

**EFFECTS OF TRANSFORMATIONAL LEADERSHIP ON EMPLOYEE  
PERFORMANCE IN THE KENYAN BANKING INDUSTRY: A CASE OF ABSA  
BANK NAIROBI, KENYA**

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FULFILMENT OF THE REQUIREMENTS FOR THE AWARD OF MASTER  
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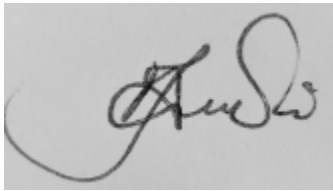
**JUNE 2022**

## DECLARATION

### Declaration by the candidate:

I declare that this document and the research that they describe are my original work and that they have not been presented in any other university for academic work.

Name: JUDITH AMONDI OUKO



13/05/2022

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### Declaration by the supervisor:

I confirm that the work reported in this applied research project was carried out by the candidate under my supervision.

Supervisor's Name: Dr. KIMANI GICHUHI



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## **DEDICATION**

This research project is dedicated to my late mother Pamela Akoth Ouko and to my children Savana, Stanley, and Lulu. For their unfailing love, support, and encouragement throughout my MBA course.

## **ACKNOWLEDGEMENT**

I thank Almighty God for the gift of life, good health, and opportunity to undertake my MBA studies at Africa Nazarene University. I also appreciate my supervisor Dr. Kimani Gichuhi for the support, guidance, and encouragement that he has provided to me. I also want to appreciate all my lecturers in the School of Business for the good work they do in imparting knowledge. To my fellow students with whom I joined the university with the same time and those who had joined earlier than me, I thank God for your friendship and communion while at Nazarene University. Finally, to Africa Nazarene University, Kenya for the opportunity to study at the Business School.

## ABSTRACT

This study investigated the effects of transformational leadership in the banking industry in Kenya. Absa Bank being the focus. The study had four specific objectives which are: Effects of Idealized influence, intellectual stimulation, inspirational motivation, and individualized consideration on employee performance at Absa Bank Nairobi, Kenya. Three theories in support of the study were the Transformational/Relationship leadership theory (anchoring theory), Management/Transactional leadership theory and the Leader Member Exchange theory. The target population was the employees in the 37 Nairobi branches of Absa Bank Kenya. The research design was descriptive research design. Sample size was 209 from the target population of 454. This was determined via sample calculator using 95% confidence levels and 5% margin of error. Sampling method was stratified random sampling because the respondents are in different levels of job groups. Data collection instrument was self-administered multifactor leadership questionnaire that was distributed electronically. The research instrument was subjected to Cronbach alpha formulae which is a measure of internal consistency and it passed the validity test. This was piloted for validity and reliability at Machakos and Limuru branches before administering to the target population. Ethical consideration was observed, and permission sought from the relevant authorities before collection of data commenced. Collected data was screened, coded, and analyzed through the mean and standard deviations. Pearson correlation and regression analysis were used and there after results presented in descriptive and inferential statistics. Diagnostics for normality tests were done using the Kolmogorov-Smirnov and Shapiro tests. Multicollinearity tests were also included. According to the report, Absa Bank Kenya executives exhibited empathy, lead with hope for a great outcome from workers, and believe that rewarding people is an effective way to increase performance. As a result, executives in various roles at Absa Bank Kenya PLC employed intellectual stimulation metrics such as challenging assumptions, innovations, and staff engagement in decision making. It was discovered that leaders coached, mentored, and provided specialized training to their personnel. These findings led the researcher to the conclusion that Absa Bank Kenya PLC leaders are transformational leaders who see ethics as a critical component in dealing with their personnel in a dignified manner. It was also determined that the organization's vision was clearly communicated to its personnel. Leadership styles that showed a high positive correlation with organizational success should be implemented. Managers should therefore assist others in developing themselves, guiding them to be rewarded for their work; be satisfied when others meet agreed-upon standards; provide recognition or rewards; inform others of the standards they must know to carry out their work; and ask no more of others than is absolutely necessary. Further research still needs to be done to establish how a transformational leader needs to behave to truly influence positive change in an organization.

## DEFINITION OF TERMS

**Employee Performance:** The way personnel fulfil their job obligations. It is the output of employees over a determined period. This involves the effectiveness and efficiency of their work.

**Inspirational Motivation:** The ability of a leader to communicate and display excellence by taking their time to honestly evaluate themselves with integrity. Their agenda is to make the associates believe in themselves through optimistic, enthusiastic, and confident talks where their associates in turn admire them and believe in them hence drive the agenda of the organization to its fruition.

**Intellectual Stimulation:** The creation of an enabling environment by the leadership in the organization for associates to challenge status quo by suggesting new ways of working and questioning assumptions by reframing problems so that new and better ways of working can be adopted.

**Individual Consideration:** Transformational leaders who coach and develop their people by paying attention to their individual needs for better attainments and enhancements by being the coaches and mentors in their daily work life. Mainly treat their associates as individuals.

**Idealized Influence:** A leader's ability to build trust in himself by inspiring power and pride in what they communicate to the associates. These leaders go beyond their own interests for the sake of their associates. Their actions are integrity based where moral and ethical outcomes of their actions are considered. They talk freely and openly about their beliefs and values as they focus on visions that are desirable.

**Transformational leadership:** A leadership approach that encourages change in persons and society at large. Helps in building positive emotions through motivation and growth of associates. They are a typical example of what moral standards are and encourage the same through instilling ethics in workplaces that are clearly communicated in values, precedence, and standards.

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**LIST OF ABBREVIATIONS/ACRONYMS**

ANU-	Africa Nazarene University
ATM-	Automated Teller Machines
BOL-	Branch Operations Lead
CEE-	Customer Experience Executive
IC-	Individual Consideration
II-	Idealized Influence
IM-	Inspirational Motivation
IS-	Intellectual Stimulation
JSE-	Johannesburg Stock Exchange
LMX-	Leader Member Exchange
NACOSTI-	National Commission for Science, Technology, and Innovation
PLC-	Public Limited Company
SME –	Small and Medium Enterprises
SPSS-	Statistical Package for Social Science
UB-	Universal Banker
VIF-	Variance Inflation Factor

## **CHAPTER ONE: INTRODUCTION AND BACKGROUND OF THE STUDY**

### **1.1 Introduction**

The purpose of this study was to investigate the effects of transformational leadership styles on employee performance at Absa Bank Nairobi Kenya. Ward (2020) defines leadership as the art of motivating a group of people to act towards achieving a common goal. She further says that leadership captures the essentials of being able and prepared to inspire others. Transformational leadership style is applied to inspire and motivate team members to bring out positive changes in an organization. It increases group morale thereby leading to innovation, better conflict resolution, lower turnovers, and increased accountability amongst the team. For organizations to achieve its goals and maintain success in its operations, they need to consider employee retention as an essential process (Paul & Vincent, 2018; Arachchillage & Senevirathna, 2017). Furthermore, transformational leadership is believed to influence employee retention choices (Sulamuthu & Yusof, 2018).

