help in aligning corporation organization objectives as well as help the top management to work focusing on results. In most large organization, a scorecard is more than a way of keeping achievement; it acts more as methodology that relies on the integration of people, strategy, processes, and technology thus enhances use of dynamic capability theory as it integrates processes for performance. The state corporations can use BSC to enhance performance by integration of implementation and goal metrics to improve performance (Kazmi, Takala & Naaranoja, 2015).

According to Kowalski (2013), the balanced scorecard provides governments with a more holistic performance management methodology. There are numerous examples of public sector balanced scorecards. Some create additional perspectives such as human resources. Important differences from the private sector include the replacement of the *customer perspective* with the *citizen perspective*. Public sector organizations focus on the *citizen perspective* as result, rather than *financial perspective*. Public sector organizations are budget driven. The balanced scorecard according to this study advocates that the BSC enables tying long-term government goals to annual and medium-term budget proposals to improve on their performance. The balanced scorecard is an effective transparency mechanism for citizen and employee communications that improves monitoring and evaluation in state corporations. It provides evidence of progress towards goals and validates policy (Birasnav, 2014).

Top leadership of the state corporations need to become aware that the balanced scorecard has additional value as a strategic management tool that can help their state corporation in linking long-term strategic objectives to day to day actions. Top management should know that performance measures that focus on financial impacts

only might bear little relation to the achievement of long-term strategic objectives. The financial focus alone may leave a gap between the organization's strategic direction and its implementation plans. The balanced scorecard enables managers to introduce management processes that link long-term strategic objectives with short-term actions (Arif & Akram, 2018).

The results of this research indicated that state corporations use numerous performance measures. However, Balanced Scorecard provides an opportunity for to use a strategic planning and management tool that aligns their activities to the vision and strategy of the corporation. It further improves internal and external communications, and accounts for organizational performance against strategic goals. It also helps the corporation to get feedback from all its stakeholders. By taking a holistic approach, the Balanced Scorecard enables state corporations to measure broad performance objective and get insight into their strategic goals. The corporation can collect qualitative and quantitative information, in addition to purely financial information.

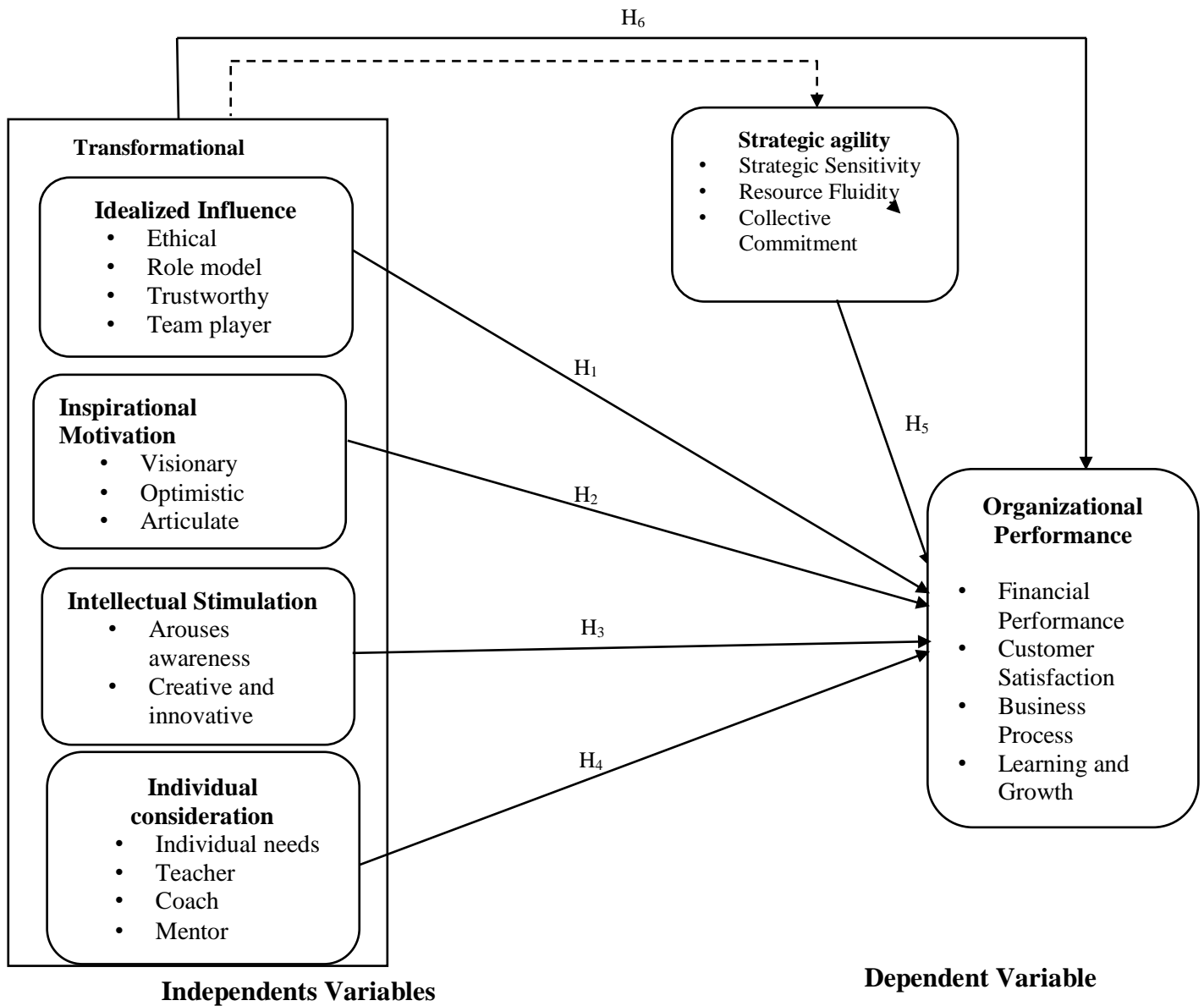
The Balanced Scorecard (BSC) allows the measurement and control of the tangible and intangible objectives based on the corporation's mission and vision. Balance scorecard also contributes to performance. In addition, state corporations must not only focus on their portfolios of social, nonfinancial initiatives in order to deliver meaningful results to key stakeholders but also communicate those results. Unless state corporations meet the expectation of stakeholders, they risk a political backlash that could undermines their strategic goals miss adequate funding because politics-driven decision-making. Although the obligations of these state corporations do not explicitly outline financial targets, they may not ignore it. The state corporations depend on the stakeholders to advocate to their

funding from public sources (Datche, 2015). The process of financing process is often extremely politicised.

## **2.4 Conceptual Framework**

Conceptual framework is a scheme of concept (variables) which the researcher operationalizes` in order to achieve the objectives of the study (Ljungholm, 2014). According to Madsen and Stenheim (2014) a conceptual framework is an end result of bringing together a number of related concepts to explain a given event and also give a wider understanding of the research problem. In this study, components of transformational leadership; Idealised influence, inspirational motivation, intellectual stimulation, individual consideration were joined together to tell a bigger map of their possible significant effect on performance of state corporation. A variable is characteristic measure that assumes different values among subject (Madsen & Stenheim, 2014). Independent variables are variables that a researcher manipulates in order to determine their effect or influence on another variable (dependent variable).

Maxwell (2013) states that independent variable, also called explanatory variable, is the presumed change in the cause of changes in the dependent variable; the dependent variable attempts to indicate the total influence arising from the influence of the independent variable (Herman & Chiu, 2014). The conceptual framework gives links the study variables from the theoretical model of transformational leadership, dynamic capability theory, stakeholder and game theories. Idealized influence and Inspirational Motivation, intellectual stimulation individual consideration was theorized to directly affect organization performance through the perspective of balance scorecard mediated by strategic agility constructs such as strategic sensitivity, resource fluidity, and collective commitment.



**Figure 2. 6: Conceptual Framework**

### 2.4.1 Study Model

In this study, balanced scorecard was used to measure performance. The BSC components and their indicators were used as performance metrics to assess how the various variables combine to drive overall business results in the context of Transformational Leadership and strategic agility. A similar study carried out in Mexico, financial metrics which represented economic impact on the business used revenue growth and return on investment as measures (Birasnav, 2014).

A study carried out in Germany by Atmojo (2015) on how do transformational leaders foster positive employee outcomes used performance metric and the result was highly positive. However, this research used balance scorecard to measure organizational outcomes due to the influence of transformational leadership, strategic agility and their components on performance of state corporations in Kenya. This study used Balance Scorecard BSC model which uses Metric and Non-metric measures of performance, such as financial perspective of the organizational goal's customer satisfaction, internal processes learning and growth measures.

#### **2.4.2 Conceptual Framework Model: Transformational Leadership, Strategic Agility and Organizational Performance.**

Based on the review of the literature, this study proposes the following conceptual model (Figure 2.5). Transformational leadership is the exogenous variable and organizational performance is dependent or endogenous variable. Strategic Agility and its constructs are assumed to have both direct relationships with organizational performance and play important mediating role. All hypothesized relationships between the constructs were found to be positive.

The conceptual framework in Figure 2.6 illustrates the hypothesized relationship between the variables of the study. It indicates the four dimensions of transformational leadership as adopted from Afsar, Badir, Saeed and Hafeez (2017) which are idealized influence, inspirational motivation, intellectual stimulation and individualized consideration as independent variables and strategic agility through the sub components strategic sensitivity, resource fluidity, and collective commitment as mediating variable and subsequently organizational performance as dependent variable measured through the balance scorecard subcomponents.

Under strategic management discipline, strategic agility in dynamic capability theory represents how state corporations can carry out reconfiguration of their capabilities, coordination and transformation within the departments and institutions core responsibilities. In rapidly changing environments, there is value in the ability to sense the need to reconfigure the firm's asset structure and, to accomplish the necessary internal and external transformation (Birasnav, 2014). This requires constant surveillance of business environment, opportunities, markets and technologies and willingness to adopt best practices.

The study model in figure 2.5 presents direct and indirect relationships between the three variables, independent, mediating variable and dependent variables. The four dimensions of transformational leadership; idealized influence, inspirational motivation, intellectual stimulation and individualized consideration was analysed to determine their influence on strategic agility (strategic sensitivity, resource fluidity, collective commitment and organizational performance respectively based on balance scorecard perspective. The last research objective was measured to determine the extent to which strategic agility mediates the relationship between transformational leadership and organizational performance. The Conceptual framework presented the influence of Transformational leadership on organizational performance and the mediating variable Strategic Agility.

### **2.4.3 Transformational Leadership and Organization Performance**

Organizational performance is fundamental to an organization's survival and overtime, assessment of leadership is derived from it. Previous literature reveals that, irrespective of the industry or sector, performance is crucial to organizations leaders. The leaders endeavour to ensure that the organization they lead demonstrate best performance.

Organizational performance manifests itself at individual, group or organizational level. Research on leadership has devoted a lot of effort in establishing the superiority of transformational leadership over other leadership styles in explaining organizational performance (McCleskey, 2014).

Orabi (2016) mentioned that transformational leadership is a strong factor in influencing organizational performance and any improvement of transformational leadership style hence the higher performance of organization. Transformational leadership also has a direct influence on organizational performance (Sonni, 2015). The relationship between transformational leadership and organizational performance is an important factor in effective organizational development (Hurduzeu, 2015). An understanding of the interplay between transformational leadership and organizational performance is an important factor for developing effective organizations (Tiri, Ogollah & Mburu, 2015).

Optimizing the performance of employees and consequently that of organizations has been and continue to be a major objective of leadership. The literature on the influence of transformational leadership on performance, reveal that irrespective of the industry or sector, performance is a fundamental goal of organizational leaders as each one strives to ensure that their organizations are the best performing. Some studies have examined the impact of transformational leadership and transactional leadership on innovation.

Alvesson and Kärreman (2016) investigated the impact of transformational leadership on organizational performance through dynamic capabilities of organizational learning and innovation, analysing 168 Spanish companies. The findings indicated that transformational leadership has a positive effect on the organizational performance

through the application of organizational learning and innovation. This study finding indicates that transformational leadership, strategic agility has positive influence on performance of state corporations in Kenya.

Organizational performance is a recurrent theme in management research and continues to be a contentious subject in terms of definition and measurement among researchers (Oon, 2015). These definitions and suggestions evaluate organizational performance as organizations' ability to maximize their strengths, overcome their weaknesses and to neutralize their threats in order to take advantage of opportunities. Despite the differences in definition, organization performance is often described in terms of three different perspectives namely the goals approach, resource approach and systems approach (Badaso, 2014).

Organizational performance is also an important construct in strategic management. Even though there are disagreements as to what constitutes organizational performance (Breevaart *et al.*, 2014), the goal of relevant strategic management studies aims to improve understanding of the determinants of organizational performance and how managers can realise superior performance (Nyarangi, 2013). According to Caillier, (2014), through strategic agility, firms are able to achieve superior performance. Performance improvement is the natural objective of any intervention in organizations.

Scholars have generally supported the hypothesized relationship between transformational leadership and organizational performance and this view was also supported by Chen and Tzeng (2014) in their studies on transformational leadership and organizational performance. Measure of organizational performance is an understanding of the relationship between economic inputs and outputs or the extent to which an organization is able to meet its set objectives and goals.



However, researchers also differ on the measurements of organizational performance with some arguing that past measures of performance suffered single source bias (Ciccotello, 2014) and that only a few studies have examined how transformational leadership predict performance (Eisenbeiß & Boerner, 2013). A study by Hurduzeu, (2015) examined the relationship between transformational leadership and organizational performance of the top 100 public companies in Canada measured by total revenue. Moreover, according to a study by Sundi (2013), although transformational leadership is a common style practiced by leaders of the best performing public companies in Canada, the results of the study did not conclusively establish the relationship between transformational leadership and performance, contrary to the researcher's original hypothesis, which was based on the Hamidullah and Sait (2015) model of transformational leadership.

#### **2.4.4 Relationship between Idealised influence and organization Performance**

Literature indicates that Idealized Influence behaviour is reflected by leaders showing charismatic personality (Herman & Chiu, 2014). Their subordinates identify them with their charismatic personality and try to emulate them (Veisheh, shiri & Eghbali, 2014). A transformational leader under idealised influence acts as a mentor and a role model for the subordinates and consequently wins their trust and respect. These leaders are not likely to experience resistance to change from the followers and are therefore able to mobilise support for organizational goals (Ivory & Brooks, 2018).

Kark and Shamir (2013) argued that leaders ought to send signals repeatedly to encourage respect and loyalty for continued commitment from their followers. Idealized influence at its core represents the highest levels of moral conduct. These leaders are often willing to sacrifice their own desires for the good of their teams and

organizations. They set high standards for work conduct and are a role model for those standards. They build trust in people because those who work for them understand they are working towards the common good, and their sacrifices go along towards achieving common goal. These leaders see the good in others first, and when it is not obvious, they work to build it out with concern for their followers. Transformational leaders are also willing to take and share risk with employees (Yaser, 2016). Under idealized influence, the specific constructs measured were ethical values, trust, role model and risk taking. Each construct measured the extent to which this transformational leadership characteristic leads to enhanced organizational performance.

#### **2.4.5 Relationship of Inspirational Motivation and organization Performance**

Literature on the influence of inspirational motivation on organization performance, capture characteristics such as teamwork, communication and autonomy (Kazmi, Naarananoja and Kytola (2015). According to Hurduzeu. (2015), who examined the application of the components of transformational leadership at Safaricom Plc., there is a positive relationship between inspirational motivation and organization performance. The research sought to understand how inspirational motivation can influence performance of State Corporations in Kenya. The research study concurs with Rawung, Wuryaningrat, and Elvinita (2015) who considered the role of inspirational motivation in building trust and satisfaction for the employee resulting in improved organizational performance. According to these authors, inspirational motivation is fundamental in knowledge sharing which enhances organization learning and growth to realise exemplary performance of the organizations.

#### **2.4.6 Relationship between Intellectual Stimulation and organization Performance**

The relationship between intellectual stimulation and organization performance indicate that it includes other variables including creativity and innovativeness and participation. Kim (2015) noted that transformational leaders enable organizations achieve goals and objectives by intellectually stimulating their followers' creativity through abandoning organization traditional and individual old beliefs of working in "Silos" and becoming agile to enable improved effectiveness and hence better organizational performance. The transformational leaders who question status quo encourage their followers to initiate change in the workforce, leading to positive transformation in their organizations. By continuously adjusting and adapting to challenges and taking advantage of opportunities as these emerge, the followers are able to attain significant organizational performance (Kim, 2015).

#### **2.4.7 Relationship of Individualized Consideration and organization Performance**

McCleskey (2014) in their research on the impact of delegation on organization performance they found that effective delegation improved organizational performance through improved team performance in the context of teamwork, team commitment and contentment. The results of this study informed the managers that delegation and individual consideration as a management skill can improve organization performance. This current study aimed to understand how delegation as a parameter of individual consideration could influence performance of State Corporation in Kenya.

#### **2.4.8 Mediating Influence of Strategic Agility on Transformational Leadership and Organization Performance**

Past studies provide evidence of positive relationship between transformational leadership and performance as discussed by (Shvindina, 2017). Among the difference

leadership styles, many researchers have found that the relationship between transformational leadership and organizational performance is stronger than the relationship between transactional leadership and performance. However, there is need to review the influence of transformational leadership on organizational performance in different types of organizations. Past research show that personal values and trust of the followers are important mediators of the transformational leadership influence on performance (Men, 2014).

Past studies have also pointed to several mediating variables. Cognitive-based trust, team potency and team consistency partially mediated the relationship between transformational leadership and team performance. The findings indicate that cognitive-based trust mediates the relationship between transformational leadership and members helping behaviour (Mpfungu, 2015). Other results also show that psychological empowerment mediates the relationship between transformational leadership and workers task performance (Yang, 2012).

According to Waweru (2016) leadership effectiveness mediates the relationship between transformational leadership and organizational commitment. Previous research recommend that transformational leadership may be more effective in government organizations vs. industrial organizations, organic vs. mechanistic organizations and that it has stronger motivational effects when followers have contact with people who are affected by their work e.g. clients and customers. A study by Raushan (2016) indicates that there is evidence that females show higher levels of transformational leadership than males. This research shows that there is mediation influence of strategic agility between transformational leadership and organizational

performance in state corporations. Strategic discontinuities and disruptions usually call for changes in business models.

Due to global uncertainties in the business, environment state corporations are not exempted from the upheavals and so over time, efficient organizations naturally evolve business models of increasing stability, which in turn may change to strategic rigidity. Resolving this contradiction can be made easier by developing three core meta-capabilities to make an organization more agile: strategic sensitivity, resource fluidity and leadership unity (Doz & Kosonen, 2013). Thus, strategic agility capabilities can help the state corporations to cope with uncertainties and volatility in business environment that could lead to disastrous negative consequences.

Strategic agility also propagates a state of active awareness and openness to new information that can enable members to continuously, innovate, and learn (Northouse, 2013). This research examined underlying determinants of these capabilities, based on data from 55 state corporations. The corporations ought to devise systematic processes for nurturing strategic agility capabilities to effectively operate in dynamic, ambiguous and unpredictable situations. Strategic agility is a vital component for organizations to survive in the exposure to crisis and change. If the top leadership are strategically agile; comprehend the strategic implications of the organization, the organizational performance would be better (Doz & Kosonen, 2013).

Strategic sensitivity is one of the essential constructs of strategic agility that can help top leadership of state corporations take into account the complexity and uncertainty in their decision-making. Prior research indicates that Strategic agility has a positive effect on learning and innovative thinking. Because Transformational leadership and strategic agility can facilitate dynamic and innovation by creating an atmosphere of open-

mindedness, engagement and flexibility, strategic agility has a significant mediating effect on organizational performance (Kim, 2015).

Although transformational leadership is a crucial driver for organization performance, strategic agility plays a mediating role between them. Besides a direct fundamental relationship between transformational leadership and organization performance, strategic agility mediates the relationship between transformational leadership and organizational performance. This is of the view that research on transformational leadership has never wholly examined the mediating variables that link the leadership style to performance (O'Reilly & Tushman, 2013).

**Resource fluidity** refers to capability of mobilizing and reallocating capital resources, people and knowledge through institutionalized value-based management system. Resource fluidity enables the transformational leader to combine resources to realise efficiency, effectiveness and economies of scale. Top leadership should be able to divest from loss making or unsuccessful ventures to invest the resources in emerging viable business opportunities. According to Oon (2015), what is needed to achieve this is a diversified portfolio of independent units through modular structures, where all cadres of staff across-the-board managers can be transferred across units and structured processes for decreasing investments or selling of units. These capabilities support inspiration motivation component of transformational leadership and hence mediation effect of strategic agility on the relationship between transformational leadership and organization performance.

Most of the state corporations' main challenge is that key resources are tied to some function, and hence it is usually a complex process to reallocate resources, even if it is tied in a project that is part of the corporation's core business especially when this

relates to over-funding of legacy programs of parent departments. A transformational leader that can overcome these types of challenges, using their idealised influence, inspirational motivation and the mediating effect of strategic agility as well as basing their decisions on rational analysis rather than emotional or political criteria, invest heavily in promising opportunities and restrict over investment in the core business (Ivory & Brooks, 2018).

It is also important not to allocate resources into subunits in a way that cannot be changed without a major reorganization, but rather provide multiple channels for accessing resources i.e. several places where managers can get access to resources when they need them instead of having just one person that acts as a gatekeeper. Strategic agility will mediate the relationship of transformational leader and organization performance by ensuring the right allocation of resources in all the units and can easily be made accessible (Doz & Kosonen, 2013).

**Collective commitment** is aspect of strategic agility is considered as organizing for mutual dependency across functional units and therefore enhances the mediating relationship between the transformational leadership and organizational performance. For example, by giving individual executives responsibility for different stages in the company's horizontal value chain instead of only giving them the vertical formal responsibility for a business unit. Common functions and value creation logic can be utilized as integrators by Transformational Leaders to improve performance (Doz & Kosonen, 2013). Common, horizontal functions serve all the vertical units and therefore they have an organization-wide understanding of the needs of different units thus improves organization performance.

Common value creation objective of collective commitment among teams in the organization help in maintaining a shared approach between different units, which avoids division to separate silos and distributing corporate wide leadership roles beyond the unit responsibilities enhances collective commitment. Shirkouhi, and Rezazadeh (2013), learning to work together is not easy for executives who have their own units to manage, but it is crucial when it comes to reaching collective commitment. This can be enhanced by focusing on corporate issues instead of unit level issues and creating shared incentives plan as well as transparent goals and fair process.

Overlapping areas of expertise within top management are a source of strength, and they should be utilized to relate and build on one another's points of view instead of being source of conflict and competition. However, it is also important to embrace conflicts rather than avoid them, as well as to keep the dialogue direct and informal (Niven, 2008 cited in Mehdi, Kamran, Maryam & Najafabadi, 2016). It is also important to establish dynamic governance mechanisms in order to know where to allocate resources and reassign responsibilities in a fast and flexible manner, while simultaneously setting common rules for resource allocation to mediate the relationship (Fourné, *et al.*, 2014). This research aimed to enhance understanding the nature and extent to which strategic agility acts as a mediating variable in relationship between transformational leadership and organisation performance.

## **2.5 Knowledge Gap**

Summary of the literature review shows that transformational leadership is one of the most all-inclusive leadership theories that relate to organizational performance. The literature further shows that transformational leadership has positive influence organizational performance. Past studies show that transformational leadership directly



or indirectly influences individual and organizational outcomes. Individual outcomes include customer and stakeholder satisfaction, talent development through organizational learning and growth or other organizational outcomes are measured using financial indicators. The performance of a transformational leader through its components influence the performance of the followers and this in turn affect the outcomes of the whole organization.

The literature also revealed that most of the researches on transformational leadership have neglected the state corporation sector. Waweru (2016)) for example, found a positive relation involving transformational leadership performance and customers' relationship commitment in the banking sector. In addition, some studies have examined the specific link between transformational leadership and innovation output (Alvesson & Kärreman, 2016), examined the effect of transformational leadership behaviour within the context of substitutes of Leadership on employee performance.

Banks et al. (2016) study confirms a relationship between transformational leadership Parastatals performance through employee job satisfaction but failed to reflect on individual transformational component relationship to organization performance and as well there is a gap on any study mediating the leadership and performance of organization using any constructs of strategic agility component practices to State Corporation. Odumeru and Ogbonna (2013) have reported that while some researchers have been able to reveal a relationship between transformational leadership and firm performance, they have not well explained how, when and why this relationship existed and determined the inter-relationships between the constructs.

Literature reviewed has established that most researches have examined the relationship between transformational leadership and firm performance mostly in a few developed

countries like the US and Finland (Doz & Kosonen, 2013). However, the question still not answered was whether components of transformational leadership have a relationship or effect on the performance of State Corporations. Therefore, a research in a developing country like Kenya would fill this gap and further determine the existence of such a relationship for improved performance in these organizations and others not considered in this study.

The literature indicates that above the studies examined direct relationship between transformational leadership and some other variable using direct relationship model strategy (Odumeru & Ogbonna, 2013; Ngaithe, 2015). This study examined the relationship between individual components of transformational leadership, specifically idealized influence, intellectual stimulation, inspirational motivation, individualized consideration, and organizational performance. It examined how individual components of transformational leadership influences organizational performance.

Previous work on the relationship between leadership and performance such as Kyalo et al. (2016) lacked emphasis on contextual factors and the role of individual components of transformational leadership on organizational performance. The definition of performance and measures of organizational performance are diverse. Literature reviewed indicates that organizational performance is largely measured using revenue, profitability and productivity (Kim, 2015). This study used the Balance scorecard as a framework for measuring organizational performance. The balanced scorecard components include both financial and non-financial measures. These included financial perspective, customer satisfaction, business processes, learning and growth as an organization performance framework.

This research also looked at both direct and indirect relationships between Transformational leadership and Organizational performance. The research examined the mediation effect of strategic agility on the relationship between transformational leadership and organizational performance and the result on the relationship was positive and there is partial mediation hence influence on performance on these organizations (Alatawi, 2017).

Finally, literature review show that past studies investigating the relationship between transformational leadership and organization performance focus more on profitability, efficiency and innovation only, but have also shown mixed or contradictory results. The findings of this study provided an opportunity for further investigations on the relationships between transformational leadership and organizational performance mediated by strategic agility (Oon, 2015). Therefore, this research filled the gap by conducting an empirical study to examine the relationship between each component of transformational leadership on organizational performance as measured by the Balance Scorecard (BSC) and mediated with strategic agility constructs (strategic sensitivity, resource fluidity, and collective commitment).

The issue to be determined in current study was whether there was theoretical basis for expecting a relationship between the variables of the existing study. The transformational-transactional theory states that transformational leadership activities impact on follower performance leading to improved organizational performance (Pieterse & Stam, 2013). Literature review show that transformational leadership has been widely studied. However, the context, research circumstances and objectives are major factors that deserve advanced exploration to corroborate the proposition by (Tourish, 2014).

The influence of transformational leaders on organizational has been studied from the perspective of the followers. In this research, the top leaders of state corporations reported on their own performance. Further, organizational performance was based on the four components of balanced scorecard. Financial perspective measures resource allocation, and utilization and results, the second measure was Customer Satisfaction to determine quality of customer service and customer retention, the third was Internal processes, these were those process that created customer and shareholder satisfaction through efficiency, effectiveness, profitability, cost cutting and new technology adoption. The fourth measure is learning and growth, which measures Innovation, training and skills acquisition (Alatawi, 2017). The balance scorecard measured many aspects of organizational performance and provided better insight in the studied relationship between transformational leadership and organizational performance.

## **2.6 Critique of Literature**

In the last 50 years, leadership theories have changed from a centre of attention on managerial undertaking and function to towards leader follower exchanges (Belias, & Koustelios, 2014). This is because of the realization and acknowledgment that leaders do not accomplish tasks by themselves but through the followers and workforce who play an equally important role in achievement of organization goals. This study focused on transformational leadership and the top management followers who are at the decision-making level. This approach to leadership was driven by a greater recognition of the active roles the followers play in the leadership processes (Popa, 2012).

The emerging theories also acknowledged that although followers can be managed to accomplish tasks and reach acceptable performance levels, they also have significant determination over whether they will be led by their leader (Raushan, 2016). This

research paper also gives a step-by step-approach to critiquing quantitative and qualitative research to help top management demystify the processes that are involve in organization performance and decode the management processes and strategies. The study also recognized that in the last recent decades, relevant areas of charismatic and transformational leadership in organizational settings have undergone significant evolution in terms of both theory and practice (Datche, 2015). Hence, this study has contributed to this ever-changing area of Transformational leadership. Past studies have often presented conflicting information and conceptual weaknesses that define who is an effective leader or what effective leadership entails.

Although past studies on transformational leadership predict positive achievements, Joseph (2015) observes that there still exist no single and clear conceptions of the processes that constitute transformational leadership. According to Van-Dierendonck, and Alkema (2014), there is a close relationship between charismatic and transformational leadership while pointing out the absence of notions of charisma in some work of transformational leadership for improving performance. Studies on the constructs of transformational leadership have revealed lack of consensus among scholars.

According to Yasin et al. (2013) transformational leaders have four dimensions as; idealized influence (charisma, model), inspirational motivation (articulating a vision, communicative), intellectual stimulation (challenging assumptions) and individualized consideration (attending to follower needs) while Hollstein, (2014) suggests six dimensions. These are set out as: 1) Building vision and goals; 2) Providing intellectual stimulation; 3) Offering individualized support; 4) Symbolizing professional practices and values; 5) Demonstrating high performance expectations; and 6) developing

structures to foster participation in decisions all for organizations improved performance. Transformational leadership researchers are yet to come up with a consensus view on this. It is nevertheless clear that general understanding of transformational leadership is dominated by acceptance of the four dimensions set out by Vecchiato (2015) in the attributes discussed earlier (Zhu & Akhtar, 2014). These factors have been confirmed by but few empirical works in the area (Hayes, 2013).

Despite the fact that leadership paradigms have progressed over the years, certain aspects of leadership such as aesthetic, ethical and social justice dimensions have received nominal consideration. In addition, leadership theories have suggested a linear progression towards greater conceptual clarity while ignoring the interruption and obstacles of the past. This further entrenches the complexity and treacherous journey in the search for true meaning of leadership (Rost, 1991 cited in Datche, 2015) indicate that different authors ritually repeat leadership theories but little new insight is provided. In addition, the traditional theories are always addressed as separate and distinct in nature and not as structural-functionalist. However, jointly these theories appear to make important contributions to understanding of the subject of leadership.

## **2.7 Chapter Summary**

The chapter examined the theoretical literature related to Transformational leadership, strategic agility and organizational performance. Theories of leadership such as trait, behavioural, situational, contingency, transformational leadership were discussed. Organizational performance theories in this study were dynamic capability view, stakeholder, and game theories which hypothesized the existing relationship were also reviewed. The interrelationships of these theories helped explain the constructs. The chapter has also outlined reviews on literature, which was used to create the conceptual

framework for research. The key research variables were transformational leadership dimensions as defined by Sadeghi and Pihie (2013), idealized influence, inspirational motivation, intellectual stimulation and individualized consideration comprised independent variables. Strategic Agility was the mediating variable and organizational performance as dependent variable completed the framework. Past studies related to the variables were analysed and research gaps identified. The framework tried to outline mechanisms through which transformational leaders may influence organizational performance. Strategic Agility mediated the relationship between transformational leadership and organizational performance.

Empirical literature revealed that transformational leader articulates vision in a clear and appealing manner and explains how to attain the vision. The transformational leader acts confidently and optimistically expressing confidence in the follower and emphasizing values with symbolic actions, leads by example, and empowers followers to achieve the vision of the organization (Abdullah, 2015). This therefore causes their followers to perform beyond their individual goals in organizational contexts studied, which in turn leads to better organizational performance.

Despite strategic agility emerging as a critical driver of business success in today's uncertain and competitive marketplace, the relationship between transformational leadership, strategic agility and organization performance of state corporations have hardly been studied. Organizations having strategic agility capabilities are likely to realize better performance outcomes in uncertain business environment. Strategic agility can significantly enhance organization performance through its constructs, strategic sensitivity, resource fluidity, collective commitment by taking advantage of emerging business opportunities to improve organizations performance.

## **CHAPTER THREE**

### **RESEARCH METHODOLOGY**

#### **3.1 Introduction**

A dynamic standard of scientific inquiry is the development of well-defined variables, research methods, and analysis process (Myers, Well & Lorch, 2013). The chapter presents methods and processes used to collect and analysis of data on the influence of transformational leadership, strategic agility on performance of state corporations in Kenya. It further presents the philosophical orientation of the study, research design adopted, the population of interest, sampling frame, sample size determination and sampling techniques. Data collection instruments and procedures, pilot test and data processing and analysis are also outlined. The operationalization of research variables, the validity and reliability of the research instrument are discussed.

Sutton and Austin (2015) describe research as a process that involves collecting, analysing and synthesize the findings to improve understanding of a phenomenon. They summarised, eight characteristics of a research project which is stating that research originates from a question or a problem, to clear articulation of goals, breaking down the principal problem into more manageable sub-problems guided by specific research problem question or hypothesis. The discussion ends with preparation of a specific plan for proceeding and assumptions. The research must always focus on the research problem and this often makes research on a particular subject unique.

#### **3.2 Research Philosophy**

Research philosophy is a belief about the way data on a phenomenon should be collected, analysed and used. Research philosophy is an overarching term linking to a system of beliefs and assumptions about the development of knowledge and the nature



of that knowledge in relation to research. The five major philosophical perspectives in research are positivism, realism, interpretivism, postmodernism and pragmatism (Winit-Watjana, 2016).

Different studies employ different research philosophies such as positivism, phenomenological and pragmatism (Creswell, 2014). Developing a philosophical perspective requires that the researcher makes several core assumptions concerning two dimensions of research: the sociological dimension and the scientific dimension. In social science dimension, several theories may co-exist without it being possible to say whether one or other is completely true or false. Social science models are contextualized in time and space. According to Padilla-Díaz (2015.) a theory is dependent of the context in which it is constructed and what matters is plausibility of the model.

The scientific dimension is guided by two approaches subjective (phenomenological or interpretive) approach and the objective (positivism) approach (Creswel, 2014). These philosophical approaches are defined by assumptions concerning ontology (reality), epistemology (knowledge), human nature (pre-determined or not) and methodology (the researcher's tool-kit). Proponents of phenomenology maintain that reality does not exist, it is an imagination, and knowledge is subjectively acquired, and that human beings shape the world through their own experiences.

A pragmatic philosophy study focuses on an individual decision maker within an actual real-world situation which supports transformational leadership and decision influencing performance. The process of undertaking a pragmatic study in this research was first to identify the study problem and view it within its broadest context which lead to research inquiry, which sought to better understand and ultimately solve the

problem. Finally, the research findings will be used result in policy suggestions, new environmental initiatives, or social change in the organizations to improve performance, (Creswell & Poth, 2016).

Pragmatism is an American methodological approach originating from the work of William James and Herbert Mead cited in Heidi and White (2010). The word ‘Pragma’ is derived from the Greek literature “Pragma” which means action, from which the words ‘practice’ and ‘practical’ come. In English, the term ‘pragmatic’ has the connotation of searching for the feasible, workable solutions to complex human problems (Creswell, 2014). In academic literature, ‘pragmatism’ is defined as to “relieve and benefit the condition of man – to make mankind happier by enabling them to cope more successfully with the physical environment and with each other” (Creswell & Poth, 2016). Thus, the concern for a pragmatist is to find out ‘what works’ and what enables solutions to problems (Creswell & Poth, 2016). So, this study was based on pragmatism to find solutions of solving poor performance of the state corporation. This study was founded on pragmatic knowledge claims.

The philosophy underpinning the research methodology is pragmatism, from background works of Creswell and Creswell (2017), who believed that knowledge arises out of actions, situations and consequences rather than antecedent conditions. Pragmatism research philosophy recognizes that there are many different ways of interpreting the world. Pragmatism is set of guidelines that knowledge should be used to act on things. An idea is indeed true if it has a practical efficiency. It was considered appropriate for this study because it recognizes that there are many different ways of interpreting the world in undertaking research hence pragmatic philosophy supported mixed method research used in the study. The philosophy maintains that there is no

single point of view that can ever give the entire picture; there may be multiple realities, which will support cross sectional descriptive survey tool in longitudinal data collection and data analysis as well as qualitative and quantitative data collection methods. Undertaking research necessarily generates many viewpoints. In many instances, multiple realities support descriptive cross-sectional or longitudinal survey or just qualitative research (Singh, 2015).

Pragmatic research Philosophy works with cross sectional mixed method survey design and therefore worked directly with this study which allowed data collection from quantitative questionnaires, qualitative observation, qualitative in-depth interviews, qualitative documents and qualitative audio and visual materials. from many different ways of interpreting the world in undertaking research since there is no single point of view that can ever give the entire picture hence multiple realities, (Singh, 2015).

A similar study which was based on the foundation of mixed-method research carried out by Coleman (2013) identified a close link between pragmatism and the use of mixed methods in the social and behavioural sciences. Mixed-methods studies involve the collection and analysis of both quantitative and qualitative data in a single study in which the data is collected concurrently or sequentially and involve the integration of the data at one or more stages in the process of research. Thus, for the mixed methods researcher, pragmatism opens the door to multiple methods, different worldviews, and different assumptions, as well as different forms of data collection and analysis.

Pragmatism provides a foundation for knowledge claims. Since pragmatism is not committed to any one philosophy and reality. Individual researchers have freedom of choice, since pragmatists do not see the world as an absolute unity. Truth as to what works at that time, how that research occurs in social, historical, political and other

contexts. Pragmatists believe in not asking questions about the reality and laws of nature. Therefore, in cross-sectional mixed methods survey design pragmatism opens doors to multiple methods, different worldviews and assumptions, different forms of data collection and analysis, (Creswell, 2014).

### **3.2.1 Unit of Analysis**

The unit of analysis refers to the level of aggregation of the data collected during the subsequent data analysis stage (Khan, 2014). In this study the unit of analysis were the top management of the 55 state corporations in the commercial and strategic functions in Kenya. In other words, the unit of analysis were the individuals who responded to the research questions. This study was focused on the influence of Transformational leadership through its constructs on performance of state corporation's organizations in Kenya mediated by strategic agility constructs. The target respondents in the study were top managements influencing decision making in realizing performance results.

### **3.3 Research Design**

A research design refers to the overall strategy that the researcher chooses to integrate the different components of the study in a coherent and logical way, with an intended purpose of effectively addressing the researcher problem, and constituting the blueprint for the collection, measurement and analysis of data (Cooper & Schindler, 2014). The essentials of research design are activity and time-based plan; a plan based on the research questions; a guide for selecting sources and types of information; a framework for specifying the relationship among the study's variables and; a procedural outline of every research activity (Cooper & Schindler, 2014). According to Belotto (2018) the, basic aspects of research designs are purpose of study, the types of investigation, the

extent of researcher interference, the study setting, the unit of analysis and the time horizon.

Myers et al. (2013) and Creswell (2014) defined a research design as a framework for the collection and analysis of data to answer research question and meet research objectives while providing reasoned justification for choice of data sources, collection methods and analysis techniques. The research design refers to the overall strategy that you choose to integrate the different components of the study in a coherent and logical way, thereby ensuring that the research problem will be effectively addressed. The research design choice of this study was based upon the research philosophical and methodological foundations of pragmatism.

The design constitutes the blueprint for collection, measurement and analysis of data. This study adopted mixed method cross-sectional survey and stratified random sampling and explanatory research design using both quantitative and qualitative approaches. An explanatory research is conducted in order to discover and report relationships among different aspects of the phenomenon under study, (Creswell, 2017). The purpose of this research was primarily to examine the influence of transformational leadership on performance of state corporations in Kenya, and the mediating function of strategic agility on this relationship. A descriptive survey mixed method design helped to answer questions concerning the current status of the subjects under study (Ioannidis & Tibshirani, 2014).

The design was appropriate due to its robust effect on relationship studies and because of the comparative analysis implied by several research objectives. Data collection was cross-sectional as the elements of the study were measured at a single point in time.

The study sought answer to “how” types of questions and attempts to connect variables in research; by identifying the causal factors (Rovai, Baker & Ponton, 2013).

Specified on the purpose of this study, mixed method cross-sectional survey research design offered an opportunity to collect data across different State Corporations, test the relationships, capture the population characteristics and test hypotheses. The descriptive data collected was subjected to statistical reorganization to facilitate hypothesis testing and drawing of objective conclusions. The design has been used in other similar studies by scholars such as (Merriam & Tisdell, 2015).

Explanatory research in this study attempted to establish existence of relationship or interdependence between two or more aspects of a situation (Delost & Nadder, 2014) help gain clear understanding. The study aimed to confirm the nature of the relationship between Transformational leadership, strategic agility and organizational performance in State Corporations in Kenya. It then tested for statistical relationships between these variables. Thus, the study measured both variables for each of a large number of cases and checks to see if they were in fact related (Delost, & Nadder, 2014).

Fundamental relationship asserts that phenomenon Y (organizational performance) is affected by factor X (transformational leadership) mediated by strategic agility as is in this study. Similar studies undertaken in identical settings include those by Renjith, et al. (2015) and Samaitan (2014). All these justify the use of these research designs and therefore the researcher adopted the same procedure for this study.

In recent years, social and health sciences researchers have used mixed-methods designs for their studies (Ito, Gutiérrez & Watkins, 2013). Mixed methods involved collecting, analysing, integrating and triangulating both quantitative and qualitative data at various stages of the research process within the single study. This facilitates a

more superior understanding of the research findings. The rationale for mixing both kinds of data within this one study was grounded in the fact that neither quantitative nor qualitative methods were sufficient by themselves. When used in combination, quantitative and qualitative methods complement each other and allow for a more thorough analysis, taking advantage of the strengths of each method through triangulation (Delost, & Nadder, 2014).

The study consisted of two distinct phases quantitative followed by qualitative (Creswell, 2013). In the first phase the researcher role was first to collect and analyse the quantitative data. In the second phase, qualitative data was collected using the interview guide. Analysis of qualitative data followed and this helped further clarify the findings of quantitative results obtained in the first phase. The rationale for this approach was that results of quantitative data provided an initial understanding of the research problem while the qualitative gave an in-depth exploration of participants' views and hence refined the findings of the research.

Qualitative data generally, mixed methods (Creswell, 2014) has become paramount to organization though traditionally number crunching has been extremely instrumental in making key business decisions; more leaders are now paying attention to qualitative data. Since customer and employee experience is now a priority, leaders are employing qualitative data analyses to enforce optimistic changes for improved performance so is the study advocate for this.

### **3.4 Target Population**

Zhao, Tian, Cai, Claggett and Wei (2013) defines a target population as the total collection of all units of analysis that the researcher uses in the intended study. The population for this study encompasses the top-level managers. According to Goffinet

(2015) a target population is classified as all the members of a given group to which the investigation was related, and the accessible population was looked at in terms of those essentials in the target population in the reach of the study. According to Zhao et al. (2013) a population is a group of events, people or items of interest with a common observable attribute. This was a cross-sectional study of 178 reclassified state corporations operating in Kenya as of October 2013. The study used 55 out of 178 state corporations that responded. Of the 55-state corporation 21 were defined to have strategic functions and 34 commercial functions as per Presidential Taskforce on Parastatal Reforms [PTPR], 2013).

The process of identifying the target population is usually done before the start of the study. Relevant literature was reviewed for the purpose of choosing appropriate respondents for the survey. Based on the recommendations from the extensive literature reviewed, respondents who qualified for this survey by having one of the following occupational titles: Chief Executive officer (CEO), General Manager (GM), Chief Financial Officer (CFO), Chief Business Development Officer (CBDO), Chief Operating Officer (COO), Chief Administrative Officer (CAO), Chief Information Officer (CIO), Director or Assistant Human Resources Officer (DHRO), Training Manager (TM), Research and Development Director (RDD), New Product Development (NPD)/Marketing managers, or Public Relations Manager (PRM).

The target population of this study was 715 from 55 with 13 respondents from each state corporation which included each CEOs and stratified heads of departments, deputies who have leadership and decision-making roles from six departments giving 13 respondents from each corporation. The stratified departments were Human resource, finance, operational, Training and development, Administration, Accounts



who are top management staff. According to Le et al. (2015) a population is the total collection of elements about which inferences are made and refers to all possible cases that are of interest for a study.

The target population thus formed the entire group of individuals, events or objects having a common observable characteristic. The target population included top management and middle managers from 55 state corporations in Kenya that were from strategic and commercial functions. The list of the state corporation was obtained from the State Corporation Advisory Committee (SCAC) website. The 55 state corporations were commercial and strategic function as defined in the state corporation Presidential Taskforce on Parastatal Reforms [PTPRs], (2013). The 55 top management and Human Resource, deputies from the departments who showed willingness to participate in the research.

### **3.5 Sampling Frame**

According to Cooper and Schindler (2014); Fetters, Curry and Creswell (2013) a sampling frame is a list of elements from which the sample is actually drawn and closely resembles to the population. A sampling frame is a list or other device used to define a researcher's population of interest. The sampling frame defines a set of elements from which a researcher can select a sample of the target population. The basic idea of sampling is that by selecting some of the elements in a population, we may draw conclusion about the entire population.

Cooper and Schindler, (2000) cited in Fetters et al. (2013) the validity of the sample chosen depends on two considerations: accuracy (degree to which bias is absent from the sample) and precision (measured by the standard error of estimate thus an ideal sample design produces a small standard error of estimate). Sampling frame comprised

of a set of elements, which the researcher used to select a sample (Fetters *et al.*2013). For adopting any sampling procedure, the researcher established a list establishing each sampling unit by a number according to (Oppong, 2013). Saunders et al. (2016) noted that it is important to calculate the precise minimum sample size required and the calculation is based on the level of confidence in the estimate, the margin of error that can be tolerated and the proportion of responses expected to have some particular attribute.

The study targeted 55 State corporations in Kenya today as unit analysis of the study and unit of observation were the CEOs and 2 managers of each corporation and from six departments involved in making decision from each corporation. The sampling frame was adopted from a list of 178 operating in Kenya as of October 2013 of which 55 State corporations is attached (see Appendix VIII) The sampling frame of 55 state corporation gave a study population of 715 top management team including the CEOs and supervisors and sample size of 257 drawn according to Cochran (1997) cited in Oppong (2013) population and sample size table.

A total of 257 sample size from 55 state corporations' units were surveyed. The 55 state corporations was according to State Corporation Advisory Committee (SCAC) comprised of 21 State corporations with strategic functions and 34 commercial SOEs (Presidential Taskforce on Parastatal Reforms (PTPRs, 2013).The target population included 12 top management team, two from each of the six departments, and one CEO in every corporation totalling 13 respondents from the 55 state corporations totalling 715 respondents (see Table 3.1).

**Table 3.1: Target population of the study**

<b>Nature of SOE</b>	<b>No. of SOEs</b>	<b>Respondents</b>	<b>Total number of Respondents</b>
Strategic	21	13	273
Commercial	34	13	442
<b>Total</b>	<b>55</b>	<b>13</b>	<b>715</b>

**Source: SCAC (2013).**

### **3.6 Sample and Sampling Technique**

This section presents the techniques used to determine sample size

#### **3.6.1 Sampling Technique**

According to Etikan, Musa and Alkassim (2016), there are various sampling techniques, such as simple random sampling, systematic, stratified random sampling, convenience sampling and quota sampling among many others. Sampling techniques are classified into two, probability and non-probability sampling techniques. This study utilized simple random sampling and stratified random sampling technique to draw study population. Based on stratified random sampling, the study divided the population into two strata. The stratification is grounded on the functions of State corporations namely, commercial and strategic functions. This research adopted a descriptive research design.

Purposive sampling for the CEOs level, stratified random sampling for departmental respondents and Simple random sampling for the selection of the 55state corporation's techniques were used. Structured in-depth Interviews and Open-Ended Surveys and Questionnaires. One-on-one (or face-to-face) interviews questionnaires type of data collection methods in qualitative research were used (Creswell & Poth, 2016). Descriptive statistics such as percentages and frequency distribution were used to

analyse the demographic profile of the participants. The demographic data was tabulated using frequency and percentages.

The study established each 2 major sectors of the 55-state corporation (See Table 3.1) a stratum which established the population of study. Multi-stage sampling procedure was administered to select the subjects of the study. First stage, random sampling was done from the sampling frame which was divided into 6 department's non –overlapping strata to select the respondents. The second sampling frame consisted of two top managers/or deputies plus their CEOs as per the sampled strata base giving 13 respondents from the 55-state corporation giving 715 total population and using Yamane (1967) and Cochran (1977) cited Ishan, Rashu, Haque and Rahman (2015) got a sample Size of 257 as shown in (Table, 3.1).

After purposive random sampling for the CEOs levels, the stratification, random sampling was used to select the top managers and senior supervisors from each stratum centred on the percentage that each stratum represented in the population. The two strata, commercial and strategic functions State Corporation's represented 62% and 38% of the target population respectively. According to Monteyne, Roose and Janssen (2013), stratified sampling technique removes potential sampling bias. The list of specific respondents was obtained from the human resource managers who were part of the top management and therefore had access to top management from all departments.

### **3.6.2 Sampling**

The sampling process for this research involved picking a suitable representative sample for the whole population. The ultimate test of a sample design depended on how well it represents the characteristics of the population it seems to represent (Sharma,

2017). The study used Purposive sampling for the CEOs level, Stratified random sampling for top management team (top, middle and lower) departmental respondents and Simple random sampling for the selection of the 55 state corporation's from which the respondents involved in the study were used to test for reliability and validity of the questionnaire (Monteyne *et al.*, 2013). The two strata organizations were strategic and commercial state corporations. These top leaders were then purposively randomly selected from each stratum. The study sampled 13 respondents from each of the 55 participating state corporations totalling to a population of 715 respondents.