Organizations going through transition look for leaders who can steer them in the direction that help them achieve their goals and objectives. It is therefore important for researchers to go out and identify how good leaders operate when change occurs. So much effort has been put towards this and various leadership theories have been identified. Transformational leadership style was introduced by James V. Downton in 1973 which was further developed by Burns (1978) who intimated that leaders and followers help each other to advance to higher levels of morale and motivation. Transformational leaders create a vision for their followers and guide the change through inspiration and motivation. They are believed to be excellent role models whose actions are emulated by their followers. Bass (1985) enhanced the thoughts of Burns by exploring the

psychological side of transformational leaders establishing that they demonstrate factors of inspirational motivation, individual consideration, idealized influence, and intellectual stimulation.

Employee performance is how workers behave in their workplace and how well they execute the job duties that have been obligated to them (Donohoe, 2019, para. 2). It is also the activities that are job related expected of a worker to execute to achieve the objectives and goals of an organization. Performance in an organization could be assessed on quarterly, half yearly and yearly basis as it may apply, to help the business human resource directors identify areas of improvement for the employees. The success of any business is intertwined with the job performance of its employees. Watetu (2017) defines employee performance as an outcome of the activities that are duty related of an employee to achieve with the skills and experience that they have. This is where employees do their best to complete the duties and responsibilities allocated to them.

Jiang et al. (2017) postulates that employee performance is the extent to which an employee can contribute to the organizational effectiveness through tasks or responsibilities allocated to them with expected results. Employee performance is impacted by the leadership styles applied thereby affecting the ability of employees in achieving corporate goals and objectives. Franco-Santos et al., (2017) define work performance as the ability of a worker to carry out activities that contribute to the development of an organization's technical core. For any organization to achieve the desired employee performance, the leaders are expected to ensure that their employees undergo rigorous training relevant to their roles, do proper employee performance appraisals and have in place development program that would help in decision making when promoting or reassigning the employees' duties. Therefore, staff performance is tied to leadership decisions in relating with the employees for the sake of meeting their goals. Budur & Demir (2019) argue that

transformational leadership and employee performance are positively related through employee commitment, personal and organizational performance, organizational efficiencies, and internal and external customer orientation. Muriuki & Wanyoike (2021) posits that an organization's success depends on employee performance and that when employees are committed to their duties, they enable the organization to achieve its objectives.

## **1.2 Background of the Study**

### **1.2.1 Employee performance**

For an organization to develop, it needs the efforts of the individuals that are in it. Organizational performance therefore comes from the efforts of the employees in the organization. Employee performance therefore is the output of the employees over a determined period (Idris et al., 2020). Ciner (2019) defines employee performance as the way personnel fulfil their job obligations. This involves the quality of their work and the speed at which they execute the same. She goes ahead and says that highly performing employees are valuable assets of an organization. Transformational leadership entails ensuring that employees are happy for when they are happy, they are better employees hence positive work environment and better results for the organization. The performance of employees at Absa Bank Kenya would be measured by how efficient they are in the execution of their duties. This can also be seen where trust and consistency play a role in either micromanaging them or having them self-manage of cause with guidance from their leaders. Their quality of work compared to their peers in the same industry usually comes into play when ranking the banks according to performance. Employees seem to behave better when transformational leadership is used on them especially when they come across distress at work (Tepper, 2018). Other research has shown that most of the world's most successful organizations have achieved their visions through the implementation of the transformational leadership

processes (Jiang et al., 2017; Maaitah, 2018; Dedaj, 2017). Jaroliya & Gyanchandani (2022) in their study concluded that leadership behavior has a way of influencing employee performance in an organization. That desired team performance is achieved when transformational leadership style is used on employees.

### **1.2.2 Transformational Leadership**

Transformational leadership is a leadership approach that encourages change in persons and society at large. Ideally, it builds positive vibes through motivation and growth of associates. The leaders are a typical example of what moral standards are and encourage the same through instilling ethics in workplaces that are clearly communicated in values, precedence, and standards. Personnel are encouraged to shy away from personal interests as opposed to working for the common good. Coaching and mentoring of employees is done while encouraging them to be a part of the decision-making process therefore be accountable for the tasks they take (White, 2018). Workers are encouraged to build positive attitude towards change in the organization. Transformational leadership is about behavior and attitude of someone to enable associates to embrace teamwork to work more efficiently and effectively to achieve and even exceed the expectations where productivity is concerned (Tengi et al., 2017). Research by Widodo et al., (2017); Sun & Henderson, (2017) acknowledges transformational leadership as a collaboration between practice and behavior where achievements are extra ordinary. Transformational leadership is believed to focused on real time issues, gives new challenges, creates understanding, and directs the behavior of the associates towards achieving personal and organizational goals (Matwally & El Zarka, 2017; Arif & Akram, 2018). Savovic, (2017) and Wood, (2019) posit that transformational leaders are tasked with ensuring that there is full interaction between them and the followers where motivation and values are key. Further, they create awareness on existing



challenges and provide support and learning experiences. Bass (1985) is the founding father of the four ways of measuring the transformational leadership. Which is a model that encourages the leaders to demonstrate strong leadership with the result being that employees will be inspired to emulate them. The four ways are Intellectual stimulation, Inspirational motivation, Idealized influence, and Individual consideration.

#### **1.2.2.1 Inspirational motivation**

Leaders who practice inspirational motivation can communicate and display excellence, take their time to honestly evaluate themselves with integrity, other people, and whatever task they must perform. Theirs is to provide meaning to what they do and how they relate with their associates. Their agenda is to make the associates believe in themselves through optimistic, enthusiastic, and confident talks with their associates who in turn admire them and believe in them hence drive the agenda of the organization to its fruition (Sayyadi, 2020). Transformational leadership therefore is seen as a process where leaders inspire their associates through influencing them with the result of being able to enhance their ability to work better for the organization. This they do through communicating clear vision of the organization, setting smart objectives that are easy to buy into and encourage associates to set their personal goals (Demir et al. 2019). Employee motivation is crucial in any organization for this encourages growth and progression both for the employees and the organizations. Employers therefore are encouraged to motivate their employees in the direction of improving their work performance and eventually improving on the organizational performance (Kalogiannidis, 2021)

### **1.2.2.2 Intellectual stimulation**

Intellectual stimulation is about encouraging workers to challenge themselves to challenge status quo by suggesting new ways of working. The leadership create an environment where people can talk freely through questioning assumptions and reframing problems so that they can introduce new and better ways of doing things. This study sought to find out whether employees are encouraged to think about problems in new ways. Pawirosumarto (2017); Edmonson (2017) intimate that team performance is basically pegged on the knowledge of the team members, their expertise, how they carry themselves around each other to complete a task allocated to them successfully. The encouragement comes from the leader who is supposed to create a conducive environment for the team to thrive under any changes taking place in the organization.

### **1.2.2.3 Individual consideration**

Transformational leaders coach and develop their people by paying attention to their associates' individual needs for better attainments and enhancements by being the coaches and mentors in their daily work life. This study sought to establish whether the leaders recognize that employees have different needs and treat them as individuals. Transformational leaders act as a go between the leaders themselves and the associates in creating clarity on whatever interests the followers have, what they value, and what motivates them to perform better (Tajeddini et al., 2017). Crane (2018); Zach (2018) posit that transformational leaders help demystify issues that would be seen to have mental complexes by guiding and coaching their associates. They do this by encouraging the associates to enhance their ability to perform and even exceed their expectations in performance by nurturing teamwork thereby putting personal interests aside for the sake of the organization and the community in which they work in (Pawirosumarto, 2017).

#### **1.2.2.4 Idealized influence**

This entails a leader building trust in himself by inspiring power and pride in what they communicate to the associates. The leaders go beyond their own interests for the sake of their associates. Idealized leaders are considerate towards their associates. They have shared visions, high moral levels and behaviors that are ethical with their associates (VantageCircle, 2022). Their actions are integrity based where moral and ethical outcomes of their actions are considered. They talk freely and openly about their beliefs and values as they focus on visions that are desirable. This will seek to either confirm or refute the fact that leaders in Absa bank Kenya are honest and consistent in what they say and do. That they are loyal to their people and are forthcoming with their associates. Sayyadi (2020) posits that leaders with idealized influence instill pride in association with their organizations, display confidence and a sense of power, do things for the good of the organization as opposed to self-interest, communicate important values and beliefs, make decisions with moral and ethical considerations in mind, and encourage teamwork on the mission.

#### **1.2.3 Absa Bank Kenya PLC former Barclays Bank of Kenya Limited**

History has it that Barclays Bank of Kenya Limited was started in 1916. The bank traded in Loans, Credit cards, savings, investments, mortgages and did diversify into insurance. The bank was licensed in 1953 and incorporated locally as Barclays Bank of Kenya, owned fully by Barclays Bank International. It was listed in the Nairobi Stock Exchange in 1986. In 2013 Barclays PLC through Absa Group Limited merged the Africa market as one citing improvement of service efficiency and growth returns for African markets. Egypt and Zimbabwe were not included in the merger. Absa Group Limited is in 12 markets in Africa which includes Kenya, Uganda, Tanzania, Seychelles Ghana, South Africa, Mozambique, Mauritius, Botswana, Zambia, and Nigeria

(offices). The Kenyan shares that it owns is 68.5% are listed in the Johannesburg Stock Exchange (JSE). Absa Bank Kenya PLC has 84 branches and 215 ATMs. It has approximately 2100 employees. (Absa Bank Kenya PLC, n.d.)

Cytonn ranked Barclays Bank of Kenya Ltd at number 4 out of 41 and 5 out of 41 in 2016 and 2017 respectively by assets compared to other commercial banks in Kenya. It also ranked Absa bank at 5<sup>th</sup> position in half one 2020. The same ranked Absa Bank Kenya PLC at position 2 in half One 2021. Think Business Limited did a two-year banking survey in 2020 and ranked Absa bank Kenya PLC at numbers 12 and 10 for 2018 and 2019 respectively. Half one 2020 Absa Bank was rated number 5 then number 2 in half one 2021 in financial performance amongst the commercial banks in Kenya. On February 10<sup>th</sup>, 2020 Absa Bank South Africa took the Kenyan market fully as ABSA and rebranded its network making the proverbial blue Barclays color change to red. The names changed from Barclays Bank of Kenya Limited to Absa Bank Kenya PLC.

### **1.3 Statement of problem**

Transformational leadership is the ability to motivate followers towards achieving high levels of performance. When motivation happens, emotional connections are created that lead to stronger bonds between the seniors and the associates. White, (2018) says that transformational leadership is about inspiring workers to embrace change by embedding organizational cultures where everyone is accountable for and own what they do thereby increasing workplace autonomy. Good leadership is crucial in most cases as this is where enhanced employee performance starts (Khaliq et al., 2021).

Absa Bank Kenya though, has not yet reached its peak in performance as an organization. Internal and external customer satisfaction is an issue it has grappled with for some time. Attrition and turnovers are a challenge that has seen the bank reach out to customers to understand the

reason as to why various products uptake has been low. Customer acquisition has become an uphill task as the Net Promoter Score has remained below 70% with a majority of the existing customers not willing to be good Absa brand ambassadors. Absa bank rankings compared to other local commercial banks has been position 4 in 2016, 5 in 2017, 12 in 2018, 10 in 2019, 5 in 2020 and 2 in 2021. 2020 and 2021 being the transition period from Barclays Bank of Kenya limited to Absa bank Kenya PLC.

The effects of not using transformative leadership style properly then leads to employees and customers who are not happy therefore turnovers that are undesirable. Apart from that the customer base remains stagnant because of abandoned products whose status change from being inactive to dormant. This makes it difficult for the business to cross sell to the few remaining because they have not much faith in the products and services offered. This leads to product apathy where negativity has been spread to potential customers as opposed to enticing them to subscribe to the bank's products and services. This situation therefore created an opportunity to study the transformative leadership style and whether it exists in Absa bank Kenya.

#### **1.4 Purpose of the study**

The purpose of this study was to analyze the effects of transformational leadership on employee performance at Absa Bank Kenya.

#### **1.5 Objectives of the Study**

##### **1.5.1 General Objective**

To investigate the effects of transformational leadership style on employee performance at Absa Bank Nairobi, Kenya.

### **1.5.2 Specific Objectives**

The study was guided by the following specific objectives.

- I. To examine the influence of intellectual stimulation on employee performance at Absa Bank, Nairobi, Kenya.
- II. To establish the effect of individual consideration on employee performance at Absa bank, Nairobi, Kenya.
- III. To assess the influence of Inspirational motivation on employee performance at Absa bank, Nairobi, Kenya.
- IV. To investigate the effect of Idealized influence on employee performance at Absa bank Nairobi Kenya.