### **3.6.3 Sample Size**

Boddy (2016) defined sample as a subset of the target population. A sample is used to draw inferences about the population if appropriate sample size and sampling techniques are used. A sample size is the number of units of observation of the population from which the researcher intends to collect information. In this study, it was the number of CEOs and top manager's respondents from 55 state corporations that the data was collected from for transformational leadership (independent variable), strategic agility (mediating variable) and organization performance (dependent variable).

Cochran (1977) and Yamane (1967; 2001) cited in Schönbrodt and Perugini (2013) formulae was utilized for defining and calculating the sample size. This formula was preferred since it was straightforward to draw from in its matrix tables that can be used for scientific research in cases of large populations. Based on Yamane (1967; 2001) cited in Delost and Nadder (2014) formula was used to determine the sample size from population within each stratum. In the sampling of the respondents, a standard error of 95% was considered in the sampling calculation. Cochran sample size formula table,

sample size of 257 was determined for the study. A sample of 257 was achieved based on the following formula.

$n = N / \{1 + N(e)^2\}$  Where n is the sample size, N is the population size and e are the level of precision  $n = 715 / \{1 + 715(0.05 * 0.05)\} = 257$ .

The precision error that was used in the formula is 0.05 as illustrated below;

$$n = \frac{N}{1 + Ne^2} \dots\dots\dots (3.1)$$

Where:

n denotes the sample size

N denotes the target population (715)

e denotes the margin of error (0.05%).

Applying values into formula specified in equation 3.1 the sample size:

$$n = \frac{715}{1 + 715 * (0.05)^2} = 257 \text{ (approx)} \dots\dots\dots 3.2.$$

A sample size of 257 was arrived as per the formulae above and based on stratified sampling technique, the target population allocation is 273 from strategic functions and 442 from commercial State Corporation and the corresponding proportionate sample allocation is shown on Table 3.2.

**Table 3. 2: Distribution of Sample size**

Nature of SOE	Total Respondents (N)	Percentage (%)	Sampling Ratio (n/N)	Sample Size*(n/N)
Strategic	273	38	0.36	98
Commercial	442	62	0.36	159
<b>Total</b>	<b>715</b>	<b>100</b>		<b>257</b>

Source; Author (2020)

### **3.7 Instrumentation**

This section presents the tools and techniques that were used, how they were developed and how their quality was guaranteed. The main instruments of the study were the questionnaire and interview guide. The questionnaire was used for all the top managers and interview guide for the CEOs or their deputies from the participating state corporations. The questionnaire collected mainly quantitative data and the interview guide was used to collect qualitative data. The interview guide was developed based on the pre-test of the questionnaire that showed there was need for qualitative data to adequately cover all the respondent categories of leadership. The interview guide contained semi-structured questions that were both closed and open-ended.

The research questionnaire was adopted from Multifactor Leadership Questionnaire 5x (MLQ 5x) developed by Dimitrov and Darova (2016), adapted from Bagheri and Sohrabi (2015) and other existing questionnaires and resources which were incorporated into a single survey instrument (Xu, Wubbena, & Stewart, 2016). MLQ has been used to measure the level of transformational leadership expressed by the participant in addition to other factors allowing for a more comprehensive description of leadership in action in public institutions, private companies and the military (Dimitrov & Darova, 2016). The questionnaire consisted of five sections comprising of questions relating to respondent demographics, Transformational Leadership, Strategic Agility, Organizational Performance and a section containing a few open-ended qualitative questions.

Transformational leadership scale consisted of 16 items from MLQ grouped into its four constructs, Idealized Influence, Inspirational Motivation, Intellectual Stimulation, and Individual Consideration and each had four items, Strategic Agility section was

adopted from Strategic Agility Thinking scale (STQ) developed by Bagheri and Sohrabi (2015). It consisted of 12 twelve items, categorized in three subscales, strategic sensitivity, resource fluidity and collective commitment. Each subscale of strategic agility had four items. Organization Performance consisted of 22 items divided among four Balance Scorecard components, financial performance (4 items), customer satisfaction (6 items), business processes (6 items), and learning and growth (6 items).

The questionnaire consisted of closed ended questions with brief instructions, which allowed the respondents to tick the opinions they agree or disagree with to express their views concerning the questions being asked. After the questionnaire was designed, a pre-test was conducted to improve the response rate and to detect any weakness in the design and instrumentation. The questionnaires were then administered through drop and pick later method. Primary and secondary data were collected because the two sources of data are meant to reinforce each other (Xu *et al.*, 2016). The data was both quantitative and qualitative in nature. Primary data were collected using a semi-structured instrument. The questionnaire comprised of closed ended questions as well as a few open-ended ones guided by the concepts of the study, theory and other previous studies.

The qualitative and quantitative sections of the questionnaire were able to use both nominal and Likert scale format to determine each of the variables. A 5- point Likert scale was used to seek responses from thematic statements provided. The responses were recorded on the scale points from 1= strongly disagree, 2= Disagree while, 3 = Neutral, 4 = Agree to 5= strongly agree. This format produced equal interval data that allowed the use of powerful statistics tools for analysis and hypothesis testing (Oppong, 2013).



According to Creswell and Poth (2016) the accuracy of data collected largely depends on the data collection instruments in terms of validity and reliability. Likert scales are commonly used in most scholarly and business researches to capture a range of opinion-based responses, which can then be categorised and measured. Questionnaires and interviews were useful because each respondent received the same set of questions in exactly the same way. Questionnaires were able to yield more data that was also more comparable than data obtained through open-ended qualitative interviews.

The final part of research management was to schedule appointments with the selected State corporations. Telephone calls and email contacts were made to the State Corporation Advisory Committee (SCAC) to help in booking appointments with the 55 Parastatals.

### **3.8 Methods of Data Collection**

The research collected primary and secondary data. Primary data was collected using the questionnaire and secondary data was collected from relevant research documents, books, journals and other relevant material from the internet. The top leadership from the state corporations were the source of primary data as they had access to the information the research required. Second, the study used reports by and from the State Corporations.

#### **3.8.1 Pre-Testing**

Perneger, Courvoisier, Hudelson and Gayet-Ageron (2015) recommends a pre-test to help detect any weaknesses in design before and implementation. The pre-test aimed to determine, effectiveness of the questionnaire, that questions would be easily understood by potential respondents and approximate time the respondents needed to complete the questionnaire. The researcher further assessed questionnaire weaknesses that could lead

to biased responses as well as question wording, format and sequence. Eleven state corporations were randomly selected to participate in the pre-test and were consequently precluded from the main research. This was done in order not to leak or pre-empt what the main study entailed, and to avoid monotony and fatigue resulting from these respondents participating in the main research also.

A total of twenty-two respondents participated in the pre-test, two top management staff from each of the 11 pre-test state corporations. The study used who held top management positions similar to those who would be actual respondents. According to Perneger et al. (2015), a sample size for a pre-test may range between 1% and 10% of the sample. Wan, Wang, Liu and Tong (2014) similarly recommend a 1% of the sample size for the pre-test. The 22 pre-test respondents were 9% of 257, which falls within the recommended range of the study sample (in appendix IX)

The pre-test provided the researcher with an opportunity to familiarise with the research processes as well as and on how to carry out the main research after identifying items for modification to ensure integrity of the instrument. Most of the questions required only minor revisions to change wording to remove ambiguity. Brief notes were added below the components of the three main variables to improve clarity of the concepts.

### **3.8.2 Primary Data Collection**

The primary data was collected from 13 top management staff from each of the 55 participating state corporations using the research self-administered semi-structured questionnaire using the key-informant method. The questionnaire was divided into five sections A to E (Appendix I). Section A examined demographic enquiries regarding the respondents. Sections B, C and D were of the main research variables, Transformational Leadership, Strategic Agility and Organizational Performance.

These three sections of the study variables used Likert scale format to determine and measure each of the variables. Likert scale technique was adopted since it allowed a numerical value to be attached to an opinion and there was need to measure respondents' opinions and beliefs (Flaherty, Honeycutt & Powers, 2015). The respondents were required to provide an opinion on statements provided on a 5-point Likert scale. The responses for each statement were recorded on a range of 1= strongly disagree, 2= Disagree while, 3 = Neutral, 4 = Agree and 5= strongly agree.

The research instrument was administered through drop and pick method by the researcher, assisted by two research assistants as well as email. Wood, Sawicki and Kraemer (2014) successfully used this method in similar context. Once the questionnaires were ready, they were coded and processed. Reliability and validity tests were carried out on each of the study variable.

### **3.8.3 Secondary Data Collection**

Secondary data was obtained from both published and unpublished materials related to transformational leadership, strategic agility and organizational performance. The sources included relevant research documents, books, journals and other relevant material from the internet. The secondary data used relevant documented information from the respondents 'corporations including Kenya Economic survey 2015-2018, newspaper articles, and magazines from Kenya National Bureau of Statistics, books, journals and the internet.

Qualitative data instruments such as observation, open-ended questions, in-depth interview (audio or video), and field notes were used to collect data from participants in their natural settings. The methods employed in data collection gave full description of the research with respect to the participants involved. The participants' observation

and in-depth interview nature of qualitative research approach create wider understanding of behaviour. Hence, qualitative research approach provided abundant data about real life leadership practice and situations in the organizations (De Vaus, 2014; Creswell & Poth, 2016).

### **3.9 Methods of Data Analysis**

Data Analysis entailed processing and assembling raw data into meaningful and useful form (Belotto, 2018). Analysis of data is a process of inspecting, cleaning, transforming, and modelling data with the goal of highlighting useful information, suggesting conclusions, and supporting decision making. Data analysis has multiple facets and approaches, encompassing diverse techniques under a variety of names, in different business, science, and social science domains. Data analysis in this study was for examining both descriptive and inferential statistics to make deductions and inferences. Descriptive statistics, namely frequencies, percentages and measures of central tendency especially the mean, standard error and coefficient of variations were used to describe the characteristics of the collected data on key variables of the study (Ho & Yu, 2015). The descriptive statistics used in this study include; mean standard deviation, percentages, and frequency distributions.

Descriptive analysis is a prelude for any quantitative analysis (Albertini, 2014). The inferential analysis used in this study comprised of regression analysis, correlation analysis and structural equation model. Content analysis was done for qualitative data derived from open-ended questions. This is also known as discourse analysis used for analysing qualitative or written data such as written documents or visual materials (Male, 2016). Data collected was analysed using SPSS and Smart PLS 3 through structural equation model SEM which is a statistical tool that performs a series of

confirmatory construct analysis capable of investigating complex interrelations among variables (Ong, & Puteh, 2017). This was well suited for the objectives of the research. This process produced descriptive statistics, means and standard deviations.

Inferential statistics such as multiple-regression, regression and correlation analysis as well as a multi linear regression analysis, partial least square structural model part was used to establish the relationship between Transformational leadership and organizational performance of state corporations in Kenya with strategic agility as a mediating variable focusing on selected state corporations. The components of Transformational leadership X (independent variables) and dependent variable were Organization performance, Y. Data was presented using pie charts, bar charts and graphs, percentages, frequency tables and histograms. Qualitative data was analysed using content analysis to generate a continuous prose report.

### **3.9.1 Research Model**

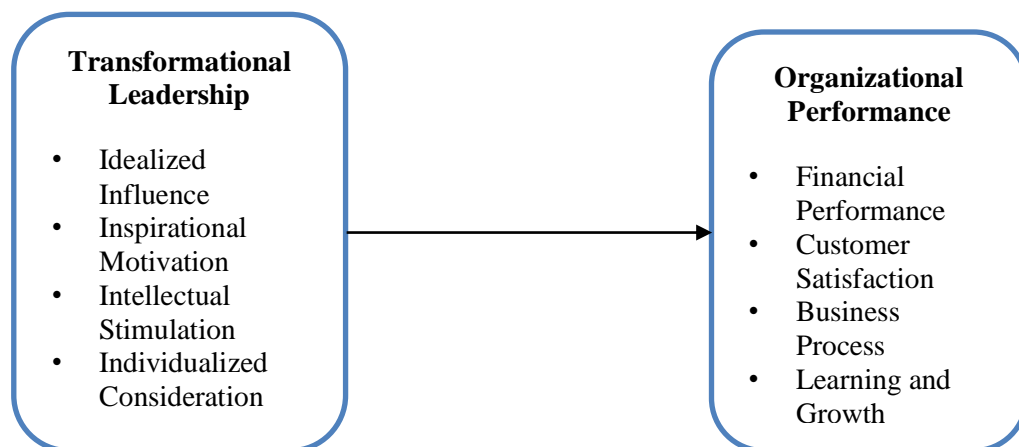
To support the research objectives, this study investigated effect of the components of Transformational Leadership, idealized influence, inspirational motivation, intellectual stimulation and individualized consideration on Organizational Performance and mediating effect of Strategic Agility on the relationship between Transformational Leadership and Organizational Performance in State Corporations in Kenya.

Transformational Leadership was represented by its four components, idealized influence, inspirational motivation, intellectual stimulation, and individualized consideration. Four statements adopted from the Multifactor Leadership Questionnaire (MLQ-5 X Bass 1999 cited in Dimitrov & Darova, 2016) were used to measure the four components. The three components of Strategic Agility, strategic sensitivity, resource fluidity and collective commitment were measured using 12 statements, four for each

component from strategic agility scale (Shin *et al.*, 2015), and finally, the Organizational Performance was based on Balanced Scorecard (BSC) scale. The BSC comprises four items, Financial Performance, Customer Satisfaction, Business Process, and Learning and Growth. The indicator measurements of these items were based on 22 statements in the questionnaire.

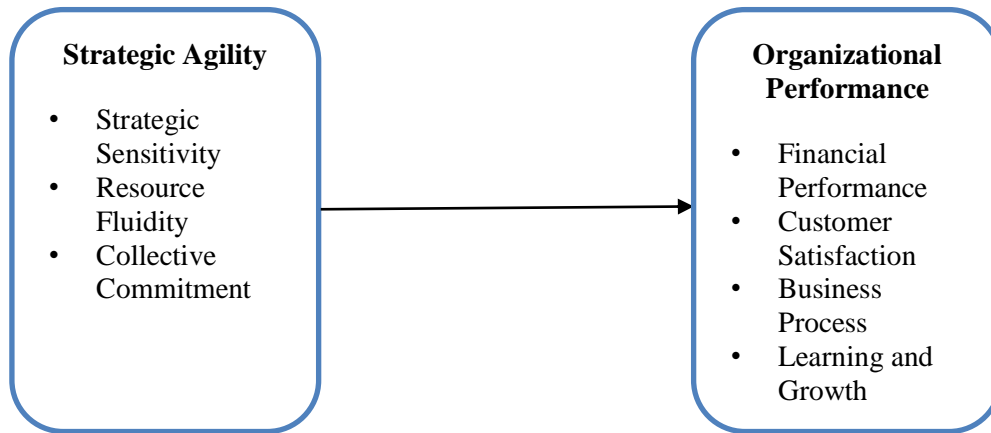
In each of the three variables, Transformational Leadership, Strategic Agility and Organizational Performance, the respondents were required to evaluate each statement on a 5-point Likert scale (from Strongly Disagree (1) to Strongly Agree (5) to the statement as it applies to their respective state corporations based on their knowledge experience. In line with the research objectives and the six hypotheses to be tested, three models were evaluated namely, the relationship between Transformational leadership and organizational performance, the relationship between Strategic Agility and organizational performance and the relationship between Transformational leadership and organizational performance and mediated with strategic agility.

**Model 1: The Influence of Transformational leadership on Organizational Performance.**



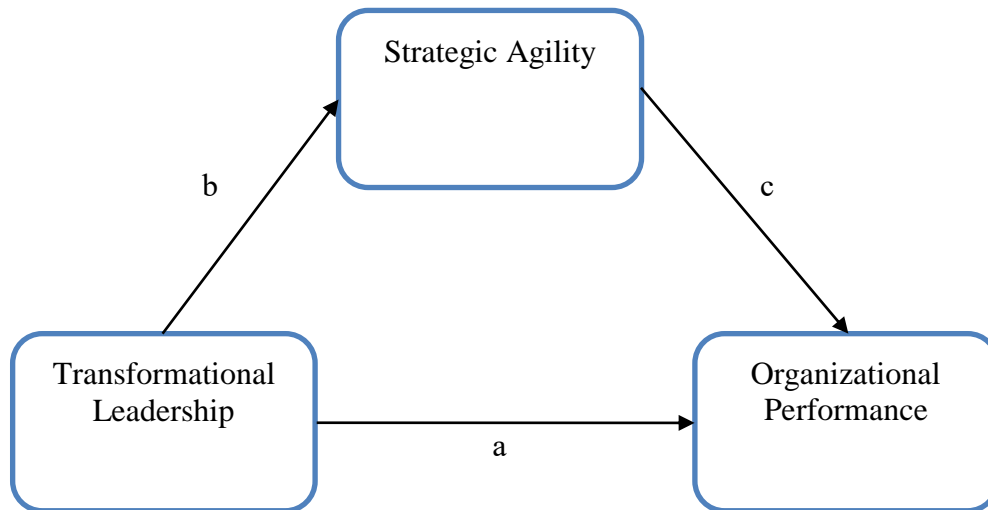
**Figure 3. 1: Relationship between TL and OP**

**Model 2: The Relationship between Strategic Agility and Organizational Performance**



**Figure 3. 2: Strategic Agility and Organizational Performance**

**Model 3: The mediating role of Strategic Agility on the relationship between Transformational Leadership and Organization Performance**



**Figure 3. 3: Mediating role of SA on the relationship between TL-OP**

### **3.9.2 Quantitative Analysis**

Based on the research objectives, hypothesis and the three models above, multiple linear regression analyses were used to determine the relationships between individual components of transformational leadership, idealized influence, inspirational motivation, intellectual stimulation and individualized consideration and organizational performance as well as the relationship between strategic agility and organizational performance. Finally, the mediating influence of strategic agility on the relationship between Transformational leadership and organizational performance was analysed. Previous studies carried out in this area, supported the use of multiple regression models: these included Ron and Shamir (2013), Clemence, Doise and Lorenzi-Cioldi (2014).

In addition to SPSS 24, Smart PLS 3 was used to analyse Structural Equation Model (SEM) based on the key research variables, Transformational Leadership, Strategic Agility and Organizational Performance (Wong, 2013). SEM enabled the researcher to conduct single, systematic analysis by modelling relationships among several exogenous (independent) and (endogenous) dependent variables and analysis of the relationships among the variables such as correlation, construct analysis and multiple regressions (Lowry & Gaskin, 2014).

According to Aaron (2002) cited in Sarstedt, Ringle, Smith, Reams and Hair (2014) SEM technique is a widely used statistical tool used to investigate the complex interrelations among variable. It also has in-built capacity to assess the integrity of measurement model as well as evaluate the data quality (Afthanorhan, 2013). SEM has been increasingly applied in marketing and a number of other business management disciplines, with more than 100 published studies featuring SEM in the top 20



marketing journals. SEM has been established as a particularly useful and frequently applied multivariate analysis method in economics, business and strategic management research.

The rest of this section presents the analysis of the measurement model and structural model (Wong, 2013) of SEM as generated by Smart PLS 3. The measurement model contains a set of measurement items that reflect constructs and the contribution of these measurement items to the construct and was used to evaluate measurement reliabilities and validity. Structural model represented the hypothesized relationships between Transformational leadership, Strategic Agility and Organizational Performance. Transformational leadership was an exogenous (independent) variable and Organizational Performance was an endogenous (dependent) variable (Corominas *et al.*, 2014). Strategic Agility was the mediating variable.

### **3.9.3 Hypothesis Testing**

To test the hypothesis Structural Equation Model (PLS) was used with the help of the Smart PLS 3 program and, the study used the following regression models:

**Models: Model 1 – Influence of Transformational leadership on Organizational Performance.**

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

Whereby:

Y = Organisational performance

X<sub>1</sub> = idealised influence

X<sub>2</sub> = Inspirational motivation

X<sub>3</sub> = intellectual stimulation

X<sub>4</sub> = Individual consideration

And

$\beta_0, \beta_1, \beta_2, \beta_3, \beta_4$  are coefficients of regression

$\varepsilon$  = Error term

### **Model 2– Organizational performance and Strategic Agility**

$$Y = \beta_0 + \beta_1 * SA + \varepsilon$$

Where Y = Organisational performance

$\beta_1$  = Coefficients of SA,  $\varepsilon$  = Error term

### **Model 3– Mediating effect of Strategic Agility on Transformational Leadership, Organization performance relationship**

$$Y = \beta_0 + \beta_1 * TL + \beta_2 * SA + \varepsilon$$

Where: Y = Organisational performance (OP)

$\beta_1$  = Coefficient of TL

$\beta_2$  = Coefficients of SA

$\varepsilon$  = Error term

**Table 3. 3: Summary of Hypotheses testing and Analytical Methods**

Objective	Hypotheses	Analytical Technique	Model Estimation	Interpretation of results	Decision Rule
To establish the influence of idealized influence on performance of state corporations in Kenya.	H <sub>1</sub> : Idealised influence has no significant influence performance of state corporation in Kenya	Regression analysis of OP=f (II, IM, IS, IC)	OP= $\beta_0 + \beta_1II + \beta_2IM + \beta_3IS + \beta_4IC + \varepsilon$ $\beta_0$ is the constant, $\beta_1, \beta_2, \beta_3, \beta_4$ are beta coefficients $\varepsilon$ = Error term	Coefficient of determination (R <sup>2</sup> ) showed variance of OP explained by TL components. The t-test was used to show statistical significance of the II.	If t-test is greater $t > 1.96$ and $p < 0.05$ . Hence, we accept alternative Hypothesis and reject Null H <sub>1</sub> .
To determine the influence of inspirational motivation on performance of State corporation in Kenya.	H <sub>2</sub> : Inspirational motivation has no significant influence on performance of state corporations in Kenya.	Regression analysis of OP=f (II, IM, IS, IC)	OP= $\beta_0 + \beta_1II + \beta_2IM + \beta_3IS + \beta_4IC + \varepsilon$ $\beta_0$ is the constant, $\beta_1, \beta_2, \beta_3, \beta_4$ are beta coefficients $\varepsilon$ = Error term	Coefficient of determination (R <sup>2</sup> ) showed variance of OP explained by TL components. The t-test was used to show statistical significance of the IM.	If t-test is greater $t > 1.96$ and $p < 0.05$ . Hence, we accept alternative Hypothesis and reject Null H <sub>2</sub> .
To examine the influence of intellectual stimulation performance of State corporations in Kenya.	H <sub>3</sub> : Intellectual stimulation has no significant influence on performance of parastatals in Kenya.	Regression analysis of OP=f (II, IM, IS, IC)	OP= $\beta_0 + \beta_1II + \beta_2IM + \beta_3IS + \beta_4IC + \varepsilon$ $\beta_0$ is the constant, $\beta_1, \beta_2, \beta_3, \beta_4$ are beta coefficients $\varepsilon$ = Error term	Coefficient of determination (R <sup>2</sup> ) showed variance of OP explained by TL components. The t-test was used to show statistical significance of the IS.	If t-test is greater $t > 1.96$ and $p < 0.05$ . Hence, we accept alternative Hypothesis and reject Null H <sub>3</sub>
To determine the influence of individualized consideration on performance of state corporation in Kenya.	H <sub>4</sub> : Individualized consideration has no significant influence on performance of state corporations in Kenya.	Regression analysis of OP=f (II, IM, IS, IC)	OP= $\beta_0 + \beta_1II + \beta_2IM + \beta_3IS + \beta_4IC + \varepsilon$ $\beta_0$ is the constant, $\beta_1, \beta_2, \beta_3, \beta_4$ are beta coefficients $\varepsilon$ = Error term	Coefficient of determination (R <sup>2</sup> ) showed variance of OP explained by TL components. The t-test was used to show statistical significance of the IC.	If t-test is greater $t > 1.96$ and $p < 0.05$ . Hence, we accept alternative Hypothesis and reject null H <sub>4</sub>

To determine whether strategic agility has influence on performance of state corporations in Kenya.	H <sub>5</sub> : Strategic Agility has no significant influence on performance of State Corporation in Kenya	Multiple regression with SEM analysis as test of mediating OP = f (SA) = f(SS, RF, CC)	OP = β <sub>0</sub> + β <sub>1</sub> S + β <sub>2</sub> RF + β <sub>3</sub> CC + ε β <sub>0</sub> is the constant, β <sub>1</sub> , β <sub>2</sub> , β <sub>3</sub> , β <sub>4</sub> are beta coefficients ε = Error term	Coefficient of determination (R <sup>2</sup> ) was to show percentage of OP explained by SA components. The t-test was used to show statistical significance of SA (SS, RF and CC).	If t-test is greater $t > 1.96$ and $p < 0.05$ . Hence, we accept alternative Hypothesis and reject null H <sub>5</sub> .
To establish the mediating influence of strategic agility on the relationship between transformational leadership and performance of state corporations in Kenya.	H <sub>6</sub> : Strategic Agility has no significant mediating effect on the relationship between transformational leadership and organizational performance of State Corporation in Kenya	Multiple regression with SEM analysis as test of mediating OP = f(TL) SA = f'(TL) OP = f'(TL) + f(SA)	OP = f(TL) = β <sub>0</sub> + β <sub>1</sub> TL SA = f'(TL) = β <sub>01</sub> + β <sub>12</sub> TL OP = f(SA) = β <sub>01</sub> + β <sub>13</sub> SA + β <sub>12</sub> TL	Two Coefficients of determination (R <sup>2</sup> ) for direct and indirect paths were used to show differences in variance in OP to determine the effect of mediation. The t-test was used to show statistical significance of the direct and indirect paths.	If t-test is greater $t > 1.96$ and $p < 0.05$ . Hence, we accept alternative Hypothesis and reject Null H <sub>6</sub> .

Source: Author (2020)

### 3.9.4 Reliability and Validity

Reliability and Validity assess the quality and appropriateness of the research instruments, whether they truly measure what they were intended to measure and how reliable the research results are (Joppe, 2000 cited in Wood, Sawicki & Kraemer, 2014). In other words, does the research instrument allow you to hit “the bull’s eye” of the research purpose? Researchers generally determine validity by asking a series of questions, and will often look for answers in the research of others. The study will follow the criteria proposed by Bolarinwa (2015) for the assessment of trustworthiness

of qualitative phase. Table 5 provides a detailed outline of the assessment of collection, data coding and analysis and confirmation of reliability and validity.

**Table 3. 4: Reliability and validity confirmation of Qualitative Research**

<b>Reliability and validity criteria dimensions</b>	<b>Mode of reliability and validity confirmation</b>
<b>Reliability:</b> The rate at which the results were generated seems to be a better representation of collected data	A month for conducting in-depth review. Detailed summary of initial interpretation was given to participants for feedback
<b>Transferability:</b> Extent to which findings would be applied in other research frameworks	Use of theoretical back ground sampling of subject under gave in depth reliability and validity.
<b>Dependability:</b> The extent to which findings are tabled and consistent to the research study.	Check for stability in participants opinions about the phenomenon regardless of changes occurred
<b>Compliance:</b> The extent to which the interpretations generated from the phenomenon are from participants and free from researcher biases	Two research assistant persons were actively involved and auditors
<b>Model Fit:</b> Extent to which findings matches with the study under investigation	Was satisfied through credibility, dependability, conformability, and concepts were more deeply described
<b>Understanding:</b> The rate at which the respondents believe the results generated are their real-world representations and perception.	Results generated were submitted to the participants and confirmed that it would reflect their opinions
<b>Synopsis:</b> Extent to which findings capture multiple aspect of a phenomenon under investigation.	Interviews were done while filling questionnaires to capture multiple aspects of the phenomenon
<b>Integrity:</b> Degree to which interpretations are influenced by participants' unwillingness and misinformation	All the interviews were conducted in professional and non-threatening way

**Source: Author (2020)**

### 3.9.5 Triangulation

Triangulation facilitates validation of data through cross verification from two or more sources. It involves application and combination of several research methods in the study of the same phenomenon (Gibson, 2017). According to Wilson (2014), triangulation entails the use of multiple methods, mainly qualitative and quantitative in

studying the same phenomenon for enhancing study credibility. Creswell & Miller delineate triangulation as a validity procedure in which researchers look for convergence among multiple and different sources of information to form themes or categories in a study (Gibson, 2017).

Triangulations are a combination of two or more methodological approaches, theoretical perspectives, data sources, and researcher and analysis methods to study the same phenomenon, Wilson (2014). Data source triangulation refers to collection of data from different sources while methodological triangulation involves combining different methods to gather data, for example quantitative and qualitative methods of data collection. This form of triangulation cross verifies the same information to enhance research credibility and validity.

This research utilized both quantitative and qualitative methods. Qualitative methods were mainly interviewing with in-depth personal interviews with top leadership and management teams. These were complementary to each other and not competing approaches. Triangulation was used to counter balance the errors of one method and strengthening the benefits of the other for richer research results. This was done to improve the richness of the phenomenon under study by cross-checking information collected (Wilson, 2014). This helped improve reliability of the results and accuracy of the conclusions.

Content analysis was used to analyse qualitative data of the narrative responses where contents from various sources, such as interviews of respondents, observations from the field, or surveys were received. The responses were captured using interview guide questionnaires explained in methodology of triangulation procedure. Qualitative and quantitative methods supported each other, both through a triangulation of findings and

by building on each other where findings from a qualitative study was used to guide the questions in a survey (Dudovskiy, 2019).

Qualitative data analysis involved the identification, examination, and interpretation of patterns and themes that were in textual data which helped in determining the patterns and themes that helped in answering the research questions that were being researched. Content analysis was used to analyse qualitative data of the narrative responses where contents from various sources, such as interviews of respondents, observations from the field, or surveys were received. Content analysis involved the process of categorizing verbal or behavioural data to classify, summarize and tabulate the data, (Dudovskiy, 2019).

Narrative analysis was done there after by considering reformulation of stories presented by respondents taking into account context of each case and different experiences of each respondent which become the primary qualitative data by researcher (Dudovskiy, 2019). Discourse analysis was done as a method of analysis which involved considering the naturally occurring talk and all types of written text from the respondents. Lastly Framework analysis a more advanced method that consisted of stages such as familiarization, identification of a thematic framework, coding, charting, mapping and interpretation was done to ensure capturing of all data analysis

This study also used theoretical triangulation, using multiple theories in the same study for the purpose of supporting or refuting findings. Different theories help researchers to observe problem at hand using multiple lenses (Albertini, 2014). Both related and competing theories can be used in formulating hypothesis to provide broader and deeper understanding of the research problem being investigated (Hopf, Francis, Helms,

Haughney & Bond, 2016). This study used transformational leadership theory and dynamic capability theory supported by game and stakeholder theories.

Analysis triangulation, also referred to as data analysis triangulation involves use of more than two methods of data analysis in the same data set for validation purposes (Wilson, 2014). In addition to validation purposes, this study used two methods of data analysis in qualitative and quantitative paradigms to ensure completeness of the data pertaining to Transformational Leadership, Strategic Agility and Organizational Performance. The combination provided opportunity of neutralizing the faults of either methods or strengthening the benefits of the other hence improving integrity of research findings. Qualitative methods are explanatory and textual, and include passive observation, participant observation and open-ended interviews. Quantitative methods include statistical analysis of outcomes or questionnaires, collected by standardized scales or measures and expressed numerically (Grimmer & Stewart, 2013).

### **3.9.6 Research Ethical Issues**

This section reviews anticipated ethical issues and how some of them were resolved. Sticking to ethical guidelines in conducting a research is usually a complex matter. It involves much more than merely following a set of rules. The key principle that guided the research was empathetic towards the welfare of the respondents. In this study, the questionnaire had an introductory part for the participants to read prior to filling it, to ensure that they were well informed about the research before they decided whether they would want to participate in it.

The top state corporation leaders who participated in the research were informed of their rights ahead of time. They were briefed on the purpose and aims of the study before they decided whether they to participate in it or not. They had the right to refuse



to participate or provide information. It is also important to note that the research did not require participants to provide their names. The research gave assurance to the respondents that their confidentiality was protected. Individuals participated in the research voluntarily. According to Locke, Alcorn and O'Neill (2013) as study collects sensitive information and therefore, the researcher holds a moral obligation to treat the information with utmost modesty.

Prior to going to the field to collect data, the researcher applied for a research permit from (NACOSTI). They provided authorisation to undertake the research. NACOSTI advised the researcher to visit County Commissioners and County Directors of Education before embarking on the research. The requests were then sent to participating state corporations for introduction and acceptance to take part in this study. Fifty-five (55) state corporations responded and allowed the researcher to collect data from their members of staff. The researcher acknowledged this support.

The researcher guaranteed strict confidentiality of the information provided to ensure the respondents provided information freely. Further, the study assured the respondents that the information collected was anonymous. The respondents were advised not to provide their names as part of the study. The state corporation's management approved participation in the study. No incentives or rewards were given to encourage individuals to participate. The respondents could withdraw from the study at any point if they felt uncomfortable. The researcher also ensured that the interview questions were formulated perceptively to avoid causing any discomfort or stress to the respondents.

The researcher had anticipated to record audios of the interviews. However, this was not possible because the respondents did not want their voices audio taped. However, the researcher took notes during the interviews when this was necessary. The researcher

ensured the key informants were comfortable to provide the needed information willingly without any coercion.

### **3.10 Operationalization of Variables**

This section presents the details of operationalization of the study variables which involved redefinition of abstract notions and concepts into observable measurable and quantifiable units (Albertini, 2014) to facilitate analysis of the influence of Transformational Leadership on Organizational Performance and examine the mediating effect of Strategic Agility on this relationship among State Corporations in Kenya.

Each of the three research variables was reduced to its respective measurable subcomponent. Transformational leadership was redefined by its four subcomponents, Idealized Influence, Intellectual Stimulation, Inspirational Motivation and Individualized Consideration. Four relevant and related statements based on the Multifactor Leadership Questionnaire (MLQ-5X) were used to represent each of the subcomponents (Xu *et al.*, 2016).

Transformational leadership dimensions are measured using the Multifactor Leadership Questionnaire (MLQ), which has been successfully used in studies (Xu *et al.*, 2016). A Meta analytical review of 39 studies that had used the MLQ, Lowe, Kroeck and Siva-Subramanian (1996) as cited by Bagheri and Sohrabi (2015) found that key elements of transformational leadership correlated positively with follower satisfaction and performance.

The three subcomponents of Strategic Agility that is, strategic sensitivity, resource fluidity and collective commitment were similarly defined by four relevant statements

each. Finally, the Organizational Performance was based on Balanced Scorecard. Twenty- two (22) statements redefined the four items of the Balanced Scorecard that is Financial Performance (4 items), Customer Satisfaction (6 items), Business Process (6 items), and Learning and Growth (6 items), four for financial performance and six each for the other three of sub components of Organizational Performance. In total, the research had 50 statements that were subjected to measurement process through the questionnaire.

In the three variables, Transformational Leadership, Strategic Agility and Organizational Performance, the respondents were asked to evaluate each statement on a 5-point Likert scale (from *Strongly Disagree* (1) to *Strongly Agree* (5) to the statement as it applies to their respective state corporations and their knowledge and experience. Chimi and Russel, (2009) as quoted by Sullivan and Artino (2013), observes that the Likert scale has been used in most fields of scholarly and business research.

According to Sullivan and Artino (2013), this was particularly useful where the value sought is a belief, opinion, or effect, and could not be asked directly and with precision. During this research, each respondent provided answers varying between 1 and 5 to each of the 50 statements presented in questionnaire form. This provided meaningful data open to analysis. The main variables are presented in Table 3.5.

**Table 3. 5: Operationalization Measures of Variables**

Variable	Definition of Variable	Operational Indicator	Question Type	Questionnaire part
Transformational Leadership (Independent variable)	A leadership style that motivate and empower followers to work for transcendental goals, to increase their commitment to the organization and in so doing perform beyond the expectations that the followers have for themselves.	<p><b>Idealized influence:</b> modelling, mission, vision</p> <p><b>Inspirational motivation:</b> visionary, communication, Articulation</p> <p><b>Intellectual stimulation:</b> knowledge creation transfer/innovation, creativity, use of intelligence</p> <p><b>Individualized consideration-</b> training/coaching, teaching, Building new and large entities.</p>	Likert type scale	<p>Section B Section B</p> <p>Section B</p> <p>Section B Section B</p>
Strategic Agility (Mediating Variable)	Beltrame (2008) described Strategic Agility as the process of adapting strategic orientations of the organization by responding to the changing environmental conditions.	<p><b>Strategic Sensitivity</b>--open strategy process, heightened strategic alertness, High quality internal dialogue</p> <p><b>Resource Fluidity:</b> - Mobilizing' Capital Resources, In fast mobilization and (re) deployment of strategic resources or funds, people and competencies providing the operational underpinning for strategic agility, creating modular structure.</p> <p><b>Collective Commitment:</b> - Mutual dependency, top team collaboration, Leadership style of the CEO.</p>	<p>Likert type scale</p> <p>Likert type scale</p> <p>Likert type scale</p>	<p>Section C Section C</p> <p>Section C</p> <p>Section C</p> <p>Section C</p>

Organizational Performance (Dependent).	The recurring activities that establish organizational goals, monitor progress towards the goals, and make adjustments to achieve those goals more effectively and efficiently	<b>Non-financial performance</b> <b>Customer service:</b> customer satisfaction <b>Internal Processes:</b> business processes that create customer and shareholder satisfaction. <b>Learning and growth:</b> A climate that supports organizational change. <b>Innovation and growth.</b> Create time to change, Maturity of improvement, Growth and competitive performance.	Kaplan & Norton scale Likert type scale	Section D
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**Source: Author (2020)**

### **3.10.1 Measures of Transformational Leadership**

All the four subcomponents of transformational leadership, Idealized Influence, Intellectual Stimulation, Inspirational Motivation and Individualized Consideration were represented as constructs of the theoretical model with 16 indicators, four for each component.

### **3.10.2 Measuring of Idealised influence**

Idealized influence constructs were measured by use of, role model clear vision mission, self-awareness, ethics of a leader, and communication of organization vision and how well the leader influences the followers, how they practice relational transparency and how they are influenced to improve organization performance. These were characteristics of a leader as acknowledged by followers, as they perceive the leader's power, confidence and excellence standards (Kennedy-Clark, 2013). Idealised Influence transformational leadership motivates its followers in an organization to

commit themselves to cultivating individual and organization performance (Etikan, Musa & Alkassim, 2016). On Idealised Influence, the researcher assessed how the state corporation’s top leadership in Kenya articulates the vision and explaining how to attain the vision among its team through having a collective sense of mission for improving performance of the organizations. The indicators are presented in Table 3.6 below.

**Table 3. 6: Indicators Measures of Idealised Influence**

<b>Indicator</b>	<b>Indicator wording</b>
	<b>In this State Corporation.....</b>
<b>II1</b>	Top leadership talks about the most important values and beliefs
<b>II2</b>	The importance of having a strong sense of purpose is specified
<b>II3</b>	Moral and ethical consequences of decisions are considered
<b>II4</b>	Top leadership emphasizes the importance of having a collective sense of mission

**Source: Author (2020)**

### **3.10.3 Measuring of Inspirational Motivation**

This set of statements measured how Inspirational Motivation leadership (see Table 3.7 below) include articulation of a clear and appealing view of the future, development of a shared vision in both economic and ideological terms so that the followers see meaning in their work for improved performance in the state corporations. This construct measures the degree to which the leader knows where he and the team want to go and create a vision or strategy to get there and then articulate, with optimism and passion, and what matters in the big picture of the vision that is appealing and inspiring to followers (Salas-Vallina & Fernandez, 2017).

Leaders with inspirational motivation challenge followers with high standards, communicate optimism about future goals, and provide meaning for the task at hand. Followers need to have a strong sense of purpose if they are to be motivated to act; this

provides the synergy that drives a team forward with focus to improve organizational performance.

**Table 3. 7: Indicator Measures of Inspirational Motivation**

<b>Indicator</b>	<b>Indicator wording</b>
<b>In this State Corporation.....</b>	
<b>IM1</b>	Top leadership, communicate clearly what needs to be accomplished in simple words
<b>IM2</b>	Top leadership talk optimistically, about the future
<b>IM3</b>	Top leadership articulates a compelling vision for the future
<b>IM4</b>	Top leadership expresses that goals will be achieved.

**Source: Author (2020)**

Inspirational motivation was represented four statements as above by teamwork, communicative leaders and autonomy. Inspirational motivation explains an organizational leader's behaviour that focuses on inspiring and motivating their followers to attain elaborate and challenging objectives or even goals that may seem unviable in the uncertain environment to improve organization performance. Transformational leader dimension of Inspirational Motivation is measured on how he is able to communicate the vision with fluency, power of sharing the vision with articulation, power sharing, delegation, people development, participative decision making and how s/he is compassionate with the team in developing them to handle diverse organization decision making (Salas-Vallina & Fernandez, 2017).

### 3.10.4 Measuring of Intellectual Stimulation

Intellectual Stimulation measures how leaders raise their followers’ awareness regarding problems and develop the team’s capability to solve such problems in many ways by sharing knowledge, encouraging innovation and creativity to improve performance of the state corporation. The relevant statements used are outlined in Table 3.8.

**Table 3. 8: Indicator Measures of Intellectual Stimulation**

<b>Indicator</b>	<b>Indicator wording</b>
	<b>In this State corporation.....</b>
<b>IS1</b>	Top leadership re-examines critical assumptions to question whether they are appropriate
<b>IS2</b>	Differing perspectives are sought when solving problems
<b>IS3</b>	Top leadership gets others to look at problems from many different angles
<b>IS4</b>	Top leadership suggests new innovative ways to complete assignments

**Source: Author (2020)**

The statements covered relevant to intellectual stimulation. This included creativity and innovativeness, participation, critical thinking, risk taking, personal visions, commitments and charisma. According to Peng et al. (2016) in intellectual stimulation is a leader who questions the existing state of affairs and entices the intelligence of followers, prompting them to question their own ideas, and thereby motivating innovative and creative decision making for the purpose of owning the organization vision so as to improve performance by adjusting to the challenges in the global environment.

In other research contexts, Intellectual stimulation has been measured by four other indicators such as supervising the work of teams according to the standards, directing workforces to look at problems from different viewpoints; directing workforces to solve



problems on different perspective; directing them to find out new ways of completing assignments (Hargis, Watt & Piotrowski, 2011 as cited by Dimitrov & Darova (2016).

### 3.10.5 Measuring of Individualized Consideration

As presented in Table 3.9, Individualized Consideration measures included both the emotional and social support. The leader provides support based on the particular needs of the specific followers. This helps to empower and develop the followers to enhance organizational performance. Individualized Consideration is behaviour of transformational leaders that enable them to deal with others as individuals and understand that each person has different needs, abilities and requires personal attention (Bagheri & Sohrabi, 2015). This is manifested through listening to each follower’s needs and concerns; expressing words of thanks or praise as a means of motivation, ensuring fair workload distribution, undertaking individualized career counselling and mentoring that eventually improve organizational performance.

**Table 3. 9: Indicator Measures of Individualized Consideration**

<b>Indicator</b>	<b>Indicator wording</b>
	<b>In this State Corporation.....</b>
<b>IC1</b>	Top leadership spends time teaching and coaching employees
<b>IC2</b>	Top leadership treats others as individuals rather than just as members of the organization
<b>IC3</b>	Top leadership considers individuals as having different needs, abilities and aspirations from others
<b>IC4</b>	Top leadership helps others to develop their strengths

**Source: Author (2020)**

In other studies, individualized consideration is measured using parameters such as role modelling, workplace diversity, delegation, training, innovation and coaching. Transformational leaders do this through spending time teaching, coaching and developing their followers by listening attentively, recognizing and valuing each

individual's contributions. According to Zacher and McKenna (2014), individualized consideration makes employees feel that their organizations value them and their needs and personal uncertainties are effectively resolved.

### **3.10.6 Measures of Strategic Agility**

The second variable in this research was Strategic Agility. Its components are Strategic Sensitivity, Resource Fluidity, and Collective Commitment. Each of the three components was measured using four indicators.

### **3.10.7 Measuring Strategic Sensitivity**

The section presents the four statements that were used to measure strategic sensitivity (Table 3.10). These statements helped to understand the extent to which the top leadership of State Corporations used real time assessment of business environment to exploit opportunities that emerge. It also assesses if the top leadership make informed decisions, create best moves and countermoves to be competitive and effective. In addition, check if they promote effective internal dialogues.

Strategic sensitivity hinges on extensive external and intensive internal dialogues around strategy by the management, it is not about perfect prediction of the future. Instead, it is about being prepared to exploit change, and making informed decisions as to the best changes and counter changes for the business. It is about an organization's ability to move all employees up the strategic agility spectrum from 'I am totally insensible to the potential changes that might impact the company' to 'I see it coming and am prepared to do something about it (Andrews, Gentzkow & Shapiro, 2017).

**Table 3. 10: Indicators of Strategic Sensitivity**

<b>Indicator</b>	<b>Indicator wording</b>
	<b>In this State Corporation.....</b>
<b>SS1</b>	Our organization policies practices clear mission “line of sight” throughout to frequently help in taking effective action in complex rapidly changing conditions in the organization
<b>SS2</b>	Our leaders frame opportunities and threats in new insightful ways – as they emerge
<b>SS3</b>	Our structure encourages co-strategizing with multiple stakeholders
<b>SS4</b>	Has clear mission “line of sight” throughout the organization that enhances our performance.

**Source: Author (2020)**

In this research, the indicators covered speed of strategy reformulation as business environment changes. And how top leadership of the state corporation use Strategic sensitivity to make strategic shifts on a time basis, by adopting, re-orientating and re-innovating in changing business environments to gain competitiveness and improve organizational performance.

These organizations are able to leverage their value-chain-wide resources to generate performance, economies of scale, manifested in their complementary abilities of Clarity of Vision, understanding their Core Capabilities, Selecting Strategic Targets. This enables them to share their responsibility with their workforce and taking action for this organization sustainability (Krause, Feiock & Hawkins, 2014).

This study concurred with Benn, Edwards and Williams (2014) that organizations must respond to the challenges and opportunities brought by the business pressures in order to adapt to uncertainty and changes in the market place and gain sustainable competitive advantages. The global business hyper-competitive environment requires specific dynamic strategies to gain competitive advantage and sometimes even to survive.

Globally for example, competition has become so intense that companies have been forced to collaborate and formulate survival strategies. Customer focus, electronic

commerce, intelligent data management and business networks are some of the noticeable business responses. Strategically agile organization exhibits goal-seeking behaviour, exercising their potential for agility by understanding its business situation, learning and adapting continuously as the situations change and demonstrating sustained achievement of purpose and exemplary performance.

### 3.10.8 Measuring of Resource Fluidity

Resource Fluidity entails mobilizing and reorganizes assets quickly and effectively. Resource Fluidity was measured by 4 indicators (Table 3.11). The objective of the indicators in this section was to assess how resource fluidity was used by top leadership in state corporations to flexibly move resources from one investment to another as needed to achieve diversified portfolio of independent units, among the cadre of general managers who can also be transferred across units to improve performance outcomes. (Stangler & Bell-Masterson, 2015).

**Table 3. 11: Indicators of Resource Fluidity**

<b>Indicator</b>	<b>Indicator wording</b>
	<b>In this State corporation.....</b>
<b>RF1</b>	Our structure allows mobilizing and redeploying of resources rapidly and efficiently
<b>RF2</b>	Our structure allows open communication
<b>RF3</b>	Our structure allows mobility of team and knowledge across departments as tools to win
<b>RF4</b>	Our structure provides opportunities by being able to flexibly move resources from one unit to another as needed to improve performance

**Source: Author (2020)**

The four indicators covered capital resource mobilization, reallocation and utilization, as well as people and knowledge mobility. This entails introducing staff to idea of change, and moves them through refining of the objectives and goals to improve performance. This also enhances learning to make fast turns and being able to transform

and renew the organization without losing momentum (Parker, Halgin, & Borgatti, 2016).

### 3.10.9 Measuring of Collective Commitment

Collective commitment was measured by four indicators (Table 3.12) to enable researcher assess how Collective Commitment, which is the ability of the top team to make bold decisions as a group to improve performance. Also, to make sure that this is actively being practised and how the leaders in the organizations defined their jobs in terms of identifying and constantly communicating commonly held values, and shaping such values to enhance performance, as well ensuring the capability of people around them, and living the commonly held values (Kotlar & De Massis, 2013).

**Table 3. 12: Indicator Measures of Collective Commitment**

<b>Indicator</b>	<b>Indicator wording</b>
	<b>In this State Corporation.....</b>
<b>CC1</b>	Our structure allows effective capabilities for decision-making down the line of the organization
<b>CC2</b>	Our structure allows prompt top team collaboration without being blogged down
<b>CC3</b>	Our structure allows prompt capability to mobilize cross-functional action swiftly
<b>CC4</b>	Our organization practice prompts response and fast decision to improve performance

**Source: Author (2020)**

Supported by game theory collective commitment are results from strategic and structural choices that make collaboration among the top team a critical requirement. Collective Commitment is the ability of the top team to make bold decisions and implement those decisions. For top leaders to succeed they must define their jobs in terms of identifying and constantly communicating commonly held values, shaping such values ensuring the capability of people around them, and living the commonly held values to enhance performance (Atmojo, 2015).

### **3.10.10 Measures of Organizational Performance**

Balanced scorecard tool aligns business activities with the vision and strategies of the organization. The system monitors the execution of objectives against the company's strategies and improves internal and external communication. BSC provides a business a dynamic strategic management solution by providing daily strategic in puts for effective performance outcomes. With BSC framework, management can identify what needs to be done as well as how and what factors to measure to enhance organization performance. BSC views the organization from four perspectives financial performance, Customer satisfaction, business processes, and learning and growth for the purpose of gathering and analysing data from each perspective and effective management for improved organizational performance.