### **1.6 Research Hypotheses**

H<sub>01</sub>: Intellectual stimulation has no significant influence on employee performance at Absa Bank Nairobi Kenya

H<sub>02</sub>: Individual consideration has no significant influence on employee performance at Absa Bank Nairobi Kenya

H<sub>03</sub>: Inspirational motivation has no significant influence on employee performance at Absa Bank Nairobi Kenya

H<sub>04</sub>: Idealized influence has no significant influence on employee performance at Absa Bank Nairobi Kenya

### **1.7 Significance of the Study**

Studies on transformational leadership show that follower performance is improved through the stimulation of organizational citizenship behavior formed. More empirical research is needed to provide additional information on the effects of transformational leadership on employee performance in the banking industry in Kenya. The completion of this study provides present information for the generation of data and information that any other local bank may use to formulate and implement its strategies that would assist in this highly competitive market or business environment. This study will also help the banking industry in nurturing leaders who can be trusted to execute their duties with integrity and moral standards that instil ethics in workplaces that are clearly communicated in values, precedence, and standards.

The study of Absa Bank Nairobi Kenya will help the organization to improve on its transformational leadership styles to enable the employees perform better through relationships formed under transformational leadership. To the government of Kenya, it will help the leaders understand the importance of going beyond their own interests for the sake of their associates who are the common citizens. Their actions to be integrity based where moral and ethical outcomes of their actions are considered. They shall learn to talk freely and openly about their beliefs and values as they focus on visions that are desirable.

This study will form a crucial part in understanding the phenomenon of effective transformational leadership style in Absa Bank Nairobi Kenya to any other researcher who may focus on it in future.

### **1.8 Scope of the Study**

The scope of study is the extent to which a research area is explored in the study specifying the parameters within which the study is operating (Editage Insights, 2019). In short it reflects the

upper and lower limits the researcher is interested in studying. This study focused on transformational style of leadership and how it affects job related activities expected of an employee to execute to help in achieving the objectives and goals of the organization. The area of study being Absa bank Kenya PLC focusing on the Nairobi branches and its immediate environment.

### **1.9 Limitations of the Study**

Limitations are the characteristics of design or methodology that influence or impact the outcome of findings in a research (University of Southern California, 2021). These were therefore the shortcomings, conditions or influences that could not be controlled by the researcher that placed restrictions on a study. In this case, lack of access to some relevant information because of key persons in the organization who were not willing to confirm statistics on employee turnover. Mizne, (2021) on a survey done on 7000 employees, revealed that 50% of the employees left their jobs to get away from their managers. Being an insider, this limited the information sought that was considered sensitive due to data privacy policies of the organization and the code of conduct and ethics where employees are concerned. The mitigating factor in this case was giving the assurance to the concerned officials on the protection of data provided that was only used for the academic purposes and that no compromise would take place.

### **1.10 Delimitations of the Study**

Delimitations of study are the boundaries of the research study where the researcher decides what to include and what to exclude (Discoverphds, 2020). This study was delimited to Absa Bank Kenya PLC. Data collection was from Nairobi and its immediate environment branch network. Study was based on the four components of transformational leadership which were idealized influence, individualized consideration, Intellectual stimulation, and inspirational motivation.



### **1.11 Assumptions of the study**

The main assumption in this study was that the respondents would be transparent and Honest when giving their feedback on the survey. That when contacted they would be truthful in their response when filling the questionnaires. That they would answer all the questions and fill the questionnaires. That due to the current Covid 19 pandemic conditions, an electronic questionnaire was provided.

### **1.12 Theoretical review**

Leadership is an area that has been studied widely by many researchers. It is therefore possible to note that there are many theories around leadership. Leadership theories give us explanations as to how and why some people are leaders and others are not through focusing on characters or behaviors and traits that they can adopt to increase their leadership capabilities (Western Governors University 2020). This therefore explains why one would be an autocratic leader, transformational leader, transactional leader and so forth.

#### **1.12.1 Transformational / Relationship Leadership Theory**

This study was based on the transformational leadership theory as the anchoring theory. The term ‘Transformational leadership’ was first created by James V. Downton (1973), whose term was further developed by James McGregor Burns in 1978 intimating that transformational leadership is experienced when leaders and followers make each other advance to a higher level of morality and motivation. That those leaders through their visionary leadership can convince or inspire their followers to change their expectations and perceptions and work towards achieving a common goal. Research by Bass (1985) further expanded on Burns’ work into what is referred to as ‘Bass Transformational Leadership theory’. Bass further tells us that transformational leaders are basically change leaders who relate heavily from popular change models in effective

management of transformation in their organizations. This kind of leadership is therefore based on the effects it has on the associates. Bass tells us that leaders gain the trust, respect, and admiration from their associates through transformational leadership which revolves around four components of idealized influence, inspirational motivation, intellectual stimulation, and individual consideration. Transformational leadership creates powerful bond between leaders and followers through understanding that raises the levels of motivation and morality (Benedictine University, 2017). In a research done by LaRocca & Groves (2021), employees were found to perform better in challenging environments when transformational leadership was adopted, and this is because it made it easy to lead and manage the personnel in such working conditions. Manzoor et al., (2019) however posits that there is need to understand more how employees behave in harsh environments especially when there is a pandemic and weak leadership is involved.

Relationship theory is about leaders whose major concern is the interaction they have with others. They are often into mentorship, making time for their associates for talks and working towards meeting their needs thereby creating a positive working environment. Various research conclusions have shown that this kind of leadership can be very effective as the leaders experience positive results from their employees (Western Governors University, 2020).

This study sought to show how leadership is based on personality of a leader, their characteristics, and their abilities to be examples to their associates by creating a great impact on them. That transformational leaders, as is reported in other studies do not believe in micromanaging their subordinates but developing environments full of trust where the associates take full responsibility for decisions in duties assigned to them.

### **1.12.2 Management / Transactional Leadership Theory**

Management or Transactional leadership is a theory that puts its focus on supervision group and organizational performance. It thrives on reward and punishment system. When employees perform well in their jobs they are rewarded and when they fail to perform as expected they may be punished. This works on the basis that employees perform their duties well based on rewards expected. It can be very successful if used well but at the same time very detrimental if used negatively (Western Governors University, 2020). Transactional leadership theory is built on the premise of give and take, where managers will give his associates what they want in exchange for the managers getting what they want (St Thomas University, 2018).

This paper sought to show that transformational leadership can be used for mutual purposes in an organization. That a transformational leader uses power for a specific purpose, and this involves needs, motives and values that are held dear by both leader and associates. Where according to Burns, Transformational leaders are known to take pride in satisfying the motives of the followers through paying attention to imparting shared vision and values to them. This theory sought to handle the inspirational motivation objective.