The research assessed the extent to which the state corporations use balanced scorecard to measure performance. Most of the measures in this category required data from the organization information system to enable senior management and their supervisors assess performance of their own organizations. The advantage of using operational measures in conjunction with financial performance measures is that they provide information on opportunities the organizations can take advantage of, and support strategic agility. BSC considers opportunities and challenges in business environment. BSC is also the basis for management decisions and executions and ability to acquire and utilize its scarce resources and valuables as expeditiously as possible in the pursuit of its operations goals. Therefore, organizational performance is much more than just financial state of the organization (Birasnav, 2014).

Balance Scorecard (Kaplan & Norton, 1997 cited in Caillier, 2014) was used to assess various aspects of organizational outcomes. The four key BSC indicators of

performance were financial perspective, Customer satisfaction, business process, and Learning and Growth. Twenty-two (22) statements were used as indicators to measure Organizational Performance. The respondents were asked to indicate how each statement fit their perception of their respective state corporations in a 1-5 Likert scale, where: 1 = Strongly Disagree, 2 = Disagree a while, 3 = Neutral, 4 = Agree, 5 = Strongly Agree.

The first and the original use of the BSC was performance measurement by (Joseph 2015). This study used the BSC to measure performance, organizations focus on the four performance measures, financial, customer satisfaction, internal processes, and learning and growth (Herman & Chiu, 2014). By measuring the four metrics, the BSC will assist the organizations to track all the important aspects of a firm's strategy as well as achieve continuous improvement of partnership and teamwork. The BSC retained financial metrics as the ultimate measure of organizational performance.

### **3.10.11 Measuring Financial Performance**

The research identified four outcome statements that aid in assessing financial performance of the respective state corporations. These measures indicated whether the corporation's strategy, implementation, and execution are contributing to financial status of the corporation. The measures included, whether it is serving its targeted customers in order to meet its financial objectives, return on assets (ROA), its Return on Equity (ROE) and Value added per employee (Table 3.13).

**Table 3. 13: Indicator Measures of Financial Performance**

<b>Indicator</b>	<b>Indicator wording</b>
	<b>In this State Corporation.....</b>
<b>FP1</b>	This Parastatal is serving its targeted customers in order to meet its financial objectives.
<b>FP2</b>	Return on assets (ROA) in our company is well above the industry average
<b>FP3</b>	Return on Equity (ROE) in our company is well above the industry average
<b>FP4</b>	Value added per employee in our company is well above the industry average

**Source: Author (2020)**

Measuring financial metrics was maintained as important to determine whether a firm’s strategy and execution are supporting the overall mission of the organization (Kazmi & Naarananoja, 2014). For private and other for-profit organizations, financial metrics usually focus on profit, market share, business growth while for public and not for profit organizations use other financial result-oriented measures (Mahmud & Hilmi, 2014).

### **3.10.12 Measuring Customer Satisfaction**

State corporations in Kenya focus on customers and stakeholders who use the corporation’s products and services. Their corporate missions focus on the customer. The statements in Table 3.14 explored how top management and corporation leadership translate their mission statement on customer service into specific measures that reflect the factors that really matter to customers. These include customer satisfaction, mechanisms to handle customer complaints, corporation public image and customer retention.



**Table 3. 14: Indicator Measures of Customer Satisfaction**

Indicator	Indicator wording
	In this State Corporation.....
CS1	This Parastatal has highly satisfied customers
CS2	This Parastatal has put in place mechanisms for ensuring quick response to customer complaints.
CS3	This Parastatal enjoys a good public image.
CS4	Products and services from this State Corporations are of high quality
CS5	The number of customer complaints within the last period has decreased strongly.
CS6	This Parastatal retain existing customers and manage to attract new ones

**Source: Author (2020)**

### 3.10.13 Measuring Business Processes

The researcher sought to understand how state corporations in Kenya apply internal measures or business processes that affect cycle time, quality, employee skills, employee retention and productivity (Table 3.15). The balanced scorecard envisages that state corporations attempt to identify and measure their core competencies, ICT resources needed to ensure continued customer satisfaction.

**Table 3. 15: Indicator Measures of Business Processes**

Indicator	Indicator wording
	In this State Corporation.....
BP1	This Parastatal has a high ability to retain employees over a long period of time.
BP2	This Parastatal has realized a high increase in output over the last five years (for example number of new programmes)
BP3	The operational efficiency of this Parastatal has increased over the last three years
BP4	This Parastatal continuously adopts new processes and procedures
BP5	This Parastatal is generally innovative.
BP6	Productivity of employees is much higher than industry average.

**Source: Author (2020)**

### 3.10.14 Measuring Learning and Growth

The measures of Learning and Growth included for indicators as presented in Table 3.16. In this section, the research aimed to explore how the state corporations cope with complex and turbulent business environment. The customer-based and internal business process measures on the balanced scorecard identify the issues the state corporations consider important for improved organizational performance. However, the targets for success keep changing. This requires the corporations to decide and undertake continuous improvement in their products, services and processes based on their experience and learning from the business environment. The State Corporations need to develop capacity to innovate, improve, and learn create more value for customers and stakeholders.

**Table 3. 16: Indicator Measures of Learning and Growth**

<b>Indicator</b>	<b>Indicator wording</b>
	<b>In this State Corporation.....</b>
<b>LAG1</b>	This Parastatal includes employee training and corporate cultural attitudes related to both individual and corporate self-improvement.
<b>LAG2</b>	In our organization, we often organize internal training of our employees.
<b>LAG3</b>	We frequently send our employees to seminars, workshops, conferences with intention to create environmental awareness.
<b>LAG4</b>	Employees’ trust into leadership is high.
<b>LAG5</b>	Top managers promote and support innovative ideas, experimentation and creative processes.
<b>LAG6</b>	These Parastatal focuses essentially on training people to access new skills, improving the systems and reconciling procedures and practices.

**Source: Author (2020)**

### 3.11 Chapter Summary

The chapter presented the research methodology. Philosophical orientation used in this study, where the main approach is subjective pragmatism research philosophy (mixed method) and descriptive (exploratory) research designs were presented. The population of the study was 715 consisting of one CEO from each state corporation, and twelve top

leadership management team from commercial and strategic function of the 55 State Corporations in Kenya. The choice of the pragmatic (subjective) that guided the study and its justification were presented. The chapter then discussed and justified the descriptive mixed method cross-sectional survey research design used in the study. Operationalization and measurement of the study variables, and corresponding questions in the research instrument was specified. Anticipated ethical issues are also discussed in this chapter.

## **CHAPTER FOUR**

### **RESULTS AND DISCUSSION**

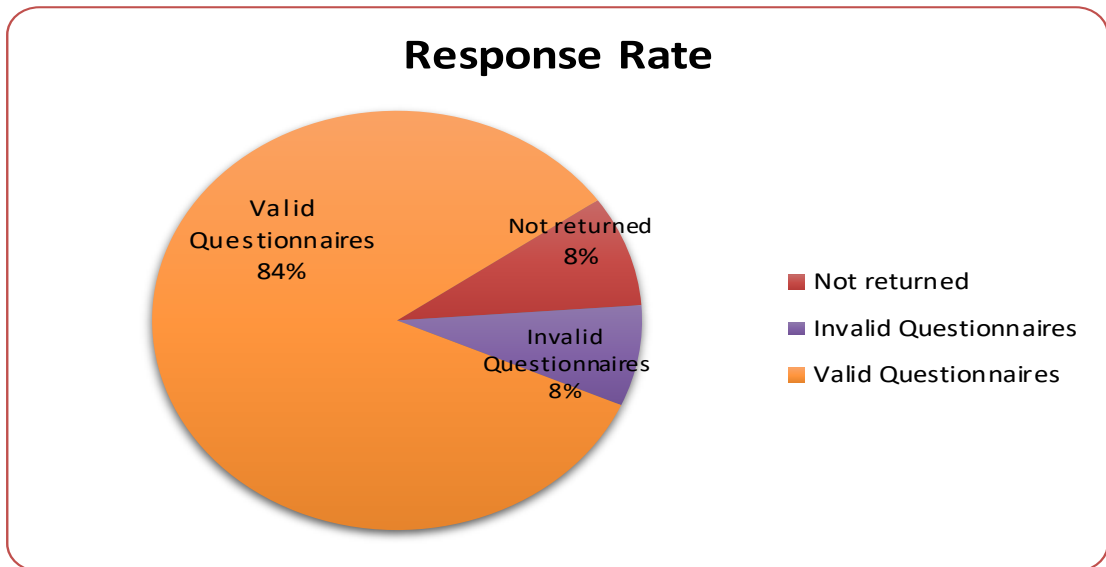
#### **4.1 Introduction**

This chapter presents empirical findings from both primary and secondary data. The study sought to determine the influence of transformational leadership on performance of State Corporation in Kenya, with strategic agility mediating the relationship. The results were presented in form of tables, figures, charts and thematic narratives in line with the six research objectives outlined in section 1.4 of Chapter 1. Quantitative and qualitative data were triangulated and linked to the research objectives to allow for operative and logical interpretation. The chapter has seven sections: response rate, reliability and validity, descriptive statistics of demographic information, descriptive statistics analysis of the research variables, correlation analysis, regression analysis, structural equation model (SEM) analysis, tests of hypothesis and chapter summary.

#### **4.2 Response Rate**

The overall objective of this study was to determine the influence of transformational on performance of State Corporation in Kenya. The study targeted 13 top management, managers and supervisors from the 55 state corporations who were the survey respondents of the study (Awang, 2015; Trochim et al, 2015) of 55 state corporations with strategic and commercial functions. Unit of analysis were 55 state corporations. Sample of 257 was then drawn using Yamane (1967 and Cochran 1977) formula from 715 target population from all the 55 state corporation. Two hundred and fifty-seven (257) questionnaires were administered but only 235 were returned. Twenty-two (8.6%) questionnaires were not returned. However, 20 (7.8%) of the returned questionnaires were incomplete and were therefore, for purposes of this research,

considered invalid. The remaining 215 questionnaires were complete and were considered in the analysis giving a valid response rate of about 84%.



**Figure 4. 1: Response Rate**

**Source: Author (2020)**

The pie chart therefore, represents a response rate of 84% as shown in Figure 4.1. High response rate guarantees that the findings are representative of the target population. Coleman (2013) noted that a response rate is the extent to which the collected data takes care of all the sample items, a ratio of actual respondents to anticipated number of persons who respond to the study. The response rate from the state corporations were high in this survey due to good training of the research assistants, good methods of administering the questionnaires and as well as researcher networking and snow balling relations with the institutions.

According to Hamidullah and Sait (2015), a return rate ranged from 30 per cent to 50 percent is common in social science surveys and can be accepted while Herman and Chiu (2014) stated that a return rate ranging from 50% to 80% is considered good response rates. The response rate was assessed as good and suitable to fulfil the

objectives of the research. This response rate is also consistent with previous studies: Datche (2015) had 64%; Sasaka (2016) got 80% and Ngaithe (2014) who got 69%, which were considered high response rates. The study response rate is consistent with those of previous studies on state corporations in Kenya. Awino and Mutua (2014) had a response rate of 77 percent; Ongeti (2014) had 65 percent while Mkalama (2014) had 82 percent.

### **4.3 Reliability and Validity Analysis of Measurement Model**

A preliminary analysis was undertaken to determine reliability (indicator and internal consistency reliability) and validity (convergent and discriminant validity) of the reflective measurement model. This was done to ensure integrity of the questionnaire and its related measurements. The results of these formed the basis for subsequent Structural Equation Model analysis that provided information for conceptual model and tests of hypotheses for this research.

#### **4.3.1 Reliability Analysis tests**

Reliability Analysis tested the extent to which a research tool produced stable and consistent results of the data under study. According to Rouse (2015) reliability is a measure of the degree to which a research instrument yields consistent results after repeated trials. If the same results can be obtained time after time, no matter how many times you conduct a study, this suggests that the instrument is reliable. In this study, reliability of the measurement model was determined using two tests, Indicator and Internal Consistency Reliability.

### 4.3.2 Indicator Reliability Test

Indicator reliability test assesses adequacy of respective indicators (Items) as measures for their respective variables based on the empirical data (Lo & Fu, 2016). It determined that the indicators were an appropriate measurement for the construct implying empirical data collected and theory supported the respective construct. To test indicator reliability the indicators must load over 0.5, according to Eisinga, Te Grotenhuis and Pelzer (2013) and be statistically significant ( $t > 1.96$  and  $p < .05$ ). First, the indicators were examined to ascertain whether any of the indicators warranted removal due to extremely low loadings. Eisinga et al. (2013) recommend removal of any indicators that do not load by a factor of 0.5 or higher on their theoretically assigned construct. From Table 4.1, the indicator loadings varied from .502 for IS4 (intellectual stimulation) and .965 for CC1 (collective commitment). This meant that no indicators needed to be discarded for loadings below 0.5.

Since all indicators loaded  $> .50$ , the next step was to check significance levels. The smallest  $t = 4.965$  for IS4. The findings reveal that all indicator loadings were above the .50 threshold and were significant at  $t > 1.96$  and  $p < .05$ . Therefore, indicator reliability was confirmed. From the empirical data collected, all the 50 indicators (items) measured were appropriate measures for their respective 11 assigned constructs as presented in Table 4.1.

**Table 4. 1: Significance levels of Indicator Loadings**

Model Constructs	Measurement Item	Loadings	Standard Deviation	t Statistics	p values
Idealized Influence	II1	0.515	0.089	5.777	0.001
	II2	0.722	0.043	16.692	0.001
	II3	0.724	0.058	12.463	0.001
	II4	0.681	0.056	12.132	0.001
Inspirational Motivation	IM1	0.696	0.053	13.027	0.001
	IM2	0.722	0.058	12.476	0.001
	IM3	0.761	0.038	20.230	0.001
	IM4	0.679	0.060	11.358	0.001
Intellectual Stimulation	IS1	0.676	0.056	12.154	0.001
	IS2	0.775	0.036	21.253	0.001
	IS3	0.749	0.053	14.032	0.001
	IS4	0.502	0.101	4.965	0.001
Individualized Consideration	IC1	0.797	0.033	24.478	0.001
	IC2	0.827	0.035	23.828	0.001
	IC3	0.577	0.065	8.835	0.001
	IC4	0.789	0.021	38.462	0.001
Strategic Sensitivity	SS1	0.638	0.067	9.496	0.001
	SS2	0.845	0.029	29.020	0.001
	SS3	0.511	0.079	6.492	0.001
	SS4	0.573	0.069	8.305	0.001
Resource Fluidity	RF1	0.568	0.127	4.476	0.001
	RF2	0.735	0.102	7.170	0.001
	RF3	0.958	0.023	41.498	0.001
	RF4	0.790	0.081	9.742	0.001
Collective Commitment	CC1	0.965	0.005	204.867	0.001
	CC2	0.688	0.049	14.035	0.001
	CC3	0.831	0.019	43.617	0.001
	CC4	0.572	0.055	10.362	0.001
Financial Performance	FP1	0.685	0.047	14.629	0.001
	FP2	0.681	0.046	14.655	0.001
	FP3	0.804	0.035	22.895	0.001
	FP4	0.819	0.037	22.124	0.001
Customer Satisfaction	CS1	0.764	0.039	19.547	0.001
	CS2	0.719	0.048	14.942	0.001
	CS3	0.638	0.056	11.384	0.001
	CS4	0.803	0.021	38.652	0.001
	CS5	0.851	0.018	47.702	0.001
	CS6	0.780	0.030	26.141	0.001
Business Processes	BP1	0.630	0.050	12.654	0.001
	BP2	0.739	0.029	25.564	0.001
	BP3	0.882	0.016	55.390	0.001
	BP4	0.884	0.014	61.663	0.001
	BP5	0.887	0.019	47.427	0.001
	BP6	0.887	0.019	46.064	0.001
Learning and Growth	LAG1	0.684	0.071	9.700	0.001
	LAG2	0.674	0.060	11.262	0.001
	LAG3	0.636	0.053	12.090	0.001
	LAG4	0.670	0.049	13.771	0.001
	LAG5	0.661	0.045	14.571	0.001
	LAG6	0.857	0.024	35.534	0.001

**Source: Research Data (2020)**



### 4.3.3 Internal Consistency

The second test for reliability was Internal Consistency. Internal consistency reliability test was used to measure the level to which the indicators under each variable were positively correlated to each other and are complimentary measurements for that variable and their constructs items. Both  $\rho$  (where  $\rho$  values lie between 0 and 1) and Cronbach's Alpha were used to test internal consistency. According to Aske, Beaman and Sponarski (2017)  $\rho > 0.7$  is considered adequate and Cronbach's Alpha needs to measure above 0.7 threshold (Cronbach, 1951; Bryman & Bell, 2015). Also, according to Nunnally (1978) cited in Troxel and Dodelson (2018a), the higher the Cronbach's alpha is (near 1) in connection to an instrument being observed, the more actual the instrument is.

This test was done for all indicators of the four components (Idealised influence, Inspirational Motivation, Intellectual Stimulation, Individual Consideration) of transformational leadership and three components (Strategic Sensitivity, Resource fluidity and Collective Commitment) of Strategic Agility (the mediating variable) and four components (financial performance, Customer satisfaction, Business Processes and Learning and Growth) of Organization Performance, the dependent variable. The results of Cronbach's alpha are presented in Table 4.2. The Cronbach's alpha,  $\alpha$  ranged between .791 for Inspiration Motivation a component of transformational leadership and .941 for Business Process of performance component with the total mean of .860 for all the variables which is greater than threshold of 0.7. This indicates adequate levels of internal consistency reliability.

**Table 4. 2: Cronbach’s Alpha Statistics**

<b>Variables</b>	<b>Constructs</b>	<b>The Cronbach’s Alpha</b>	<b>No. of Items</b>
Transformational Leadership	Idealized Influence	0.855	4
	Intellectual Stimulation	0.795	4
	Inspirational Motivation	0.791	4
	Individualized Consideration	0.864	4
Strategic Agility	Strategic Sensitivity	0.852	4
	Resource Fluidity	0.835	4
	Collective Commitment	0.797	4
Organizational Performance	Financial Performance	0.882	4
	Customer Satisfaction	0.933	6
	Business Processes	0.941	6
	Learning and Growth	0.911	6

**Source: Research Data (2020)**

From Table 4.2 for the constructs varied between .748 for financial performance and .913 for business process both above the 0.7 recommended. The variables indicated adequate levels of internal consistency.

#### **4.3.4 Validity Analysis**

Validity is the level to which the observational measure provides enough representation of the genuine meaning and implication of the idea under thought (Netter & Poulsen, 2015). The study Validity was measured using Convergent and Discriminant validity.

#### **4.3.5 Convergent Validity**

Convergent validity is used to examine the extent to which the measurement items converge onto the specified construct (Campbell, 1960 cited in Kim, Park & Kang, 2013). In other words, convergent validity reflects the goodness of fit between measurement items and their respective constructs (Novikov & Novikov, 2013). In this study, convergent validity was measured using Average Variance Extracted (AVE) and Composite Reliability. AVE measures the proportion of variance that is captured by a

construct in relation to the proportion of variance due to measurement error. AVE varies between 0 and 1 and should be  $>0.5$  (Bagozzi & Yi, 1988 cited in Patten & Newhart, 2017). From table 4.3, variable loadings, composite reliability and Average Variance Extracted (Rodgers & Milton, 2013) determined convergent validity of the measures. The loadings of all items exceeded the recommended value of 0.5 with the composite reliability values above the recommended value of 0.7 and the average variance extracted (AVE) greater than 0.5 (see Table 4.3). This established adequate levels of Convergent Validity.

**Table 4. 3: Loading, AVE and Composite Reliability**

Model Constructs	Measurement Item	Loadings	Rho- $\rho$	Composite Reliability	Average Variance Extracted (AVE)
Idealized Influence	II1	0.515	0.794	0.759	0.644
	II2	0.722			
	II3	0.724			
	II4	0.681			
Inspirational Motivation	IM1	0.696	0.783	0.807	0.712
	IM2	0.722			
	IM3	0.761			
	IM4	0.679			
Intellectual Stimulation	IS1	0.676	0.771	0.774	0.668
	IS2	0.775			
	IS3	0.749			
	IS4	0.502			
Individualized Consideration	IC1	0.797	0.774	0.838	0.768
	IC2	0.827			
	IC3	0.577			
	IC4	0.789			
Strategic Sensitivity	SS1	0.638	0.861	0.714	0.706
	SS2	0.845			
	SS3	0.511			
	SS4	0.573			
Resource Fluidity	RF1	0.568	0.853	0.708	0.942
	RF2	0.735			
	RF3	0.958			
	RF4	0.79			
Collective Commitment	CC1	0.965	0.764	0.875	0.801
	CC2	0.688			
	CC3	0.831			

Financial Performance	CC4	0.572			
	FP1	0.685	0.748	0.836	0.763
	FP2	0.681			
	FP3	0.804			
Customer Satisfaction	FP4	0.819			
	CS1	0.764	0.872	0.892	0.781
	CS2	0.719			
	CS3	0.638			
	CS4	0.803			
	CS5	0.851			
Business Processes	CS6	0.78			
	BP1	0.630	0.913	0.926	0.679
	BP2	0.739			
	BP3	0.882			
	BP4	0.884			
	BP5	0.887			
Learning and Growth	BP6	0.887			
	LAG1	0.684	0.823	0.851	0.591
	LAG2	0.674			
	LAG3	0.636			
	LAG4	0.670			
	LAG5	0.661			
	LAG6	0.857			

**Source: Research Data Author (2020)**

#### 4.3.6 Discriminant Validity

Discriminant Validity measures the extent to which the constructs or latent variables are independent from one another (Henseler, Ringle & Sarstedt, 2015). There are two ways of testing discriminant validity. First test is to observe the cross loadings and check whether the indicators have higher factorial loads in their respective LV (latent variables or constructs) than in others (Ab Hamid, Sami & Sidek, 2017). Second test is the Fornell and Larcker criteria (Fornell and Larcker, 1981 cited in Franke & Sarstedt, 2019). It compares the square roots of the Average Variance Extracted (AVE) values of each construct with the correlations between the constructs or latent variables. According to Compeau, Higgins, and Huff (1999) cited in Henseler, Ringle, and Sarstedt (2015), adequate Discriminant Validity exists when AVE shared between each

construct and its measures is greater than the variance shared between the construct and other constructs.

**Table 4. 4: Cross loads between Observable Variables and Latent variables**

	<b>II</b>	<b>IM</b>	<b>IS</b>	<b>IC</b>	<b>FP</b>	<b>CS</b>	<b>BP</b>	<b>LG</b>
II1	0.515	0.136	0.002	-0.062	0.086	0.133	0.149	0.116
II2	0.722	0.180	0.127	0.291	0.357	0.443	0.445	0.369
II3	0.724	0.280	0.142	0.207	0.284	0.464	0.461	0.378
II4	0.681	0.148	0.276	0.318	0.402	0.416	0.386	0.433
IM1	0.304	0.696	0.083	0.284	0.275	0.381	0.305	0.270
IM2	0.127	0.722	-0.012	0.071	0.222	0.341	0.271	0.125
IM3	0.071	0.761	0.043	0.234	0.376	0.412	0.314	0.196
IM4	0.303	0.679	0.088	0.182	0.317	0.337	0.354	0.254
IS1	0.000	0.176	0.676	0.201	0.267	0.144	0.300	0.353
IS2	0.352	0.156	0.775	0.463	0.454	0.471	0.611	0.506
IS3	0.081	0.084	0.749	0.341	0.407	0.395	0.463	0.446
IS4	0.124	0.035	0.502	0.067	0.190	0.136	0.249	0.212
IC1	0.287	0.173	0.381	0.797	0.594	0.207	0.523	0.535
IC2	0.401	0.178	0.403	0.827	0.420	-0.653	0.101	0.115
IC3	0.189	0.111	0.299	0.577	0.376	0.418	0.367	0.323
IC4	0.149	0.358	0.274	0.789	0.631	0.215	0.536	0.538
FP1	0.306	0.166	0.315	0.599	0.685	0.557	0.473	0.558
FP2	0.304	0.431	0.394	0.434	0.681	0.583	0.106	0.517
FP3	0.343	0.350	0.413	0.300	0.804	0.311	0.460	0.588
FP4	0.443	0.325	0.423	0.407	0.819	0.340	0.528	0.251
CS1	0.407	0.338	0.363	0.516	0.574	0.764	0.332	0.497
CS2	0.293	0.268	0.443	0.497	0.555	0.719	0.433	0.483
CS3	0.280	0.383	0.289	0.424	0.459	0.638	0.513	0.463
CS4	0.492	0.372	0.431	0.434	0.322	0.803	0.374	0.205
CS5	0.318	0.522	0.392	0.275	0.455	0.851	0.288	0.534
CS6	0.548	0.452	0.264	0.553	0.242	0.780	0.570	0.503
BP1	0.449	0.261	0.309	0.209	0.570	0.337	0.630	0.591
BP2	0.428	0.175	0.149	0.334	0.574	0.355	0.739	0.413
BP3	0.441	0.295	0.170	0.100	0.390	0.227	0.882	0.519
BP4	0.500	0.527	0.172	0.393	0.276	0.454	0.884	0.421
BP5	0.511	0.424	0.307	0.468	0.344	0.484	0.887	0.001
BP6	0.565	0.439	0.428	0.344	0.436	0.495	0.887	0.594
LAG1	0.342	0.211	0.436	0.430	0.529	0.459	0.588	0.684
LAG2	0.448	0.259	0.230	0.399	0.509	0.539	0.433	0.674
LAG3	0.233	0.134	0.313	0.457	0.443	0.456	0.392	0.636
LAG4	0.469	0.236	0.295	0.429	0.517	0.554	0.452	0.670
LAG5	0.297	0.132	0.459	0.392	0.481	0.427	0.481	0.661
LAG6	0.438	0.274	0.437	0.293	0.219	0.355	0.681	0.857

**Source: Author (2020)**

**Key:** *Idealized Influence (II), Inspirational Motivation (IM), Intellectual Stimulation (IS), Individualized Consideration (IC), Financial Performance (FP), Customer Satisfaction (CS), Business Processes (BP), Learning and Growth (LG).*

To evaluate discriminant validity, from Table 4.4 the cross loadings were examined and all the items had higher loading on their corresponding constructs than the cross loadings on the other constructs in the model. The bold values show the square roots of AVE which are greater than off-diagonal values, confirms the result that the discriminant validity was achieved. One expects that an indicator (items) has the highest loading value (in bold) with the construct to which it has been assigned (Schwartz-Shea, & Yanow, 2013). Secondly, comparison of the square root of each construct's Average Variance Extracted versus the correlations that construct has with other constructs in the model (Table 4.4). For all constructs, the square root of the Average Variance Extracted was larger than its correlations with other constructs in the model i.e. Square root of AVE is the greatest in both its column and row, providing evidence of adequate discriminant validity.

**Table 4. 5: Correlations and AVE squared for Discriminant Validity Tests**

	<b>BP</b>	<b>CS</b>	<b>FP</b>	<b>II</b>	<b>IC</b>	<b>IM</b>	<b>IS</b>	<b>LG</b>
Business Processes	<b>0.824</b>							
Customer Satisfaction	0.684	<b>0.762</b>						
Financial Performance	0.691	0.641	<b>0.750</b>					
Idealized Influence	0.585	0.597	0.469	<b>0.666</b>				
Individualized Consideration	0.622	0.521	0.450	0.349	<b>0.754</b>			
Inspirational Motivation	0.438	0.518	0.423	0.284	0.279	<b>0.715</b>		
Intellectual Stimulation	0.641	0.476	0.516	0.239	0.450	0.075	<b>0.684</b>	
Learning and Growth	0.478	0.441	0.574	0.533	0.483	0.301	0.587	<b>0.701</b>

**Source: Research Data (2020)**

### 4.3.7 Multi-Collinearity Test

Multi-collinearity is a statistical phenomenon in which there exists a perfect relationship between the predictor variables (Zainodin & Yap, 2013). High Multi-collinearity may cause problems because it increases the variance of coefficient estimates, which makes the estimates very sensitive to minor changes making it difficult to determine the actual contribution of respective predictors to the variance in the dependent variable. This may result in misleading interpretations and conclusions. To detect the multi-collinearity, the study examined Variance Inflation Factor (VIF) data as shown in Table 4.5.

**Table 4. 6: Multi-collinearity Statistics**

<b>Variable</b>	<b>Indicator</b>	<b>Tolerance</b>	<b>VIF</b>
<b>Transformational Leadership</b>			
Idealized Influence	II1	0.554	1.805
	II2	0.574	1.743
	II3	0.561	1.781
	II4	0.370	2.706
Intellectual Stimulation	IS1	0.415	2.412
	IS2	0.687	1.455
	IS3	0.633	1.579
	IS4	0.556	1.799
Inspirational Motivation	IM1	0.273	3.659
	IM2	0.643	1.555
	IM3	0.393	2.544
	IM4	0.393	2.547
Individualized Consideration	IC1	0.369	2.713
	IC2	0.655	1.526
	IC3	0.597	1.674
	IC4	0.417	2.397
<b>Strategic Agility</b>			
Strategic Sensitivity	SS1	0.693	1.444
	SS2	0.648	1.544
	SS3	0.979	1.021
	SS4	0.904	1.106
Resource Fluidity	RF1	0.981	1.019
	RF2	0.456	2.193
	RF3	0.988	1.012
	RF4	0.457	2.190
Collective Commitment	CC1	0.962	1.039
	CC2	0.864	1.158
	CC3	0.880	1.136
	CC4	0.977	1.024

**Source: Research Data (2020)**

The variance inflation factor (VIF) measured whether collinearity existed were assessed. The values of VIF for all constructs are smaller than the threshold value of 10 (Daoud, 2017). The tolerance values are all above the 0.2 cut off point according to Kalnins (2018) ranging from 0.273 to 0.988. The result indicated that the collinearity effect in the constructs (independent to dependent variables) studied was not significant. So, there was no threat of multi-collinearity among the independent variables in the current study.

**4.3.8 Tests of Normality**

Normality tests are done to determine whether the sample data has been drawn from a normally distributed population. Normality assessment can be done by using a graphical or numerical procedure. The Procedures includes inferential statistics such as Kolmogorov-Smirnov and Shapiro-Wilk. The Kolmogorov-Smirnov test is considered appropriate for samples larger than 2,000 while Shapiro Wilk test is deemed appropriate for samples from 50 to 2,000, (Shapiro, Wilk, & Chen, 1968 cited in Alejo, Galvao, A., Montes-Rojas, & Sosa-Escudero, 2015).

In this study, the usable questionnaire respondents were 215 hence, Shapiro-Wilk test was used for this study. The normality was tested using Shapiro-Wilk test which also has power to detect departure from normality due to either skewness or kurtosis or both. If statistic ranges from zero to one and figures higher than 0.05 indicate the data is normal (Hanusz & Tarasinska, 2014).

Shapiro-Wilk test assess whether data is normally distributed against hypothesis that  $H_0$ : Sample follows a normal distribution,  $H_1$ : Sample does not follow a Normal distribution if Degree of freedom is  $n-1$  if  $H_0$  is not rejected. The analysis used in this



research assumed normal distribution of the sample and populations. The Shapiro-Wilk's test (Shapiro & Wilk, 1965 cited in Hanusz & Tarasińska, 2015) was used to test normality for all the research variables based on the hypothesis.

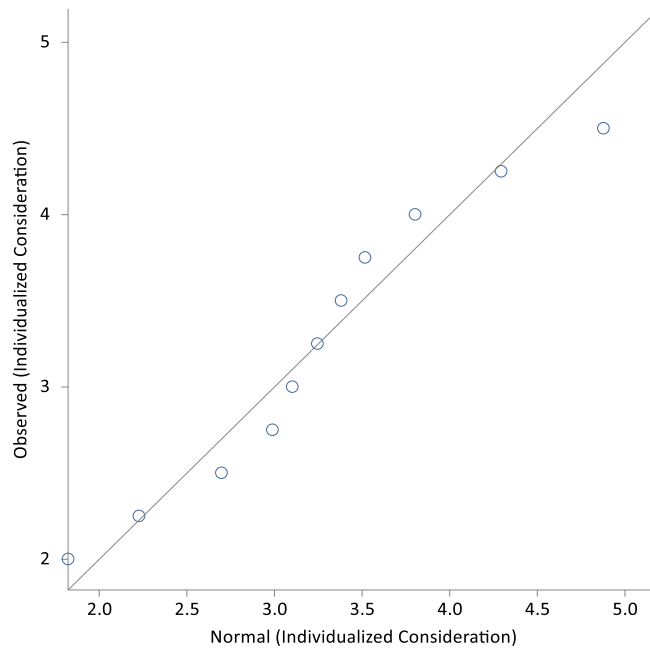
**Table 4. 7: Normality Test Results**

	Kolmogorov-Smirnov <sup>a</sup>			Shapiro-Wilk		
	Statistic	Df	Sig	Statistic	df	Sig.
Idealized Influence	.224	214	.000	.994	214	.201
Inspirational Motivation	.014	214	.000	.991	214	.312
Intellectual Stimulation	.562	214	.088	.959	214	.540
Individualized Consideration	.504	214	.056	.936	214	.010
Strategic Sensitivity	.309	214	.001	.990	214	.156
Resource Fluidity	.247	214	.011	.966	214	.134
Collective commitment	.180	214	.027	.976	214	.209
Financial Performance	.434	214	.030	.980	214	.404
Customer satisfaction	.488	214	.002	.989	214	.085
Business Processes	.046	214	.003	.969	214	.607
Learning and Growth	.025	214	.010	.978	214	.072

**a. Lilliefors Significance Correction**  
**Source: Author (2020)**

As shown in Table 4.7 The significant value under the Shapiro-Wilk column were all greater than 0.05, therefore the study failed to reject the null hypothesis ( $H_0$ ) on 10 out of the 11 constructs except for individualized consideration (sig =.010) that seem to indicate that the data for this particular variable is not normally distributed. However, from the Normal Q-Q Plot (Figure 4.2) the data appears to be normally distributed as it

follows the diagonal line closely and does not appear to have a non-linear pattern therefore individual consideration can be considered to come from a normal population.



**Figure 4. 2: Q-Q Plot for Individualized Consideration**

**Source: Author (2020)**

#### **4.3.9 Normality test by Kurtosis and Skewness for the study variables**

All variables were tested and the test results depicted that skewness and kurtosis had different ranges of Z-scores for all transformational leadership variables constructs. Skewness were Z-scores -0.87131 to -0.03342 and the kurtosis 0.368873 to -0.27848 for the four components of transformational leadership, Strategic Agility skewness were Z-scores -0.45736 to -0.099938 and kurtosis -0.78421 to 0.04572 and organizational performance skewness was ranging from -0.25453 to 0.130015 and kurtosis were ranging from Z-score -0.91921 to -0.16118 respectively which were not greater than the threshold of 3.3.

The values of Kurtosis consist of both negative and positive values. The questions that yielded a value closer to zero can be assumed to have had a normal distribution of responses, while those that had values less than zero are said to have a distribution that has more data concentrated on the tails of the distribution and the responses have a flatter peak. The questions that yielded values greater than zero can be interpreted to mean that the curve of the responses was peaked and more data was concentrated on the peaks. These results were in agreement with the recommendations of Altman, Danovi and Falini (2013) who noted that in situations where the Z score was greater than 3.3, then there was a problem of normality.

For this research none of the variables had a Z scored above 3.3 hence the study data of transformational leadership, strategic agility, organization performance constructs were normally distributed and could be subjected for further analysis.

#### **4.4 Descriptive Statistics of Demographic Information**

Under the first part of the questionnaire, the respondents were asked five demographic questions. The answers to these questions provided general characteristics of this sample. The specific information related to gender, current position in the corporation, highest level of education, age group and period served in the organization. This demographic data enabled outcomes to determine the representativeness of the respondents in terms of the larger population defined by (Ebrahimi & Khoshsima, 2014). This information was also important for analysis of the relationships between the variables of the study as well as in future research. The result on the demographics therefore concurred with Wu and Chen (2016) stated that employee demographic background will affect performance. Employee demographics have a significant impact on performance, although they are often ignored (Faems & Subramanian, 2013).

#### 4.4.1 Demographic Analysis Gender Information

Distribution of respondents based on their gender is as presented in Table 4.8.

**Table 4. 8: Gender of Respondents**

<b>Gender</b>	<b>Frequency</b>	<b>Percentage</b>
Male	101	47
Female	114	53
<b>Total</b>	<b>215</b>	<b>100</b>

**Source: Research Data (2020)**

Results presented in Table 4.8 shows that 53% of the top management respondents who participated in this study were female while 47% of them were male. The results therefore imply that both genders were almost equally represented top management of state corporations. These findings are supported by the findings by Shusha, (2013) and those of Tatto, (2013) who found that male was 53% and female were 47%. This indicates that there is near gender parity in top leadership of the state corporations which concurred with (KNBS, Economic Survey 2016 p.68) gender equality in decision making has improved in recent years, although wide disparities still exist. This is also consistent with the constitutional requirement that appointments must not have more than two thirds (2/3) of the same gender (GOK, 2010).

The gender of respondents was considered important in this study as earlier studies on Transformational leadership and performance have shown that it has a direct effect on the variables (Van-Dierendonck & Alkema, 2014). The gender of respondents in the study indicates a fair distribution between men and women in the state corporations. This result could provide opportunity for future research to compare performance of these organizations based on the gender of management.

#### 4.4.2 Demographic Analysis Level of Education Data

Respondents were further required to indicate their highest level of education. Distribution of respondents based on the highest level of education is as presented in Table 4.9 show that majority (70%) of the respondents who participated in this study had attained undergraduate degrees. Those with first degrees were followed by those who had attained master's degrees, at 20%, while those with college diploma certificates stood at 10%.

**Table 4. 9: Highest Level of Education**

<b>Level</b>	<b>Frequency</b>	<b>Percentage</b>
Master's Degree	43	20
Undergraduate Degree	150	70
College Diploma	22	10
<b>Total</b>	<b>215</b>	<b>100</b>

**Source: Research Data (2020)**

These findings show that 90% of the top, middle, lower level management had undergraduate degrees or higher. The finding is important because functions of the top leadership in state corporations require that level of knowledge and skills for the job holders and decision-making processes. This meant that the respondents had adequate knowledge on leadership and performance of state corporations.

Literature review indicates that the organizations with a well-educated workforce tend to have better performances than the organizations staffed with the less-educated (Ming and Chen, 2016). Meanwhile, the greater the education heterogeneity, the more likely a diversity of ideas and opinions can emerge. This improves the innovation capability and hence performances of the organizations. Henceforth, education as a demographic factor has significant and positive influence on organizational performances.

#### 4.4.3 Demographic Analysis of Position in the Organization

Data on the respondent's position was collected to determine their level in the corporation. Distribution of respondents based on their positions in the organization is presented in Table 4.10.

**Table 4. 10: Position in the Organization**

<b>Position</b>	<b>Frequency</b>	<b>Percentage (%)</b>
Top management	160	74.4
Middle level	40	18.6
Operational Manager	15	7.0
<b>Total</b>	<b>215</b>	<b>100</b>

**Source: Research Data (2020)**

The findings showed that 74.4% of the respondents were in top management, 18.6% in middle level management while 7% of them were operational level managers. This is similar to the findings by Waweru, (2016). The frequencies and percentages imply that majority of the respondents who participated in this study were in decision-making positions, therefore were able to provide relevant information for this research and in position to use the results to improve performance in their corporations.

#### 4.4.4 Demographic Analysis Duration in Current Position

The research collected data on length of time of the respondent in the current position. Frequencies and percentages of this data demographic information on duration on current position are presented in Table 4.11.

**Table 4. 11: Duration in the Current Position**

<b>Duration (Yrs.)</b>	<b>Frequency</b>	<b>Percentage</b>
Less than 5	81	37.7
5-10	77	35.8
11-15	33	15.3
Over 15	24	11.2
<b>Total</b>	<b>215</b>	<b>100</b>

**Source: Research Data (2020)**

The findings show that 37.7% of the respondents had been in their present positions for a period of less than 5 years. Another 35.8% of the respondents had been in the positions for a period of between 5-10 years. This is consistent with the findings by Singh (2015) where these categories of respondents were 36%. 15.3% of the respondents had been in their corporations for a period of between 11-15 years while 11.2% of the respondents had been in the positions for a period of over 15 years. More than half (62.4%) of the employees had been in the organization for 5 years or more. The frequencies and percentages therefore imply that majority of the respondents had obtained sufficient experience to enable them contribute to more demanding capabilities to communicate, coordinate and integrate on the issues under study for higher performance.

#### **4.4.5 Demographic Analysis Age of Respondent**

The distribution of respondents based on their age is as presented in Table 4.12.

**Table 4. 12: Ages of Respondents**

<b>Age (Yrs.)</b>	<b>Frequency</b>	<b>Percentage</b>
31-40	21	9.8
41-50	52	24.2
51-59	108	50.2
Over 60	34	15.8
<b>Total</b>	<b>215</b>	<b>100</b>

**Source: Research Data (2020)**

The study findings presented in Table 4.12 show that 24.2 % of the workforce lie between the ages of 41-50 years. Majority (50.2%) of senior leadership in state corporations were aged between 51-59 years, this reflects a disproportionate normal curve as the retirement age of 60 years this means over half of the current top leadership in State Corporation will retire in the next 10 years. Even further is the mortality rate in third world countries that show a high mortality rate in Kenya standing at the age of fifty (50).The terms of service for chief executive officers of State Corporations are contractual and renewable based in performance and business requirements, and that they are not subject to the general public service policy on mandatory retirement at 60 or 65 years or limit as to the number of terms served (GOK, 2018).

On the demographic statistics analysis results Wu and Chen, (2016) cited Tsui, Egan and Xin (1995) other authors who supported increasing disparity in age, gender and ethnicity in organizations improves their future. The more diverse in the tenure of organizational members, the more positive effect it has on innovations (Bantel and Jackson, 1989). Some studies posit that demographic diversity helps to inspire the creativity of organizational members and hence improve the performances of organizations (Murray, 1989; Ancona & Caldwell, 1992; Watson, Kumar & Michaelsen, 1993). The majority of past studies focus on the influence of the homogeneity/heterogeneity of demographic profiles on organizations. In general, the greater the heterogeneity in demographic mix, the better it is for organizational creativity and performances.

#### **4.5 Descriptive Statistics Analysis of the Research Variables**

This research considered Independent, mediating and dependent variables of the study which were analysed to determine the respondents' perception regarding



transformational leadership behaviours and strategic agility (strategic sensitivity, resource fluidity and collective commitment) the mediated variables and dependent variable organizational performance of the state corporations in Kenya. Descriptive statistics presented in this section provides general overview of the nature and characteristics of the main variables, specifically measure of central tendency, the mean and measure of variability, standard deviation for Transformational Leadership, Strategic Agility and Organizational Performance.

#### **4.5.1 Transformational Leadership**

In this research, transformational leadership was distinct as a leadership style where leaders and their followers help each other to advance to a higher level of moral and ethical values, motivation, creating significant changes in the lives of people and organizations (Chege Thenya & Muchiri (2017). As such, the current study examined the concept of transformational leadership following its operationalization by Fischer (2016).

The statistics regarding idealized influence, inspirational motivation, intellectual stimulation, and individualized consideration, the four components of transformational leadership are presented in this section. Items were measured on a five-point (5) Likert Scale (1=Strongly Disagree, 2= Disagree, 3= Neutral, 4 = Agree and 5= Strongly Agree). Means were derived from data collected by the indicators. The means were an ideal measure for the study since it took into account the detailed score of each variable and represents better analytical information than other measures of central tendency for example the median, which only gives scores relative to position. The standard deviation on the other hand, was used to determine the measure of variation with the negative or positive signs to illustrate the direction of variation.

#### 4.5.2 Idealised Influence

The study sought to understand from respondents if the leadership in their corporation demonstrated characteristics that denote idealized influence. Four items were used to quantify supervisors' idealized influence with statements as to whether the top leadership talks about the most important values and beliefs or the importance of having a strong sense of purpose is specified. The study also sought to know if moral and ethical consequences of decisions were also considered and whether top leadership emphasizes the importance of having a collective sense of mission. The findings are presented in Table 4.13.

**Table 4. 13: Descriptive Statistics on Idealized Influence**

<b>Opinion</b>	<b>SD</b>	<b>D</b>	<b>N</b>	<b>A</b>	<b>SA</b>	<b>Mean</b>	<b>S.Dv</b>
Top leadership talks about the most important values and beliefs.	3(1.4%)	44(20.5%)	46(21.4%)	98(45.6%)	24(11.2%)	3.56	0.829
The importance of having a strong sense of purpose is specified.	2(0.9%)	15(7.0%)	84(39.1%)	88(40.9%)	26(12.1%)	3.45	0.984
Moral and ethical consequences of decisions are considered.	9(4.2%)	45(20.9%)	64(29.8%)	60(27.9%)	37(17.2%)	3.33	1.114
Top leadership emphasizes the importance of having a collective sense of mission.	3(1.4%)	51(23.7%)	49(22.8%)	86(40.0%)	26(12.1%)	3.38	1.020
<b>Average</b>						<b>3.43</b>	<b>0.987</b>

**Source: Research Data (2020)**

According to results in Table 4.13, majority of the respondents who represented 98(45.6%) agreed that the top leadership talks about the most important values and beliefs, 46(21.4%) were neutral, 44(20.5%) of the respondents disagreed, 24(11.2%) strongly agreed while 3(1.4%) strongly disagreed with the statement. 88(40.9%) of the respondents agreed that in their organization, the importance of having a strong sense

of purpose is specified, 84(39.1%) were neutral, 26(12.1%) indicated strong agreement, 15(7.0%) disagreed, while 2(0.9%) strongly disagreed with the statement. 64(29.8%) were neutral to the statement that in their organization, moral and ethical consequences of decisions are considered, 60(27.9%) of the respondents agreed, 45(20.9%) disagreed, 37(17.2%) strongly agreed while 9(4.2%) strongly disagreed with the statement.

Lastly, 86(40.0%) of the respondents agreed that in their organization, the top leadership emphasizes the importance of having a collective sense of mission, 51(23.7%) disagreed with the statement, 49(22.8%) were neutral, 26(12.1%) strongly agreed while 3(1.4%) strongly disagreed with the statement. On a five-point scale, the average mean of the responses was 3.43 which mean that majority of the respondents indicated neutral response; however, the answers were varied as shown by a standard deviation of 0.987. The study findings are in line with Bass (2016) who found that the idealized influence represents the ability of building confidence in the leader and appreciating the leader by the followers, which forms the basis for accepting radical change in the organization. Without such confidence in the leader, that is, in his motives and aims, an attempt to redirect the organization may cause great resistance.

#### **4.5.3 Inspirational Motivation**

The study sought to find out from respondents whether their leaders displayed inspirational motivation. Specifically, the study sought to establish whether top leadership, communicate what needs to be accomplished clearly and simply or whether top leadership talk optimistically about the future. In addition, the questions included to what extent the top leadership articulates a compelling vision for the future and express confidence that organizational goals will be achieved.

**Table 4. 14: Descriptive Statistics on Inspirational Motivation**

<b>Opinion</b>	<b>SD</b>	<b>D</b>	<b>N</b>	<b>A</b>	<b>SA</b>	<b>Mean</b>	<b>S.Dv</b>
Top leadership, communicate clearly what needs to be accomplished in simple words.	10(4.7%)	35(16.3%)	58(27.0%)	90(41.9%)	22(10.2%)	3.37	1.023
Top leadership talk optimistically, about the future.	11(5.1%)	43(20.0%)	80(37.2%)	61(28.4%)	20(9.3%)	3.17	1.018
Top leadership articulates a compelling vision for the future.	6(2.8%)	34(15.8%)	61(28.4%)	96(44.7%)	18(8.4%)	3.40	0.946
Top leadership expresses that goals will be achieved.	15(7.0%)	24(11.2%)	60(27.9%)	101(47.0%)	15(7.0%)	3.36	1.008
<b>Average</b>						<b>3.33</b>	<b>0.999</b>

**Source: Research Data (2020)**

According to results in table 4.14, majority of the respondents who represented 90(41.9%) of the respondents agreed that in their organization the top leadership, communicate clearly what needs to be accomplished in simple words, 58(27.0%) were neutral to the statement, 35(16.3%) disagreed, 22(10.2%) strongly agreed while 10(4.7%) of the respondents strongly disagreed with the statement. 80(37.2%) of the respondents were neutral to the statement that in their organization, the top leadership talk optimistically, about the future, 61(28.4%) agreed with the statement, 43(20.0%) disagree, 20(9.3%) strongly agreed while 11(5.1%) of the respondents strongly disagree with the statement. 96(44.7%) of the respondents agreed that in their organization, the top leadership articulates a compelling vision for the future, 61(28.4%) of the respondents were neutral, 34(15.8%) disagreed, 18(8.4%) strongly agreed while 6(2.8%) of the respondents strongly disagreed with the statement.

Finally, 101(47.0%) of the respondents agreed that in their organization, the top leadership expresses the goals to be achieved, 60(27.9%) of the respondents were neutral, 24(11.2%) disagreed while both 15(7.0%) of the respondents agree and

strongly disagreed with the statement. On a five-point scale, the average mean of the responses was 3.33 which mean that majority of the respondents indicated neutral response; however, the answers were varied as shown by a standard deviation of 0.999. The findings concur with Rawung, Wuryaningrat, and Elvinita (2015) who found that inspirational motivation can serve as the foundation for knowledge sharing; an important component of facilitating learning and growth of the organizations. The study also is in line with Bass (2016) who opines that inspirational motivation is the ability of transformational leadership, to inspire and motivate people to adopt the appropriate behaviour.

#### **4.5.4 Intellectual Stimulation**

The study sought to understand from respondents if the leadership in their corporation demonstrated characteristics that denote Intellectual Stimulation. Four items were used to quantify top leadership re-examines critical assumptions to question whether they are appropriate and differing perspectives are sought when solving problems. The study also sought to know if top leadership gets others to look at problems from many different angles and suggests new innovative ways to complete assignments. The findings are presented in Table 4.15.

**Table 4. 15: Descriptive Statistics on Intellectual Stimulation**

<b>Opinion</b>	<b>SD</b>	<b>D</b>	<b>N</b>	<b>A</b>	<b>SA</b>	<b>Mean</b>	<b>S.Dv</b>
Top leadership re-examines critical assumptions to question whether they are appropriate.	7(3.3%)	17(7.9%)	26(12.1%)	141(65.6%)	24(11.2%)	3.73	0.880
Differing perspectives are sought when solving problems.	6(2.8%)	35(16.3%)	53(24.7%)	88(40.9%)	33(15.3%)	3.50	1.027
Top leadership gets others to look at problems from many different angles.	10(4.7%)	28(13.0%)	54(25.1%)	81(37.7%)	42(19.5%)	3.54	1.088
Top leadership suggests new innovative ways to complete assignments.	7(3.3%)	30(14.0%)	50(23.3%)	97(45.1)	31(14.4%)	3.53	1.008
<b>Average</b>						<b>3.58</b>	<b>1.001</b>

**Source: Research Data (2020)**

According to results in table 4.15, majority of the respondents who represented 141(65.6%) agreed that in their organization, the top leadership re-examines critical assumptions to question whether they are appropriate, 26(12.1%) were neutral to the statement, 24(11.2%) strongly agreed, 17(7.9%) disagreed while 7(3.3%) strongly disagreed with the statement. 88(40.9%) agreed that in their organization differing perspectives are sought when solving problems, 53(24.7%) were neutral to the statement, 35(16.3%) disagreed, 33(15.3%) strongly agreed while 6(2.8%) of the respondents strongly disagreed with the statement. 81(37.7%) of the respondents agreed that in their organization, top leadership gets others to look at problems from many different angles, 54(25.1%) of the respondents were neutral to the statement, 42(19.5%) strongly agreed, 28(13.0%) disagreed while 10(4.7%) of the respondents strongly disagreed with the statement.

Lastly, 97(45.1%) of the respondents agreed that in their organization, the top leadership suggests new innovative ways to complete assignments, 50(23.3%) were neutral, 31(14.4%) strongly agree, 30(14.0%) indicated disagreement while 7(3.3%) of the respondents strongly disagree with the statement. On a five-point scale, the average mean of the responses was 3.58 which mean that majority of the respondents indicated agreed response, however, the answers were varied as shown by a standard deviation of 1.001. The study findings are in line with Kim (2015) who found that transformational leaders enable organizations achieve goals and objectives by intellectually stimulating their followers' creativity through abandoning organization traditional and individual old beliefs of working in *Silos* and becoming agile to enable improved effectiveness and hence better organizational performance.

#### **4.5.5 Individualized Considerations**

The study sought to understand from respondents if the leadership in their corporation demonstrated characteristics that denote Individualized Considerations. Four items were used to quantify top leadership spends time teaching and coaching employees and if they treat others as individuals rather than just as members of the organization. The study also sought to know if Top leadership considers individuals as having different needs, abilities and aspirations from others and suggests if they help others to develop their strengths in Table 4.16.

**Table 4. 16: Descriptive Statistics on Individualized Considerations**

<b>Opinion</b>	<b>SD</b>	<b>D</b>	<b>N</b>	<b>A</b>	<b>SA</b>	<b>Mean</b>	<b>S.Dv</b>
Top leadership spends time teaching and coaching employees.	1(0.5%)	72(33.5%)	14(6.5%)	124(57.7%)	4(1.9%)	3.27	0.968
Top leadership treats others as individuals rather than just as members of the organization.	5(2.3%)	57(26.5%)	44(20.5%)	74(34.4%)	35(16.3%)	3.36	1.109
Top leadership considers individuals as having different needs, abilities and aspirations from others.	5(2.3%)	46(21.4%)	51(23.7%)	98(45.6%)	15(7.0%)	3.33	0.966
Top leadership helps others to develop their strengths.	2(0.9%)	34(15.8%)	79(36.7%)	70(32.6%)	30(14.0%)	3.43	0.949
<b>Average</b>						<b>3.35</b>	<b>0.998</b>

**Source: Research Data (2020)**

According to results in table 4.16, majority of the respondents who represented 124(57.7%) agreed that in their organization, the top leadership spends time teaching and coaching employees, 72(33.5%) disagreed with the statement, 14(6.5%) were neutral, 4(1.9%) strongly agreed while 1(0.5%) of the respondents strongly disagreed with the statement. 74(34.4%) of the respondents agreed that in their organization, the top leadership treats others as individuals rather than just as members of the organization, 57(26.5%) disagreed with the statement, 44(20.5%) of the respondents were neutral, 35(16.3%) strongly agreed while 5(2.3%) strongly disagreed with the statement. 98(45.6%) of the respondents agreed that in their organization, the top leadership considers individuals as having different needs, abilities and aspirations from others, 51(23.7%) were neutral, 46(21.4%) of the respondents disagree, 15(7.0%) strongly agreed while 5(2.3%) of the respondents strongly disagreed with the statement.



Finally, 79(36.7%) were neutral that in their organization the top leadership helps others to develop their strengths, 70(32.6%) agreed with the statement, 34(15.8%) disagreed, 30(14.0%) of the respondents strongly agreed while 2(0.9%) of the respondents strongly disagreed with the statement. On a five-point scale, the average mean of the responses was 3.35 which mean that majority of the respondents indicated neutral response, however, the answers were varied as shown by a standard deviation of 0.998. The study findings concur with Kirkbride (2016) who found that individualized consideration leader demonstrates high concern for their followers, treats them as individuals, and gets to know well about them and listens to both their concerns and ideas. Leaders who use individualized consideration give due consideration for their employee needs and coach them to bring sustainable development (Sarros & Santora, 2013).

#### **4.5.6 Strategic Agility**

This section presents descriptive statistics, means and standard deviations of the four items relating to the three components Strategic Agility, Strategic Sensitivity, Resource Fluidity and Collective Commitment, the three components of strategic agility. All the 12 items of strategic agility were measured on a five-point Likert scale (1=Strongly Disagree, 2= Disagree, 3= Neutral, 4 = Agree and 5= Strongly Agree).

#### 4.5.7 Strategic Sensitivity

The study sought to understand from respondents if the leadership in their corporation demonstrated characteristics that denote Strategic Sensitivity as shown in table 4.17.

**Table 4. 17: Descriptive Statistics on Strategic Sensitivity**

<b>Opinion</b>	<b>SD</b>	<b>D</b>	<b>N</b>	<b>A</b>	<b>SA</b>	<b>Mean</b>	<b>S.Dv.</b>
Our organization policies practices clear mission “line of sight” throughout to frequently help in taking effective action in complex rapidly changing conditions in the organization.	5(2.3%)	28(13.0%)	70(32.6%)	97(45.1%)	15(7.0%)	3.41	0.886
Our leaders frame opportunities and threats in new insightful ways as they emerge.	3(1.4%)	54(25.1%)	47(21.9%)	75(34.9%)	36(16.7%)	3.40	1.080
Our structure encourages co-strategizing with multiple stakeholders.	–	20(9.3%)	71(33.0%)	81(37.7%)	43(20.0%)	3.68	0.898
Has Clear mission “line of sight” throughout the organization that enhances our performance.	–	13(6.0%)	66(30.7%)	94(43.7%)	42(19.5%)	3.77	0.833
<b>Average</b>						<b>3.57</b>	<b>0.924</b>

**Source: Research Data (2020)**

According to results in table 4.17, majority of the respondents who represented 97(45.1%) of the respondents strongly agreed that their organization policies practices clear mission “line of sight” throughout to frequently help in taking effective action in complex rapidly changing conditions in the organization, 70(32.6%) were neutral to the statements, 28(13.0%) disagreed, 15(7.0%)of the respondents strongly agreed while 5(2.3%)of the respondents strongly disagreed with the statement. 75(34.9%) of the respondents strongly agreed that in their organization, their leaders frame opportunities

and threats in new insightful ways as they emerge, 54(25.1%) disagreed with the statement, 47(21.9%) of the respondents were neutral, 36(16.7%) of them strongly disagree while 3(1.4%) strongly disagree with the statement. 81(37.7%) of the respondents agreed that their structure encourages co-strategizing with multiple stakeholders, 71(33.0%) were neutral, 43(20.0%) strongly agreed while 20(9.3%) of the respondents disagreed with the statement.

Finally, 94(43.7%) of the respondents agreed that they have Clear mission “line of sight” throughout the organization that enhances their performance, 66(30.7%) were neutral, 42(19.5%) strongly agreed while 13(6.0%) of the respondents strongly disagreed with the statement. On a five-point scale, the average mean of the responses was 3.57 which mean that majority of the respondents indicated agreed response; however, the answers were varied as shown by a standard deviation of 0.924. The findings are in line with Fourné, Jansen and Mom (2014) whose studies indicated study revealed that strategic sensitivity is about organizations early awareness and acute perception of incipient trends, converging forces, risks of discontinuities, and the real-time sense-making of strategic situations as they develop and evolve.

#### 4.5.8 Resource Fluidity

The study sought to understand from respondents if the leadership in their corporation demonstrated characteristics that denote Resource Fluidity as shown in table 4.18.

**Table 4. 18: Descriptive Statistics on Resource Fluidity**

<b>Opinion</b>	<b>SD</b>	<b>D</b>	<b>N</b>	<b>A</b>	<b>SA</b>	<b>Mean</b>	<b>S.Dv</b>
Our structure allows mobilizing and redeploying of resources rapidly and efficiently.	-	21(9.8%)	54(25.1%)	98(45.6%)	42(19.5%)	3.75	0.882
Our structure allows open communication.	-	6(2.8%)	98(45.6%)	90(41.9%)	21(9.8%)	3.59	0.704
Our structure allows mobility of team and Knowledge across departments as tools to win.	-	5(2.3%)	88(40.9)	115(53.5)	7(3.3%)	3.58	0.598
Our structure provides opportunities by being able to flexibly move resources from one unit to another as needed to improve performance.	-	14(6.5%)	99(46.0%)	81(37.7%)	21(9.8%)	3.51	0.760
<b>Average</b>						<b>3.61</b>	<b>0.736</b>

**Source: Research Data (2020)**

According to results in Table 4.18, majority of the respondents who represented 98(45.6%) of the respondents agreed that their structure allows mobilizing and redeploying of resources rapidly and efficiently, 54(25.1%) were neutral to the statement, 42(19.5%) strongly agreed while 21(9.8%) of the respondents disagreed with the statement. 98(45.6%) of the respondents were neutral that their structure allows open communication, 90(41.9%) of the respondents agreed with the statement, 21(9.8%) strongly agreed while 6(2.8%) of the respondents disagreed with the statement. 115(53.5) of the respondents agreed that their structure allows mobility of team and Knowledge across departments as tools to win, 88(40.9) were neutral to the

statement, 7(3.3%) strongly agree while 5(2.3%) of the respondents disagree with the statement.

Finally, 99(46.0%) of the respondents were neutral that their structure provides opportunities by being able to flexibly move resources from one unit to another as needed to improve performance, 81(37.7%) agree with the statement, 21(9.8%) strongly agreed while 14(6.5%) of the respondents disagreed with the statement. On a five-point scale, the average mean of the responses was 3.61 which mean that majority of the respondents indicated agreed response, however, the answers were varied as shown by a standard deviation of 0.736. The findings are in line with Buller and McEvoy (2012) whose study revealed that resource fluidity requires disciplined processes for evaluating individual units and reallocating key resources.

#### 4.5.9 Collective Commitment

The study sought to understand from respondents if the leadership in their corporation demonstrated characteristics that denote Collective Commitment as shown in table 4.19.

**Table 4. 19: Descriptive Statistics on Collective Commitment**

<b>Opinion</b>	<b>SD</b>	<b>D</b>	<b>N</b>	<b>A</b>	<b>SA</b>	<b>Mean</b>	<b>S.Dv</b>
Our structure allows effective capabilities for decision-making down the line of the organization.	-	12(5.6%)	68(31.6%)	117(54.4%)	18(8.4%)	3.66	0.712
Our structure allows prompt top team collaboration without being bogged down.	-	22(10.2%)	54(25.1%)	102(47.4%)	37(17.2%)	3.72	0.869
Our structure allows prompt capability to mobilize cross-functional action swiftly.	4(1.9%)	53(24.7%)	50(23.3%)	69(32.1%)	39(18.1%)	3.40	1.101
Our organization practice prompts response and fast decision to improve performance.	-	3(1.4%)	55(25.6%)	103(47.9%)	54(25.1%)	3.97	0.751
<b>Average</b>						<b>3.69</b>	<b>0.858</b>

**Source: Research Data (2020)**

According to results in Table 4.19, majority of the respondents who represented 117(54.4%) of the respondents agreed that their structure allows effective capabilities for decision-making down the line of the organization, 68(31.6%) were neutral to the statement, 18(8.4%) disagreed while 12(5.6%) of the respondents were in disagreement with the statement. 102(47.4%) of the respondents agreed that their structure allows prompt top team collaboration without being bogged down, 54(25.1%) were neutral, 37(17.2%) strongly agreed while 22(10.2%) disagreed with the statement. 69(32.1%) of the respondents agreed that their structure allows prompt capability to mobilize cross-functional action swiftly, 53(24.7%) disagreed with the statement, 50(23.3%)

were neutral, 39(18.1%) strongly agreed while 4(1.9%) of the respondents strongly disagreed with the statement.

Finally, 103(47.9%) of the respondents agreed that their organization practice prompts response and fast decision to improve performance, 55(25.6%) were neutral, 54(25.1%) of the respondents strongly agreed while 3(1.4%) of the respondents disagreed that their organization practice prompts response and fast decision to improve performance. On a five-point scale, the average mean of the responses was 3.69 which mean that majority of the respondents indicated agreed response; however, the answers were varied as shown by a standard deviation of 0.858. These findings are in line with Murungi (2015) who found that collective commitment of top management influence team's attitudes toward their work and themselves for higher performance. Collective responsibility includes stimulation of top management, top team collaboration checks on the importance of values, ethics, working together as a team for the success of these organizations.

#### **4.5.10 Summary of Descriptive Statistics on Strategic Agility**

The state corporations operate in an increasingly disruptive business environments, globalization and accelerating rate of technology. This research variable contributes to furthering empirical and theoretical views on the study's micro foundations of dynamic capabilities by analysing the processes by which managers assemble capabilities and the relationships between leadership managerial and organisational capabilities, which has not been researched according to (Helfat & Peteraf, 2015). This effort is a contribution to building the transformational leadership practices in macro-micro bridge in strategic management, (Eggers and Kaplan, 2013). Internal processes such as organizations Innovation is one of the primary determinants of an organization's

success. Strategic agility provides the corporations with capability to develop innovative ways to create value (Weber & Tarba, 2014).

#### 4.5.11 Organizational Performance

The organizational performance of state corporations in Kenya was measured using twenty-two items adopted from Balance Scorecard perspective. The aspects comprised of financial performance, Customer satisfaction, Business processes, Learning and Growth. Items were measured on a five-point Likert scale (1=Strongly Disagree, 2= Disagree, 3= Neutral, 4 = Agree and 5= Strongly Agree). The findings are presented in Tables 4.20-4.23.

**Table 4. 20: Descriptive Statistics on Financial Performance**

<b>Opinion</b>	<b>SD</b>	<b>D</b>	<b>N</b>	<b>A</b>	<b>SA</b>	<b>Mean</b>	<b>S.Dv</b>
This Parastatal is serving its targeted customers in order to meet its financial objectives.	3(1.4%)	3(1.4%)	88(40.9%)	106(49.3%)	15(7.0%)	3.59	0.704
Return on assets (ROA) in our company is well above the industry average.	1(0.5%)	3(1.4%)	33(15.3%)	126(58.6%)	52(24.2%)	4.05	0.702
Return on Equity (ROE) in our company is well above the industry average.	-	1(0.5%)	14(6.5%)	115(53.5%)	85(39.5%)	4.32	0.615
Value added per employee in our company is well above the industry average	1(0.5%)	1(0.5%)	121(56.3%)	89(41.4%)	3(1.4%)	3.43	0.558
<b>Average</b>						<b>3.85</b>	<b>0.645</b>

**Source: Research Data (2020)**

According to results in Table 4.20, majority of the respondents who represented 106(49.3%) agreed that their organization is serving its targeted customers in order to meet its financial objectives, 88(40.9%) were neutral to the statement, 15(7.0%) strongly agreed while 3(1.4%) disagreed and strongly disagreed with the statement. 126(58.6%) of the respondents agreed that Return on assets (ROA) in their company is



well above the industry average, 52(24.2%) of the respondents strongly agreed with the statement, 33(15.3%) were neutral to the statement, 3(1.4%) disagreed while 1(0.5%) of the respondents strongly disagreed with the statement. 115(53.5%) of the respondents agreed that Return on Equity (ROE) in their company is well above the industry average, 85(39.5%) strongly agreed with the statement, 14(6.5%) of the respondents were neutral while 1(0.5%) disagreed with the statement.

Finally, 121(56.3%) of the respondents were neutral that value added per employee in their company is well above the industry average, 89(41.4%) agreed with the statement, 3(1.4%) strongly agreed while 1(0.5%) of the respondents both disagreed and strongly disagreed with the statement. On a five-point scale, the average mean of the responses was 3.85 which mean that majority of the respondents agreed with most of the statements; however, the answers were varied as shown by a standard deviation of 0.645. The study concurs with Kazmi and Naarananoja (2014) who observes that financial measures of performance relate to organizational achievement and profits which include financial ratios such as return on assets, return on equity, and return on investment and stock price helps in answering how state corporations look to shareholders and stakeholders.

**Table 4. 21: Descriptive Statistics on Customer Satisfaction**

<b>Opinion</b>	<b>SD</b>	<b>D</b>	<b>N</b>	<b>A</b>	<b>SA</b>	<b>Mean</b>	<b>S.Dv</b>
This Parastatal has highly satisfied customers.	2(0.9%)	3(1.4%)	66(30.7%)	101(47.0%)	43(20.0%)	3.84	0.789
This Parastatal has put in place mechanisms for ensuring quick response to customer complaints.	-	-	37(17.2%)	134(62.3%)	44(20.5%)	4.03	0.614
This Parastatal enjoys a good public image.	-	6(2.8%)	56(26.0%)	119(55.3%)	34(15.8%)	3.84	0.712
Products and services from this State Corporations are of high quality.	-	-	98(45.6%)	113(52.6%)	4(1.9%)	3.56	0.533
The number of customer complaints within the last period has decreased strongly.	-	-	37(17.2%)	143(66.5%)	35(16.3%)	3.99	0.580
This Parastatal retain existing customers and manage to attract new ones.	-	1(0.5%)	80(37.2%)	131(60.9%)	3(1.4%)	3.63	0.520
<b>Average</b>						<b>3.82</b>	<b>0.625</b>

**Source: Research Data (2020)**

According to results in Table 4.21, majority of the respondents who represented 101(47.0%) of the respondents agreed that their organization has highly satisfied customers, 66(30.7%) of them were neutral, 43(20.0%) strongly agreed, 3(1.4%) disagreed while 2(0.9%)of the respondents strongly disagreed with the statement. 134(62.3%) of the respondents agreed that their organizations have put in place mechanisms for ensuring quick response to customer complaints, 44(20.5%) strongly agreed while 37(17.2%) of the respondents were neutral to the statement. 119(55.3%) of the respondents agreed that their organization enjoys a good public image, 56(26.0%) of the respondents were neutral, 34(15.8%) of the respondents strongly agreed while 6(2.8%) of the respondents disagreed with the statement. 113(52.6%) of the respondents agreed that the products and services from their organization are of high

quality, 98(45.6%) were neutral while 4(1.9%) of the respondents strongly agreed with the statement. 143(66.5%) of the respondents agreed that in their organization, the number of customer complaints within the last period has decreased strongly, 37(17.2%) were neutral while 35(16.3%) of the respondents strongly agreed with the statement.

Finally, 131(60.9%) of the respondents agreed that their organization retain existing customers and manage to attract new ones, 80(37.2%) of the respondents were neutral, 3(1.4%) of the respondents strongly agreed while 1(0.5%) of the respondents disagreed with the statement. On a five-point scale, the average mean of the responses was 3.82 which mean that majority of the respondents indicated agreed response; however, the answers were varied as shown by a standard deviation of 0.625. The study is in line with Hoque (2014) who found that if customers are not satisfied, they will soon find other products, product suppliers or service providers to meet their needs. The amount of money state corporations will make in future depends on the way they treat their customers today (Kaplan & Norton, 2015).

**Table 4. 22: Descriptive Statistics on Business Processes**

<b>Opinion</b>	<b>SD</b>	<b>D</b>	<b>N</b>	<b>A</b>	<b>SA</b>	<b>Mean</b>	<b>S.Dv</b>
This Parastatal has a high ability to retain employees over a long period of time.	1(0.5%)	1(0.5%)	69(32.1%)	129(60.0%)	15(7.0%)	3.73	0.615
This Parastatal has realized a high increase in output over the last five years (for example number of new programmes).	-	-	43(20.0%)	158(73.5%)	14(6.5%)	3.87	0.498
The operational efficiency of this Parastatal has increased over the last three years.	-	-	28(13.0%)	141(65.6%)	46(21.4%)	4.08	0.582
This Parastatal continuously adopts new processes and procedures.	-	-	9(4.2%)	131(60.9%)	75(34.9%)	4.31	0.546
This Parastatal is generally innovative.	-	6(2.8%)	160(74.4%)	49(22.8%)		3.20	0.466
Productivity of employees is much higher than industry average.	-	8(3.7%)	161(74.9%)	46(21.4%)		3.18	0.470
<b>Average</b>						<b>3.72</b>	<b>0.530</b>

**Source: Research Data (2020)**

According to results in Table 4.22, majority of the respondents who represented 129(60.0%) of the respondents agreed that corporations has a high ability to retain employees over a long period of time, 69(32.1%) were neutral, 15(7.0%) of the respondents strongly agreed while 1(0.5%) of the respondents both disagree and strongly disagreed with the statement. 158(73.5%) of the respondents agreed that their corporations have realized a high increase in output over the last five years (for example number of new programmes), 43(20.0%) were neutral while 14(6.5%) strongly agreed with the statement. 141(65.6%) of the respondents agreed that the operational efficiency of their corporation has increased over the last three years, 46(21.4%) strongly agreed while 28(13.0%) of the respondents were neutral to the statement. 131(60.9%) of the respondents agreed that their organization continuously adopts new processes and

procedures, 75(34.9%) strongly agreed with the statement while 9(4.2%) of the respondents were neutral to the statement. 160(74.4%) of the respondents were neutral that their organizations are generally innovative, 49(22.8%) indicated agreed while 6(2.8%) of the respondents disagreed with the statement.

Finally, 161(74.9%) of the respondents were neutral that productivity of employees is much higher than industry average, 46(21.4%) indicated agreed while 8(3.7%) of the respondents disagreed that Productivity of employees is much higher than industry average. On a five-point scale, the average mean of the responses was 3.72 which mean that majority of the respondents agreed with most of the statements; however, the answers were varied as shown by a standard deviation of 0.530. This study is in line with Hanna and Katja, (2013) who found that effective internal business processes also improve organization risk management, process discipline, and increases alignment of corporate shared services to enhance customers' services leading to customer satisfaction and to improved corporation performance.

**Table 4. 23: Descriptive Statistics on Learning and Growth**

<b>Opinion</b>	<b>SD</b>	<b>D</b>	<b>N</b>	<b>A</b>	<b>SA</b>	<b>Mean</b>	<b>S.Dv</b>
This Parastatal includes employee training and corporate cultural attitudes related to both individual and corporate self-improvement.	2(0.9%)	2(0.9%)	26(12.1%)	110(51.2%)	75(34.9%)	4.18	0.749
In our organization we often organize internal training of our employees.	4(1.9%)	1(0.5%)	77(35.8%)	132(61.4%)	1(0.5%)	3.58	0.613
We frequently send our employees to seminars, workshops, conferences with intention to create environmental awareness.	1(0.5%)	5(2.3%)	87(40.5%)	99(46.0%)	23(10.7%)	3.64	0.722
Employees' trust into leadership is high.	1(0.5%)	3(1.4%)	82(38.1%)	110(51.2%)	19(8.8%)	3.67	0.767
Top managers promote and support innovative ideas, experimentation and creative processes.	1(0.5%)	5(2.3%)	47(21.9%)	132(61.4%)	30(14.0%)	3.86	0.690
These Parastatal focuses essentially on training people to access new skills, improving the systems and reconciling procedures and practices.	1(0.5%)	-	21(9.8%)	122(56.7%)	71(33.0%)	4.22	0.651
<b>Average</b>						<b>3.86</b>	<b>0.699</b>

**Source: Research Data (2020)**

According to results in Table 4.23, majority of the respondents who represented 110(51.2%) agreed that organization includes employee training and corporate cultural attitudes related to both individual and corporate self-improvement, 75(34.9) indicated agreed, 26(12.1%) of the respondents were neutral while 2(0.9%) of the respondents both disagreed and strongly disagreed with the statement. 132(61.4%) of the respondents agreed that in their organization they often organize internal training of our employees, 77(35.8%) were neutral, 4(1.9%) strongly disagreed while 1(0.5%) of the respondents both disagreed and agreed with the statement. 99(46.0%) of the respondents agreed that they frequently send their employees to seminars, workshops,

conferences with intention to create environmental awareness, 87(40.5%) were neutral to the statement, 23(10.7%) strongly agreed, 5(2.3%) disagreed while 1(0.5%) of the respondents strongly disagreed with the statement. 110(51.2%) of the respondents agreed that employees' trust into leadership is high, 82(38.1%) were neutral, 19(8.8%) of the respondents strongly agreed, 3(1.4%) indicated disagreed while 1(0.5%) strongly disagreed with the statement. 132(61.4%) of the respondents agreed that in their organization, the top managers promote and support innovative ideas, experimentation and creative processes, 47(21.9%) were neutral to the statement, 30(14.0%) of the respondents strongly agreed, 5(2.3%) disagreed while 1(0.5%) strongly disagreed with the statement.

Finally, 122(56.7%) of the respondents agreed that their organization focuses essentially on training people to access new skills, improving the systems and reconciling procedures and practices, 71(33.0%) of the respondents strongly agreed, 21(9.8%) of the respondents were neutral while 1(0.5%) of the respondents strongly disagreed with the statement. On a five-point scale, the average mean of the responses was 3.86 which mean that majority of the respondents agreed with most of the statements; however, the answers were varied as shown by a standard deviation of 0.699. This study is in the line with Hayes (2013) who found that training and capacity building are important factors in the business world today because they improve efficiency and effectiveness of both employees and the organization. He also added that staff performance depends on diverse issues including skills to perform relevant tasks.

#### **4.6 Analysis of Relationship between Variables**

To analyse the data, the researchers ran a number of tests, namely bi-variate correlations and linear regressions,  $\beta$  coefficients and determination to test the

model suggested. Correlation analysis measures the strength of association between two research variables and the direction of the relationship. The strength of the relationship is measured by the value of correlation coefficient; which varies between -1 and +1. A correlation coefficient of +1 indicates that two variables are perfectly positively associated while a correlation coefficient of -1 indicates that two variables are perfectly inversely associated. A correlation coefficient of 0 indicates that there is no linear relationship between the two variables. The level of statistical significance is also determined to test whether similar correlation coefficient exists in the population from which the sample for this research was taken (Nandita, 2013). This section presents correlation of the key research variables.



**Table 4. 24: Correlations Transformational Leadership and OP**

		<b>II</b>	<b>IM</b>	<b>IS</b>	<b>IC</b>	<b>OP</b>
Idealized Influence	Pearson Correlation	<b>1</b>				
	Sig. (2-tailed)					
	N	215				
Inspirational Motivation	Pearson Correlation	.640	<b>1</b>			
	Sig. (2-tailed)	0.0000				
	N	215	215			
Intellectual Stimulation	Pearson Correlation	.245	.669	<b>1</b>		
	Sig. (2-tailed)	.0006	.0000			
	N	215	215	215		
Individualized Consideration	Pearson Correlation	.188	.607	.354	<b>1</b>	
	Sig. (2-tailed)	.0090	.0000	.0000		
	N	215	215	215	215	
Organizational Performance	Pearson Correlation	.447	.519	.423	.551	<b>1</b>
	Sig. (2-tailed)	.0000	.0000	.0000	.0000	
	N	215	215	215	215	215

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

**Source: Author (2020)**

**Key: OP- Organization performance**

For this research, components of transformational leadership were correlated with Organizational Performance as presented in Table 4.24. The second correlation analysis was between strategic agility and organizational performance. These formed the basis for further analysis. The correlation coefficient between idealized influence and organizational performance was  $r = .447$  and was significant  $p = 0.000$  ( $p < .05$ ). The correlation coefficient between inspirational motivation and organizational

performance was  $r = .519$  and was significant  $p = 0.000$  ( $p < .05$ ) and that between Intellectual stimulation and organizational performance was  $r = .423$  and was significant at  $p = 0.000$  ( $p < .05$ ).

The correlation coefficient between individualized consideration and organizational performance was  $r = .551$  and was significant at  $p = 0.000$  ( $p < .05$ ). The correlation coefficients of independent and dependent variables show strong and significant association between the two main research variables, Transformational leadership and Organizational Performance. This means that organization performance in state corporations in Kenya is strongly associated with Transformational leadership.

**Table 4. 25: Correlations between Strategic Agility and OP**

		SS	RF	CC	OP
Strategic Sensitivity	Pearson Correlation	1			
	Sig. (2-tailed)				
	N	215			
Resource Fluidity	Pearson Correlation	.427	1		
	Sig. (2-tailed)	0.0000			
	N	215	215		
Collective Commitment	Pearson Correlation	.294	.936	1	
	Sig. (2-tailed)	.0006	.0000		
	N	215	215	215	
Organizational Performance	Pearson Correlation	.424**	.481**	.484**	1
	Sig. (2-tailed)	.0000	.0000	.0000	
	N	215	215	215	215

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

**Source: Author (2020)**

**Key: OP- Organization performance**

From this research, there exists strong and significant association between strategic agility and organizational performance in the state corporations in Kenya. From Table 4.25, Pearson correlation coefficients between the mediating variable and organization performance are .424, .481, .484 and all significant at  $p=0.000$  ( $p<.05$ ), hence there is perfect correlation and significant at the 0.05 level (2- tailed test).

#### **4.7 Inferential Statistics of Analysis of Research Variables**

Using empirical data collected in this research, this section analyses the relationships between the research variables Transformational Leadership and Organizational Performance and the mediating effect of Strategic Agility in State Corporations in Kenya. From the review of theoretical and empirical literature, it was evident that the three main research variables required the researcher to distinguish various levels of data analysis (Musgrave, 2014) and also recognize that the variables are multidimensional and multi-item (Diamantopoulos, 2012; Mpofu, 2015). In this research, three levels of analysis were identified. First level relates to the three main research variables, Transformational Leadership, Strategic Agility and Organizational Performance.

The second level relate to the components of these three variables. Transformational Leadership was designed as a four-dimensional construct with its dimensions relating to its four components, idealized influence, inspirational motivation, intellectual stimulation and individualized consideration. Secondly, Strategic Sensitivity, Resource Fluidity and Collective commitment represented Strategic Agility. Organizational Performance was also a four-dimensional construct based on the balanced scorecard (BSC) components, financial performance, and Customer satisfaction, Business Process and Learning and Growth.

The third level comprised of measurable manifest indicators, for example II1, II2, II3 and II4 for idealized influence. All the constructs were represented by multiple-items that were measured on 5-point Likert scales ranging from *1-Strongly Disagree* to *5-Strongly Agree* which used the standardized questionnaire. This facilitated data analysis using Structural Equation Modelling (SEM) based on the conceptual model hypothesized by the researcher.

Therefore, analysis of the relationships among the variables such as correlation, construct analysis and multiple regressions (Lowry & Gaskin, 2014). SEM enabled the researcher to conduct single, systematic analysis by modelling relationships among several exogenous (independent) and (endogenous) dependent variables (Male, 2016). This is also supported by recent research findings that advanced the basic PLS-SEM algorithm to improve its statistical properties, for example in terms of providing consistent parameter estimates (Mavengere, 2013). Dijkstra and Hensler (2014) suggest that extension of PLS-SEM provides consistent parameter estimates and introduces the option of testing the path model's goodness-of-fit while maintaining the strengths of the method.

The research model was also tested using partial least squares (PLS), a variance-based structural equation modelling (SEM). PLS-SEM was particularly suitable to test the proposed theoretical model because it allowed simultaneous estimation of multiple relationships between latent constructs involving hierarchical variables and accounts for measurement error in the constructs (Hair, Hult, Ringle, & Sarstedt, 2017). PLS analyses are more flexible than covariance-based SEM in order to model both reflective and formative latent factors at the same time (Becker, Klein & Wetzels, 2012).

#### 4.7.1 Influence of Transformational Leadership on Organizational Performance

The relationship between Transformational leadership on Organizational performance was represented on a regression of transformational leadership the independent variable on dependent variable, organization performance. The basic statistics for model fit are presented in Table 4.26.

**Table 4. 26: Model summary for predicting OP using TL Components**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.696	.485	.475	.374

**Source: Author (2020)**

**Key: OP-** Organization performance, **TL:** Transformation Leadership

From Table 4.26, the results displayed by the model show a positive correlation between perceived transformational leadership in state corporations in Kenya and organizational performance. The  $R^2 = 0.485$  suggests that 49% of the variance in organizational performance in state corporations in Kenya is explained by transformational leadership. The 51% of the variance in organizational performance are explained by other factors. The analysis of variance report shows that the regression equation fits the data. From Table 4.27 it can be seen that the relationship is statistically significant ( $F = 49.307, p = .000$ ). It indicates that the components of transformational leadership explain statistically significant share of variation in the organizational performance. A regression test showed that both Transformational leadership and Strategic agility had significant positive influence on performance of the state corporation organizations in Kenya.

The regression model predicts a perfect fit on organizational performance and there is less than 5% chance that there is no relationship between organizational performance and the components of transformational leadership. This supports the results of

correlation analysis. Transformational leadership has a positive significant influence on organizational performance, a finding similar, with Abbasi and Zamani-Miandashti (2013) who in similar study found that Transformational Leadership positively influence product innovation among manufacturing and Service Company.

**Table 4. 27: Analysis of variance for TL and OP**

<b>Model</b>	<b>Sum of Squares</b>	<b>df</b>	<b>Mean Square</b>	<b>F</b>	<b>Sig.</b>
Regression	27.613	4	6.903	49.307	0.000
Residual	29.346	210	0.140		
Total	56.958	214			

**Source: Author (2020)**

**Key: OP-** Organization performance, **TL:** Transformation Leadership

In table 4.27, the significant of F Statistic is actually 0.000 which is less than the threshold of 0.05. Consequently, we reject the null hypothesis and accept the alternative hypothesis that Transformational leadership positively influences performance of the organization. After checking for the model fit, we went ahead to determine the relative importance of each independent variable in predicting the dependent variable. The unstandardized (B) coefficients are the coefficients of the estimated regression model in our analysis. The unstandardized (B) coefficients are shown in Table 4.28. The column B gives the values of the regression coefficients, idealized influence, inspirational motivation, intellectual stimulation and individualized consideration as well as the constant.

**Table 4. 28: Regression coefficients for TL and OP**

Model	Unstandardized Coefficients		Standardized Coefficients	t	sig
	B	Standard error	Beta		
Intercept	1.658	0.179		8.95	0.000
Idealised Influence	0.351	0.050	0.337	6.71	0.000
Inspirational Motivation	0.316	0.097	0.322	3.32	0.001
Intellectual Stimulation	0.254	0.051	0.251	4.90	0.000
Individualized Consideration	0.417	0.050	0.412	8.29	0.000

**Source: Author (2020)**

**a. Dependent variable: Organizational Performance**

**Predictors:** Idealized influence, inspirational motivation, individualized, Intellectual motivation and individualized consideration.

$$OP = 1.658 + .351*(Idealised Influence) + .316*(Inspirational Motivation) + .254(Intellectual Stimulation) + .417*(individualized Consideration)$$

**Key: OP-** Organization performance, **TL:** Transformation Leadership

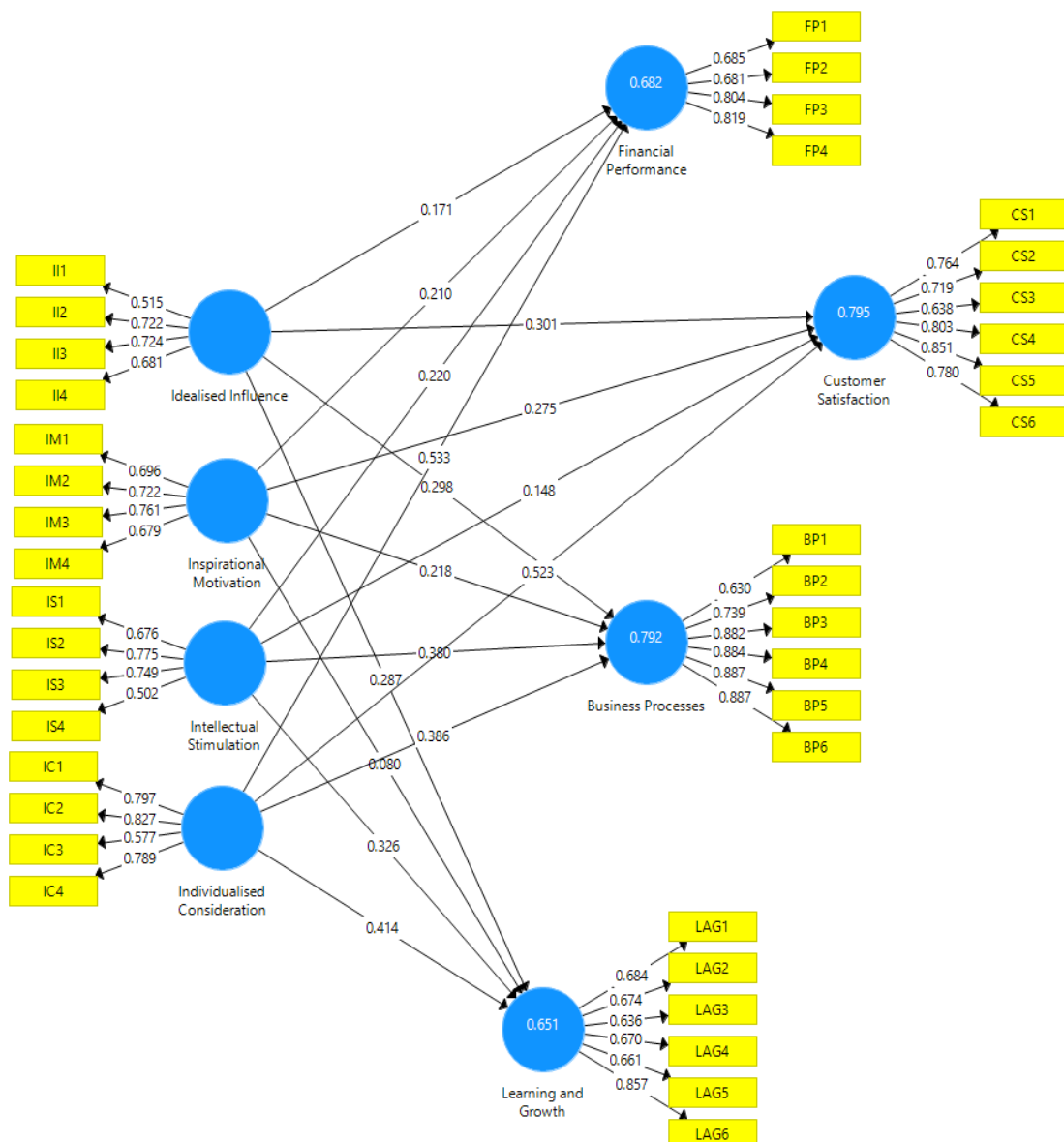
As can be seen from the table 4.28, beta coefficient of idealised influence is 0.351, which means that idealised influence has a positive influence on organizational performance in state corporations in Kenya. Inspirational motivation had a beta coefficient of  $\beta = 0.316$ , intellectual stimulation had a beta coefficient of  $\beta = 0.254$  and individualized consideration had a beta coefficient of  $\beta = .417$ .

All the components of transformational leadership are positively related organizational performance in the state corporation in Kenya. From Table 4.28, all the components are also statistically significant  $t$  varying from 3.320 to 8.950 ( $t > 1.96$ ) and  $p < 0.05$ .

**4.7.2 Influence of Transformational Leadership on Organizational Performance**

In this section, the structural equation modelling was used to analyse the relationship between components of transformational leadership and components of organizational

performance in state corporations in Kenya. The analysis follows the conceptualised relationship for the first four hypotheses H<sub>1</sub>, H<sub>2</sub>, H<sub>3</sub> and H<sub>4</sub>. Figure 4.3 presents the structural equation model. It contains 38 measurement items representing the eight first-order constructs. The analysis was based on four components of transformational leadership idealised influence, intellectual stimulation, inspirational motivation, and individualized consideration which formed four first-order variables for independent variable and four first-order variables of organizational performance Financial performance, Customer satisfaction, Business processes and Learning and growth based on Balanced Scorecard.





### **Figure 4. 3: Transformational Leadership and OP Model**

**Source: Author (2020)**

*Key: OP- Organization performance*

As shown in Figure 4.3, the outer model of based on shows that all 38 variables (represented by yellow rectangles) were highly correlated and above  $> 0.5$  and were all significant ( $t > 1.95$  and  $p < .05$ ) as shown in Table 4.3. This implies that the indicator as designed in the questionnaire were appropriate measures of the respective constructs they are associated with (McCleskey (2014)). The inner model of this conceptual framework represents the strength and direction of the relationship between components of Transformational leadership (Arif & Akram, 2018) and the components of organizational performance. Figure 4.3 shows that the relationship between these components are positive as demonstrated by beta coefficients of the regressions equations that are non-zero (Mpofu, 2015). However, the tests of significance show that the contribution of inspiration motivation (transformational leadership) on learning and growth (organizational performance) is not statistically significant ( $t < 1.96$  and  $p > 0.05$ ).

#### **4.7.3 Influence of Idealised Influence on Components of Organizational performance**

This section presents the influence of Idealized Influence on the components of organizational performance as shown in Figure 4.3. Idealised influence had a Beta coefficient of  $0.171(\beta_1)$  on Financial Performance, representing a positive relationship between idealised influence and Financial performance.

Table 4.29 indicates that the relationship between idealised influence and financial performance is statistically significant with  $t = 3.649 (> 1.96)$  and  $p = .000 (< 0.05)$ . Idealised influence had Beta coefficient of  $0.301 (\beta_2)$  on Customer Satisfaction. The

relationship between idealised influence and Customer satisfaction is statistically significant with  $t = 8.234$  ( $t > 1.96$ ) and  $p = 0.000$  ( $p < 0.05$ ).

Idealised influence had Beta coefficient of 0.298 ( $\beta_3$ ) on Business Process, a unit increase in idealised influence in lead to a 0.298 increase in Business Process. The relationship between idealised influence and Business Process is statistically significant with  $t = 8.182$  ( $> 1.96$ ) and  $p = 0.000$  ( $< 0.05$ ). Idealised influence had Beta coefficient of 0.287 ( $\beta_4$ ) on Learning and Growth. The relationship between idealised influence and Learning and Growth is statistically significant with  $t = 4.490$  ( $> 1.96$ ) and  $p = 0.000$  ( $< 0.05$ ).

**Table 4. 29: Idealised Influence-OP significance levels**

Relationship	Beta Coefficients	Standard Deviation	t Statistics	P Values
Idealized Influence -> Financial Performance ( $\beta_1$ )	0.171	0.047	3.649	0.000
Idealized Influence -> Customer Satisfaction ( $\beta_2$ )	0.301	0.037	8.234	0.000
Idealized Influence -> Business Processes ( $\beta_3$ )	0.298	0.036	8.182	0.000
Idealized Influence -> Learning and Growth( $\beta_4$ )	0.287	0.064	4.490	0.000

**Source: Research Data (2020)**

**Key: OP- Organization performance**

Idealised influence has positive influence on organizational performance and makes an important contribution to the performance of State Corporations in Kenya. Through idealized influence, the transformational leader demonstrates positive traits that followers or employees in these state corporations admire for example high ethical behaviour or being transparent and accountable (Koech & Namusonge, 2012; Caillier (2014). The leader becomes a role model to the employees and thus makes them adapt

the mission and vision to achieve the goal of the organization, similar findings with (Choudhary *et al.*, 2013). These leaders are admired, respected, and trusted. Transformational leaders therefore are able to lead and achieve more through the employees. This translates to high organizational performance for the state corporations.

This result is supported by Herman and Chiu (2014), whose findings showed that transformational leadership influences individual job performance outcomes. These findings are also supported by Ngaithe (2015), who found that idealized influence positively affect organizational performance in state corporations in Kenya. According to Mpofu (2015), one of the important factors in predicting performance in organizations is idealized influence followed by technology then by structure. These findings are consistent with observations on leadership structure. This means that, for a strategy to be well implemented to realise organization performance, the organization has to maintain a fair balance between technology and leadership structure and therefore this to advocates to organizations such as similar study with State Corporations.

#### **4.7.4 Influence of Intellectual Stimulation on Components of Organizational Performance.**

As presented in table 4.30, intellectual stimulation had beta coefficient of 0.220( $\beta_5$ ) on financial performance. Table 4.30 indicates that the relationship between intellectual stimulation and financial performance is statistically significant with  $t = 4.615$  ( $t > 1.96$ ) and  $p = .000$  ( $p < 0.05$ ). Intellectual Stimulation had Beta coefficient of 0.148( $\beta_6$ ) on Customer Satisfaction, that is explained by intellectual stimulation leading to a 0.148 increase in Customer Satisfaction. The relationship between intellectual stimulation and

Customer satisfaction is statistically significant with  $t = 4.976$  ( $>1.96$ ) and  $p = 0.000$  ( $<0.05$ ).

**Table 4. 30: Intellectual Stimulation-OP Significance levels**

<b>Relationship</b>	<b>Beta Coefficients</b>	<b>Standard Deviation</b>	<b>t Statistics</b>	<b>p Values</b>
Intellectual Stimulation -> Financial Performance ( $\beta_5$ )	0.220	0.048	4.615	0.001
Intellectual Stimulation -> Customer Satisfaction ( $\beta_6$ )	0.148	0.030	4.976	0.001
Intellectual Stimulation -> Business Processes( $\beta_7$ )	0.380	0.034	11.254	0.001
Intellectual Stimulation -> Learning and Growth( $\beta_8$ )	0.326	0.044	7.451	0.001

**Source: Research Data (2020)**

**Key: OP-** *Organization performance*

Intellectual stimulation had Beta coefficient of 0.380 ( $\beta_7$ ) on Business Process, which is explained by Intellectual Stimulation leading to a 0.380 increase in Business Process. The relationship between Intellectual Stimulation and Business Process is statistically significant with  $t = 11.254$  ( $t > 1.96$ ) and  $p = 0.000$  ( $< 0.05$ ). Intellectual stimulation had Beta coefficient of 0.326 ( $\beta_8$ ) on Learning and Growth. This relationship is statistically significant with  $t = 7.451$  ( $t > 1.96$ ) and  $p = 0.000$  ( $p < 0.05$ ).

Through Intellectual Stimulation, the top leadership in state corporations challenge assumptions takes risks and solicit the employee input in decision-making. Such a leader encourages creativity in their followers, develop people who think critically and this develops problem-solving capacity in their followers who take unexpected situations as learning opportunity (Ngaithe, 2016). This creates an efficient and effective work place leading improvement in business processes and creates value for customers and stakeholders.

Transformational leaders are the key to integrating processes to create learning and growing organizations. They are strategic in creating a climate that stimulates the disciplines of organizational learning and growth, their interface (Lo & Fu, 2016). The

leader's sensitivity of organizational learning and growth strengthens the leader's effort to nurture it to overcome the internal uncertainty and external environmental difficulty that foil improved performance (Denning, 2018).

#### 4.7.5 Influence of Inspirational Motivation on Components of Organization Performance

Findings presented in table 4.31 indicate that inspirational motivation has positive contribution to organizational performance of state corporations in Kenya. Inspiration motivation had Beta coefficient of 0.210( $\beta_9$ ) on Financial Performance. From Table 4.31 the relationship between Inspirational Motivation and Financial performance is statistically significant with  $t = 5.021$  ( $t > 1.96$ ) and  $p = 0.000$  ( $p < 0.05$ ).

**Table 4. 31: Significance levels of effects of IM on Components of OP**

Relationship	Beta Coefficients	Standard Deviation	t Statistics	p Values
Inspirational Motivation -> Financial Performance ( $\beta_9$ )	0.210	0.042	5.021	0.001
Inspirational Motivation -> Customer Satisfaction ( $\beta_{10}$ )	0.275	0.035	7.978	0.001
Inspirational Motivation -> Business Processes ( $\beta_{11}$ )	0.218	0.033	6.609	0.001
Inspirational Motivation -> Learning and Growth ( $\beta_{12}$ )	0.080	0.051	1.555	0.120

**Source: Research Data (2020)**

**Key: IM: Inspirational Motivation, OP- Organization performance,**

Inspirational Motivation had Beta coefficient of 0.275 ( $\beta_{10}$ ) on Customer Satisfaction. The relationship between Inspirational Motivation and Customer satisfaction is statistically significant with  $t = 7.978$  ( $> 1.96$ ) and  $p = 0.001$  ( $< 0.05$ ).