### **1.12.3 Leader - Member Exchange Theory (LMX)**

The leader Member Exchange Theory, also referred to as the Vertical Dyad Linkage Theory is about how leaders and managers create relationships with their associates and how these relationships can either grow or stunt their team members. The theory emerged in the 1970's. It states that relationships between leaders and their associates go through three stages of: role taking, role making and *routinization*. A new member's skills and capabilities are assessed at role taking stage. At role making stage, the new members start working on projects and tasks allocated as part of the team. The leaders at this stage place them in groups with employees who they trust and are given challenging but interesting work to do or, are placed within a group that the manager feels

are unmotivated or incompetent. Unfortunately, there are leaders who are still so individualistic hence struggle a lot with changes and end up with biases that do not encourage teamwork at workplace therefore end results are not as attractive as it should be when matters are about employee performance (Khan, & Yildiz, 2020)

In the last stage which is *routinization*, routines are established between the manager and the associates where the associates try their best to maintain good relationships with their managers or leaders through the behaviors that they display (Toggl, 2019). LMX is about in-group members who blend well with the leaders workwise with personalities that fit well with them. On the other hand, the out-group members do not blend well with the leader mostly with clashing personalities not willing to take in any extra responsibilities. These kinds of people are rarely promoted (Benedictine University, 2017). Leadership is about relationships. As a leader one needs to build solid relationships across the team. This theory reminds leaders to constantly check their biases and behaviors by putting enough effort to create positive relationships with every team member regardless of their capabilities. Fan & Han (2018) posit that high levels of dyadic agreement are achieved between leaders and associates, where dyadic communication blends well with the concerned parties thereby increase work outputs hence better employee performance.

This study sought to understand further the transformational leadership power and motives. A transformational leader would want to be all inclusive as opposed to categorizing their employees as in the LMX theory. It sought to show that a transformational leader can turn around the associates that are considered laggards in the organization through individual consideration and this in turn make them better employees who would achieve both organizational and personal goals. This theory is well related to the intellectual stimulation and the individualized consideration objectives.

### **1.13 Conceptual Framework**

A conceptual framework of the study was developed from the research objectives as shown in figure 1.1 below.

The study sought to establish the effects of idealized influence on employees' performance at Absa Bank Nairobi Kenya

It showed how inspirational motivation affects employee performance at Absa Bank Nairobi Kenya

It sought to establish the connection between intellectual stimulation and employee performance at Absa Bank Nairobi Kenya

The research helped in understanding how individualized consideration affects employee performance at Absa Bank Nairobi Kenya

Independent Variables

Dependent Variables

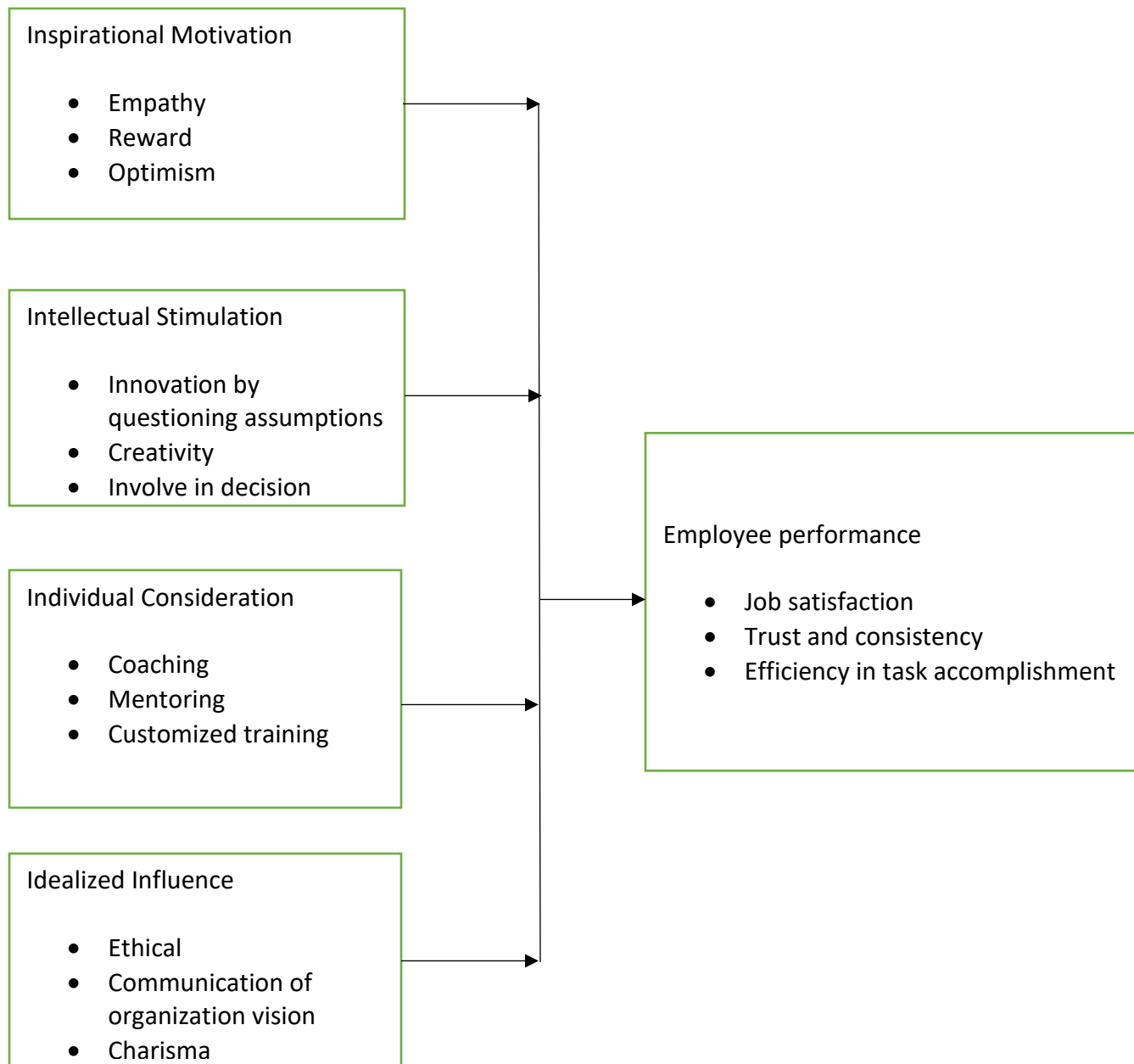


Figure 1.1 Conceptual Framework

## CHAPTER TWO: LITERATURE REVIEW

### 2.1 Introduction

Literature review is the detailed summary in the previous research on a topic. This chapter show case the empirical aspects of literature that already exists on the transformational leadership style and the effects that it has on employee performance and conclude with the summary and knowledge gaps identified in the study.