Inspirational Motivation had Beta coefficient of 0.218 ( $\beta_{11}$ ) on Business Process. The relationship between Inspirational Motivation and Business Process is statistically significant with  $t = 6.609$  ( $t > 1.96$ ) and  $p = 0.001$  ( $< 0.05$ ). Inspirational Motivation had Beta coefficient of 0.080 ( $\beta_{12}$ ) on Learning and Growth. The relationship between Inspirational Motivation and Learning and Growth is not statistically significant with  $t = 1.555$  ( $< 1.96$ ) and  $p = 0.120$  ( $> 0.05$ ). Although not statistically significant with learning and growth, the other findings confirm positive contribution of Inspiration Motivation to Organizational performance of the State Corporations.

Transformational leaders communicate and demonstrate commitment to shared vision and objectives of the organization. Additionally, these leaders encourage their followers to imagine appealing future conditions or circumstances (Jiang *et al.*, 2017). They are able to translate future goals in understandable language and enable followers to turn the organizational goals to everyday activities. This strong sense of purpose inspires the employees of State Corporations devote more effort in achieving organizational performance objectives.

The study found that inspirational motivation had a positive and significant effect on organization performance. This finding corroborated Mwangeli and Juma (2016) that the changes in the inspirational motivation had significant changes in employee performance in Safaricom plc. The study findings contradicted Brown and Arendt (2011) who found that inspirational motivation had no significant effect on performance of staff in Midwest of Iowa State University.

#### 4.7.6 Influence of Individualized Consideration on Components Organizational Performance

Findings presented in table 4.32 indicate that Individualized consideration had statistically significant positive contribution to organizational performance of state corporations in Kenya. Individualized consideration had Beta coefficient of 0.533( $\beta_{13}$ ) on Financial Performance.

From Table 4.32, the relationship between Individualized consideration and Financial performance is statistically significant with  $t = 10.660$  ( $t > 1.96$ ) and  $p = 0.000$  ( $p < 0.05$ ). Individualized consideration had Beta coefficient of 0.523 ( $\beta_{14}$ ) on Customer Satisfaction. The relationship between Individualized consideration and Customer satisfaction is statistically significant with  $t = 14.490$  ( $t > 1.96$ ) and  $p = 0.000$  ( $p < 0.05$ ).

**Table 4. 32: Individualized consideration-OP Significance levels**

Relationship	Beta Coefficients	Standard Deviation	t Statistics	p Values
Individualized Consideration -> Financial Performance( $\beta_{13}$ )	0.533	0.050	10.660	0.001
Individualized Consideration -> Customer Satisfaction( $\beta_{14}$ )	0.523	0.036	14.490	0.001
Individualized Consideration -> Business Processes( $\beta_{15}$ )	0.386	0.033	11.580	0.001
Individualized Consideration -> Learning and Growth( $\beta_{16}$ )	0.414	0.049	8.376	0.001

**Source: Research Data (2020)**

**Key: OP-** Organization performance

Individualized consideration had Beta coefficient of 0.386( $\beta_{15}$ ) on Business Process, which is explained by Individualized consideration leading to a 0.386 increase in Business Process. The relationship between Individualized consideration on and Business Process is statistically significant with  $t = 11.580$  ( $t > 1.96$ ) and  $p = 0.001$



(<0.05). Individualized consideration had Beta coefficient of 0.414( $\beta_{16}$ ) on Learning and Growth. The relationship between Individualized consideration and Learning and Growth is statistically significant with  $t = 8.376$  ( $t > 1.96$ ) and  $p = 0.001$  ( $p < 0.05$ ).

In this research, the components of transformational leadership affected organizational performance in different ways. Of the four components, Individualised consideration had the strongest relationship with all the four elements of organizational performance. It had the strongest relationship ( $\beta_{13} = 0.533$ ) with Financial Performance while idealized influence had the weakest (beta coefficient was ( $\beta_1 = 0.171$ ) relationship. Inspiration motivation had a very weak ( $\beta_{12} = 0.080$ ) relationship with Learning and Growth.

Through individualized consideration, transformational leaders recognize that individuals have different needs, abilities and aspirations. They also create supportive environment to help others develop their strengths. Interactions with followers are encouraged and the leaders are aware of individual concerns (Jiang *et al.*, 2017). The top leaders of state corporations were able to recognize that when leaders support and develop their followers and act as mentors the employees realize their potential and are able improve individual and corporation productivity hence the organizational performance.

Table 4.32 shows that components of Transformational leadership are vital for organizational performance of state corporations but their influences varied depending on component of organizational performance. Idealized influenced (II), intellectual stimulation (IS), inspirational motivation (IM) and individualized consideration (IC) all have positive influence on organizational performance. Transformational leadership had distinct contribution to Organizational performance as measured by the Balanced

Scorecard (BSC) components financial performance, Customer satisfaction, Business Processes and Learning and Growth.

**Table 4. 33: R<sup>2</sup> of Transformational Leadership on Organizational Performance**

<b>Dependent variable</b>	<b>R<sup>2</sup></b>	<b>F<sub>(4,210)</sub></b>	<b>Sig</b>
Financial Performance	0.682	112.594	0
Customer Satisfaction	0.795	203.598	0
Business Processes	0.792	199.904	0
Learning and Growth	0.651	97.93	0

**Source: Research Data (2020)**

From figure 4.2 and table 4.33, the coefficient of determination,  $R^2$  indicate that the 4 components of Transformational Leadership together explained 68.2% of variance in financial performance ( $F_{4,210}=112.594$   $p=0.000$ ), 79.5% of variance in customer satisfaction ( $F_{4,210}=203,598$   $p=0.000$ ), 79.2% of variance in Business Processes ( $F_{4,210}=199.904$   $p=0.000$ ) and 65.1% of variance in Learning and Growth ( $F_{4,210}=97.930$   $p=0.000$ ) outcomes of state corporations in Kenya. The results indicate that different components of transformational leadership contributed to the components of organization performance of state corporations at different levels influence.

The independent variables, idealized influence (II), intellectual stimulation (IS), inspirational motivation (IM) and individualized consideration (IC) as a group explain statistically significant share of the variation in the dependent variables Financial Performance, Customer Satisfaction, Business Processes and Learning and Growth. These F statistic results indicate that there is less than 5% ( $p<0.05$ ) chance that there is no relationship between components of organizational performance and the components of transformational leadership. Finally, the results also demonstrate that the components of transformational leadership explained less than 100% of the variance

in the respective components organizational performance implying that there are other factors that influence organizational performance of state corporations in Kenya.

#### **4.7.7 Influence of Transformational Leadership and Organizational Performance**

The data from the study of Kenyan state corporations established that the four dimensions proposed by Kim (2015) of transformational leadership Idealized Influence, Inspirational Motivation, Individualized Consideration and Intellectual Stimulation. Inspirational Motivation encourages leader to followers for attaining goals through describing the goals in attractive and articulate manner, which motivate employees. Idealized influence means being a role model to employees and ready for sacrifices for the good of whole group. Leaders have high level of ethical conduct and do anything for the team. Individual Consideration includes attention, mentor, coach, teacher gives encouragement and support of leader to followers.

Intellectual Stimulation conclude that leader enables the followers to probing the problems in a new way that is easy and creative leading to high performance. Since idealized influence and inspirational motivation are transformational leadership behaviours accustomed with these dimensions, this study argues that such leaders show attributes that positively affect organizational performance. Because transformational leaders provide constructive feedback to their followers, encourage them to think creatively about problems, and show the ability to convince them to exert effort, enable the organization achieve higher levels of organizational performance. The study findings corroborated with other findings that transformational leadership has a significant positive influence on performance of organizations as McCleskey (2014) whose study findings showed that effective transformational leadership is crucial in African organizations for higher performance and therefore.

#### 4.7.8 Influence of Strategic Agility on Organizational performance

The relationship between Strategic Agility and Organizational performance was represented on a regression of Strategic Agility as the independent variable on dependent variable, organization performance. Table 4.34 presents basic statistics for model fit.

**Table 4. 34: Model Summary of the components of SA predicting OP**

<b>Model</b>	<b>R</b>	<b>R Square</b>	<b>Adjusted R Square</b>	<b>Std. Error of the Estimate</b>
1	.570	.324	.315	.424

**Source: Author (2020)**

**Key:** SA- Strategic Agility, OP- Organization performance

The model shows that there is a positive correlation between perceived Strategic agility and organizational performance in the state corporations in Kenya. The  $R^2 = 0.324$  suggests that 32.4% percent of the variance in organizational performance in state corporations in Kenya is explained by Strategic Agility. The 67.6% of the variance in organizational performance is explained by factors beyond the scope of the current study.

The analysis of variance reports show that the regression equation fits the data. From Table 4.35 it can be seen that the relationship is statistically significant ( $F = 34.211$ ,  $p = .000$ ) at 95 % level of confidence. The regression model predicts organizational performance such that the relationship is not by chance. This supports the results of correlation analysis. Strategic agility has a positive significant influence on organizational performance of state corporations in Kenya.

**Table 4. 35: Analysis of variance for SA and OP**

	Sum of Squares	df	Mean Square	F	Sig.
Regression	18.473	3	6.158	34.211	0.000
Residual	38.485	211	0.180		
<b>Total</b>	<b>56.958</b>	<b>214</b>			

**Source: Author (2020)**

**Key: SA-** Strategic Agility, **OP-** Organization performance

The analysis of variance report on Table 4.35 shows that the regression equation fits the data as the relationship is statistically significant ( $F = 34.211, p = .000$ ). The regression model predicts organizational performance such that the relationship is not by chance. This supports the results of correlation analysis. Strategic agility has a positive significant influence on organizational performance of sate corporations in Kenya.

**Table 4. 36: Regression coefficients for Strategic Agility and OP**

Model	Unstandardized Coefficients		Standardized Coefficients	<i>t</i>	sig
	$\beta$	Std error	Beta		
Intercept	2.127	0.202		10.550	0.000
Strategic Sensitivity	0.265	0.052	.265	5.125	0.000
Resource Fluidity	0.159	0.150	.161	2.060	0.020
Collective Commitment	0.408	0.124	.401	3.295	0.001

**Source: Author (2020).**

**a. Dependent variable: Organizational Performance**

b. Predictors; Strategic Sensitivity, Resource Fluidity and Collective Commitment

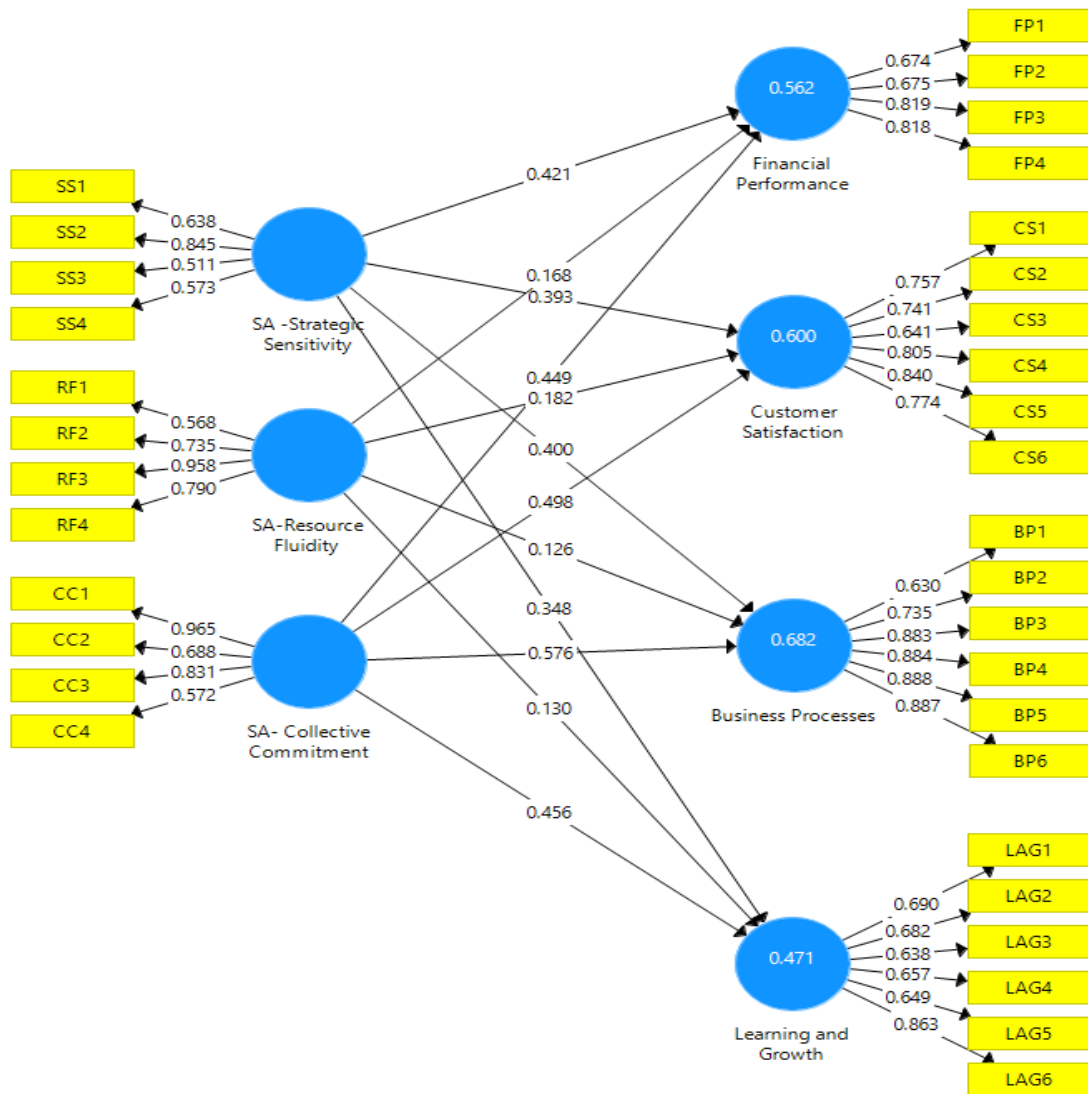
$OP = 2.127 + .265 * (\text{Strategic Sensitivity}) + .159 * (\text{Resource Fluidity}) + .408 * (\text{Collective Commitment})$

**Key: SA-** Strategic Agility, **OP-** Organization performance

From Table 4.36, the Beta values for three Strategic Agility components strategic sensitivity, Resource Fluidity and Collective Commitment .265, .159, .408 have a positive relationship with organizational performance. The relationships were all significant,  $t > 1.96$  and  $p < .05$ .

#### **4.7.9 Influence of Strategic Agility and Organizational Performance by Components**

Figure 4.4, illustrates the hypothesized relationship between Strategic Agility and Organizational Performance. It contains seven first-order constructs representing 34 measurement items. The three components of Strategic Agility, Strategic Sensitivity, Resource Fluidity and Collective Commitment are exogenous (independent variables) variables. The four components of Organizational performance are Financial Performance, Customers Satisfaction, Business Processes and learning and Growth are the endogenous (dependent) variables. From the data collected Collective Commitment a strong relationship with all variables of organizational performance Beta coefficient of over 0.4. The respondents viewed collective commitment as strong feature of State Corporation.



**Figure 4. 4: Strategic Agility and OP Model**  
**Source: Author (2020)**

**Key: OP-** Organization performance

Strategic Agility is an important concept which encourages organizations to make moves with a quick response to change and uncertainty in an environment, where organizations must act to overcome obstacles or gain and win opportunities. This is an important factor in state corporations. From table 4.37 and namely the coefficient of determination  $R^2$ , has a value of 0.562 for Financial performance, 0.600 for customer satisfaction, 0.782 for Business Processes, .471 for Learning and Growth (Table 4.37). This indicates that 56.2% of the variance in financial performance is explained by strategic agility ( $F_{3, 211}=90.245$   $p=.000$ ), 60% of the variance in customer satisfaction is

explained by strategic agility ( $F_{3, 211}=105.500$   $p=.000$ ), and 78% of the variance in business processes is explained by strategic agility( $F_{3, 211}=252.297$   $p=.000$ ), and finally 47.1% of the variance in learning and growth is explained by strategic agility( $F_{3, 211}=62.622$   $p=.000$ ). The F statistics shows that the components of strategic agility explain a statistically significant share of variation in organizational performance at 95% level of confidence.

**Table 4. 37: Contribution of Components of Strategic Agility on OP**

<b>Dependent variable</b>	<b>R<sup>2</sup></b>	<b>F (3,211)</b>	<b>Sig</b>
Financial Performance	.562	90.245	.000
Customer Satisfaction	.600	105.500	.000
Business Processes	.782	252.297	.000
Learning and Growth	.471	62.622	.000

**Source: Research Data (2020)**

**Key: SA-** Strategic Agility, **OP-** Organization performance

#### **4.7.10 Strategic Sensitivity**

Findings presented in Figure 4.4 indicate that Strategic Sensitivity has a positive contribution to organizational performance of State Corporations in Kenya. Strategic Sensitivity had Beta coefficient of 0.421( $\beta_{17}$ ) on Financial Performance. From Table 4.38, the relationship between Strategic Sensitivity and Financial performance is statistically significant with  $t = 8.720$  ( $t > 1.96$ ) and  $p = 0.000$  ( $p < 0.05$ ). Strategic Sensitivity had Beta coefficient of 0.393( $\beta_{18}$ ) on Customer Satisfaction. The relationship between Strategic Sensitivity and Customer satisfaction is statistically significant with  $t = 8.259$  ( $> 1.96$ ) and  $p = 0.000$  ( $< 0.05$ ). This study further corroborated the finding of Woldesenb et al. (2012) that found that firms apply sensing capabilities in their creative search to identify opportunities and threats, changing customer



demands and the dynamic competition landscape of an organization and so are state corporations' organizations in this study.

**Table 4. 38: Strategic Sensitivity and OP components**

			<b>Beta Coefficients</b>	<b>Standard Deviation</b>	<b>t Statistics</b>	<b>P Values</b>
Strategic	Sensitivity	->				
	Financial Performance( $\beta_{17}$ )		0.421	0.048	8.720	0.001
Strategic	Sensitivity	->				
	Customer Satisfaction( $\beta_{18}$ )		0.393	0.048	8.259	0.001
Strategic	Sensitivity	->				
	Business Processes( $\beta_{19}$ )		0.400	0.039	10.212	0.001
Strategic	Sensitivity	->				
	Learning and Growth( $\beta_{20}$ )		0.348	0.054	6.475	0.001

**Source: Research Data (2020)**

**Key: OP-** Organization performance

Strategic Sensitivity had Beta coefficient of 0.400 ( $\beta_{19}$ ) on Business Process, an explained by Strategic Sensitivity leading to a 0.400 increase in Business Process. The relationship between Strategic Sensitivity Strategic Sensitivity on and Business Process is statistically significant with  $t = 10.212$  ( $t > 1.96$ ) and  $p = 0.001$  ( $< 0.05$ ). Strategic Sensitivity had Beta coefficient of 0.348( $\beta_{20}$ ) on Learning and Growth. The relationship between Strategic Sensitivity and Learning and Growth is statistically significant with  $t = 6.475$  ( $> 1.96$ ) and  $p = 0.001$  ( $p < 0.05$ ).

The findings indicate that top leadership in many state corporations in Kenya framed opportunities and threats in new insightful ways as they emerged as shown above and so this practice needs to be practised more for superior performance and sustainability in volatile environment. The findings further revealed that many state corporations in

Kenya implemented clear policies aimed at ensuring effective actions were taken in rapidly changing complex conditions.

#### 4.7.11 Resource Fluidity

As presented in Figure 4.4, Resource fluidity had beta coefficient of 0.168( $\beta_{21}$ ) on financial performance, explaining Resource fluidity leads to a 0.168 increase in financial performance. Table 4.39 indicates that the relationship between Resource fluidity and financial performance statistically significant with  $t = 3.284$  ( $>1.96$ ) and  $p=0.001$  ( $<0.05$ ). Resource fluidity had Beta coefficient of 0.182( $\beta_{22}$ ) on Customer Satisfaction. The relationship between Resource fluidity and Customer satisfaction is statistically significant with  $t = 3.330$  ( $>1.96$ ) and  $p = 0.001$  ( $<0.05$ ).

**Table 4. 39: Resource Fluidity -OP significance levels**

			<b>Beta Coefficients</b>	<b>Standard Deviation</b>	<b>t statistics</b>	<b>p values</b>
Resource Fluidity	->	Financial Performance( $\beta_{21}$ )	0.168	0.051	3.284	0.001
Resource Fluidity	->	Customer Satisfaction( $\beta_{22}$ )	0.182	0.055	3.330	0.001
Resource Fluidity	->	Business Processes( $\beta_{23}$ )	0.126	0.042	2.997	0.003
Resource Fluidity	->	Learning and Growth( $\beta_{24}$ )	0.130	0.055	2.369	0.018

**Source: Research Data (2020)**

**Key: OP- Organization performance**

Resource Fluidity had Beta coefficient of 0.126 ( $\beta_{23}$ ) on Business Process a unit increase in Resource fluidity leads to a 0.126 increase in Business Process. The relationship between Strategic Sensitivity Resource fluidity on and Business Process is statistically significant with  $t = 2.997$  ( $>1.96$ ) and  $p = 0.003$  ( $<0.05$ ). Resource fluidity

had Beta coefficient of 0.130 ( $\beta_{24}$ ) on Learning and Growth. The relationship between Resource fluidity and Learning and Growth is statistically significant with  $t = 2.369$  ( $>1.96$ ) and  $p = 0.018$  ( $< 0.05$ ).

Majority of the respondents further agreed to the various aspects on Resource fluidity as Enhancing open communication allows exploring both the structural and relational dimensions of social capital allows for understanding the role of social relationships in constraining and enhancing strategic sensitivity. This result concurs with Men (2014) who indicated that a firm should be more flexible for the sake of development capabilities. As well in empirical studies by (Mpofu, 2015), agrees that resource flexibility is found to have an influence on several variables, including uncertainty received by organizations in their performance.

The structural dimension of strategic sensitivity of strategic agility in the state corporations gives information on the efficiency and vulnerability of the social relations among team members, while, the relational dimension of strategic sensitivity shows the motivation for interacting and sharing information and knowledge among the teams working in organization.

According to Men (2014), identification of the company as a social entity with humane values manifested in communication is important to the members of the globally operating organization and so as state corporations' frames opportunities in the global environment this becomes pertinent in their new ventures. Open communication provides empirical evidence on the functioning of social capital and gives an insight to the importance of understanding social connections between the members of the organization to improve performance and as well their structures as constituted approved for mobilization and redeployment of resources rapidly and efficiently.

Although strategic agility contributes to organizational performance, leaders at state corporations face constraints they cannot easily shed noncore activities and or terminate loss-making activities. Divestment of public assets is politically sensitive and usually requires approval on many levels.

#### 4.7.12 Collective Commitment

As presented in table 4.40, Collective Commitment had beta coefficient of 0.449( $\beta_{25}$ ) on financial performance, explaining that Collective Commitment leads to a 0.449 increase in financial performance. Table 4.40 indicates that the relationship between Collective Commitment and financial performance statistically significant with  $t = 9.431$  ( $>1.96$ ) and  $p=.001$  ( $<0.05$ ). Collective Commitment had Beta coefficient of 0.498 ( $\beta_{26}$ ) on Customer Satisfaction. The relationship between Collective Commitment and Customer satisfaction is statistically significant with  $t =10.498$  ( $>1.96$ ) and  $p = 0.001$  ( $<0.05$ ).

**Table 4. 40: Collective Commitment-Organizational Performance components**

<b>Relationship</b>	<b>Beta Coefficients</b>	<b>Standard Deviation</b>	<b>t statistics</b>	<b>p values</b>
Collective Commitment -> Financial Performance( $\beta_{25}$ )	0.449	0.048	9.431	0.001
Collective Commitment -> Customer Satisfaction( $\beta_{26}$ )	0.498	0.047	10.498	0.001
Collective Commitment -> Business Processes( $\beta_{27}$ )	0.576	0.035	16.669	0.001
Collective Commitment -> Learning and Growth( $\beta_{28}$ )	0.456	0.05	9.028	0.001

**Source: Research Data (2020)**

Collective Commitment had Beta coefficient of 0.576 ( $\beta_{27}$ ) on Business Process meaning a unit increase on Collective Commitment leads to a 0.576 increase in

Business Process. The relationship between Collective Commitment on and Business Process is statistically significant with  $t = 16.669$  ( $t > 1.96$ ) and  $p = 0.001$  ( $p < 0.05$ ). Collective Commitment had Beta coefficient of 0.456 ( $\beta_{27}$ ) on Learning and Growth. The relationship between Collective Commitment and Learning and Growth is statistically significant with  $t = 9.028$  ( $t > 1.96$ ) and  $p = 0.001$  ( $p < 0.05$ ).

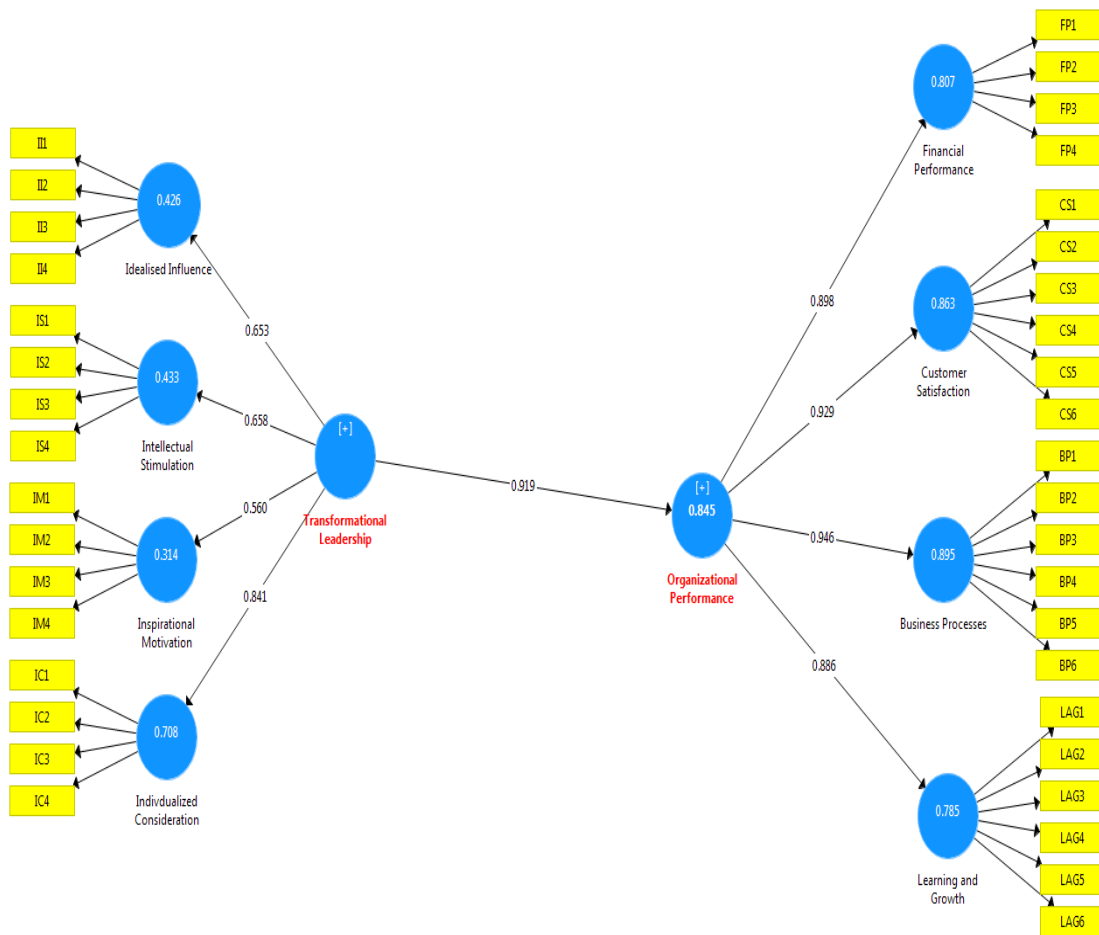
As presented in Figure 4.4, under this variable, the study reveals that majority of the respondents also approved various aspects on collective commitment. Specifically, the findings revealed that structured in many state corporations allowed for prompt team collaboration without being bogged down and that the structures allowed prompt capability to mobilize cross-functional action swiftly as shown by a coefficient of 0.35.

The findings presented in figure 4.4 also shows that Strategic Agility is a significant predictor of organizational Performance 56.2% of variance in financial performance, 60.0% of variance customer satisfaction, 68.2% of variance in Business Processes and 47.1% of variance in Learning and Growth outcomes of state corporation performance in Kenya can be explained by strategic agility through its components. The data shows very low effect of Resource Fluidity on the four performance variables. Resource Fluidity: Mobilizing and redeploying resources rapidly and efficiently.

#### **4.7.13 Mediation Effects of Strategic Agility**

This section examines the mediating effect of strategic agility on the relationship between transformational leadership and organizational performance. A mediating variable is an external element that intervenes between the predictor input and the output response (Mavengere, 2013; Lengnick-Hall & Beck, 2016). Mediation implies a situation where a variable or variables influence the effect of the exogenous (independent) variable on endogenous (dependent) variable.

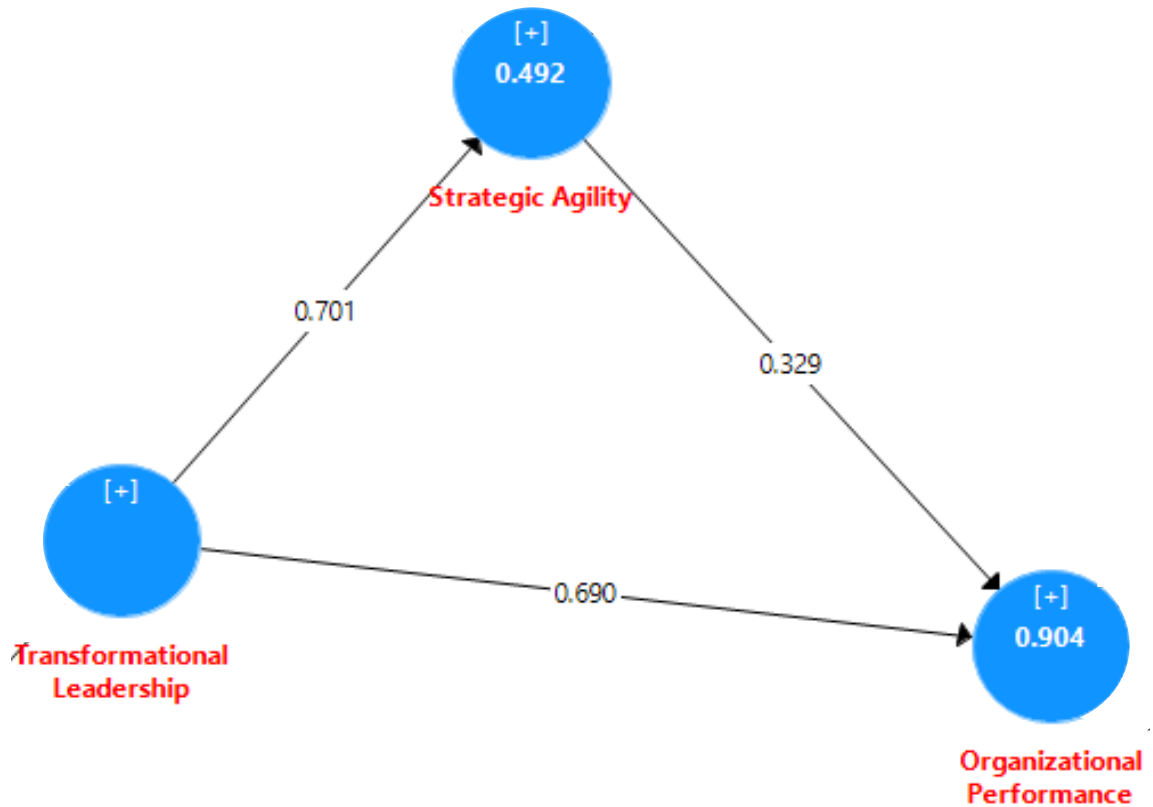
The study investigated mediation effect of Strategic Agility on the relationship of Transformational leadership on Organizational Performance. Mediation analysis was performed using the Hawkesworth and Klepsvik (2013) process by examining the two paths between transformational leadership and Organizational performance. The process was premised on several factors. Firstly, Transformational Leadership significantly affects Strategic Agility, secondly Transformational Leadership significantly affects Organizational Performance in the absence of Strategic Agility (the mediator), and thirdly the mediator has a significant effect on organizational performance and fourthly the effect of the Transformational leadership on organizational Performance changes when strategic agility (the mediator) is added to the model.



**Figure 4. 5: Direct Effect of Transformational Leadership on OP**  
**Source: Author (2020)**

**Key: OP-** Organization performance

The research result of the structural model estimation on the effect of transformational leadership on organizational performance, in the absence of the mediator (strategic agility) was shown in Figure 4.5. The beta coefficient for transformational leadership on organizational performance is  $\beta = 0.919$ . Coefficient of determination  $R^2$  of this relationship is 0.845. This implies that transformational leadership explains 84.5% of the variance in Organizational performance without strategic agility in model. From Table 48, this relationship is significant  $t = 68.362$  ( $t > 1.96$ ) and  $p = 0.000$  ( $p < 0.05$ ).



**Figure 4. 6: Strategic Agility Mediation on TL and OP**

**Source: Author (2020)**

**Key: TL-** Transformational Leadership, **OP-** Organization performance

The second step is to use structural equation model in Figure 4.6 to estimate direct and indirect effects of transformational leadership on organizational performance. The results of mediation by Strategic Agility on the relationship between Transformational Leadership and Organizational Performance are presented in Figure 4.6 and Table 4.40. The direct relationship between transformational leadership and Organizational performance had a beta coefficient of 0.690 ( $\beta_{31}$ ) and this relationship was statistically significant with  $t = 22.685$  ( $>1.96$ ) and  $p = 0.001$  ( $< 0.05$ ). This condition established that there is a positive relationship between Transformational leadership and Organizational Performance and that this relationship can take advantage of mediation aspects of Strategic Agility (Baron and Kenny, 1986).



The results indicate that influence of Transformational Leadership on Strategic Agility had Beta coefficient of 0.701 ( $\beta_{29}$ ). This relationship statistically significant with  $t = 17.895 (>1.96)$  and  $p = 0.001 (< 0.05)$ , (see table 4.41). This condition establishes the first stage of the mediated effect of strategic agility between transformational leadership and Organizational performance (Junni *et al.*, 2015). The relationship between Strategic Agility and Organizational Performance had a beta coefficient of 0.329 ( $\beta_{30}$ ) and this relationship was statistically significant with  $t = 9.471 (t > 1.96)$  and  $p = 0.000 (p < 0.05)$ . This condition establishes the second stage of the mediated effect (Mavengere, 2013).

The three results on Figure 4.6 show that there is mediation. According to Baron and Kenny (Lewis *et al.*, 2014) approach, beta coefficients ( $\beta_{29}$ ,  $\beta_{30}$  and  $\beta_{31}$ ) of the three paths in the structural model in Figure 4.6 are significant (Table 4.41). From Table 4.41, the indirect relationship between Transformational leadership and Organizational Performance had a beta coefficient of 0.231 ( $\beta_{32}$ ) and this relationship is statistically significant with  $t = 8.848 (>1.96)$  and  $p = 0.001 (p < 0.05)$ . Therefore, the total effects are direct effects plus indirect effects,  $0.690 + 0.231 = 0.921$ .

This implies that both direct and indirect paths are significant. This implies that Transformational Leadership has both direct and indirect effects on Organizational Performance. The direct effect is not mediated, whereas the indirect effect is conveyed through Strategic Agility. The result indicates that strategic agility provides partial mediation in the relationship between Transformational Leadership and Organizational Performance. With mediation, the relationship between transformational leadership and organisational performance is stronger. The beta coefficient increases from 0.919 to 0.921 explained by a change of 0.002. Coefficient of determination increases from  $R^2 = 0.854$  to  $R^2 = 0.904$ , an increase of 0.050.

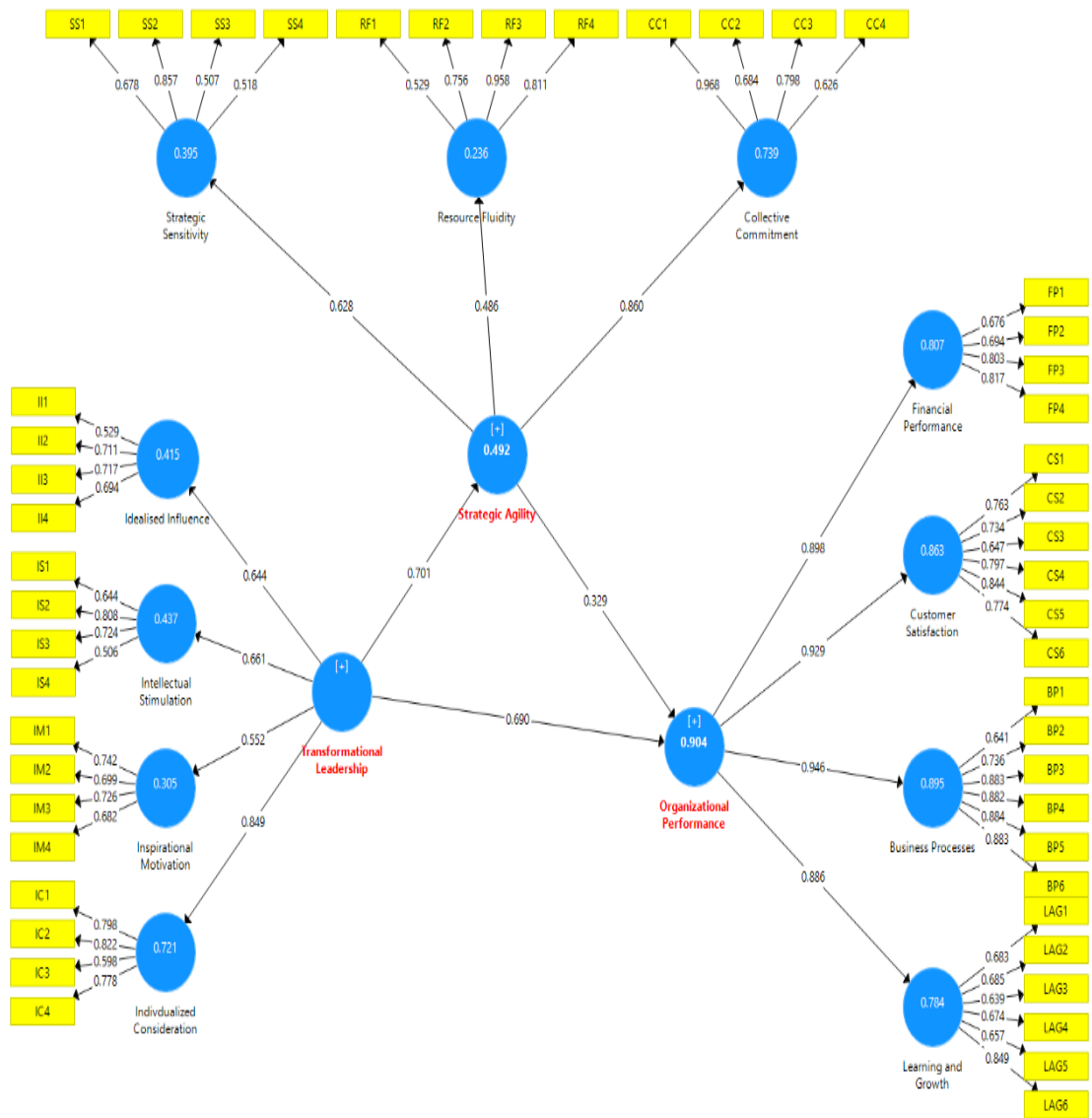
**Table 4. 41: TL-Strategic Agility-OP Significance levels**

<b>Relationship</b>	<b>Beta Coefficients</b>	<b>Standard Deviation</b>	<b>t Statistics</b>	<b>p Values</b>
Transformational Leadership - > Strategic Agility( $\beta_{29}$ )	0.701	0.039	17.985	0.001
Strategic Agility -> Organizational Performance( $\beta_{30}$ )	0.329	0.035	9.471	0.001
Transformational Leadership - > Organizational Performance( $\beta_{31}$ )	0.690	0.030	22.685	0.001
Transformational Leadership - > Strategic Agility-> Organizational Performance ( $H_6$ ) ( $\beta_{32}$ )	0.231	0.026	8.848	0.001
Transformational Leadership - > Organizational Performance (Without the presence of the mediator)	0.919	0.034	68.362	0.001

**Source: Research Data (2020)**

**Key: TL-** Transformational Leadership, **OP-** Organization performance

This is supported by Sobel Test which was 8.330 and  $p = 0.001$ . This means the mediation is significant with Sobel test statistic is  $> 1.96$  and  $p < 0.05$ .



**Figure 4. 7: Mediating Relationship of Strategic Agility-β Coefficients**  
**Source: Author (2020)**

#### 4.8 Test of Hypotheses

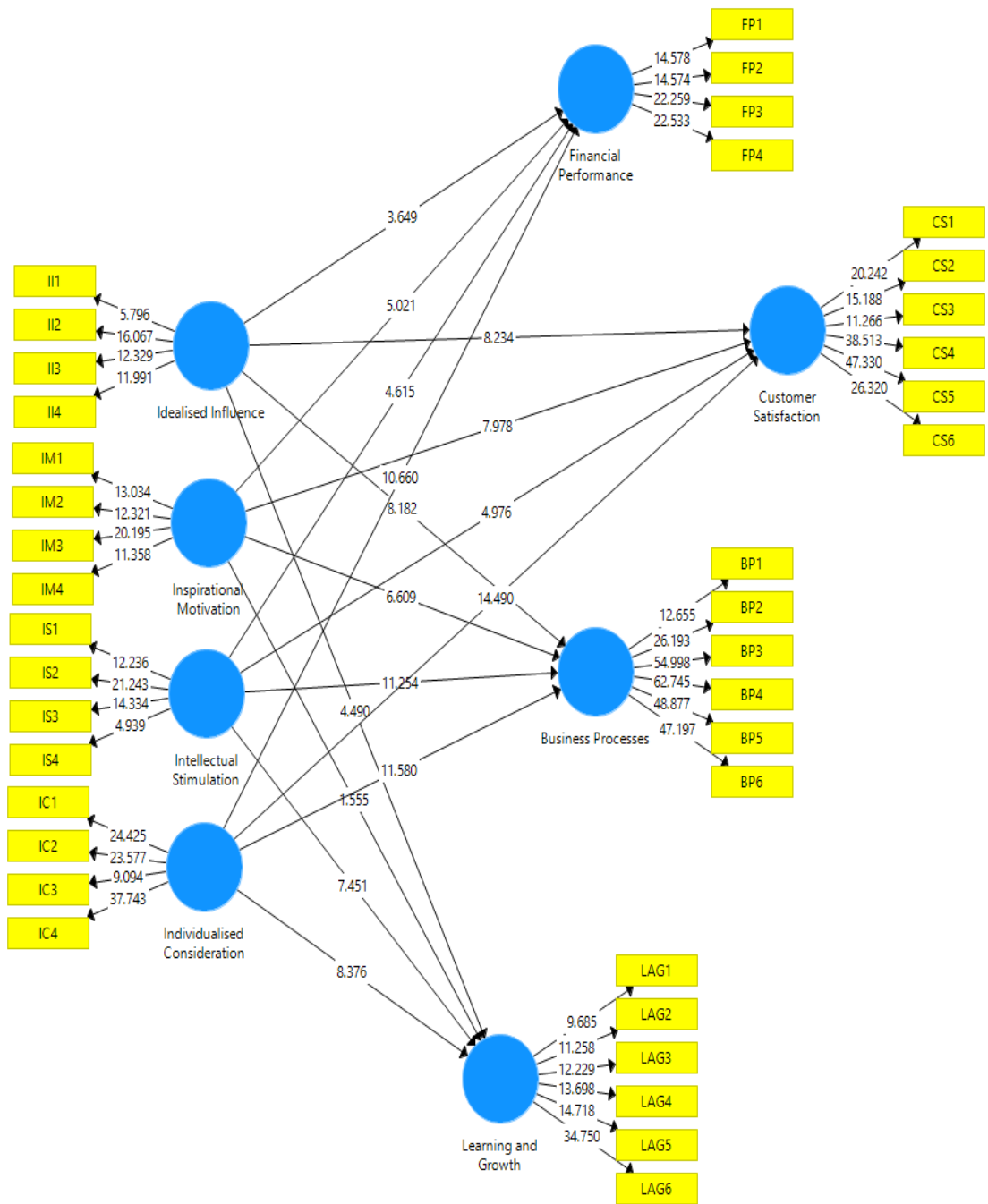
The Conceptual Framework presented in Figure 4.7 (Chapter2) illustrates six hypotheses, H<sub>1</sub>, H<sub>2</sub>, H<sub>3</sub>, H<sub>4</sub>, and H<sub>5</sub> and H<sub>6</sub> on which the structural equations were modelled. The structural equation models represented the relationship between Transformational Leadership and Organizational Performance linked to hypotheses H<sub>1</sub>, H<sub>2</sub>, H<sub>3</sub> and H<sub>4</sub>. The second model represents the relationship between Strategic Agility and Organizational Performance for hypothesis H<sub>5</sub>. The third Structural Equation Model presented the mediating effect of Strategic Agility on the relationship between

Transformational Leadership and Organizational Performance (H<sub>6</sub>) among State Corporations in Kenya.

The following hypotheses were tested, H<sub>1</sub>: Idealized influence has no significant influence on performance of State Corporations in Kenya. H<sub>2</sub>: Inspirational motivation has no significant influence on performance of State Corporations in Kenya. H<sub>3</sub>: Intellectual stimulation has no significant influence the performance of State Corporations in Kenya. H<sub>4</sub>: Individual consideration has no significant influence on performance of State Corporations in Kenya; H<sub>5</sub>: Strategic Agility has no significant influence on performance of State Corporation in Kenya; and H<sub>6</sub>: Strategic Agility has no significant mediating effect on the relationship between transformational leadership (idealized influence, inspiration motivation, intellectual stimulation and individual consideration) and performance of State Corporation in Kenya.

#### **4.8.1 Test of Hypothesis: Transformational Leadership and Organizational Performance**

This section presents hypotheses tests for H<sub>1</sub>, H<sub>2</sub>, H<sub>3</sub>, and H<sub>4</sub> for effect on relationships between Transformational Leadership and Organizational Performance of state corporations in Kenya. Structural model in Figure 4.8 and Table 4.42 provide path coefficients, the corresponding *t*-values, and the levels of statistical significance.



**Figure 4. 8: Transformational Leadership –OP Significance t-values**  
**Source: Author (2020)**

*Key: OP- Organization performance*

**Table 4. 42: Significance Levels of Transformational Leadership on OP**

	Standardized Beta coefficients	Standard Deviation	t Statistics	p Values
Idealized Influence -> Business Processes	0.298	0.036	8.182	0.001
Idealized Influence -> Customer Satisfaction	0.301	0.037	8.234	0.001
Idealized Influence -> Financial Performance	0.171	0.047	3.649	0.001
Idealized Influence -> Learning and Growth	0.287	0.064	4.490	0.001
Individualized Consideration -> Business Processes	0.386	0.033	11.580	0.001
Individualized Consideration -> Customer Satisfaction	0.523	0.036	14.490	0.001
Individualized Consideration -> Financial Performance	0.533	0.050	10.660	0.001
Individualized Consideration -> Learning and Growth	0.414	0.049	8.376	0.001
Inspirational Motivation -> Business Processes	0.218	0.033	6.609	0.001
Inspirational Motivation -> Customer Satisfaction	0.275	0.035	7.978	0.001
Inspirational Motivation -> Financial Performance	0.210	0.042	5.021	0.001
Inspirational Motivation -> Learning and Growth	0.080	0.051	1.555	0.120
Intellectual Stimulation -> Business Processes	0.380	0.034	11.254	0.001
Intellectual Stimulation -> Customer Satisfaction	0.148	0.030	4.976	0.001
Intellectual Stimulation -> Financial Performance	0.220	0.048	4.615	0.001
Intellectual Stimulation -> Learning and Growth	0.326	0.044	7.451	0.001

**Source: Research Data (2020)**

**Key: OP- Organization performance**

***H<sub>1</sub>: Idealized influence has no significant influence on performance of State***

***Corporations in Kenya.***

Section presents the influence of Idealized Influence on the components of organizational performance. From Figure 4.3, Idealised influence had a Beta coefficient of 0.171 ( $\beta_1$ ) on Financial Performance. Table 4.42 indicates that the relationship

between idealised influence and financial performance statistically significant with  $t = 3.649 (>1.96)$  and  $p = 0.000 (<0.05)$ . Idealised influence had Beta coefficient of 0.301 ( $\beta_2$ ) on Customer Satisfaction. The relationship between idealised influence and Customer satisfaction is statistically significant with  $t = 8.234 (t>1.96)$  and  $p = 0.000 (<0.05)$ .

Idealised influence had Beta coefficient of 0.298 ( $\beta_3$ ) on Business Process, is explained by 0.298 increase in Business Process. The relationship between idealised influence and Business Process is statistically significant with  $t = 8.182 (>1.96)$  and  $p = 0.001 (<0.05)$ . Idealised influence had Beta coefficient of 0.287 ( $\beta_4$ ) on Learning and Growth. The relationship between idealised influence and Learning and Growth is statistically significant with  $t = 4.490 (>1.96)$  and  $p = 0.001 (<0.05)$ . Idealised influence has significant positive influence on organizational performance has indicated by t-statistics varying from 3.649 and 8.234 all  $t>1.96$ . Hypothesis,  $H_1$  is rejected. Idealised influence has significant influence on Performance of State Corporation in Kenya.