### 2.2 Review of Literature

Leadership styles have been studied in the fields of organizations, institutions, and companies in the many aspects of social, economic, and cultural frames. These leadership styles have been explained or described depending on the existing chronic and geographic frames. One of these leadership styles is the Transformational Leadership style where leaders are the mentors and advisors who pay attention to the associates' personal development, learning and supplying to the needs of the employees. Ward (2020) defines leadership as a process of inspiring and motivating action where strong leadership coupled with a can-do personality skill being key in the process. This has interactive influence on people's acceptance of someone as their leader to achieve common goals. In this case the focus is on accepting the leader and not having the leader forced upon them. Ngetich (2017) in his study concluded that transformational leadership when engaged in the organization leads to better growth and productivity. That if used properly, it leads to better turn around on performance for both the employees and the organization.

Bass (2019) on the other hand postulates that leadership is a complex combination of human qualities and actions. He agrees with the fact that there are many definitions to leadership that are affected by the diverse features of the term that can be contradictory hence making it difficult to come up with a universal definition.

Ugochukwu (2021) intimates that Transformational leadership involves leaders who inspire positive changes in the organization from the associates. They seek to create ideas and new perspectives that create new paths of growth for the organization. They develop commitment, passion and loyalty amongst managers and associates by mobilizing members of the organization in making crucial changes to be prepared to benefit through gaining the much-needed capabilities to move in new directions and reach high levels of performance. Prabowo et al. (2017) postulates that transformational leadership style has effects on employee performance. Transformational leadership leads to confidence in followers having emerged from uncompromised personal values from the leader. The leaders therefore must be articulate and visionary and can instill confidence in their associates. Even as much as they have transactional skills their actions and plans motivate others in the organization to work together in the interest of meeting their goals and objectives hence leading to high performance (Erkutlu, 2018).

Thibault et al., (2019) posits that transformational leadership has positive effects on associate's performance and well-being. That by so doing, transformational leaders can encourage associates in tough times to forge on and achieve their personal and organizational goals. Leadership is an area in any business where organizational performance can be highly enhanced. Transformational leadership when adopted by banks leads to employees whose productivity improves through engaging them in the organization's decision-making process by getting their inputs and discussions on any changes that are to be implemented. Further, it promotes the feeling of belonging, and worth hence increasing their performance levels (Nyakundi et al. 2021).



### **2.2.1 Inspirational Motivation and employee performance**

Satyendra, (2020) in their research on leadership say that commitment to the organization and organizational citizenship behavior are some of the workplace employee results that are directly associated with the transformational leaders. That today's organizations have new challenges especially on technological advancement that needs every employee to be committed to the organizations objectives by performing at peak levels. That many scholars have posited that a big percentage of studies done on transformational – transactional leadership style claim that the greatest outcome is employee motivation. This is needed for the extra effort for the organization to transform and attain greater productivity. Boamah et al. (2018) postulates that the level of employee commitment in an organization can be used to assess the success of transformational leadership. A transformational leader motivates his/her associates to commit to the vision of the organization. In transformational leadership where leaders paint a clear picture of the organizational mission and vision, employees can provide feedback on perceived satisfaction (Nugroho et al. 2020).

Various other research done have concluded that transformational leadership and organizational commitment have a mediating effect on job satisfaction (Darmawan & Purti 2017). Employees experiencing poor job satisfaction led to poor performance. Transformational leadership when used effectively creates stronger bonds through motivation of followers to perform at high levels therefore increasing the emotional connection between the supervisor and followers who become confident enough to perform beyond their expectations. Leaders with inspirational motivation play a crucial role in promoting innovation in organizations (Nardelli, 2017). Ndirangu (2018) in her study on the influence of Transformational Leadership on employee performance of local non-governmental organizations in Kenya concluded that leaders in the

organization act as role models towards the attainment of organizational goals. That they provide their associates with an inspiring vision by encouraging them to be part of the overall organizational culture.

Inspirational motivation is one of the imperative components that propel workers in contributing their best in creating advancements in their organizations through thoughts that create better business usefulness thereby excel both financially and non-financially (Omamo & Awuor, 2018). Kagendo (2018) summarized in her study that inspirational motivation when used in the Multi-National Corporations in Kenya led to increased employee performance. This was done through leaders having clear visions, setting clear goals, communicating the goals with proper clarity, and encouraging the associates to not only focus on their present but also their future. Motivation refers to the resolution to achieve a goal, coupled by a goal directed behavior, meaning that it has a great effect on employee performance (Nabi, Islam, Mahady & Al Hossain, 2017).

Inspirational motivation works out great when leaders apply it by being optimistic in expressing confidence while articulating a compelling vision for the future (Awori, 2018). Performance is a function of motivation and ability. Motivation at work has an influence on employee performance therefore encourages job satisfaction. Motivation at work gives a positive effect on employee performance if the employee already has job satisfaction (Prabowo et al., 2017). Chege & Gakobu (2017) found that inspirational motivation according to the respondents had a positive relationship with staff performance. Where presence of motivation to accomplish organizational goals and objectives, team building support, demonstration of tasks that employees should do by leaders, and the provision of assistance to employees in finding meaning in their work being agreed upon by the respondents. This meant that whenever there was a change in inspirational motivation, employee performance would also change. The study therefore

recommended that there was need on the leadership of the organizations to improve on the response of the employees to improve on their service to the organization. That further research needed to be done on communication service providers, government, and private sector on their financial performance. Arokiasamy & Tat (2020) attest that employees' belief in themselves is activated by visions that are properly articulated with clear communication of the organizational vision making it possible for the employees to perform highly even in difficult environments.

Muchiri (2018) intimates that there is no greater force in driving an organization towards excellence and success than attractive, worthwhile, and achievable vision, widely shared. That an organization driven by increased technological change, staffed by a dense, multicultural mix of highly intelligent knowledgeable workers, facing global complexity and multiple mission demands would self-destruct without a common sense of direction. In his study Muchiri (2018) says that even as much as he found a significant relationship between inspirational motivation and organizational performance in commercial banks in Kenya, there was need to explore the outcomes some more. That when a leader discovers the need for major changes in an organization, he or she needs to find ways to inspire people with a vision of a better future that is easily justifiable as the cost of changing the way things have been done. A study done by Gunawan, (2020) posits that transformational leaders can balance their visions with those of their associates giving importance to the needs of their associates further encouraging them to take up duties and perform beyond their interests for the success of the organization. Cemil et al. (2021) argue that transformational leaders have a great impact on employees especially where inspirational motivation is concerned. They further suggest that transformational leaders should have robust or vibrant communication and relate well with the employees to encourage them to be motivated about the organization.