***H<sub>2</sub>: Inspirational motivation has no significant influence on performance of State Corporations in Kenya.***

Findings presented in Figure 4.3 indicate that inspirational motivation positive contribution to organizational performance of state corporations in Kenya. Inspiration motivation had Beta coefficient of 0.210 ( $\beta_9$ ) on Financial Performance. From Table 4.31, the relationship between Inspirational Motivation and Financial performance is statistically significant with  $t = 5.021 (t>1.96)$  and  $p = 0.001 (p< 0.05)$ . Inspirational Motivation had Beta coefficient of 0.275 ( $\beta_{10}$ ) on Customer Satisfaction, which is explained by 0.275 increase in Customer Satisfaction. The relationship between Inspirational Motivation and Customer satisfaction is statistically significant with  $t = 7.978 (>1.96)$  and  $p = 0.001 (<0.05)$ . In modern business philosophy, business should

be customer oriented and the implementation of the main principles of continuous improvement, justifies the importance of evaluating and analysing customer satisfaction. In short, customer satisfaction is considered as baseline of standardize and excellence of performance for many business/organizations that state corporations in Kenya should emulate for higher performance. Customer satisfaction also helps to identify the potential market opportunities for organizations performance (Ananthram & Nankervis, 2013).

Inspirational Motivation had Beta coefficient of 0.218 ( $\beta_{11}$ ) on Business Process, explained by 0.218 increase in Business Process. The relationship between Inspirational Motivation and Business Process is statistically significant with  $t = 6.609 (>1.96)$  and  $p = 0.001 (<0.05)$ . Inspirational Motivation had Beta coefficient of 0.080 ( $\beta_{12}$ ) on Learning and Growth. The relationship between Inspirational Motivation and Learning and Growth is not statistically significant with  $t = 1.555 (<1.96)$  and  $p = 0.120 (> 0.05)$ . Inspirational Motivation has significant positive influence on organizational performance has indicated by t-statistics varying from 1.555 and 7.978. Inspirational Motivation has no significant influence on learning and growth is  $t=1.555 (t<1.96)$ . The rest vary from 5.021 to 7.978  $t>1.96$ . Hypothesis,  $H_2$  is rejected. Inspirational Motivation has significant influence on Performance of State Corporation in Kenya.

***H<sub>3</sub>: Intellectual stimulation has no significant influence the performance of State Corporations in Kenya.***

As presented in Figure 4.3, intellectual stimulation had beta coefficient of 0.220 ( $\beta_5$ ) on financial performance, explained by 0.220 increase in financial performance. Table 4.30 indicates that the relationship between intellectual stimulation and financial performance statistically significant with  $t = 4.615 (>1.96)$  and  $p=.000 (<0.05)$ .



Intellectual Stimulation had Beta coefficient of 0.148 ( $\beta_6$ ) on Customer Satisfaction. The relationship between intellectual stimulation and Customer satisfaction is statistically significant with  $t = 4.976 (>1.96)$  and  $p = 0.000 (<0.05)$ .

Intellectual stimulation has significant positive influence on organizational performance has indicated by t-statistics varying from 4.615 and 11.254. Inspirational Motivation has no significant influence on learning and growth is  $t=1.555 (t<1.96)$ . The rest vary from 5.021 to 7.978  $t>1.96$ . Hypothesis,  $H_2$  is rejected. Inspirational Motivation has significant influence on Performance of State Corporation in Kenya.

According to this study hypothesis, the result indicates that Inspirational motivation arises from the use of both effective and communicative styles of influence. This behaviour articulates the importance of leaders communicating high expectations to the workforce, inspiring and motivating them by providing meaning and challenge to the team so that they can develop a shared vision in organizations (Van-Dierendonck & Alkema, (2014). The results indicate that Inspirational managers align individual and organizational objectives, thus making the achievement of organizational objectives an attractive means of achieving personal objectives and organizational performance.

An inspirational motivation leader makes use of behaviour to motivate and inspire employees by offering a shared meaning and a challenge to the followers as per (McCleskey, 2014). The leader offers meaning and challenge that motivates and inspires the work of the followers. In this regard, the leader promotes team spirit, enthusiasm, and optimism in their followers by involving them in a positive vision of the future and by communicating high expectations that followers want to achieve (Gomes, 2014) hence, improved organization performance. The alignment of individual

needs with the needs of an organization is a fundamental strategy of inspirational motivation, which enhances improved performance.

Transformational leaders through inspirational motivation attempt to nurture the fortitude of teamwork and commitment by clarifying the vision, mission and strategic goals of the organization and creating a strong sense of determination among the workforce, hence this study concurs with (Renjith *et al.*, 2015) resulting into a strategy for improved performance amongst state corporations in Kenya. Lastly, Inspirational motivation leader translates to confidently and positively communicating the vision, showing energy and enthusiasm in order to create an appealing and convincing vision (Popa, 2012) which results into the organizations improving performance.

The study findings reveal that transformational leaders should behave in such a way, which motivates and inspires employees (Sundi, 2013) as a strategy for improving organization performance. Hence, the result indicates that the leader's inspirational motivation should unreservedly show enthusiasm and optimism on the workers, motivating teamwork, encouraging positive results, advantages, emphasizing organization plans, stimulating workers.

***H<sub>4</sub>: Individual consideration has no significant influence on performance of State Corporations in Kenya.***

Findings presented in Figure 4.3 indicate that Individualized consideration positive contribution to organizational performance of state corporations in Kenya. Individualized consideration had Beta coefficient of 0.533 ( $\beta_{13}$ ) on Financial Performance.

From Table 4.32, the relationship between Individualized consideration and Financial performance is statistically significant with  $t = 10.660$  ( $t > 1.96$ ) and  $p = 0.001$  ( $p < 0.05$ ).

Individualized consideration had Beta coefficient of 0.523 ( $\beta_{14}$ ) on Customer Satisfaction. The relationship between Individualized consideration and Customer satisfaction is statistically significant with  $t = 14.490 (>1.96)$  and  $p = 0.001 (<0.05)$ . The results of this analysis suggest that a strong positive relationship does exist between individualised consideration construct of Transformational Leadership and performance of State Corporations.

The results presented in Table 4.32 show that individualized consideration produces a statistically significant effect on the performance of state corporations in Kenya. This therefore qualifies the rejection of the null hypothesis as stated. Hence, indicates that individual consideration leadership has an influence in the performance of State Corporation mediated by resource fluidity of the organization that enhances training, learning and growth for better organization performance. Individual consideration has significant positive influence on organizational performance has indicated by t-statistics varying from 8.376 and 14.490 all  $t > 1.96$ . Hypothesis,  $H_4$  is rejected. Individual consideration has significant influence on Performance of State Corporation in Kenya.

#### **4.8.2 Test of Hypothesis: Strategic Agility and Organizational Performance**

*H<sub>5</sub>: Strategic Agility has no Significant Influence on the Performance of State Corporations in Kenya.*

#### **4.8.3 Strategic Sensitivity**

Findings presented in Figure 4.4 indicate that Strategic Sensitivity has a positive contribution to organizational performance of State Corporations in Kenya. Strategic Sensitivity had Beta coefficient of 0.421 ( $\beta_{17}$ ) on Financial Performance. From Table 4.43, the relationship between Strategic Sensitivity and Financial performance is

statistically significant with  $t = 8.720$  ( $t > 1.96$ ) and  $p = 0.001$  ( $p < 0.05$ ). Strategic Sensitivity had Beta coefficient of 0.393 ( $\beta_{18}$ ) on Customer Satisfaction. The relationship between Strategic Sensitivity and Customer satisfaction is statistically significant with  $t = 8.259$  ( $t > 1.96$ ) and  $p = 0.001$  ( $p < 0.05$ ).

Strategic Sensitivity had Beta coefficient of 0.400 ( $\beta_{19}$ ) on Business Process, explained by 0.400 increase in Business Process. The relationship between Strategic Sensitivity on and Business Process is statistically significant with  $t = 10.212$  ( $t > 1.96$ ) and  $p = 0.001$  ( $p < 0.05$ ). Strategic Sensitivity had Beta coefficient of 0.348 ( $\beta_{20}$ ) on Learning and Growth. An increase in Strategic Sensitivity leads to 0.348 explains an increase in Learning and Growth. The relationship between Strategic Sensitivity and Learning and Growth is statistically significant with  $t = 6.475$  ( $t > 1.96$ ) and  $p = 0.001$  ( $p < 0.05$ ).

The relative impact of strategic sensitivity on the four Organizational Performance items; Financial Performance, Customer Satisfaction, Business Process and Learning and Growth had the strongest relationship with Financial Performance a beta coefficient of  $\beta_{17} = 0.421$  and lowest with  $\beta_{20} = 0.348$  on Learning and Growth. However, all the coefficients are significant at  $t > 1.96$  and  $p < 0.05$ .

**Table 4. 43: Strategic Agility Significant levels**

	Standardized Beta Coefficients	Standard Deviation	t Statistics	p Values
SA -Strategic Sensitivity -> Business Processes	0.400	0.039	10.212	0.001
SA -Strategic Sensitivity -> Customer Satisfaction	0.393	0.048	8.259	0.001
SA -Strategic Sensitivity -> Financial Performance	0.421	0.048	8.720	0.001
SA -Strategic Sensitivity -> Learning and Growth	0.348	0.054	6.475	0.001
SA- Collective Commitment -> Business Processes	0.576	0.035	16.669	0.001
SA- Collective Commitment -> Customer Satisfaction	0.498	0.047	10.498	0.001
SA- Collective Commitment -> Financial Performance	0.449	0.048	9.431	0.001
SA- Collective Commitment -> Learning and Growth	0.456	0.050	9.028	0.001
SA-Resource Fluidity -> Business Processes	0.126	0.042	2.997	0.003
SA-Resource Fluidity -> Customer Satisfaction	0.182	0.055	3.330	0.001
SA-Resource Fluidity -> Financial Performance	0.168	0.051	3.284	0.001
SA-Resource Fluidity -> Learning and Growth	0.130	0.055	2.369	0.018

**Source: Research Data (2020)**

#### 4.8.4 Resource fluidity

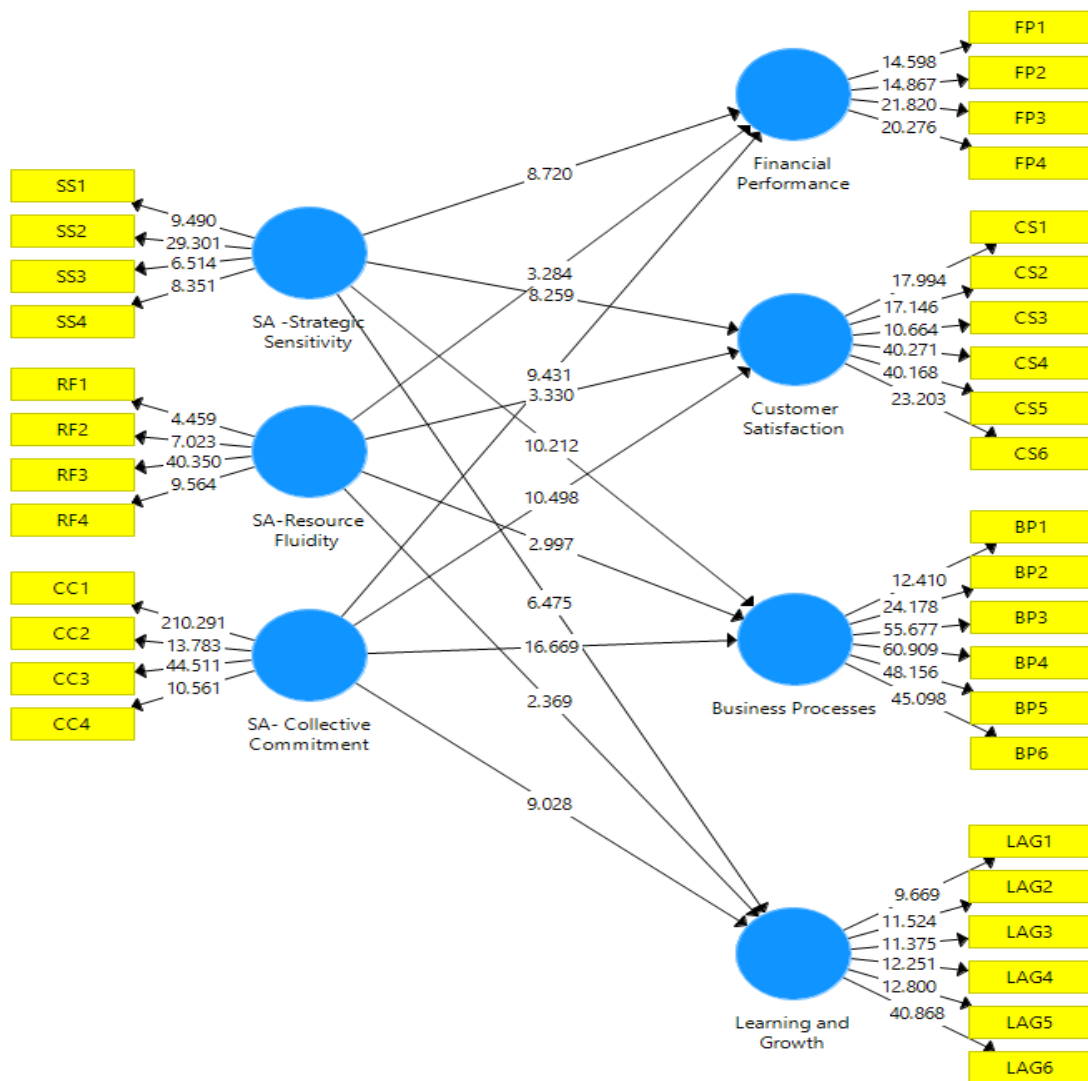
As presented in Figure 4.4, Resource fluidity had beta coefficient of 0.168 ( $\beta_{21}$ ) on financial performance. Table 4.39 indicates that the relationship between Resource fluidity and financial performance statistically significant with  $t = 3.284$  ( $>1.96$ ) and  $p=.001$  ( $<0.05$ ). According to this study, the balance scorecard can enable corporations to track financial results while monitoring progress in building the capabilities needed for growth as per Trottier et al. (2008). Resource fluidity had Beta coefficient of 0.182 ( $\beta_{22}$ ) on Customer Satisfaction, explaining the relationship between Resource fluidity and Customer satisfaction was statistically significant with  $t =3.330$  ( $>1.96$ ) and  $p =$

0.001 ( $<0.05$ ). Hence, for the organisations to remain relevant to customers they need deployment of resources across all the departments of the organizations.

Strategic Sensitivity had Beta coefficient of 0.126 ( $\beta_{23}$ ) on Business Process, explains Strategic Sensitivity leading to a 0.126 increase in Business Process. The relationship between Strategic Sensitivity and Business Process is statistically significant with  $t = 2.997$  ( $>1.96$ ) and  $p = 0.003$  ( $<0.05$ ). Strategic Sensitivity had Beta coefficient of 0.130 ( $\beta_{24}$ ) on Learning and Growth. The relationship between Strategic Sensitivity and Learning and Growth is statistically significant with  $t = 2.369$  ( $>1.96$ ) and  $p = 0.018$  ( $<0.05$ ).

#### **4.8.5 Collective Commitment**

As presented in Figure 4.4, Collective Commitment had beta coefficient of 0.449 ( $\beta_{25}$ ) on financial performance. Table 4.40 indicates that the relationship between Collective Commitment and financial performance statistically significant with  $t = 9.431$  ( $t>1.96$ ) and  $p=.001$  ( $<0.05$ ). Collective Commitment had Beta coefficient of 0.498 ( $\beta_{26}$ ) on Customer Satisfaction. The relationship between Collective Commitment and Customer satisfaction is statistically significant with  $t = 10.498$  ( $t>1.96$ ) and  $p = 0.001$  ( $p<0.05$ ).



**Figure 4. 9: Structural Equation of Strategic Agility and OP**  
**Source: Author (2020)**

**Key: OP-** Organization performance

Collective Commitment had Beta coefficient of 0.576 ( $\beta_{27}$ ) on Business Process. The relationship between Collective Commitment on and Business Process is statistically significant with  $t = 16.669$  ( $t > 1.96$ ) and  $p = 0.001$  ( $p < 0.05$ ). Collective Commitment had Beta coefficient of 0.456 ( $\beta_{27}$ ) on Learning and Growth. The relationship between Collective Commitment and Learning and Growth is not statistically significant with  $t = 9.028$  ( $> 1.96$ ) and  $p = 0.001$  ( $< 0.05$ ), hence state corporations should improve on

their collective decisions to improve performance by investing on learning and growth. Learning and Growth has been conceptualized both in the context of resources and from a business operations perspective to improve performance. Strategic Agility has significant positive influence on organizational performance has indicated by t-statistics varying from 2.369 and 16.699. Therefore, Hypothesis,  $H_5$  is rejected. Strategic Agility has significant influence on Performance of State Corporation in Kenya.

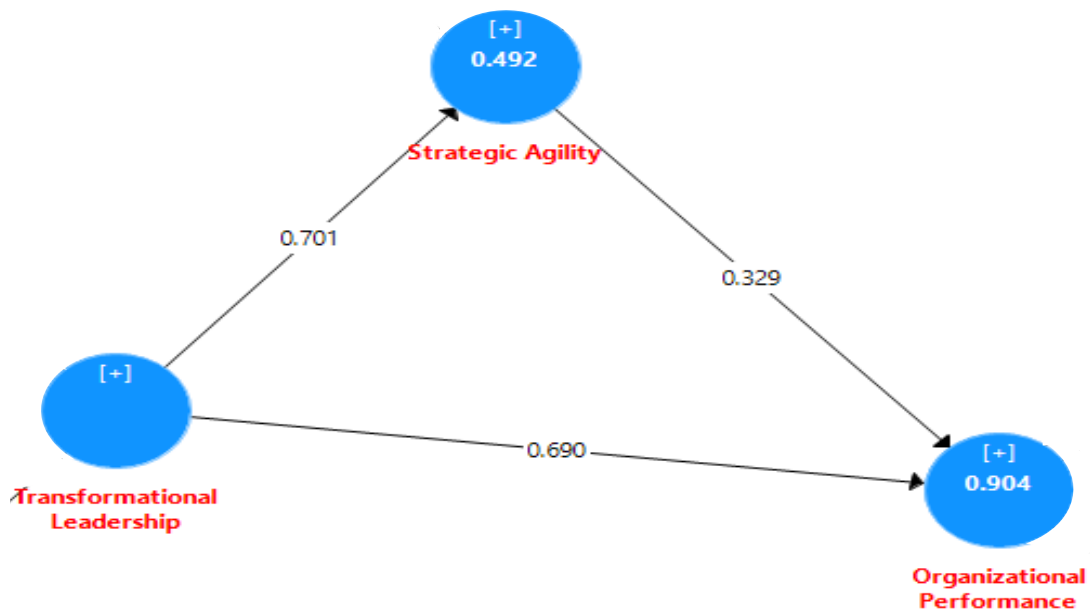
The strategic agility part of the organization works well with BSC of performance in the perspective of The Customer satisfaction where leaders of organizations everywhere, public and private, have been driven to a heightened appreciation of the importance of customer focus and customer satisfaction for a well organization performance. All organizations globally or locally, public and private now fully understand that, if customers are not satisfied, they will soon find other product suppliers or service providers to meet their needs hence dismal performance.

#### **4.8.6 Test of Hypothesis: Mediation effect on Strategic Agility**

***H<sub>6</sub>: Strategic Agility has no Significant Mediating Effect on the Relationship between Transformational Leadership and Performance of State Corporations in Kenya.***

Figure 4.10 and Table 4.44 present mediation of the relationship between Transformational leadership and Organizational performance by Strategic Agility adopted from Shirkouhi and Rezazadeh (2013) which outlines both direct and indirect relationship of the variables. The indirect relationship between Transformational leadership and Organizational Performance had a beta coefficient of 0.231 ( $\beta_{32}$ ) and this relationship is statistically significant with  $t = 8.848 (>1.96)$  and  $p = 0.001 (< 0.05)$ .





**Figure 4. 10: Mediating effect of Strategic Agility (Kenny & Baron, 1986)**  
**Source: Author (2020)**

This implies that both direct and indirect paths are significant. Strategic agility provides partial mediation in the relationship between Transformational Leadership and Organizational Performance. It is clear from the research findings that the mediating effect of strategic agility on the relationship between transformational leadership and performance of state corporations in Kenya is statistically significant and that the mediation is partially connected to the performance of the state corporations in Kenya.

**Table 4. 44: TL-Strategic Agility-OP Significance levels**

Relationship	Effects	Beta Coefficients	Standard Deviation	t Statistics	p Values
Transformational Leadership -> Organizational Performance( $\beta_{31}$ )	<b>Direct</b>	0.690	0.030	22.685	0.001
Transformational Leadership -> Strategic Agility-> Organizational Performance ( $H_6$ ) ( $\beta_{32}$ )	<b>Indirect</b>	0.231	0.026	8.848	0.001

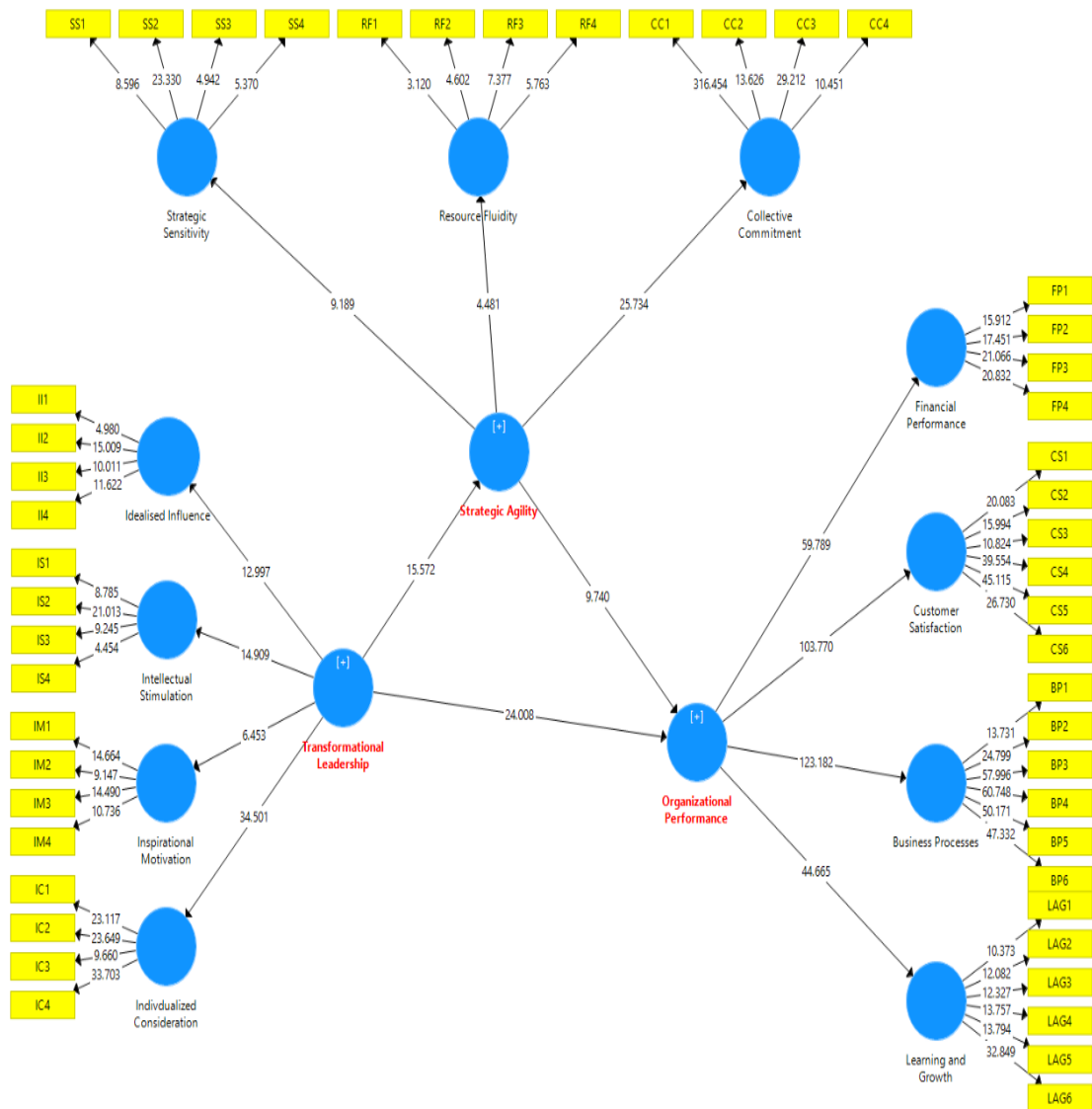
**Source: Research Data (2020)**

**Key: OP- Organization performance**

Direct effect of Transformational Leadership on Organizational Performance is 0.690 and indirect effect of Transformational Leadership on Organizational Performance (Mediated with Strategic Agility) is 0.231. The total effect of Transformational leadership on Organizational Performance is 0.921 (0.231+ 0.690). These effects explain a total 90.4% of the variance in Organizational Performance.

Both direct and indirect influence transformational leadership on performance of state corporations in Kenya are positive and significant implying there is partial mediation. Therefore,  $H_6$  is rejected. Strategic Agility has Significant Mediating Effect on the Relationship between Transformational Leadership and Performance of State Corporations in Kenya.

This section examined the conceptual and empirical links between transformational behaviours of top managements of state corporations in Kenya and organizational performance. The study was guided by six research objectives on which the six hypotheses were based. All the six hypotheses were rejected.



**Figure 4. 11: Mediating Relationship of Strategic Agility- Significance levels**  
**Source: Author (2020)**

#### 4.9 Qualitative Data Analysis and Triangulation

This research used qualitative and quantitative data collection methods. The results of quantitative data analysis are presented in Chapter 4. Qualitative data was obtained through interviews using open-ended questions and an interview guide. Analysis of qualitative data was done through thematic coding and founded on Transformational leadership, Strategic agility and organizational performance. Data and Methodological triangulation were used to further explain and validate the quantitative findings (Roueché *et al.*, 2014). Triangulation produced supporting evidence for the conclusions

drawn on the relationship between transformational leadership and organizational performance and mediated by strategic agility in state corporations in Kenya.

#### **4.9.1 Transformational Leadership**

The responses relating to Leadership and skills included the issues of leadership and skills came up in the qualitative research. Many top leaders felt that their teams lacked necessary skill mix to enable them improve performance. Some top leaders of the corporation felt that their teams could be improved through training hence the organizations growth and learning. The findings of quantitative data similarly pointed to capacity gaps in leadership, especially transformational leadership coaching, mentoring due to frequent transfers of top management. Statements like, “The appointments of top leadership in state corporations do not consider required skills” or “Integrity of persons appointed is not an issue during appointment” were not uncommon.

The components of transformational leadership had significant positive influence on performance of state corporations. Idealised influence has significant positive influence on organizational performance has indicated by t-statistics varying from 3.649 and 8.234 all  $t > 1.96$ . Idealised influence represents role model, integrity and ethical leadership behaviour. Inspirational Motivation had significant positive influence through communicating vision to succeed in the organizational performance goals. This component had an aggregate mean score of  $M = 3.23$  and had t-statistics varying from  $t = 5.021$  to  $7.978$  ( $t > 1.96$ )

Intellectual Stimulation helps organization team in creativity and quality in decision-making and problem solving. This creates capacity for efficient and effective, and innovative workforce. The result indicates that it is important for the corporations to

build capacity of the top leadership of the corporations with critical transformational leadership skills.

#### **4.9.2 Strategic Agility**

Many of the responses entailed lack of stable budgets in terms of timeliness and amounts from year to year. This is expected in the context of government budgetary cycles that are fraught with bureaucracy and government fiscal volatility. The treasury often experiences cash shortages due change of government priorities, low revenue and bureaucratic bottlenecks. Analysis of the responses, show that often when change is necessary, the resource to effect the change was lacking.

Therefore, although the respondents participated in strategic plan formulation, the plans were rarely altered in line with changes in business environment. On human resource, top leadership and staff are sometimes moved without notice this implies that it is constrained in building skills in leadership. According to this study resource fluidity did not happen as frequently as needed. However, the state corporations responded to changes in technology, many of them started using social media to respond to customer enquiries.

The influence of Resource fluidity on organizational performance was only between 0.126 and 0.182 the lowest of the three constructs of strategic agility. On strategic sensitivity, the state corporations scored moderately between .348 and .421. The responses such as “We change when absolutely necessary” reflected the context of these figures. The state corporations were slow to respond to changes in the environment. Some of the changes the state corporations have belatedly instituted include changes from manual application for services to online applications. In addition

to social media, state corporations now send email and text messages to communicate with their customers.

#### **4.9.3 Organizational Performance**

The state corporations have numerous performance objectives and implementation strategies but lack adequate performance measurement systems. Although some state corporations have, basic monitoring and evaluation systems of individual tasks in line with assigned balance scorecards, majority do not have overall performance monitoring frameworks. The results of both qualitative and quantitative data recommend adoption of balanced scorecard as performance measurement framework for state corporations in Kenya.

The study findings on transformational leadership influence to performance through learning and growth should promote ongoing and long-term organizational learning to improve higher performance, as well encourage and promote future organizational growth. Senge, (1997) identified five basic structures of a learning organization such as; Systems thinking, Personal mastery, Mental models, Shared vision, Team learning as structures that provide stakeholders with the structures and processes that are conducive to learning, reflection, and engagement resulting into organization growth (Santa, 2015).

Learning and growth is a key responsibility for the organizational leaders hence, the development of the structures, internal processes and implement them as they monitor their organization effectiveness (Pokharel & Ok Choi, 2015). The organizational leaders of the corporations should be aware of the many parts of the organization and how they interrelate to one another for higher performance. This understanding will

enable the leader to coordinate stakeholders and learning opportunities to align with the organizational vision, goals, and mission for improved performance.

#### **4.10 Discussion**

Transformational leadership, Dynamic capability theory, stakeholder theory, Game theory have justifiably been employed to inform this study. The findings and responses from the questionnaires and the interviews carried out concurred with various aspects of these theories. These theories are driving force supporting organizational performance. According to Oon (2015) fundamentals of dynamic capability theory can be employed by state corporations for competitiveness in the prevailing turbulent business to create value for stakeholders.

The three research variables, Transformational Leadership, Strategic agility and organizational performance were empirically investigated. Two hundred and fifteen (215) respondents from 55 corporations participated in the Research. Of the 215 respondents, 114 were women and 101 were men. The descriptive statistics results showed an aggregate mean score for idealised influence was  $M = 3.43$  for its four items. Of the four items the highest score Mean =3.56 and SD. =0.83 was to whether the top leadership talks about the most important values and beliefs. Majority of the respondents felt that the followers felt instilled with pride at being associated with their top leaders and supervisors since their leaders exhibited idealized dimension of transformational leadership.

The aggregate mean score for inspirational motivation was Mean = 3.32. This implies that majority of the respondents were of the view that various aspects of inspirational motivation are practised in their corporations. The four statements representing this variable were whether, the top leadership in their corporation articulate compelling

vision for the future had the highest score Mean =3.40 and standard deviation of  $SD = 0.95$  and the lowest score whether top leadership talk optimistically, about the future the score was Mean =3.17 and  $SD=0.88$ . The respondents felt that this statement they least agreed with about the situation in their corporation.

For intellectual stimulation, the findings showed that majority of the respondents agreed that the various aspects on intellectual stimulation were evident in the state corporations in Kenya as evidenced by an aggregate mean score of Mean =3.58. Majority of the respondents agreed that the various traits of individualized consideration were true for their organizations as shown by an aggregate score of Mean =3.46. The findings revealed that majority of the top leadership respondents were in agreement that individuals were considered as having different needs, abilities and aspirations from others as shown by a mean of Mean =3.79 and  $SD = 0.97$ .

The descriptive statistics on strategic agility, the findings showed that Strategic Sensitivity, Resource Fluidity and Collective Commitment, the three components of strategic agility had aggregate mean scores of 3.57, 3.60 and 3.68 respectively, which are generally high. State corporations in Kenya confront disruptive environment and strategic agility is a necessary tool for top leaders in these corporations. The rate of globalization and technological change, require innovation as one of the primary determinants of an organization's success. Strategic agility, the ability to remain flexible in facing new developments, to continuously adjust the company's strategic direction, and to develop innovative ways to create value is a critical route to take for state corporations in Kenya (Okwemba & Musiega, 2014).

Descriptive statistics showed that Organizational performance of state corporations in Kenya was measured twenty-two items adopted from Balanced scorecard (BSC) had



the highest mean score across all the components. Financial performance, Customer satisfaction, Business processes, and Learning and Growth scored aggregate mean of Mean = 3.85, 3.82, 3.73 and 3.86 respectively.

The results from the study are consistent with other studies (Doz & Kosonnen 2013) which shows that the capabilities of firms are characteristically dynamic and are typically responsible for influencing the performance of organization. Superior performance of State Corporation is largely dependent of the ability of the organization to build and adapt their resource base to maximize organisational fit with the changes in the environment.

The dynamic capability theory, which is one of the theories on which this study is based emphasises the ability of organizations to integrate, build, and reconfigure their internal and external corporation specific competencies into new competencies that march their turbulent environment (Nazir & Shah, 2014). The responses generated from the participants strongly suggest that some state corporations have adopted various patterns of strategies through which they can effectively respond to environmental changes and attain the best organizational performance.

The analysis of conceptual and empirical relationships between transformational leadership and organizational performance and the effect mediating of Strategic Agility were based guided by the six research objectives and hypotheses. The first four objectives were to investigate the relationship between the components of transformational leadership, idealized influence, inspirational motivation, intellectual stimulation and individualized consideration and organizational performance in state corporations in Kenya. The fifth objective was to establish the influence of strategic agility on organizational performance. The last objective was to investigate the

mediation effect of Strategic Agility on the relationship between Transformational leadership and Organizational performance in Kenyan State Corporations.

The results showed that if the state corporations used balanced scorecard, they would be able to align the corporation's vision with business strategy, desired employee behaviours supported by the components of transformational leadership for day-to-day operations to enhance organizational performance. Balanced of scorecard together with transformational leadership and strategic agility means that top leadership will be able to determine what matters, identifying more efficient processes focused on customer needs, improving initiative prioritization, improving internal and external communications, improving alignment of strategy and day-to-day operations, and linking budgeting and cost control to strategy.

The relationship between the components of transformational leadership and components of Organizational performance were all positive. The beta coefficients of the regression equation of the relationship between Idealised influence and the components of Organizational performance varied between 0.171 and 0.301 all them positive. The significance levels for these beta coefficients varied between  $t = 3.649$  and  $t = 8.234$  and  $p = 0.001$  for all of them. So, the idealised influence enhances components of organizational performance in varying levels all statistically significance since  $t > 1.96$  and  $p < .05$ . Therefore, Hypothesis  $H_1$  was rejected. Idealized influence has significant influence on performance of State Corporations in Kenya.

The findings show that the relationship between Intellectual Stimulation and the components of organizational performance had beta coefficients varying between 0.148 and 0.380 all of them positive. Intellectual Stimulation has a positive influence on all components of organizational performance. The beta coefficients had varying levels

statistical significance from  $t = 4.615$  and  $t = 11.254$  and  $p = 0.001$  for all of them. Intellectual Stimulation influences components of organizational performance at varying degrees but all statistically significant since  $t > 1.96$  and  $p < .05$ . Therefore, Hypothesis H<sub>3</sub> was rejected. Intellectual stimulation has significant influence on performance of State Corporations in Kenya.

The relationship between Inspirational motivation and the components of Organizational performance had beta coefficients varying between 0.080 and 0.275 all of them positive. Inspiration motivation has a positive influence on all components of organizational performance. The significance levels for the beta coefficients varied between  $t = 1.555$  and  $t = 7.978$  and  $p$  varied from  $p = 0.001$  to  $p = 0.120$ . The relationship between inspirational motivation and learning and growth was not significant  $t = 1.555$  ( $t < 1.96$ ) and  $p = 0.120$  ( $p > 0.05$ ). However, in aggregate the inspiration motivation has positive influence on Organizational Performance. Therefore, Hypothesis H<sub>2</sub> was rejected. Inspirational motivation has significant influence on performance of State Corporations in Kenya.

The relationship between Individual consideration and the components of Organizational performance had beta coefficients varying between 0.386 and 0.533 all them positive. Individual consideration had the strongest relationships with all components of Organizational Performance. The significance levels for the beta coefficients varied between  $t = 8.376$  and  $t = 14.490$  and  $p = 0.001$  for all of them. Individual consideration increases components of organizational performance at varying levels and all statistically significant since  $t > 1.96$  and  $p < .05$ . Therefore, Hypothesis H<sub>4</sub> was rejected. Individual consideration has significant influence the performance of State Corporations in Kenya.

The relationship between Strategic Agility and Organizational Performance was also analysed using Structural equations model. The relationship between the three components of Strategic Agility, strategic sensitivity, Resource Fluidity and Collective Commitment and four components of Organizational performance are Financial Performance, Customers Satisfaction, Business Processes and learning and Growth were positively related. Beta coefficients of the relationships were between 0.126 and 0.576. The significance levels for the beta coefficients varied between  $t = 2.369$  and  $t = 16.669$  and  $p = 0.001$  and  $p = 0.018$ . An increase in Strategic Agility explained improved organizational performance at varying levels and all statistically significant since  $t > 1.96$  and  $p < .05$ . Therefore, Hypothesis H<sub>5</sub> was rejected. Strategic Agility has a positive and significant influence the performance of State Corporations in Kenya.

The mediation effect of Strategic Agility on the relationship of Transformational leadership on Organizational Performance was determined through three-stage process (Men, 2014; McCleskey, 2014). From the structural equation model estimation of the effect of Transformational leadership on organizational performance, without the presence of the mediator had the beta coefficient for transformational leadership on organizational performance was 0.919.

Coefficient of determination  $R^2$  of this relationship is 0.845. With mediation, the relationship changes to beta coefficient  $B = 0.921$  and coefficient of determination changes to  $R^2 = 0.904$ . This was supported by Sobel Test; the statistic was 8.330 and  $p = 0.000$ . This means the mediation effect of strategic agility on the relationship between transformational leadership and organizational performance is positive and significant  $t > 1.96$  and  $p < 0.05$ . Therefore, Hypothesis H<sub>6</sub> was rejected. Strategic Agility has

significant mediating effect on the relationship between transformational leadership and performance of State Corporation in Kenya.

The findings support the claim that TL has a positive influence on organization performance and the mediating effect of strategic agility on the relationship between TL and OP was also found to be significant. Practical implications of the findings of the study have confirmed that TL deriving higher degree of organization performance at the state corporation organizations in Kenya and are more likely open to organizational changes and improvement. The State corporation organizations may take evidence from the findings of the study for creating conducive working environment where affective organizational commitment can influence the OP and customer satisfaction. The study reveals that the adoption of transformational leadership styles improves performance when specific systems of strategic agility constructs are developed in an organization.

The results showed that there was a positive and significant relation between contextual components (transformational leadership and performance) and mediating strategic agility components. These two contextual components explained 84.5 % of the component variance. Also, there was a positive and significant relation between process component and performance component, and the strategic agility component could explain 5.9 % of the performance component variance. Our findings support that transformational leadership and strategic agility with the effect on organizational performance not only improve the state corporation performance, but also change them better in the four elements of organizational performance.

## CHAPTER FIVE

### SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

#### 5.1 Introduction

This chapter presents the summary, conclusions, recommendations and key implications of the research. The research empirically investigated the influence of Transformational Leadership on Organizational Performance and mediation effects of Strategic Agility on State Corporations in Kenya. The summary is based on primary data collected from top leadership of state corporations, research objectives and hypotheses as well as theoretical and empirical literature. The chapter ends with conclusions, key implications drawn from the study, recommendations and suggestions for further research.

#### 5.2 Summary of the Findings

The purpose of this study was to investigate the influence of transformational leadership on organizational performance and mediating effect of strategic agility on the relationship. The research established that there exists a positive and statistically significant relationship between transformational leadership and organizational performance. The research also demonstrated that strategic agility has a positive influence and statistically significant mediation effect on the relationship between transformational leadership and organizational performance of state corporations in Kenya. All the six hypotheses of this research were rejected.

**Transformational leadership:** The research established that there is also a positive and statistically significant relationship between individual components of transformational leadership, Idealized Influence, Inspirational motivation, intellectual stimulation, individual consideration and organizational performance.

The findings demonstrated that the top leadership of state corporations in Kenya show transformational leadership characteristics. The research shows that each component of transformational leadership demonstrated different influence on organizational performance. Some components demonstrated strong relationship with specific components of organizational performance while others showed adequate relationships. Idealised influence, inspiration motivation, intellectual stimulation and individualized consideration have different relationships with the component's organizational performance, financial performance, customer satisfaction, business processes, learning and growth based on Balanced Scorecard.

### **5.2.1 Idealized Influence and Organization Performance**

The study found that majority of respondents agreed that the various aspects on idealized influence were positive and statistically significant and relevant to performance of state corporations in Kenya. Specifically, the findings indicated that majority of the respondents were in agreement that top leadership Kenyan State Corporations communicated the most important values and beliefs. The findings further revealed that majority of the respondents believed in the importance of having a specified sense of purpose.

Regression analysis results established that idealized influence has a strong positive statistically significant effect on performance of state corporations in Kenya. Idealized influence is therefore a predictor of performance of State Corporation in Kenya. The study concluded that idealized influence and inspirational motivation both had a positive and significant effect on organization performance of commercial and strategic functional state corporations. Idealized influence had a positive and significant effect on performance of State Corporation in Kenya.

These results supported Nguyen and Nguyen (2014) findings who found that transformational leadership influences individual job performance. However, the findings contradicted Datche (2015) who found that idealized influence negatively affected employee engagement and performance. The study therefore concluded that idealized influence had a positive and significant effect on performance of commercial and strategic function State Corporation in Kenya.

### **5.2.2 Inspirational Motivation and Organization Performance**

The findings show that majority of the respondents agreed that various aspects of inspirational motivation were applicable State Corporations in Kenya. Clear communication on what needed to be accomplished in simple language was rated highest and that the top leadership talked optimistically about the future. This result corroborated with the findings by (Datche, 2015; Sasaka, 2016; Ngaithe, 2015) on study of influence of transformational leadership performance of State Corporation in Kenya. Regression analysis also indicates that inspirational motivation has a strong positive statistically significant effect on performance of state corporations in Kenya making it an important predictor of performance of State Corporation in Kenya. The study concluded that inspirational motivation had a positive and statically significant influence on performance of commercial and strategic function State Corporation in Kenya.

These findings corroborated the findings by Juma and Ndisya's (2016) that the changes in the inspirational motivation had significant changes in employee performance in Safaricom Plc. The study findings contradicted Brown and Arendt (2011) who found that inspirational motivation had no significant effect on performance of staff in Midwest of Iowa State University. The study therefore concluded that inspirational



motivation had a positive and significant effect on performance of State Corporation in Kenya.

### **5.2.3 Intellectual Stimulation and Organization Performance**

Majority of the respondents agreed that the various aspects on intellectual stimulation were applicable to many state corporations in Kenya. The findings clearly revealed that top leadership suggested new innovative ways to complete assignments and that differing perspectives were sought when solving problems. Results from structural equation model analysis also indicate that intellectual stimulation has a strong positive statistically significant effect on performance of state corporations in Kenya. Intellectual stimulation is therefore a good predictor of performance of State Corporation in Kenya this result concurs with a similar study by Ngaithe et al, (2016).

### **5.2.4 Individualized Consideration and Organization Performance**

Various aspects on individualized consideration were characteristic to many state corporations. The findings further revealed that majority of the respondents agreed that top leadership are conscious that individuals have different needs, abilities and aspirations from others. The study results also reveal that individualized consideration has a strong positive statistically significant effect on organizational performance. The result is in agreement with a study carried out by Datche, (2015). Individualized consideration is therefore a good predictor of organizational performance of State Corporation in Kenya.

The findings indicate that individualised consideration had the strongest relationship (average  $\beta = 0.464$ ) with different components of organizational performance. While inspiration motivation is the lowest effect (average  $\beta = 0.196$ ). Low inspirational motivation scores imply that, leaders communicate optimism about future goals and

challenge followers to high standards but lower in relative to the other components of transformational leadership. For the corporations to improve performance, followers need to have a strong sense of purpose and must be optimistic about the future.

The policy makers in government need to focus on building Transformational leadership capabilities to enable the corporations to operate effectively. Beyond technical capacities, the corporations need transformational leadership to manage conflicting goals and interests, including political interests, from the numerous stakeholders. The Transformational leaders are able to manage the conflicting expectations of different stakeholders.

The study found from the review that top-level leaders display transformational leadership behaviours while implementing performance strategies in the state corporation's organizations in Kenya. In particular, transformational leaders are capable to transform organizational performance through developing internal business processes for enhance quality products and services. Transformational leaders ensure quality in all the levels of product development processes and support to speed up order delivery process with the help of technology. Finally, they also concentrate on reducing cost growth.

Transformational leaders can secure support from political leaders to get stable funding and spending autonomy, achieve performance objectives while simultaneously protecting the corporation from political capture. Transformational leaders can stimulate goal-oriented approach because they often want to make a difference. Transformational leadership through idealised influence, challenge the status quo, reject ill-advised policies by politicians motivated by short-term political gains and can promote networking and partnerships. State corporations in Kenya are by design,

compartmentalized as specialised institutions and act as the competent authorities in their sectors. This leaves no room for horizontal collaboration even if collaboration would improve performance.

### **5.2.5 Strategic Agility and Organization Performance**

The research also demonstrated that strategic agility generates statistically significant mediation effect on the relationship between transformational leadership and organizational performance of state corporations in Kenya. The three components of strategic agility, strategic sensitivity, resource fluidity and collective commitment had aggregate mean score of  $M=3.62$ . Of the three components of Strategic Agility used in this study, strategic sensitivity showed the strongest significant relationship with performance compared to resource fluidity, and collective commitment. The top leadership of state corporations in Kenya have in place policies, standards and control mechanisms that guide the flow of new change perception, flow of resources in different departmental sectors and cadres. Intellectual stimulation and resource fluidity constructs garnered low but significant influence on the relationship with organizational performance.

Majority of the respondents could relate with the items of strategic sensitivity. They thought their corporations largely framed opportunities and threats in new insightful ways as they emerged and rated this the highest. Majority of the respondents also agreed to the various aspects on Resource fluidity where the organizations were structured in a way that allowed for speedy mobilization and redeployment of resources rapidly and efficiently.

Low resource fluidity relationship with organizational performance reflects the context of State Corporation in Kenya. The state corporations do not have resources of their

own. Their financial resources come from the state, flow in line with government budgetary cycles, and are subject to government budgetary constraints. The financial capacity of commercial corporations needs to improve as per the projected infrastructure investment, imply that the manner in which they are currently configured can only play a limited role compared to their counterparts in countries like Singapore, South Africa, Brazil, Russia or China.

State Corporations therefore, require strategic sensitivity turn around on policy measure to expand their market capitalisation by the Government; commercial corporations will be unable to discharge their national developmental finance goals optimally as well in a competitive global environment. Moving human capital resource in the past has been subject to management bureaucracy. The top leadership of state corporations should be able to allocate staff as required by business environment characterised by dynamic pressures and uncertainties.

Finally, majority of the respondents also agreed to various aspects on collective commitment. Specifically, the findings revealed that many state corporations had been structured in such a way that it allowed for prompt capability to mobilize cross-functional action promptly. Data analysis showed that strategic agility had a very strong positive statistically significant effect on performance of state corporations in Kenya. State Corporations should be able to develop the capabilities and tactics that generate multiple strategic frames for their organization business models in the context of their strategic plan time span so that they are not caught in rigidity and stability trap (Doz & Kosonen,2014). In line with strategic interpretations of state corporations performance could be improved by aligning ideologies and strategies with changes in the business environment and reducing organizational inertia (Doz and Kosonen 2010). The state

corporation also requires cognitive diversity among executive who are decisions makers, so that genuinely have different and independent alternative innovations and ideas can be generated for enhanced organizational performance.

### **5.2.6 Mediating Effect of Strategic Agility on the Relationship between Transformational Leadership and Organizational Performance**

The findings of this research show that both Transformational leadership and Strategic agility have positive effects on Organizational Performance of State Corporations in Kenya. The study tested the influence of transformational leadership on organizational performance in the absence of Strategic Agility and the instance when it is presented as the mediating variable.

The results show that when strategic agility was introduced as a mediating variable to the relationship between transformational leadership and Organizational performance, the result of the relationship improved. The strength of the relationship increased from 0.690 to 0.921 and coefficient of determination increased from  $R^2= 0.845$  to  $R^2= 0.904$ . This implies that transformational leadership mediated by strategic agility explains 90.4% of the variance in organizational performance in State Corporations compared to 84.5% when it is not mediated.

Strategic discontinuities and disruptions usually call for changes in business models. This research study therefore summarises that state corporations need to develop three core meta-capabilities to make them more agile in the components of strategic agility such as; strategic sensitivity, leadership unity and resource fluidity. This research therefore makes informed finding summary of adaption of these underlying determinants of these capabilities, based on detailed research undertaken in the 55 state corporations in Kenya. The study also makes a proposition of transformational

leadership actions enabling the meta-capabilities needed to accelerate the renewal and transformation of state corporation business models as mediated by strategic agility. To improve on the findings the study borrowed the three main dimensions of the strategic agility framework presented by Doz and Kosonen (2010), to develop consistent trajectories of leadership actions, through transformational leadership components tested in the study hypotheses to enhance state corporation's performance business models. Therefore, the corporations need to have clear strategies, vision, mission, plans, policies, procedures that can enhance capacities in transformational leadership, strategic agility to improve organizational performance.

### **5.3 Contributions made by the Study**

#### **5.3.1 Theoretical Contribution**

From a theoretical perspective the study has proposed a theoretical model that Transformational leadership through its constructs positively and significantly influence and improves organizational performance mediated by strategic agility. This study demonstrated Transformational leadership and Strategic agility are key drivers of organizational performance and that there is a relationship that exist.

The findings of the study have conformed to the theories that informed the study. The result has made an indication that Transformational leadership, Dynamic capability, Stakeholder and Game theories are reliable theories that can be used by researchers to understand and explain organization performance, capabilities and processes that influence superior performance. Transformational Leadership therefore, is a key capability vital to state corporations in Kenya to improve leadership effectiveness through its components idealized influence, inspirational motivation, intellectual

stimulation and individualized consideration, which were found to be positively related to organizational performance.

Dynamic capabilities theory concept shows the various capabilities that the top leadership can use to integrate, reconfigure various processes through practice of strategic agility construct for superior performance. The theory extends the organization performance model to provide greater understanding on how dynamic capabilities, transformational leadership and balance scorecard model are able to work together to improve performance in a volatile dynamic operating business environment. The study research therefore incorporates all the theories of transformational leadership, dynamic capability, stakeholder, game theory together through hypotheses testing using structural equation method regression findings to support the theory world that can be used to improve performance in state corporations in Kenya.

Second the contribution to theory is that the context of transformational leadership will influence the deployment, integration, reconfiguration of processes and capabilities for superior performance of State Corporation in Kenya which is a contribution to transformational leadership, dynamic capability, stakeholder and game theories through the regressed hypotheses test findings. Past studies have not paid adequate attention to the mediating effect of the theories and top leadership transformational leadership constituents, behaviour, characteristics and their relationship to organizational performance. Third, the study results contribute to organizational performance strategy literature and suggest that effective adaptation to the volatile global business environmental dynamism is through the integrations of all the theories.

Fourth, conceptualization of the model spreads out existing studies that examine firm performance, based on transformational leadership, dynamic capabilities theory,

stakeholder, game theory (collective commitment decisions) using empirical approach. This study, is contextualized to the state commercial and strategic function state corporations in Kenya and provides a persuasive theoretical eagle's eye view valuable contribution to strategic theories that informed this study, Teece et al, (2007). It further makes contribution to the area of leadership (Ngaithe *et al.*, 2016).

The theories through dynamic capability view also contributed to strategic agility and its constructs is a capability that the state corporations require to improve its processes. Strategic agility contributes to better organizational performance on its own and mediated together with transformational leadership. The state corporations may also use Balance scorecard as a tool to measure performance (Doz & Kosonen, 2013).

### **5.3.2 Contribution to Literature**

The research intended to communicate a meaningful observation on the influence of Transformational leadership on organization performance in the existing literature mediated by strategic agility capabilities and processes in organizations.

In this research, the study contributes to the literature on transformational leadership by examining how transformational leaders improve organizational performance. In this study model, the study considered performance outcomes in consideration to the constructs based on balance scorecard as per based on organizations objectives, strategic plans and background performance. The study proposes that transformational leaders influence performance through strategic agility capabilities and balance scorecard processes which are associated with organization performance in uncertain global business environment. To my knowledge in this study, no previous research has appraised transformational leadership construct influence on performance mediated by strategic agility constructs.



### **5.3.3 Contribution to knowledge**

This study has contributed to four key areas of knowledge, currently business organizations including state corporations work in turbulent business environments due to globalization, changes in technology and changes in customer needs and preferences.

### **5.3.4 Turbulence**

This study provides tools to respond to the turbulence and measure the outcomes. Currently business turbulence has created both challenges and opportunities. Through this research the state corporations can overcome the challenges brought by turbulence by being alert in their organization strategies and having a well-structured effective transformational leadership and strategic agility capabilities that can enable them to evolve strategies to manage evolving volatile business environment scenarios more quickly through fast actions, perceptions in the business environment where Strategic agility capability provides the organizations with an effective response tool. The balanced scorecard can be employed more in measurement of organization results and linking them to strategic agility and leadership and management practices. Both strategic agility and BSC provide tools for strategic management, specifically strategic plan implementation.

### **5.3.5 Technology and innovation**

Used as both management and performance measurement tool, BSC through its internal processes, learning and growth component facilitates technological innovation. This can be better achieved by transformational leadership capabilities of top management of the business organizations. Use of new technological and business-related knowledge to offer new products or services that customer needs and preferences. Strategic agility capabilities can enable state corporations re arrange financial and

human resources that respond to prevailing business environment and gain competitive advantage. The balance scorecard and strategic agility will enable the state corporation respond to the environment and monitor the effectiveness of the response strategies.

### **5.3.6 Globalization**

The study looked at business in the context of globalization and the variables take into account the interestedness of business environment. Globalized customer demand and availability of technology for organizations internal processes and information requires preparedness to take advantage of wider market and availability of production technologies. The study has made a contribution to knowledge on the use of balance scorecard to realise performance in state corporations. The state corporations can exploit global markets and rapid customer intelligence technologies by looking for new business and marketing model using capabilities and tools of Transformational leadership, strategic agility and Balance scorecard.

### **5.3.7 Managerial Contribution**

This research examined how organizations can use their internal strengths, such as transformational leadership and strategic agility to cope with external threats and grab opportunities to improve their performance. Coping with business environment entails use of critical organizational capabilities. The state corporations have many challenges but many tasks implied by strategic agility involve management processes. The study proposes integration of aspects of transformational leadership and strategic agility to improve performance. This can be achieved through well-structured institutional assessment and processes analysis followed by capacity building.

The findings indicate that a great deal of transformational leadership behaviours and principles can be detected in state corporation top management leaders and followers

alike. Some State Corporations exhibited high transformative characteristics in the whole team from top management to the training departments and to customer care team, personified transformational leadership, displaying numerous examples of behaviours from each of the four components (idealized influence, inspirational motivation, individualized consideration, and intellectual stimulation). Each individual displayed and personified several, if not all, components of transformational leadership. For the mediating variable, the findings suggest a partial fit of mediation for the state corporations of the existing strategic agility framework for state corporations. Two of the proposed meta-capabilities (leadership unity and resource fluidity) seem inherent to state corporation performance because they relate easily to this context, although they need to be downscaled. One meta-capability (strategic sensitivity) is less natural and therefore more critical for the performance of the state corporation. An additional meta-capability (resourcefulness) arises as very important for state corporations to be able to overcome some of their dismal performance.

Despite the lack of pertinent standards for the measure of performance of State Corporation in Kenya, the results supported both the theories and research. Management of these corporations and other can balance scorecard to manage both financial and non-financial outcomes of the organizational. This study involved the top leadership, the CEOs and Managers of state corporations who need techniques and skills to motivate their follower's through vision and strategy formulation.

Practicing managers will find some valuable implications for application in designing strategies used in enhancing organization performance, notably, the appropriate model for use when allocating, mobilizing resources and selecting the competencies and capabilities that would meet organization results and objectives.

### **5.3.8 Contribution to Knowledge**

The study has also made contribution to knowledge in the field by verifying if transformational leadership is indeed effective in the Kenyan state corporation context. Past studies have indicated a preference for transformational leaders has been observed in different countries (*e.g.* Walumbwa, Lawler, Avolio, Wang, & Shi, 2015), at the global level US biasness of the approach (Den Hartog & Dickson, 2012) suggests that its general consideration in all sectors should be something to be considered. From the Africa context, management in Kenya is mostly applied in state enterprises and family owned businesses. Past research on transformational leadership can be found in the local management literature (*e.g.* Datche, 2015, Ngaithe, 2016), quantitative and qualitative research studies examining the connections between transformational leadership organization strategic agility and performance is still scarce.

### **5.3.9 Credibility of the Study**

Credibility of this study was indemnified in various ways. A number of theories were used to form the foundation of the study and further elaborate analysis. Using inductive approach with both empirical data and theoretical background increased external validity. Depth of and Breadth of the study was ensured at data collection using many sources, different corporations and different categories within the participating corporations. Triangulation of analysis and data collection methods enabled cross validation of the findings.

Data triangulation was employed to ensure data accuracy. Comparison was also made between interviews and documents, *e.g.* alignment of transformational leadership, strategic agility and organization performance. Methodological triangulation refers to this kind of use of different method for gathering data; however, in this study mainly

two different methods was be used. Although theory and empirical evidence was overlapping in analysis, it might not be comparable for the true meaning of theoretical triangulation. However, the inductive approach increases internal validity. When emerging new insights were gained, different explanations were assessed and explored to ensure validity and the right interpretations. Pragmatism philosophical background used in this study was also an indication of quality (Piekkari et al., 2009).

#### **5.4 Suggested Action plans for Superior State Corporation Performance**

Top leadership is critical in facilitating high performance in companies including state corporations. Top leaders who have knowledge and skills through for example, intellectual stimulation, can improve performance by being innovative and managing uncertainties in their sectors and seize opportunities as they improve on strategic sensitivity of its flow. State Corporations' top leadership can solve more problems and discover new ideas and ways of doing things through intellectual stimulation leadership, resource fluidity collective commitment managements.

Some of the respondents from the state corporations are already practising resource fluidity in their human resource by involving in transferring personnel to different departments. A few top leadership participants noted that their corporations had collaborated with the other industries to help improve or perfect some of the innovations for improved performance. However, the concern that was pointed out was the lack of interface between internal and external processes and it takes long to implement innovative processes.

The participants acknowledged that transforming the staff through intellectual stimulations to innovate to improve performance is a complex process because of many players involved hence need for a close practice of collective commitment at different

cadre levels. The participants also believe that collective commitment would stimulate intellectualism hence innovations since this will bring together different groups of people in the organization with different ideas, approaches, experiences and methods for improved performance. Learning and growth would allow more innovation and ideas to be refined improved and contribute highly to the transformation of our society thus high contribution of the state corporation performance.

### **5.5 Conclusion**

The study examined the relationship between transformational leadership and organizational performance mediated by strategic agility in state corporations in Kenya and makes two main conclusions. First, contrary to previous empirical evidence (Arnold, Barling, & Kelloway, 2001; Erkutlu, 2008; Pillai & Williams, 2004; Shi, 2004), the mediation effect of strategic agility was positive and statistically significant. Secondly, this study lends support to the Transformational leadership theory, defined as a leadership approach that causes change in individuals followers and social systems in communities and organization, and in an ideal form, it creates valuable and positive change in the followers with the purpose of developing followers into leaders( Burn&Avolio,2006) for improved performance. Government is also expected to earn increased dividends from its remaining shareholding as a result of improved performance of state corporations.

Individualized consideration entails respect shown for individuals concerns and personal feelings and needs are addressed. The top leadership and management in the state corporations were seen as providing extensive support to their staff as an important and enjoyable part of their role. In many instances, their support to staff took the form

of a mentoring relationship. They provided the materials the staff needed and encouragement to be wholly involved in the activities of the state corporation.

The study reveals that top management assisted staff with motivational performance discipline. The top leadership also helped the employees with working strategies and encouraged them to use their diverse skills. Their support to staff was also evident. The top managements were also strong advocates for their staff and worked hard to provide the best for them. These followers also on the receiving end of support and encouragement as they considered becoming managers, administrators, and heads of departments.

Intellectual stimulation is evident when staff members are challenged to re-examine some of their assumptions about their work and to rethink how it can be performed. An important part of this in the state corporations is the attention paid to professional developments. The top leadership management should enable their staff members to be involved in professional development. Their involvement should include providing the time 'for developing the content and giving their staff professional development seminars and workshop sessions.

They sought to give their staff knowledge and confidence. They were also cognizant of their own intellectual growth during the research. Their contact with professionals in other agencies and mentors outside their workstations and their work with other departments expanded their horizons and provided professional stimulation for them. Their workshops and seminars studies kept them current extended their interactions with mentors from other state corporations from other countries and indicated their commitment to intellectual stimulation.

This finding implies that transformational leadership is an important competency to be developed since it can influence organizational performance. Based on these findings, it is evident that leadership development is a critical area that needs to be addressed by both relevant authorities and industries to increase organization performance of State Corporation in order to manage global business environment uncertainty and disruptions.

More leadership training programs need to be developed to shape the present and future state corporation's top management on how to develop strategic agile approaches and practice in their organizations. Although becoming strategically agile is a rigorous task, the top leadership in these corporations must gain these critical capabilities. Transformational leadership mediated by strategic Agility realizes better performance in state corporations in Kenya than transformational leadership practiced without strategic agility practices.

This study is among the first to study the mediating predictors of organizational performance in Kenya state corporations. It also provides empirical support on the mediating effect of strategic agility on the relationship between transformational leadership and organizational performance that has not been studied in other researches. The inconsistent findings on the relationship between transformational leadership and organizational performance might indicate the inappropriateness to generalize past findings. In terms of methodology, the use of PLS-SEM, which has been observed to be more robust compared to other multivariate techniques, would lend credibility of the findings.

The primary objective of this study was to rank the components of transformational leadership style on organizational performance and mediating role of strategic agility



in state corporations in Kenya. To conduct this research, six hypotheses were examined. Dimensions of transformational leadership and organizational strategic agility approaches were considered as factors influencing organizational performance. According to the testing of the hypotheses of the study, there was a significant relationship between the dimensions of transformational leadership and organizational performance. The results of the survey are consistent with the obtained results by Kosonen et al. (2013), etc.

The study result is in consideration of the fact that transformational leadership has an influence on organizational strategic agility, and organizational strategic agility has an influence on organizational performance, thus organizational strategic agility in the influence of transformational leadership has a mediating role on the organizational performance. Results of this hypothesis is consistent with the results of Datche (2015) and Ngaihe et al (2016).

## **5.6 Recommendations**

Based on the findings, this study makes a several recommendations

### **5.6.1 Recommendation to the Top management**

This research recommends that top managers in the state corporations promote clear vision, show strong commitment to goals, and create trust and confidence in their workforce in order to enhance organizational performance. The State Corporations should build on Transformational leadership components to enhance efficiency and effectiveness for improved performance. Through systematic adaptation of transformational leadership components, state corporations will manage to adopt relevant leadership management strategies to take up opportunities in the uncertain business environment to enhance organization performance. This study further

recommends that all stakeholders in these institutions need to assess, identify and respond to factors that affect efficient integration of Transformational Leadership to improve their performance.

Managers who are transformational leaders and the followers should try to build strategic agile approaches in the work environment; because they lead to organizational strategic agility, and consequently helps in realizing performance of the organization. Organizational workers should be trained more in the organization's strategic agility approaches and transformational leadership practice on the corporation's environment. Attempts should be made to make an environment that everybody can cooperate actively and present their ideas freely; and factors such as challenging communications to improve organizational subjects, should be rewarded. Transformational leadership should be used to make a consultative atmosphere, improve intellectual stimulation.

Organizations differ because they have different resources, competencies and visions as indicated by Datche (2015). To formulate the vision or goals, top leadership of these corporations need to embrace transformational leadership as well as adopt strategic agility practices. The study proposes that state corporations establish systems that enable transformational leadership practices, allow relevant and appropriate leadership strategies by incorporating into business strategies, policies and practices at all levels of the organization.

The attention is on Transformational leadership its components influences organization performance through using different theoretical capabilities such as dynamic capabilities theories in integrating, building and reconfiguring internal and external resources and competencies for superior performance in volatile business environment.

The concept of organization performance and its dimensions were introduced by reviewing extant literature on Balance Scorecard.

According to this study top manager in State Corporation should follow the Yukl (1994) guideline information for transformational leadership by Developing a challenging and attractive vision, together with the employees to enhance performance, tie the vision to a strategy for its achievement in the uncertain global business environment. The top management should develop the vision and work together on it with followers, specify and translate it to actions for improve performance realization. They should express confidence in the challenging business environment, decisiveness and optimism about the vision and its performance. The management should work together with their staffs at all levels by realizing the organization vision through small planned steps and small successes in the path for its full performance.

Communications flow on customers' needs should be encouraged to help the organizations rapidly respond to those needs. Some of the needs may include creation of new products and services, identifying new supply sources, hiring of staff with particular technical and leadership competencies that may be required to meet the customers' needs through learning and growth perspective strategies of Balance scorecard. Additional new trainings on leadership as they progress in various levels. In addition, information through journals, research reports and training should be encouraged in those state corporations that are more exposed to global market place and where the global trends have not been adopted. Such actions can generate new product ideas and new information, which can help the corporations identify opportunities, seize the opportunity and respond to the needs in the market or industry for improved organizational performance.

State corporations should invest heavily in technology to facilitate generation, conversion, application and preservation of strategic agility approaches. Advances in new technology can create new opportunities that will help in facilitating the adoption of strategic agility processes. Strategic agile technological responses can for instance help solve the lead-time challenge as new information can be received and shared in real time internally and externally. Qualified and skilled staff of organization should be highly motivated and allowed to adapt strategic agility approaches continuously to keep up with environmental challenges and build a culture of effective and efficient performance.

Policy development motivating and encouraging collective commitment from the top management to the lower cadre should be communicated between people and whole organization should be encouraged by managers. The teamwork element should not be ignored. Further, study recommends that state corporations in Kenya should endeavour to develop standardized process of communicating, storing, retrieving, distributing and updating strategic agility approaches to be adopted by the organizations. The study recommends that the corporations need to formulate formal systems of communicating new opportunities in the uncertain environment for increased performance across the Organizations.

### **5.6.2 Structure and Practices enabling Resource fluidity**

The findings of this research show that resource fluidity had the lowest score. The findings indicate that flexible allocation of financial and human resources is still a challenge. Although the resources are allocated to different units, internal mobility and joint project activities do not happen frequently enough. Practicing resource fluidity

will create employment opportunities for the youth for a more stable and cohesive society achieving vision 2030.

Structurally there are open communication structures that allow communication hence this can allow easy flow of communication among department hence manage remove many obstacles that may delay internal processes as time goes by. If some structural boundaries and silos are removed, the state corporations may perform better than expected. If the organizations cannot move resources over departmental boundaries, then they will not be able to handle uncertainties' and hence lack of resource movement at the appropriate time and hence poor performance. The findings of this study also show that the state corporations should become more integrated entities to allow resource fluidity for high performance through taking proactive measures like plans to find new areas for funding, make their cash flow agile, increase financial alertness in all the departments of the organizations.

State corporations can improve their performance through flexible structures. The corporations need to develop structures and operationalize them. Otherwise, these can remain white elephants with no performance improvement. Often, there may be no actual boundaries in structures, but staff functions as if they exist due heavy bureaucracy.

There are about 178 state corporations that if their common resources from operational units such as: marketing and communications, growth and development in the human resources department (HR), strategy and international network and general services were integrated they cope with uncertainties and resource scarcity better and facilitate high performance all year round. Strategic sensitivity, resource fluidity and collective

commitment have significant positive influence on results across all the departments in the state corporation.

### **5.6.3 Policy Recommendation**

This study will contribute towards reform of management and leadership in the state corporations through innovative leadership style and management strategies. It can inform policy and state corporations reform strategies since it empirically analysed the causal relationship between transformational leadership and organizational performance of the state corporations in Kenya.

Planning and economic departments in the State Corporations should be able to develop policies and practices relating to transformational leadership and strategic agility. This can be done by developing training and development programs for leaders or managers in state corporations that allow for teamwork and strategic sensitivity to improve performance in their organizations. The departments should create an environment that encourage steam work to improve organizational performance by developing challenging and attractive vision together with all the staff in the corporations.

The vision ought to be tied to strategies developed to achieve them. These can be put into action by leaders who are self-assured that the goals will be achieved through individual and team support. Although the study specifically focused on State corporations in Kenya, the government of Kenya can borrow a leaf from the study findings for purpose of policy to enhance state corporation performance for realization of their vision 2030 goals.

### **5.6.4 Managerial Recommendation**

Top leaders of state corporations should possess capabilities that's the employees' enthusiasm about work and enhance their performance through intellectual stimulation.

Managers in state corporations intending to boost their organizations performance through transformational leadership should focus on the four transformational leadership behaviours of inspirational motivation, intellectual stimulation and individualized consideration that were found to be significant for both strategic agility and organizational performance. State corporations need to keep their leadership strategic, encourage autonomy and innovative decision-making.

The managers will be able to develop a challenging and attractive vision, together with the staff and connect the organization vision to a strategy to attain high performance. Through transformational leadership, the managers can realise team work and share vision of the organization, translate it to actions that improve performance. The managers will enable its workforce to express confidence, decisiveness and optimism about the vision and its performance as well enable the whole workforce through coaching mentoring to realize the vision through planned steps and small successes in the path for its full achievement.

The study results also have important implications for practicing managers and leaders. The results guide CEOs and state corporation firm stakeholders on how to improve organization performance. From the study, it was found that application transformational leadership results significantly improve organization performance. First, idealised influence inspirational motivation, intellectual stimulation, individual consideration, mediating variable constructs such as strategic sensitivity, resource fluidity, collective commitment on the organization performance.

Although these capabilities are not distinct, it was concluded that organizations that display high propensity to sense opportunities and threats, are able to make timely decisions and changes, in volatile business environment and achieve improved

performance. Further, those state corporations with high concentration of transformational leadership constructs are able to reconfigure, adapt and integrate external opportunities and to reconfigure internal processes on which they leverage to improve their performance. The findings showed that state corporations should often assess their level of transformational leadership components, mediated strategic agility construct that enable them achieve their short, medium long objectives and goals for realised performance.

### **5.6.5 Recommendation for Practitioners**

This study provided important recommendations for not only theory, but also practice. The study presented these recommendations as salient insights into strategic management for both practitioners and scholars. The study findings fill the knowledge gap on the model of organization performance in the context of transformational leadership influence on organizational performance. It is expected that the results would influence top management training and experience and dimensions that affect strategic insights for improved organization performance. Future studies should examine more other variables that inter-play within other leadership's components, mediated strategic agility components and organizational performance relationship.

Transformational leadership through idealised influence is characterised by high ethical behaviour. From this research, idealised influence was average at  $M=3.43$  which is possibly too low for public institutions. Management of these state corporations should consider the moral and ethical implications of any decisions they make. Top leadership should come up with a clear communication strategy through which to communicate vision and mission to enlist the support and understanding of their followers.



Top leadership should initiate coaching and mentorship programs in their corporations in order to have constructs of transformational leadership practiced for growth to realise their performance. Structural adjustments are necessary to ensure that state corporations operate efficiently and effectively guided by the balance scorecard approach. Internal business processes, customer focus, learning and growth, and financial sustainability are key performance tenets that should be optimized across all departments.

### **5.7 Areas for further research**

This research established that transformational leadership through its components, idealized influence, inspirational motivation, intellectual stimulation and individual consideration, has positive influence on organizational performance of State Corporations in Kenya. Strategic Agility also has a positive influence on organizational Performance as well as a mediating variable between transformational leadership and Organizational performance. However, these findings specifically relate to State Corporations in Kenya and so study can be furthered to in other organizations to improve performance.

Different sub-sectors of the state corporations at the county levels can also be researched to derive deeper conclusions relating to each specific corporation organization sector for improved performance. The state corporations not included in the study may have left out dynamic perspectives and contributions to this study. Researchers could consider introducing other variables in similar studies such as the external environment, firm characteristics, strategy among other variables and establish their influence on performance. The protagonist of corruption and integrity on performance of Kenyan state corporations should also be considered

and further researched in depth on the influence of poor performance of the organizations.

Future research should assess similar relationships in private sector companies, non-governmental or not-for-profit organisations. Transformational leadership, strategic agility are capabilities that can improve performance in state corporations and meet stakeholder expectations. This research collected data from top management only. Future studies may include other employees to provide data from the whole corporation. Also, the study only specified transformational leadership, other leadership practices also need to be studied on how they influence performance of the organizations.

Much more research and studies need to be performed in this transformational leadership and organizational performance subject. Much more subjects relating to transformational leadership, strategic agility and organizational performance need to be made. Links among transformational leadership and another organizational topics and outcomes need to be searched. As the study of transformational leadership continues to arise more fully, it may help to better understand the effect of this model on prophesying strategic flexibility, strategic agility, and organizational performance and toward creating competitive advantage for the organizations in general.

Further study should also be done on mediation effect of different components of strategic agility on the relationship between transformational leadership and organizational performance. Although this research contributed to number of important users, it had several recommendations that suggest further possibilities for empirical research. The research was on survey data based on self-reports might have ay be subject to social desirability bias. However, assurance of anonymity reduced such bias even when respondents relate sensitive topics.

Secondly, the study concentrated exclusively on two sectors of state corporations (commercial and strategic functions). Other state corporations and sectors may yield different results. Third, the study model analysed only some factors influenced by transformational leadership. Other factors that merit study, such as strategy, shared vision, teamwork and technology could also be researched (Lindley & Wheeler, 2000; Senge, 1990). The study recommends other research should also examine other consequences of transformational leadership in organizations such in quality improvement or improvements in teamwork.

Fourth, the cross-sectional nature of the research into a series of dynamic concepts of performance (e.g. Financial and Non - financial) allows us to analyse only a specific situation in time of the organizations studied, not their overall outcomes over time. The lag between the actions on the independent variables (idealized influence, Inspirational motivation, Intellectual Stimulation, Individual consideration) should be taken into account and the performance outcomes in future studies. The study also recommends other research such as longitudinal studies on the organizations, which was not possible in this study because of cost and time constraints.

Fifth, performance should be evaluated from a multidimensional perspective measures of organization performance which will distinguish between different levels of organizational performance, financial, operational and efficiency. The narrowest conception of business performance uses primarily outcome-based financial indicators (e.g. sales growth, earnings per share) that are assumed to reflect the fulfilment of the firm's economic goals.

A broader conceptualization of state corporation performance would emphasize indicators of operational performance (e.g. market share, product quality) as well as

those of financial performance. Finally, organizational performance takes into account other representatives involved in the organization, measuring for example employee satisfaction in the organization. Given the important role of organization performance, the study encourages future research to devote closer attention to measuring organization performance from a multidimensional perspective.

The study also recommends further research on development of a collaborative policies between state corporations and other practitioners that could generate an organizational strategy around the concept of 'transformational leadership', permitting further study of the processes, means and mechanisms by which to transform this kind of leadership into sustainable competitive advantage for the implementation of Sustainable Development Goals (SDGs). Future studies should be based on larger samples, preferably in more than one country. It would also be interesting to study similar characteristics with data provided by lower levels of management and workforce in the organization.

There is, however, still need for future researches to be done to establish the specific areas of strategic agility influenced by transformational leadership behaviours, as well as their contribution in any organizational performance. Since majority of empirical studies reveal that, there is an enormous return on investment for organizations and even governments need to take this opportunity to become fully agile, and as well establish other factors that may influence strategic agility levels, which will further improve organizational performance.

The current study gives some directions for future research in the context of Transformational leadership and performance of State Corporation in Kenya mediated by strategic agility and all the constructs of strategic agility (mediating) variable had

positive influence. This study focused on selected state corporations; future studies can focus on all the state corporations in Kenya. Future studies may also focus on SMEs, Microfinance, manufacturing industries and examine the study variables similar to the ones defined in this research to measure their organizational performance.

The present study considered strategic agility and its constructs as one of the variables. Once the proposed framework of this study is tested, the results can serve as a policy to the government corporations, different sectors in the state corporations to help them identify strategic agility integrations competence of the firms and strategic agility influence on their performance both directly and through Transformational Leadership. Furthermore, future studies can find other constructs and styles of leadership such as servant leadership, authentic leadership to examine their effects on organization performance and at different categories of firms 'performance such as operational and financial performance.

Previous studies have not paid adequate attention to the mediating effect of strategic agility capabilities through its components on the relationship between Transformational leadership and its components on organization performance. The study results contribute to organizational performance strategy literature and suggest that effective adaptation to transformational leadership, strategic agility dynamism is through the deployment of dynamic capabilities, which is a subject to top leadership.

The conceptualization of the model improves on existing studies that examine organization performance, based on the transformational leadership theory, dynamic capabilities view theory, Stakeholder theory, and game theory using empirical approach. This study, however, is contextualized to the state corporations in Kenya and offers a high-pitched theoretical view lens and valuable contribution to strategic

theories of the dynamic capability view, stakeholder, game theory and dynamic capabilities theories and well contribution to the area leadership.

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## APPENDICES

### Appendix I: Academic Research Application Letter

JUDITH ATIENO OGOLLA

P.O.BOX 20582 00100.

NAIROBI, KENYA

THE CEO.....

P.O. BOX.....

NAIROBI

Dear Sir/Madam,

RE: Request to Participate in a Study on “Transformational Leadership, Strategic Agility and Performance of State Corporations in Kenya”

I am Judith Atieno Ogolla doctoral candidate at Kenya Methodist University pursuing a Doctor of philosophy degree in Business Administration and Management, conducting an academic study on “Transformational Leadership, Strategic Agility and Performance of State Corporations in Kenya”. Your organisation has been identified to participate in this study through your managers who would be requested to voluntarily fill the attached questionnaire. We request your assistance in responding to the attached questionnaire to enable us analyse the data and be able to understand more about leadership, strategic practices and performance in organisations.

The information provided will be confidential and shall only be utilized for the purpose of this academic (thesis) study. No study firm or respondents will be named in the study, its findings or recommendation. The study will have direct benefit to the study firms and the researcher is will share the findings and recommendation to the firm that will wish to read the final report. For any inquiry please don't hesitate to liaise with my supervisors:

Prof. Thomas Senaji Email: [tsenaji@gmail.com](mailto:tsenaji@gmail.com) and Dr. Methuselah Bichage Gesage Email: [Methuselah.Gesage@kemu.ac.ke](mailto:Methuselah.Gesage@kemu.ac.ke).

Yours Faithfully

Judith Atieno Ogolla

Researcher: Email: [jaogolla@yahoo.com](mailto:jaogolla@yahoo.com). Tel. +254 722 392 118.

## Appendix II: Research Questionnaire

### INSTRUCTIONS

This questionnaire is divided into seven parts. Part one requires general information while the other parts seek information on the research variables. Kindly do not write your name anywhere in this study.

Please respond to questions by ticking (✓) against the appropriate information and writing appropriate answer in blank spaces.

### SECTION A: DEMOGRAPHIC INFORMATION

1. Name of the institution (optional).....
2. What is your gender? Male [ ] Female [ ]
3. What is your highest level of education?  
Doctorate [ ] Masters' [ ]  
Bachelor's [ ] Diploma [ ]  
Others (specify.....)
4. What is Current Position in the Organization-?  
Top Management Team (CEO, Director, General Manager) [ ]  
Middle level manager (or section head) [ ]  
Operational Manager (or supervisor) [ ]  
Other category (specify) [ ]
5. How long have you been in current position?  
Less than 5 [ ]  
5 to 10 [ ]  
10 to 15 [ ]  
Over 15 years [ ]
6. Please tick your age bracket?  
Below30s [ ]  
31-40 [ ]  
41-50 [ ]  
51-59 [ ]  
Over 60years [ ]

## SECTION B: TRANSFORMATIONAL LEADERSHIP

### Part 1: Idealized Influence

The Leaders act as role models and display a charismatic personality, willingness to take risks and follow a core set of values, convictions and ethical principles in the actions he takes that influences others to want to become more like the leader. Please use the point scale below to indicate your level of agreement by ticking each one of the given statements as they apply to your organisation's leadership: (1). Strongly disagree (2) Disagree (3) Neutral (4) Agree (5) Strongly agree

	<b>Opinion</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
II1	Top leadership talks about the most important values and beliefs					
II2	The importance of having a strong sense of purpose is specified					
II3	Moral and ethical consequences of decisions are considered					
II4	Top leadership emphasizes the importance of having a collective sense of mission					

### Part 2: Inspirational Motivation

Inspirational motivation refers to the leader's ability to inspire confidence, motivation and a sense of purpose in his followers. It's also the Articulations of a clear and appealing view of the future, development of a shared vision in both economic and ideological terms so that the followers see meaning in their work. Please use the point scale below to indicate your level of agreement by ticking each one of the given statements: (1) Strongly disagree (2) Disagree (3) Neutral (4) Agree (5) Strongly agree

	<b>Opinion</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
IM1	Top leadership, communicate clearly what needs to be accomplished in simple words					
IM2	Top leadership talk optimistically, about the future					
IM3	Top leadership articulates a compelling vision for the future					
IM4	Top leadership expresses that goals will be achieved.					

### Part 3: Intellectual Stimulation

Stimulation leaders raise their followers' awareness regarding problems and develop their capability to solve such problems in many ways by sharing knowledge,

encouraging innovation and creativity. Please use the point scale below to indicate your level of agreement by ticking each one of the given statements: (1). Strongly disagree (2) Disagree (3) Neutral (4) Agree (5) Strongly agree

	<b>Opinion</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
IS1	Top leadership re-examines critical assumptions to question whether they are appropriate					
IS2	Differing perspectives are sought when solving problems					
IS3	Top leadership gets others to look at problems from many different angles					
IS4	Top leadership suggests new innovative ways to complete assignments					

#### **Part 4: Individualized Consideration**

A transformational leader applies individualised consideration through listening to each follower's needs and concerns, expressing words of thanks or praise as a means of motivation, ensuring fair workload distribution, undertaking individualized career counselling and mentoring. Please use the point scale below to indicate your level of agreement by ticking each one of the given statements: (1). Strongly disagree (2) Disagree (3) Neutral (4) Agree (5) Strongly agree

	<b>Opinion</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
IC1	Top leadership spends time teaching and coaching employees					
IC2	Top leadership treats others as individuals rather than just as members of the organization					
IC3	Top leadership considers individuals as having different needs, abilities and aspirations from others.					
IC4	Top leadership helps others to develop their strengths					

### **SECTION C: STRATEGIC AGILITY**

#### **Part 1: Strategic Sensitivity**

Doz and Kosonen (2014) define Strategic Agility as the ability to make strategic shifts on a time basis, by adopting re-orientation and re-innovation in changing business environments. Based on this understanding, please use the point scale below to indicate

your level of agreement by ticking each one of the given statements: (1).Strongly disagree (2) Disagree (3) Neutral (4) Agree (5) Strongly agree

	<b>Opinion</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
SS1	Our organization policies practices clear mission “line of sight” throughout to frequently help in taking effective action in complex rapidly changing conditions in the organization					
SS2	Our leaders frame opportunities and threats in new insightful ways – as they emerge					
SS3	Our structure encourages co-strategizing with multiple stakeholders					
SS4	Has Clear mission “line of sight” throughout the organization that enhances our performance.					

### **Part 2: Resource Fluidity**

Resource Fluidity means ability to flexibly move resources from one place to another as needed so to achieve this diversified portfolio of independent units, a cadre of general managers who can be transferred across units (Caillier, 2014).Based on this understanding, please use the point scale below to indicate your level of agreement by ticking each one of the given statements: (1).Strongly disagree (2) Disagree (3) Neutral (4) Agree (5) Strongly agree

	<b>Opinion</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
RF1	Our structure allows mobilizing and redeploying of resources rapidly and efficiently					
RF2	Our structure allows open communication.					
RF3	Our structure allows mobility of team and Knowledge across departments as tools to win?					
RF4	Our structure provides opportunities by being able to flexibly move resources from one unit to another as needed to improve performance					

### **Part 3: Collective Commitment:**

This is the ability of the top team to make bold decisions. Leaders of the best-performing organizations defined their jobs in terms of identifying and constantly communicating commonly held values, shaping such values to enhance performance, ensuring the capability of people around them, and living the commonly held values.” (Heskett &Schlesinger, 1996, p. 112). Based on this understanding, please use the point scale below to indicate your level of agreement by ticking each one of the given statements:



(1). Strongly disagree (2) Disagree (3) Neutral (4) Agree (5) Strongly agree

	<b>Opinion</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
CC1	Our structure allows effective capabilities for decision-making down the line of the organization					
CC2	Our structure allows prompt top team collaboration without being bogged down					
CC3	Our structure allows prompt capability to mobilize cross-functional action swiftly					
CC4	Our organization practice prompts response and fast decision to improve performance					

## **SECTION D: ORGANIZATIONAL PERFORMANCE**

Organizational performance is described as an organization's ability to acquire and utilize its scarce resources and valuables as expeditiously as possible in the pursuit of its operations goals (Griffins, 2006).

### **Part 1: Financial Performance**

The statements below explore whether the corporation's strategy, implementation, and execution are contributing to financial status of the corporation. They include whether it is serving its targeted customers in order to meet its financial objectives. Based on this understanding, please use the point scale below to indicate your level of agreement by ticking each one of the given statements: (1). Strongly disagree (2) Disagree (3) Neutral (4) Agree (5) Strongly agree

	<b>Opinion</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
FP1	This Parastatal is serving its targeted customers in order to meet its financial objectives.					
FP2	Return on assets (ROA) in our company is well above the industry average					
FP3	Return on Equity (ROE) in our company is well above the industry average					
FP4	Value added per employee in our company is well above the industry average					

### **Part 2: Customer Satisfaction**

The state corporations in Kenya focus on customers and stakeholders who use the corporation's products and services. Their corporate missions focus on the customer. The statements below explore how top management and corporation leadership translate their mission statement on customer service into specific measures that reflect the factors that really matter to customers. Based on this understanding, please use the point scale below to indicate your level of agreement by ticking each one of the given statements: (1). Strongly disagree (2) Disagree (3) Neutral (4) Agree (5) Strongly agree

	<b>Opinion</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
CS1	This Parastatal has highly satisfied customers					
CS2	This Parastatal has put in place mechanisms for ensuring quick response to customer complaints.					
CS3	This Parastatal enjoys a good public image.					
CS4	Products and services from this State Corporations are of high quality					
CS5	The number of customer complaints within the last period has decreased strongly.					
CS6	This Parastatal retain existing customers and manage to attract new ones					

### **Part 3: Business Process**

An organization use internal business processes that affect cycle time, quality, employee skills, employee retention and productivity. Organizations attempt to identify and measure their core competencies, ICT resources needed to ensure continued customer satisfaction. Based on this understanding, please use the point scale below to indicate your level of agreement by ticking each one of the given statements:(1).Strongly disagree (2) Disagree (3) Neutral (4) Agree (5) Strongly agree

	<b>Opinion</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
BP1	This Parastatal has a high ability to retain employees over a long period of time.					
BP2	This Parastatal has realized a high increase in output over the last five years (for example number of new programmes)					
BP3	The operational efficiency of this Parastatal has increased over the last three years					
BP4	This Parastatal continuously adopts new processes and procedures					
BP5	This Parastatal is generally innovative.					
BP6	Productivity of employees is much higher than industry average.					

### **Part 3: Learning and Growth**

The customer-based and internal business process contributes to improved organizational performance. Organizations have to undertake continuous improvement in their products, services and processes based on their experience and learning from the business environment as well as develop capacity to innovate, improve, and learn create more value for customers and stakeholders. Based on this understanding, please

use the point scale below to indicate your level of agreement by ticking each one of the given statements: (1). strongly disagree (2) Disagree (3) Neutral (4) Agree (5) Strongly agree

	<b>Opinion</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
LAG1	This Parastatal includes employee training and corporate cultural attitudes related to both individual and corporate self-improvement.					
LAG2	In our organization we often organize internal training of our employees.					
LAG3	We frequently send our employees to seminars, workshops, conferences with intention to create environmental awareness.					
LAG4	Employees' trust into leadership is high.					
LAG5	Top managers promote and support innovative ideas, experimentation and creative processes.					
LAG6	These Parastatal focuses essentially on training people to access new skills, improving the systems and reconciling procedures and practices.					

**SECTION E: Discussion Questions**

- 1.What inputs does your department have in the corporation's strategic direction?  
.....  
.....
- 2.How visible are you (your department) in executive management functions?  
.....  
.....
3. How do you know the corporation is doing well?  
.....  
.....
- 4.How often have you changed departmental plans due to unforeseen circumstances?  
.....  
.....
- 5.What types of changes have you (your department) routinely instituted?  
.....  
.....
- 6.Any other comment  
.....  
.....

***THANK YOU FOR YOUR PARTICIPATION IN THIS STUDY***

### **Appendix III: Interview Guide**

The interview schedule was made up of three major parts which are; the opening, the body and the closing. The opening was meant to build rapport with the respondent whereby the researcher shakes hands with the respondent and then introduce herself. This was followed by explaining the purpose of the interview, the importance of the information and how broad the interview was and the shortest time it will take.

The body of the interview guide had the potential questions and possible probing questions under each. This was to give some freedom for probing into answers and acclimatize to the setting. This type of schedule will enable recording answers and is simple to conduct.

The closing part was concise and not swift. The researcher then thanked the respondent for his or her time.

#### **Interview Guide for the CEOs /Top management**

##### **Part One**

Dear Sir /Madam,

Greetings (By hand shaking). Thank you very much for your time and accepting to participate in this research study. My name is Judith Ogolla, a doctoral student at Kenya Methodist University (KeMU) Nairobi campus with me are my research assistant Janice and Javier. We are interested to learn how the practice of transformational leadership; strategic agility components influence your organization performance and as well how the practice of Balance Scorecards' components of performance are being used to experience improved performance.

The interview is scheduled to take less than one hour and will be recording and taking notes during the session since we may not be quick enough to write everything. The

information obtained from the interview will be treated with outmost confidentiality and for academic purposes only.

## **Part Two**

**1.** Please allow me ask a few questions about transformational leadership practices in your organization.

**a)** Do you practice transformational leadership in your organizations?

**b)** Do you include the components of the leadership in your vision and mission in the organization?

**c)** How do you put in practice the four components of transformational leadership?

**d)** Do you get afraid that this kind of leadership among your team

**f)** Do you include the component of Learning and Growth in your organization policies?

**g)** What are some of the internal businesses processes that your organizations have?

**h)** What are some of the financial returns/Assets challenges your organization face?

### Appendix IV: Normality Tests

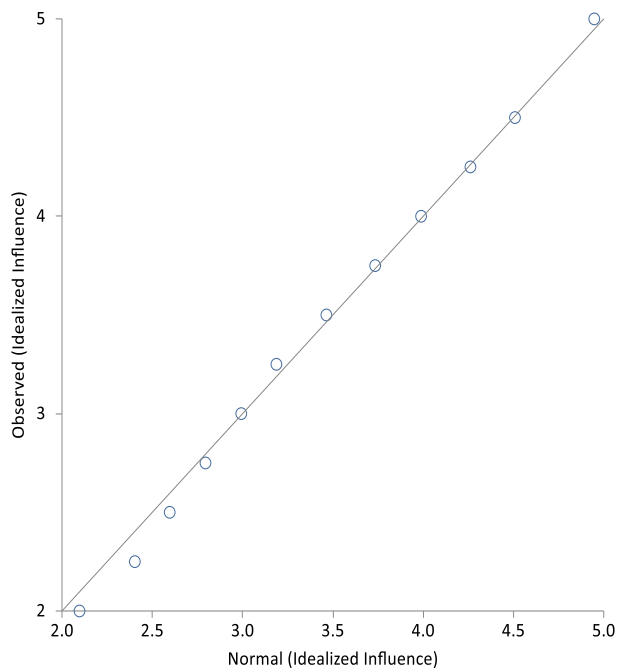
Sample name	Idealized Influence
Sample size	215
Mean	3.42906976744186
Standard deviation	0.670143707399914

Shapiro-Wilk  $W = 0.993983$   $P = 0.201$

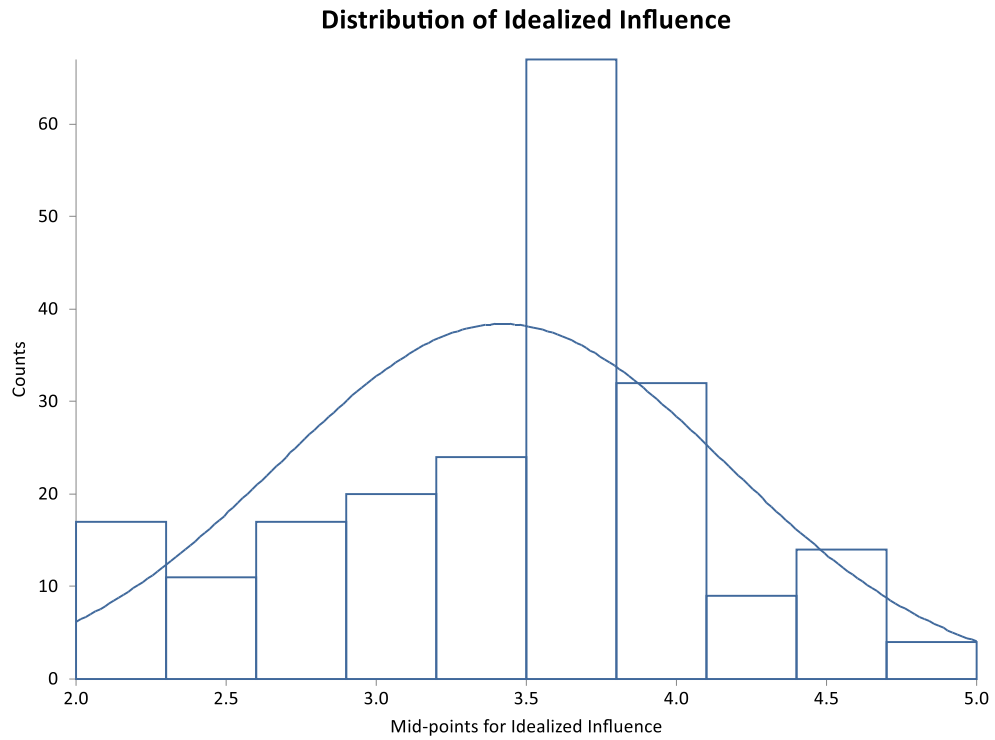
Skewness -0.17075

Kurtosis -0.27848

No non-normality detected by tests



The values for asymmetry and kurtosis between -2 and +2 are considered acceptable in order to prove normal univariate distribution (George & Mallery, 2010).



Sample name	Inspirational Motivation
Sample size	215
Mean	3.32325581395349
Standard deviation	0.714612897401053

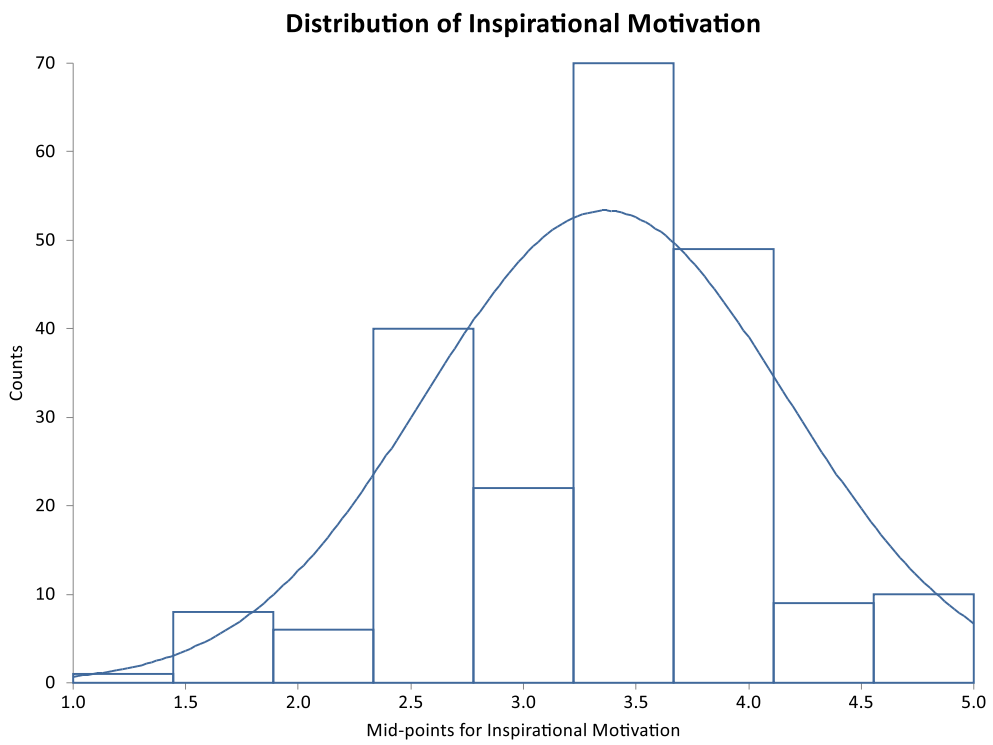
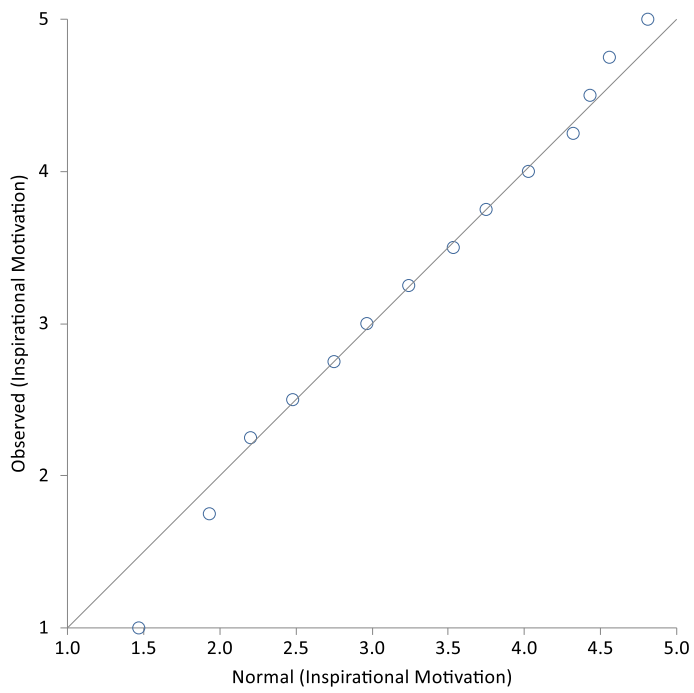
Shapiro-Wilk W 0.991248 P = 0.312

Skewness -0.03342

Kurtosis 0.368873

No non-normality detected by tests

The values for asymmetry and kurtosis between -2 and +2 are considered acceptable in order to prove normal univariate distribution (George & Mallery, 2010).