### **2.2.2 Intellectual Stimulation and employee performance**

Michigan State University (2022) state that transformational leaders get their associates to change from “how we are used to doing things” to new and better ways of doing things. This is done through challenging status quo and assumptions that have existed for quite some time. Emphasis are on growth and learning rather than concentration on the results of the efforts. This therefore removes the factor of being afraid to action these new ideas by playing it safe but being ready to always upgrade one’s knowledge and skills through acting on opportunities. This involves critical thinking and problem-solving skills that make the employees perform better and at higher levels. Transformational leadership style has increasingly become popular with leadership researchers due to its various approaches to support followers in trying new ways or approaches in developing better ways of combating organizational issues (Towler, 2019). Better employee performance is achieved when transformational leaders empower the associates and encourage creativity and innovations amongst employees (Aworu, 2018). Transformational leaders are known to share knowledge, hype novel ideas and encourage employees to think outside the box (Michigan State University, 2022). Creativity is the production of fresh and unique ideas while innovation is the creation of new ideas that are implemented by an organization. Magasi, (2021) in his study concluded that intellectual stimulation is about a transformational leader getting associates to think on their own, challenge themselves to relook at their beliefs, and question their assumption by being innovative and creative in solving problems. Intellectual stimulation creates situations where analysis by employees is done on any issues that are seen to a challenge therefore encouraging them to come up with creative plans and solutions to exceedingly achieve their goals thereby enhancing their work performance (Nguyen et al., 2019)

Intellectual stimulation entails follower empowerment via communication and encouragement to identify problems and their solutions. Empowerment means moving decision from management levels to levels that competent decisions can be made by encouraging followers to think on their own so that they are autonomous (Towler, 2019). A transformational leader therefore is one who encourages followers to challenge assumptions, stimulates and encourages creativity in their followers by providing a framework that connects them to the leader, the organization, themselves, and the goal. That they can creatively overcome any bottlenecks in the way of the mission. Employees today in many organizations thrive at independence to perform their duties. On the flipside this kind of arrangement poses a challenge because it represents an individual characteristic of a responsible, competent, and entrepreneurial human capital that can easily become a new rival for the present employer.

Ndirangu (2018) concluded that clarity on goals to employees is the responsibility of the leaders. That leaders in the organization also have creative ideas for problem solving but apart from that they can get creative ideas on problem solving should they seek it from the associates in the organization. They encourage associates to challenge status quo. That intellectual stimulation can be understood to be the situation where a leader pushes follower to develop innovative strategies. Leaders are expected to provide knowledge through inculcation of learning behavior so that the associates are encouraged to come up with new ideas (Razavi & Aziz, 2017).

Where there is individual consideration, leaders encourage employees to come up with initiatives that would bear the innovative solutions to business issues in the organizations therefore achieving their goals. This will happen because of a shared vision that has been created and articulated to appeal and inspire the employees (Sayyadi, 2020). Ogola, Sikalieh and Linge (2017) postulate that by continuously probing for fresh knowledge, intellectual stimulation leaders

continuously impart, encourage, promote, and acquire fresh resourceful ideas for problem solving from all organizational associates. Transformational leadership not only challenges the leaders in what they believe in and the values they hold but also the organization they lead. Through this they can motivate the followers to increase their creativity at work and enhance their effectiveness leading to higher productivity (Barare & Wambua, 2018).

Omamo & Awuor (2018) concluded in their study that intellectual stimulation are instruments that assist an organization in critical thinking and problem solving. Where critical thinking gave the associates an environment that made it possible to confront issues armed with problem solving tools where diverse issues present themselves. Muchiri (2018) concluded in his study that personal integrity and intensity are powerful drivers for organizational performance and leaders in many organizations create an environment where people willingly engage their passions, creativity, imagination, and unique motivations to generate the financial results. Stimulating leaders were found to inspire employees to acquire sustainable competitive edge. When leaders encourage creativity, innovation and provide opportunities to the employees for further growth, they practice intellectual stimulation which in turn assist in increase in employee performance and better achievement of the organizational goals (Kagendo, 2018)

Owuor (2018) in his study on the effects of transformational leadership on employee's performance at Kenya Breweries Limited quoted a study that at Equity Bank, the role of intellectual stimulation on organizational performance has been evaluated more extensively in the literature as an independent variable shaping outcomes for employees in the organization. He further said that the same leads to the increase in employee commitment to the organization; in turn has positive effects on the ability to achieve organizational goals based on the dedication and the input of the employees.

### **2.2.3 Individualized Consideration and Employee Performance**

Ray (2020) defines Individual Consideration as the provision of sincere attention to individual team member's emotional state of mind, needs and concerns. The leader member exchange theory (LMX) explores how relationships are developed by the leaders and managers with team members and whether these relationships contribute to growth or stunt people. Transformational leaders act as coaches and advisors to the associates. They encourage their followers to achieve the goals that benefit both the organization and the associates. Better employee performance is achieved when a leader applies individual consideration. The leader achieves this by paying attention to specific needs of the employees, have open communication with employees, topping it up with coaching and mentoring (Awor, 2018). Chebon et al. (2019) in their study concluded that when employees are recognized, they tend to perform better in their roles. That when leaders take their time to coach and teach by paying personal attention to their associates, small gains are achieved that build up to better performance of employees and the organization.

The transformational leader attends to everyone's needs and is both a mentor and coach who considers and appreciates everyone's contribution to the team. As they do that they fulfil and enhance each individual team member's need for self-satisfaction through inspiration of the said individuals to further growth. A leader giving individual thoughtfulness to his or her associates is said to be giving individual thoughtfulness regarding the associates hence starts the excitement for the long-haul improvement of every person involved (Omamo & Awuor, 2018). Al Zefeiti (2017) in their study found that Individualized consideration coupled with setting high performance expectations had significant impact on contextual performance. Further revealing that individualized support had a significant performance on task performance. Jong & Ford (2020)

posit that employee supervision qualities affect to a large extent the work outcomes from associates. That Individual consideration has a significant relationship with organizational commitment therefore recommending that management should reward their employees with praise or recognition when they perform and exceed expectations and that some approach should be used in the form of coercion, correction, criticism, and other forms of punishment when performance is below the expected standard.

Zakaria, Farea and Al-hodiany (2017) in their study found out that individual consideration was positively connected to employee job performance. Individual consideration if used in transformational leadership, provides an organization with better way of conflict management and resolution. This is necessitated by the fact that Individual Consideration is characterized with a two-way interaction between the leaders and the followers (Jong & Ford 2020). Owuor (2018) in his study has quoted the researchers as having intimated that leaders with individual consideration tend to champion the urge for change and growth in their followers. Leaders are expected to perform assessment on employee's performance and come up with corrective actions to be implemented to improve the employee performance. Rewarding and recognition of desired behaviors of accountability, ownership and participation as a system has been seen to be paramount. Leaders in the organization manage conflicts in the organization by being sensitive to the unique strengths and weaknesses that the employees in the organization have (Ndirangu 2018). That leaders in the organization practice individualized influence by making the employees feel they are part of the solution. Organizing the human resource capabilities and competences ensures efficient performance. Cemil et al. (2021) argues that a transformational leader is one who cares about their employees by attempting to understand what their problems and needs are at work then



creating training and learning opportunities in the various categories' employees are in to increase their performance.