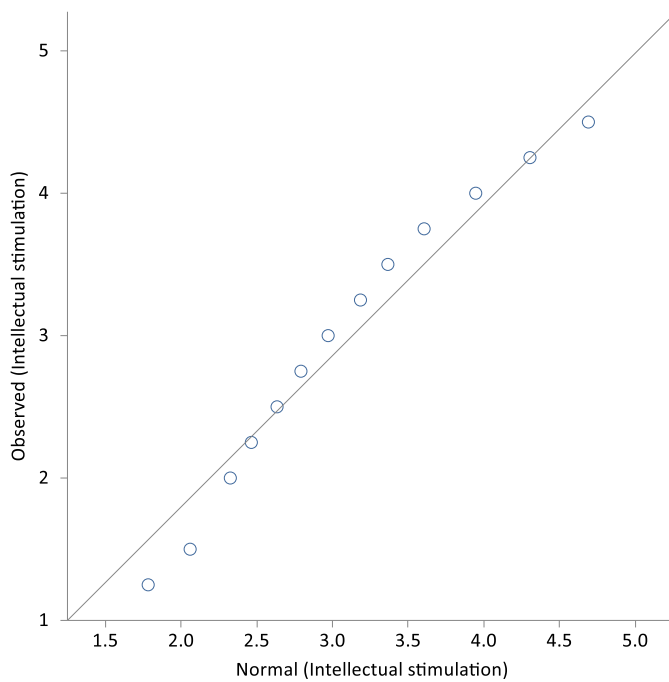
Sample name	Intellectual stimulation
Sample size	215
Mean	3.57790697674419
Standard deviation	0.691259037356329

Shapiro-Wilk W 0.958531 P = 0.5401

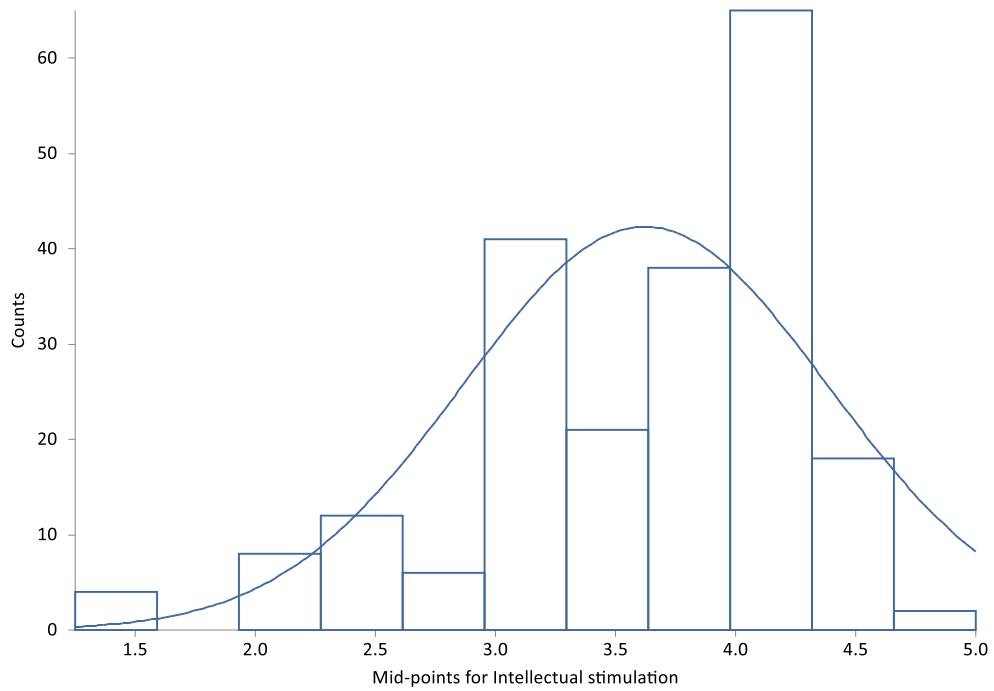
Skewness -0.87131

Kurtosis 0.690888

No non-normality detected by tests



**Distribution of Intellectual stimulation**



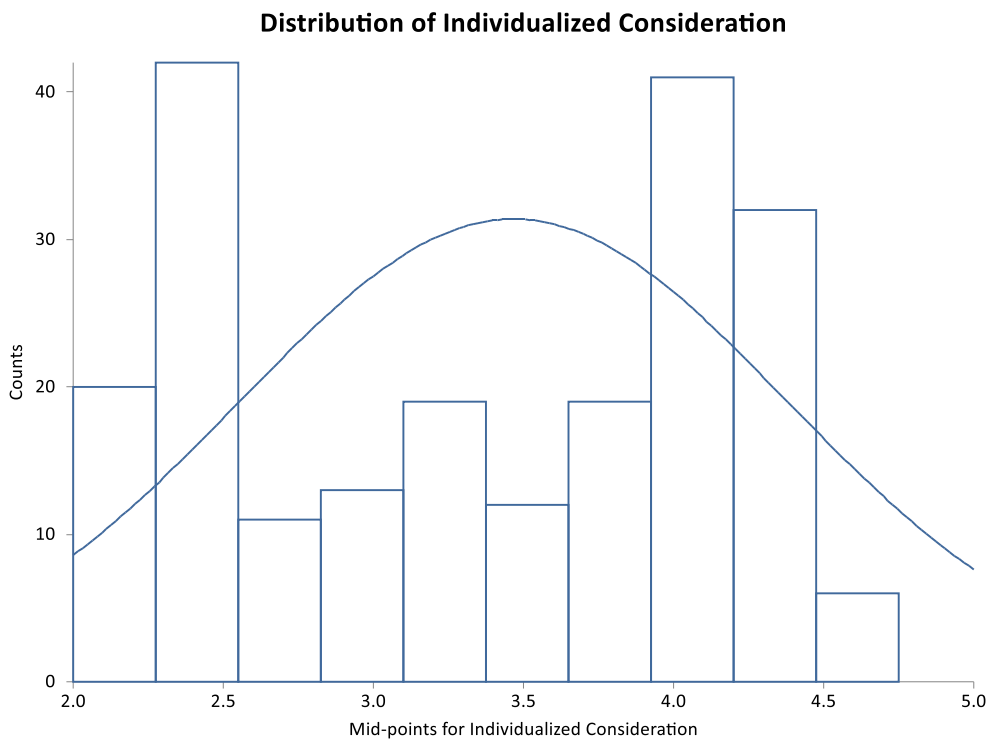
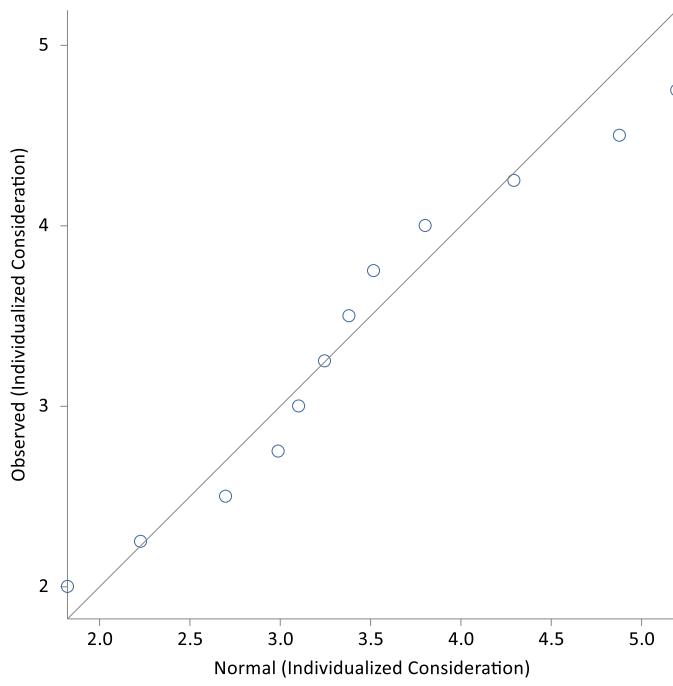
<b>Sample name</b>	<b>Individualized Consideration</b>
Sample size	215
Mean	3.34767441860465
Standard deviation	0.751785529447368

Shapiro-Wilk W 0.935997 P = 0.0101

Skewness -0.17918

Kurtosis -1.37225

Sample unlikely to be from a normal distribution: examine plot



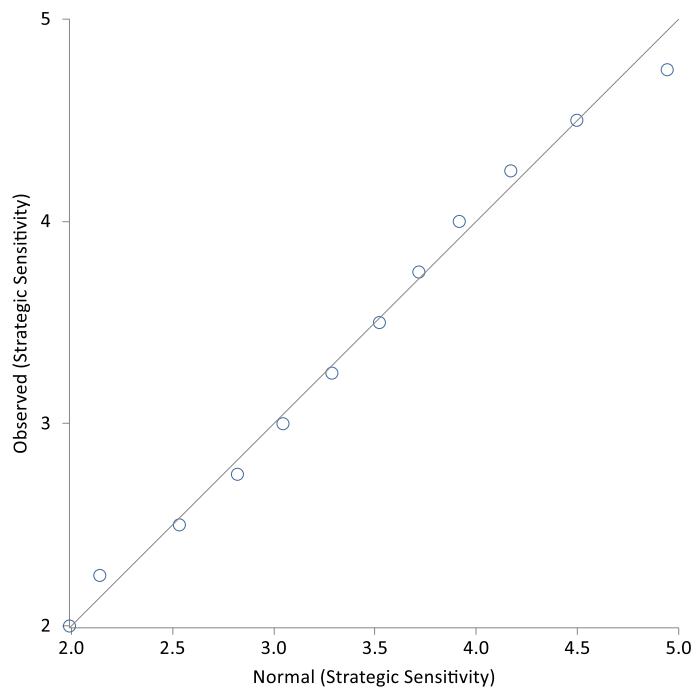
Sample name	Strategic Sensitivity
Sample size	215
Mean	3.56744186046512
Standard deviation	0.607188607256073

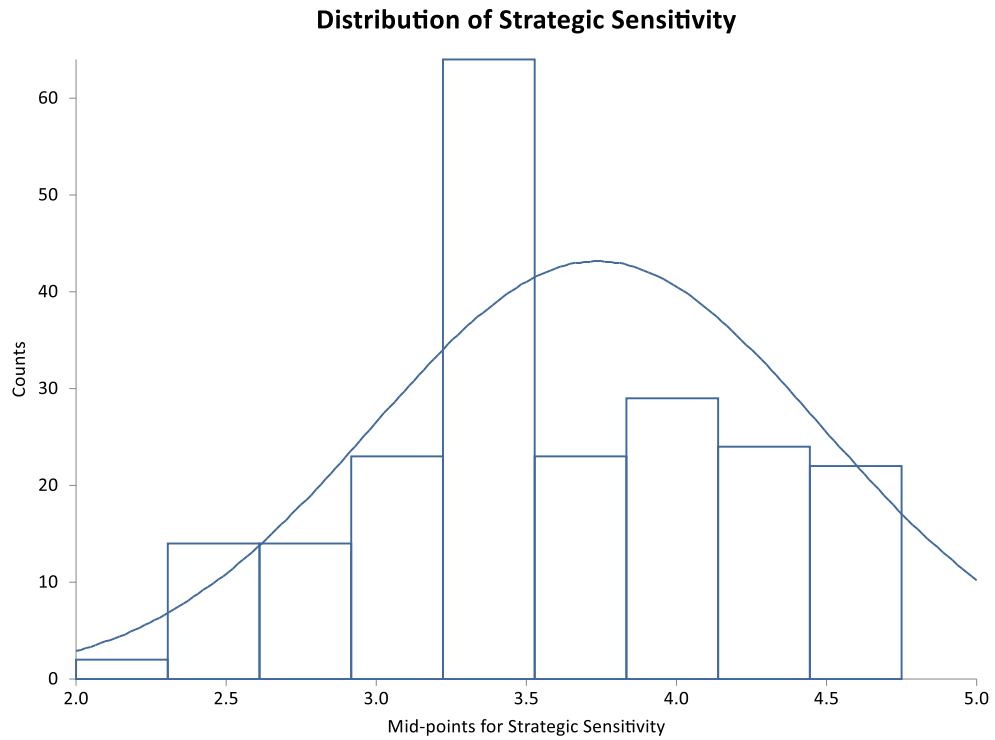
Shapiro-Wilk W **0.990231** P = **0.156**

Skewness -0.09938

Kurtosis -0.78421

No non-normality detected by tests





<b>Sample name</b>	<b>Resource Fluidity</b>
Sample size	215
Mean	3.6046511627907
Standard deviation	0.54802256603552

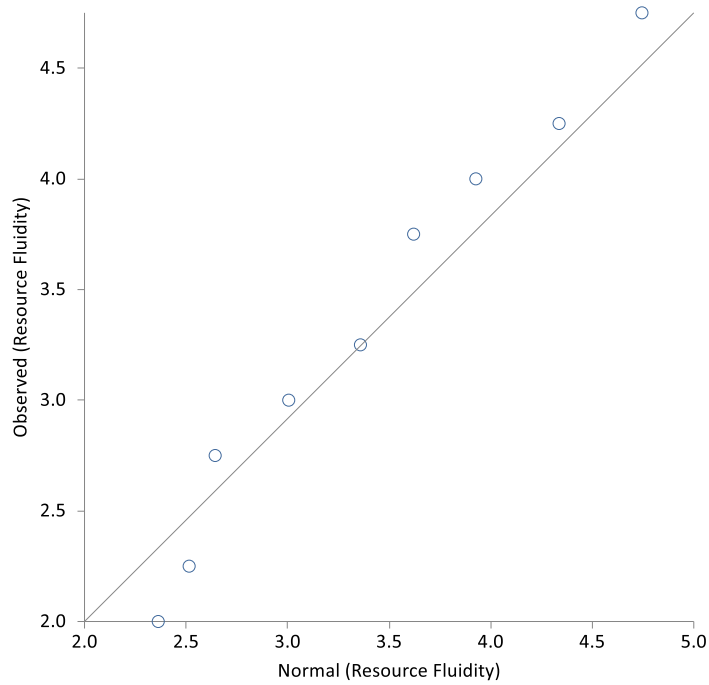
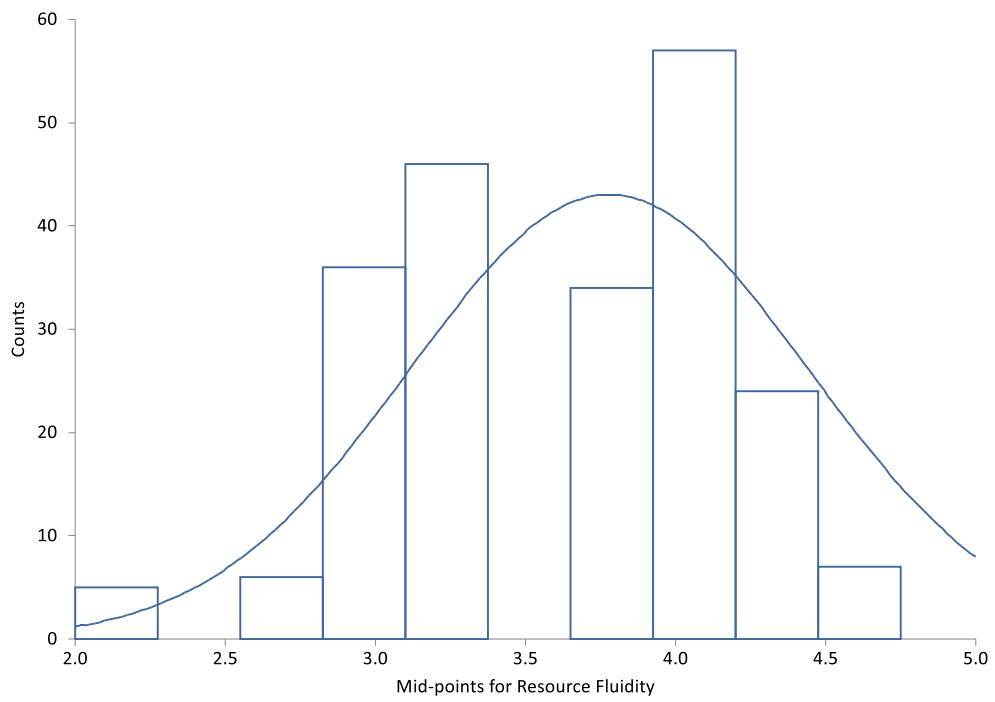
Shapiro-Wilk W 0.96584 P = 0.1341

Skewness -0.34889

Kurtosis -0.04572

No non-normality detected by tests

**Distribution of Resource Fluidity**



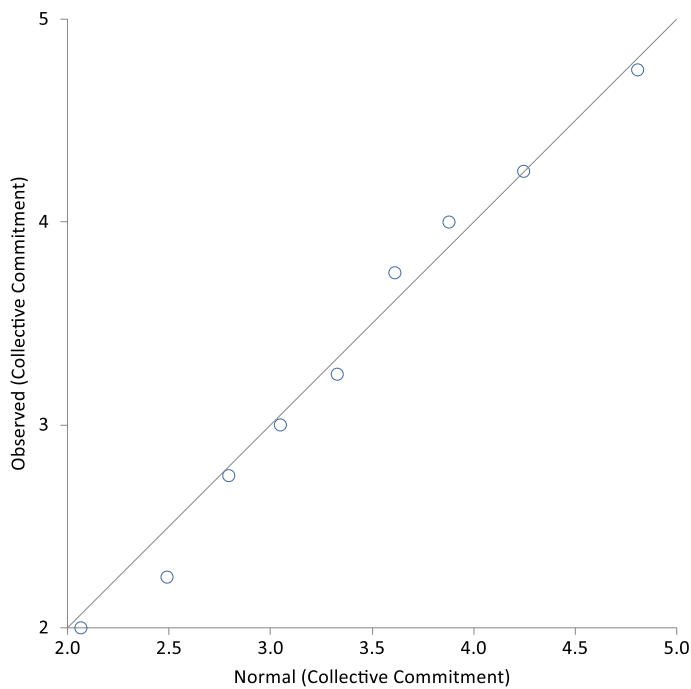
<b>Sample name</b>	<b>Collective Commitment</b>
Sample size	215
Mean	3.68488372093023
Standard deviation	0.659539531004817

Shapiro-Wilk W 0.975783P = 0.209

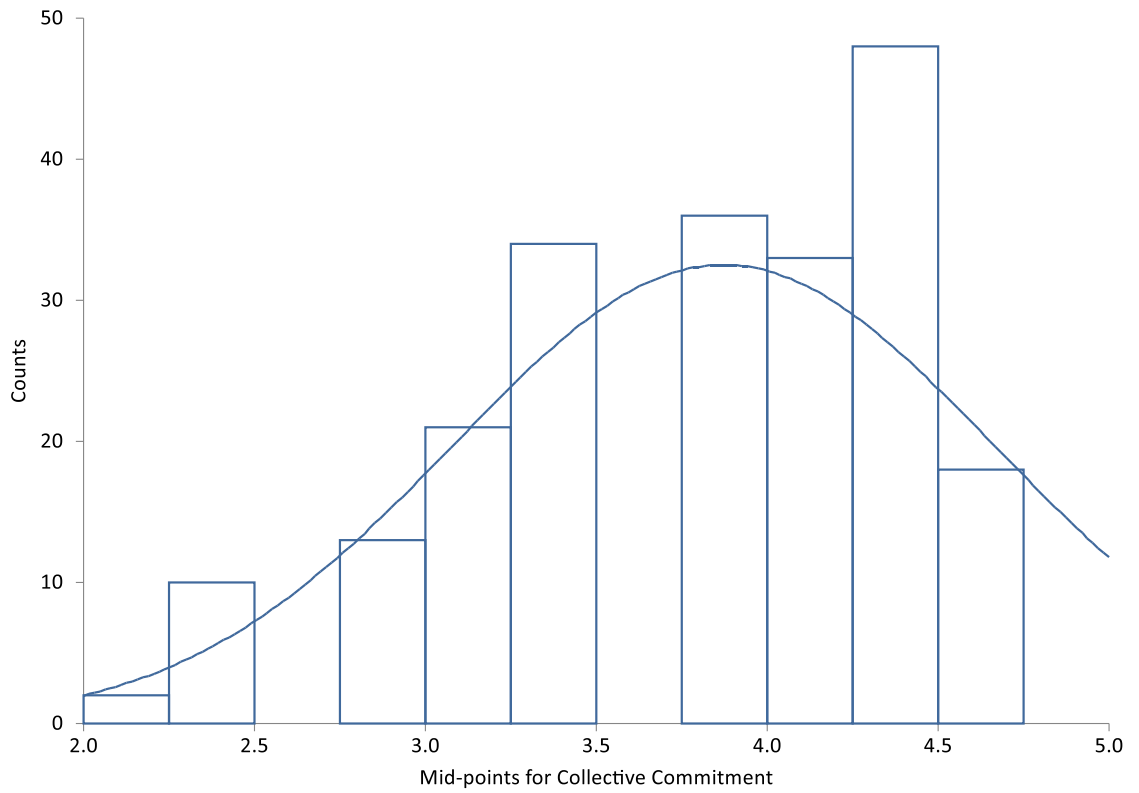
Skewness -0.45736

Kurtosis -0.43507

No non-normality detected by tests



### Distribution of Collective Commitment



Sample name	Financial Performance
Sample size	215
Mean	3.84651162790698
Standard deviation	0.480020850992459

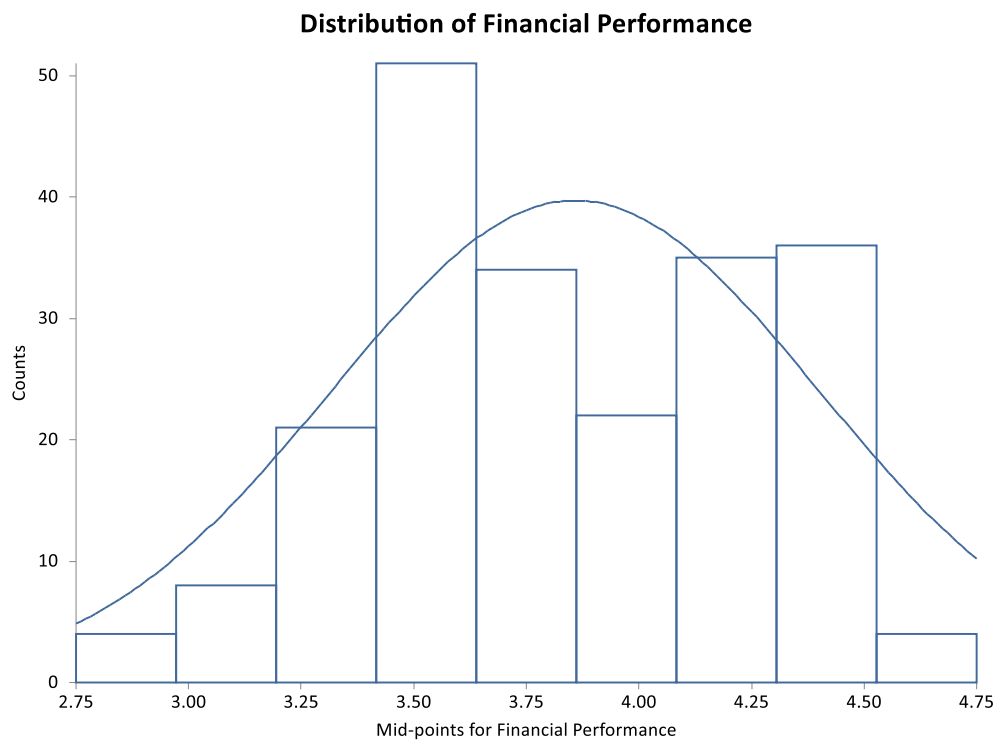
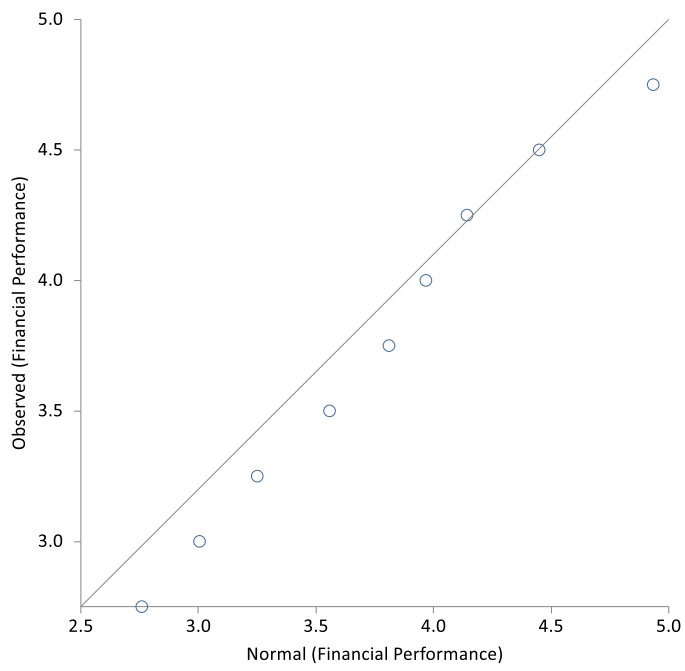
Shapiro-Wilk W 0.980201 P = 0.4041

Skewness -0.05803

Kurtosis -0.91921

The values for asymmetry and kurtosis between -2 and +2 are considered acceptable in order to prove normal univariate distribution (George & Mallery, 2010).





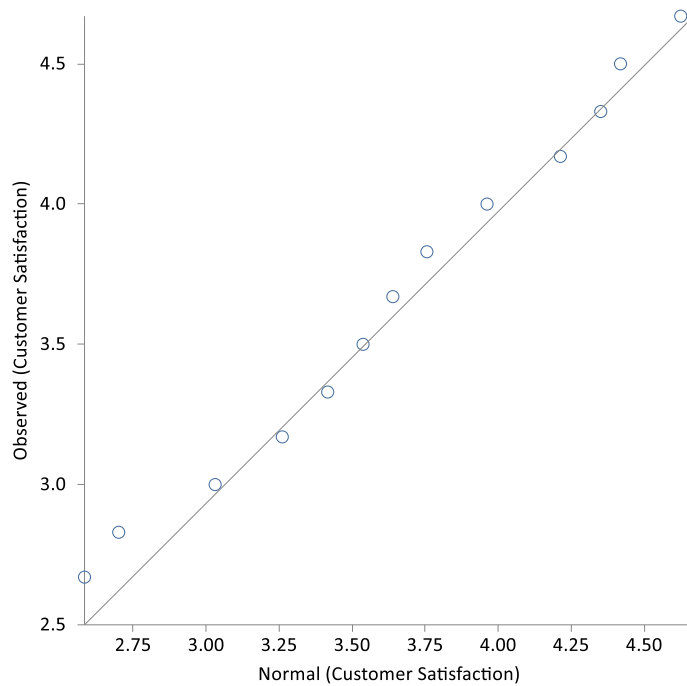
Sample name	Customer Satisfaction
Sample size	215
Mean	3.81674418604651
Standard deviation	0.474987067852646

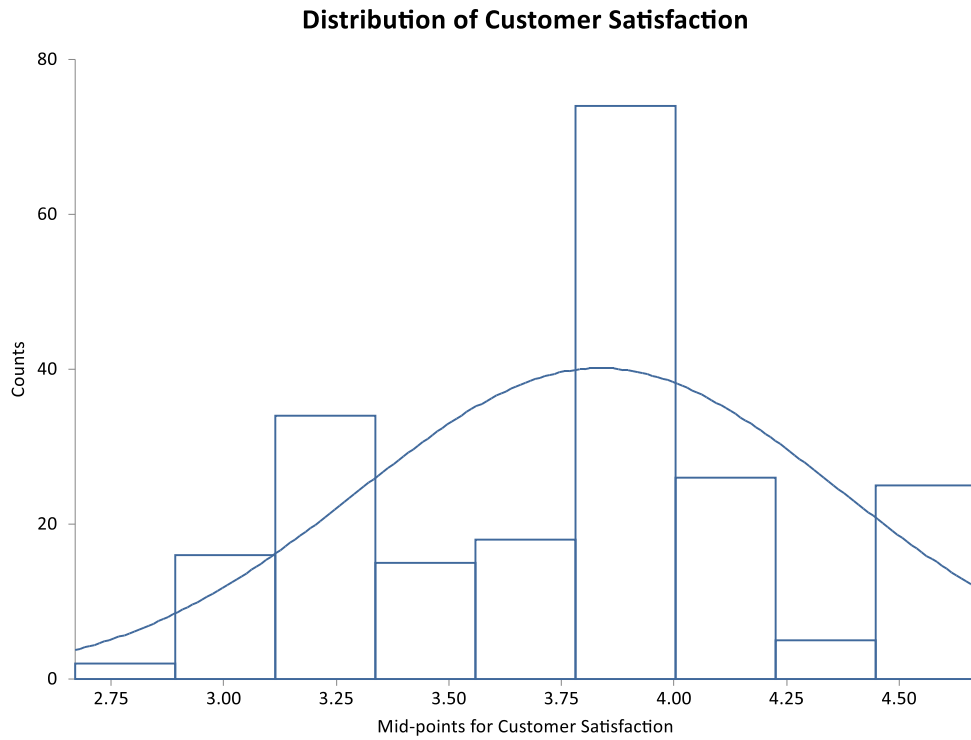
Shapiro-Wilk W 0.988563 P = 0.0839

Skewness -0.10642

Kurtosis -0.63279

**Tests not quite significant but do not assume normality: examine plot**





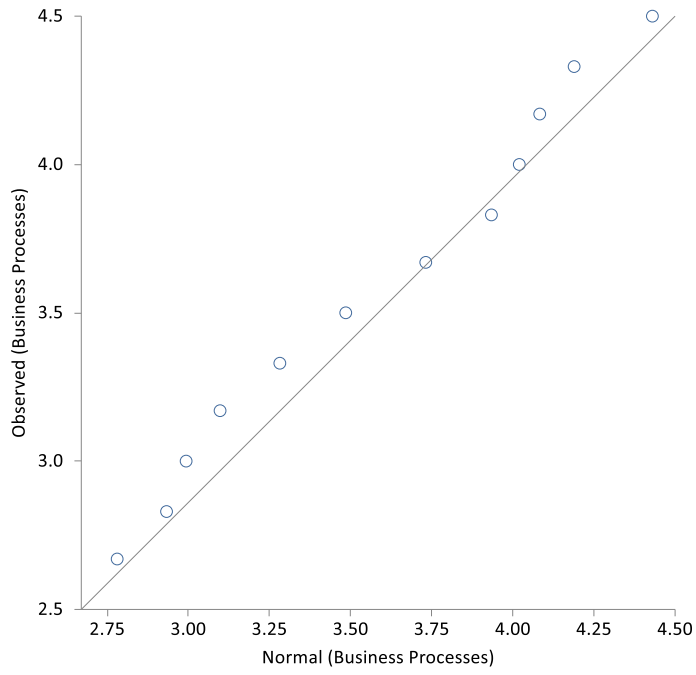
<b>Sample name</b>	<b>Business Processes</b>
Sample size	215
Mean	3.7266511627907
Standard deviation	0.430949770677248

Shapiro-Wilk W 0.969276 P = **0.607**

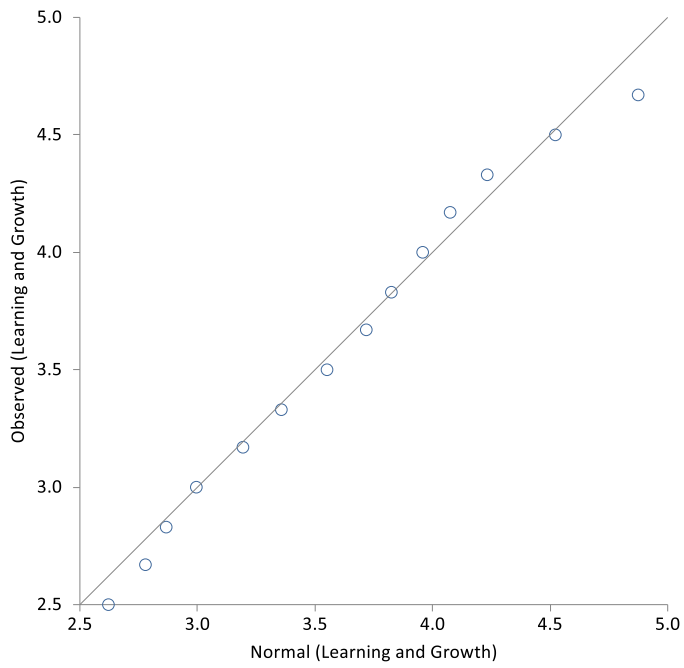
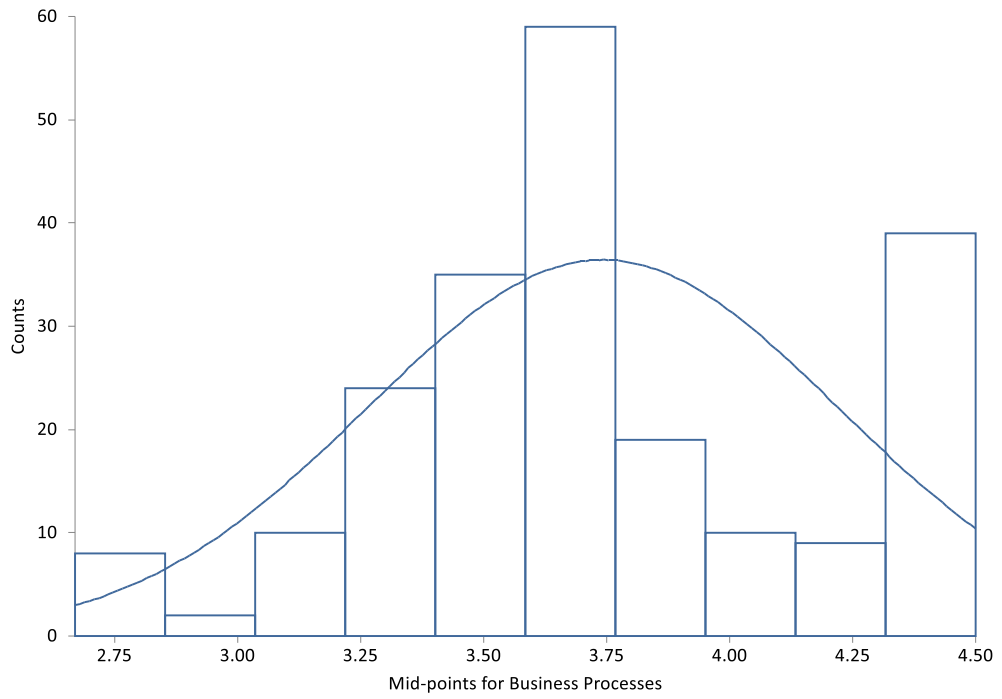
Skewness 0.130015

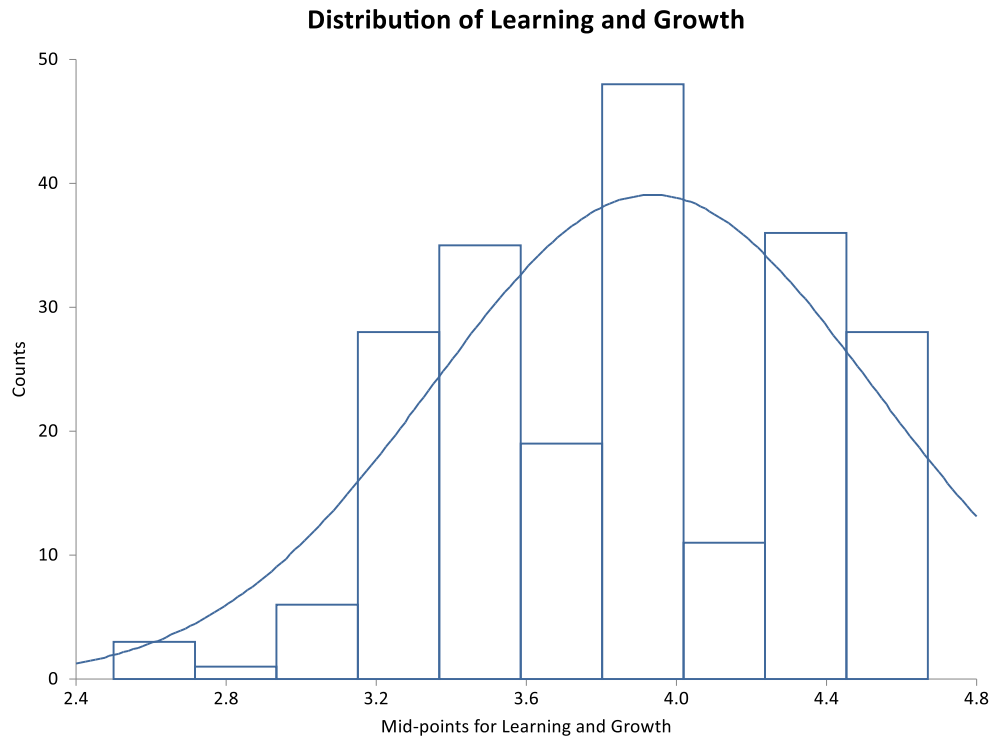
Kurtosis -0.16118

**No non-normality detected by tests**



Distribution of Business Processes





## Appendix V: Key for questions FP2, FP3 and FP4

### A: Agriculture, Forestry and fishing

Item	1	2	3	4	5
ROE	5 - 7	> 7 - 9	> 9 - 11	> 11 - 13	> 13 - 15
ROA	4 - 5	> 5 - 6	> 6 - 7	> 7 - 8	> 8 - 9
Net inc/#emp	346-354	> 354 -362	> 362 -370	> 370 -378	> 378 - 386

### B: Mining

Item	1	2	3	4	5
ROE	2 - 3	> 3 - 4	> 4 - 5	> 5 - 6	> 6 - 7
ROA	1 - 2	> 2 - 3	> 3 - 4	> 4 - 5	> 5 - 6
Net inc/#emp	720 -732	> 732 -744	> 744 - 756	> 756 - 768	> 768 -780

### C: Construction

Item	1	2	3	4	5
ROE	3 - 5	> 5 - 7	> 7 - 9	> 9 - 11	> 11 - 13
ROA	2 - 4	> 4 - 6	> 6. - 8	> 8 - 9	> 9 - 11
Net inc/#emp	415 - 430	> 430 - 445	> 445 -460	> 460 - 475	> 475 - 490

### D: Manufacturing

Item	1	2	3	4	5
ROE	7 - 9	> 9- 11	> 11- 13	> 13 - 15	> 15 - 17
ROA	4 - 6	> 6 - 8	> 8 - 10	> 10- 12	> 12 - 14
Net inc/#emp	690-710	> 710 -730	> 730 - 750	> 750 - 770	> 770 - 790

### E: Transport, Communications, Electricity, Water

Item	1	2	3	4	5
ROE	7 - 9	> 9. - 11	> 11 - 13	> 13 - 15	> 15 - 17
ROA	5 - 7	> 7 - 9	> 9 - 11	> 11 - 13	> 13 - 15

Net inc/#emp	305-313	> 313 -321	> 321- 329	> 329 -337	> 337 -345
-----------------	---------	------------	------------	------------	------------

#### **F: Finance, Insurance and Real Estate**

<b>Item</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
ROE	4 - 6	> 6 - 8	> 8 - 10	> 10 - 12	> 12 - 14
ROA	3 - 5	> 5 - 7	> 7 - 9	> 9 - 11	> 11 - 13
Net inc/#emp	276 -281	> 281 - 286	> 286 - 291	> 291 - 296	> 296 - 301

#### **G: Wholesale**

<b>Item</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
ROE	:8- 10	> 10 - 12	> 12 - 14	> 14 - 16	> 16- 18
ROA	4 - 6	> 6 - 8	> 8 - 10	> 10- - 12	> 12 - 14
Net inc/#emp	224-330	> 330 - 336	> 336 - 442	>442 - 448	> 448 -456

#### **H: Retail**

<b>Item</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
ROE	8. - 9	> 9 - 10	> 10 - 11	> 11 - 12	> 12 - 13
ROA	4 - 6	> 6- 8	> 8 - 10	>10-12	> 12 - 14
Net inc/#emp	173 -177	> 177 - 281	> 281 - 285	> 285 - 289	> 289 - 293

#### **I: Services**

<b>Item</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
ROE	9 - 11	> 11 - 13	> 13 - 15	> 15 - 17	> 17 - 18
ROA	6 - 8	> 8 - 10	> 10 -12	> 12 -14	> 14- 16
Net inc/#emp	328 - 333	> 334 - 339	> 339 - 344	>344 - 349	> 349 - 354



## Appendix VI: Sample size determination table

Table 3.1									
<i>Table for Determining Sample Size of a Known Population</i>									
N	S	N	S	N	S	N	S	N	S
10	10	100	80	280	162	800	260	2800	338
15	14	110	86	290	165	850	265	3000	341
20	19	120	92	300	169	900	269	3500	346
25	24	130	97	320	175	950	274	4000	351
30	28	140	103	340	181	1000	278	4500	354
35	32	150	108	360	186	1100	285	5000	357
40	36	160	113	380	191	1200	291	6000	361
45	40	170	118	400	196	1300	297	7000	364
50	44	180	123	420	201	1400	302	8000	367
55	48	190	127	440	205	1500	306	9000	368
60	52	200	132	460	210	1600	310	10000	370
65	56	210	136	480	214	1700	313	15000	375
70	59	220	140	500	217	1800	317	20000	377
75	63	230	144	550	226	1900	320	30000	379
80	66	240	148	600	234	2000	322	40000	380
85	70	250	152	650	242	2200	327	50000	381
90	73	260	155	700	248	2400	331	75000	382
95	76	270	159	750	254	2600	335	100000	384

*Note: N is Population Size; S is Sample Size* *Source: Krejcie & Morgan, 1970*

**Appendix VII: List of Strategic and Commercial State Corporation in Kenya**

<b>No.</b>	<b>Names of State corporations</b>	
1	Agro-Chemical and Food Company	6
2	Bomas of Kenya	9
3	Consolidated Bank of Kenya	13
4	Development Bank of Kenya Ltd.	16
5	Export Promotion council	30
6	Jomo Kenyatta Foundation	14
7	Jomo Kenyatta University Enterprises Ltd.	13
8	Kenya commercial bank	13
9	Kenya Literature Bureau (KLB)	12
10	Kenya Meat Commission	13
11	Kenya National Assurance Co. (2001) Ltd	7
12	Kenya National Shipping Line	9
13	Kenya National Trading Corporation (KNTC)	13
14	Kenya Reinsurance Corporation Ltd	15
15	Kenya Safari Lodges and Hotels Ltd.	7
16	Kenya Wine Agencies Ltd (KWAL)	9
17	KWA Holdings	8
18	Kenya Revenue Authority	18
19	Kenya sugar Board	21
20	National Housing Corporation	14
21	New Kenya Co-operative Creameries	11
22	Nyayo Tea Zones Development Corporation	13
23	Kenya industrial research and development institute	21
24	Research Development Unit Company Ltd	9
25	Agricultural development corporation	9
26	School Equipment Production Unit	8
27	Simlaw Seeds Kenya	6
28	National Bank of Kenya	9
29	Public Procurement Oversight Authority.	8
30	Kenya Deposit Protection Authority.	12

<b>31</b>	Unclaimed Financial Assets Authority	6
<b>32</b>	University of Nairobi Enterprises Ltd.	14
<b>33</b>	University of Nairobi Press (UONP)	13
<b>34</b>	Kenya citizen & National Management service	15
<b>35</b>	Kenya Animal Genetic Resource Center	9
<b>36</b>	Kenya Seed Company (KSC)	10
<b>37</b>	Kenya Veterinary Vaccine Production Institute	8
<b>38</b>	National Cereals & Produce Board (NCPB)	12
<b>39</b>	Kenyatta International Convention Centre	16
<b>40</b>	Geothermal Development Company (GDC)	12
<b>41</b>	Kenya Electricity Generating Company (KENGEN)	20
<b>42</b>	Kenya Electricity Transmission Company (KETRACO)	13
<b>43</b>	Kenya Pipeline Company (KPC)	15
<b>44</b>	Kenya Power and Lighting Company (KPLC)	21
<b>45</b>	National Oil Corporation of Kenya	13
<b>46</b>	National Water Conservation and Pipeline Corporation	18
<b>47</b>	Numerical Machining Complex	21
<b>48</b>	Kenya Broadcasting Corporation	13
<b>49</b>	Postal Corporation of Kenya	12
<b>50</b>	Kenya Development Bank	12
<b>51</b>	Kenya EXIM Bank	7
<b>52</b>	Kenya Post Office Savings Bank	21
<b>53</b>	Kenya Airports Authority (KAA)	12
<b>54</b>	Kenya Deposit Protection Authority	11
<b>55</b>	Kenya Railways Corporation (KRC)	12
<b>56</b>	<b>Total</b>	<b>715</b>

### **Appendix VIII: List of Piloted State Corporation in Kenya**

1. Higher Education Loans Board.
2. Kenya Utali college
3. Nyayo Tea Zone Development Corporation.
4. South Nyanza Sugar Company Limited.
5. Chemilil Sugar Company Ltd
6. Nzoia Sugar Company Ltd
7. Kenya Seed Company (KSC)
8. National Cereals and Produce Board (NCPB)
9. National Irrigation Board.
10. Kenya Plant and Animal Health Inspectorate Service.
11. Kenya Agricultural and Livestock Research Organization.

## Appendix IX: Map of Nairobi County



## Appendix X: Map of Machakos County



## Appendix XI: KEMU- Introduction letter



### Kenya Methodist University

P. O. Box 267 - 60200  
Meru, Kenya  
Email: [info@kemu.ac.ke](mailto:info@kemu.ac.ke)

Tel: (+254 - 020) 2118423-7, 064 - 30301/31229  
Fax: (+254 - 064) 30162  
Website: [www.kemu.ac.ke](http://www.kemu.ac.ke)

August 1, 2017

Executive Secretary  
National Council for Science and Technology  
P.O Box 30623 – 00100  
**NAIROBI**

Dear Sir/ Madam

**RE: OGOLLA JUDITH ATIENO –BUS-4-4550-1/2014**

This is to confirm that the above named is a bona fide student of Kenya Methodist University pursuing a Doctor of Philosophy Business Administration and Management.

Judith Ogolla is undertaking a research study on "Transformational Leadership, Strategic Agility and Performance of State Corporations in Kenya". To successfully complete her research work, she requires relevant data in her area of study.

In this regard, we kindly request your office to issue her a research permit to enable her collect the data for her academic research work.

We thank you in advance for your cooperation.

Yours faithfully

Dr. Evangeline Gichunge  
Associate Dean, Research Development & Board of Postgraduate Studies



Nairobi Campus: Koinange Street, P. O. Box 45240 - 00100 Nairobi - Tel. +254-20-2118443/2248172/2247987/0725 - 751878. Fax +254-20-2248160. Email: [nairobicampus@kemu.ac.ke](mailto:nairobicampus@kemu.ac.ke)  
Nakuru Campus: Macho Plaza, 4th Floor, P. O. Box 3654 - 20100, Nakuru, Tel +254-51-2214456 Fax 051-2216446. Email: [nakurucampus@kemu.ac.ke](mailto:nakurucampus@kemu.ac.ke)  
Mombasa Campus: Former Oshwal Academy, P. O. Box 89983, Mombasa. Tel: +254-41-2495945/8. Fax 041-2495946. Email: [mombasacampus@kemu.ac.ke](mailto:mombasacampus@kemu.ac.ke)  
Nyeri Campus: Sohan Plaza, 4th Floor. Tel: +254-61-2032904. Fax 254-61-2034100. Email: [nyericampus@kemu.ac.ke](mailto:nyericampus@kemu.ac.ke)

*The Future is Here!*

## Appendix XII: NACOSTI-Research Authorization Letter



### NATIONAL COMMISSION FOR SCIENCE, TECHNOLOGY AND INNOVATION

Telephone: +254-20-2213471.  
2241349, 3310571, 2219420  
Fax: +254-20-318245, 318249  
Email: dg@nacosti.go.ke  
Website: www.nacosti.go.ke  
Reply please quote

9<sup>th</sup> Floor, Utalii House  
Uhuru Highway  
P.O. Box 30623-00100  
NAIROBI-KENYA

Ref. No. **NACOSTI/P/17/59675/18763**

Date: **22<sup>nd</sup> August, 2017**

Judith Atieno Ogolla  
Kenya Methodist University  
P.O. Box 267- 60200  
**MERU.**

#### RE: RESEARCH AUTHORIZATION

Following your application for authority to carry out research on "*Transformational leadership, strategic agility and performance of state corporations in Kenya*," I am pleased to inform you that you have been authorized to undertake research in **Machakos and Nairobi Counties** for the period ending **21<sup>st</sup> August, 2018**.

You are advised to report to **the County Commissioners and the County Directors of Education, Machakos and Nairobi Counties** before embarking on the research project.

Kindly note that, as an applicant who has been licensed under the Science, Technology and Innovation Act, 2013 to conduct research in Kenya, you shall deposit **a copy** of the final research report to the Commission within **one year** of completion. The soft copy of the same should be submitted through the Online Research Information System.

A handwritten signature in blue ink, appearing to read 'G. Kalerwa', is written over the typed name.

**GODFREY P. KALERWA MSc., MBA, MKIM**  
**FOR: DIRECTOR-GENERAL/CEO**

Copy to:

The County Commissioners  
Nairobi County.

**COUNTY COMMISSIONER**  
**NAIROBI COUNTY**  
**P. O. Box 30124-00100, NBI**  
**TEL: 341666**