A transformational leader who uses individual consideration as a style of leadership tactfully organizes the human resource capabilities and tasks with the tasks at hand. They exercise high intensity of integrity and ethical standards; they deliver extraordinary performance and sustain a competitive advantage (Muchiri 2018). Transformational leaders are expected to be sensitive to the unique knowledge, capabilities, and individual issues that employees have when they have been allocated duties and responsibilities and help mitigate any factors through training and coaching their associates. Kirui (2017) established that in organizations where Individual consideration was used by managers, employee productivity increased thereby increasing the organizational performance. This they did by dealing with each employee individually considering that each had different needs and abilities, they would listen, give advice, develop, and coach individual contribution, and encourage one-on-one interactions that increase employee motivation. Individualized consideration seems to work best when employees are rewarded in monetary terms coupled with training and mentoring of the employees.

#### **2.2.4 Idealized influence and employee performance**

Idealized influence is the ability to build confidence in the leader and appreciate the leader by the associates thereby forming the basis for acceptance of radical change in the organization (Ogola, Sikalieh & Linge, 2017). Transformational leaders with idealized influence are honored, trusted, appreciated, admired by followers who in turn identify with them and imitate them. The leaders do the right things, with high moral and ethical behavior. They do things not for personal gain but to achieve the aims of the organization through the associates' potentials (Ogola et al.,

2017). When transformational leaders exert their influence on a group or team by providing a clear vision and sense of belonging, they create a situation referred to as idealized influence. Satyendra (2020) posits that transformational leaders move beyond the simple exchange process by setting challenging expectations which in turn enable the associates to achieve higher levels of performance. The ability to change the perspective of associates and change how they think and see a certain situation, and align the followers' needs with their goals and objectives, makes them transformational leaders. Leaders' effectiveness is what determines the success of the organization. Through the examples that the leaders set, the associates can respect them deeply and look up to them as powerful role models. Gadirajurrett et al. (2018) in their studies concluded that the crucial factor that affects the outcomes of a team performance is the mutual trust between the leader and the associates. That the presence of this mutual trust creates a better working environment where organizational goals are achieved when employees are comfortable and relaxed with each other.

Kagendo (2018) posits that through delegation of duties, proper consultation, inclusion of employees in decision making process and having a relationship – oriented kind of leadership, better team performance is achieved. The leaders can encourage their associates to accept change and embrace the long-term objectives of their organization while achieving their personal goals too (Businessballs, 2020). A charismatic leader therefore behaves in admirable ways exuding convictions by taking stands that cause the followers to identify with them. They have values that are clearly set hence are role models to their associates. Idealized influence is the degree to which a transformational leader can influence people or trigger a desire in them to willingly change (Ray 2020). This happens when they inspire others to take positive steps to improve themselves consequently taking a particular course of action. Trust, admiration, and respect is created where idealized influence is present. Idealized influence ultimately gets employees to identify with the

goals and interests of their leaders who are enthusiastic and act as role models to them (Hutagalung et al., 2020)

Awori (2018) in her research concluded that employee performance is realized when leaders apply idealized influence. And that great performance is realized when leaders act as role models and have consideration for ethical consequences when they make decisions. Omamo & Awuor, (2018) in their study concluded that idealized influence is an essential foundation for staff performance for commercial banks in Kenya. That it is crucial to put into consideration the visionary instruments that a leader utilizes than the irrelevant hypothetical definition. Their study concluded that through idealized influence, staff efficiency, sustainability, self-reliance, and effectiveness is increased in the NMCs in Kenya.

Sayyadi (2020) posits that leaders with idealized influence instill pride in association with the organization, display confidence and a sense of power, do things for the good of the organization as opposed to self-interest, communicate crucial values and beliefs, make decisions with moral and ethical consequences in mind, and encourage teamwork for the mission to be achieved. In their study Menguc et al., (2017) found out that leadership in strategic management was an art and a process that leaders influenced the associates to achieve the organizational mission willingly and enthusiastically. Boyd & Hartzell (2022) intimate that leaders with idealized influence may also be referred to as impression management. The leaders play on perception through leading by example by their willingness to place the employees and the organization before their own interests. They communicate with clarity and confidence the vision and values leading to employees wanting to be part of the change. Idealized influence leadership greatly influence and affect the performance of both the organization and the employees. Transformational leadership practice is therefore a crucial contributor to the success of an organization. Erden &

Yaslioglu (2020) posits that idealized influence is more of walking the talk as opposed to talking the talk. Where leaders are expected to be consistent throughout when executing their mandate towards achieving the organizational vision.

Ndirangu (2018) concluded that to achieve organization's vision, transformational leaders utilize reinforcement systems such as rewarding and recognition. They also inspire the associates and communicate the vision of the organization clearly. The leaders also motivate the employees to believe in their own abilities. Kirui (2017) established that employee performance increased when top management or leaders emphasized on group identity when dealing with employees, challenged traditions and motivated the employees. This they did in the state-owned banks by investing in gaining employee trust, confidence, and respect, employed charismatic attributes, and showed confidence when dealing with employee issues.

### **2.3 Summary of the reviewed literature**

Transformational leadership has four important aspects: intellectual stimulation, individualized consideration, idealized influence, and inspirational motivation. Where leaders motivate their associates by inspiring them to achieve personal and organizational goals (Farnsworth et. al., 2021). Apart from that the leaders coach and mentor their associates encouraging them to reach their potential by increasing their self-worth through encouragement to further achieve in their roles and grow. The leaders encourage and motivate their associates to focus more on performance than providing them with rewards and punishments. The ability of leaders to demonstrate or properly use the transformational style of leadership in the implementation of the organizational functions may have a significant impact on employee performance. Empowerment is key in this relationship. Where the leader challenges the associates

to bring out their innovative and creative side to perform better both for themselves and the organization.

## **2.4 Knowledge gap**

Having gone through the various theoretical and empirical data on transformational leadership style and performance, it was not clear on how a transformational leader was expected to act to influence any cognitive process or behavior of the associates. Transformational leadership involves a lot of human complexities when interacting, having dynamics and contextual influences that are diverse. There was the assumption that leadership processes and outcomes are essentially the same in all situations where Bass suggested that transformational leadership was beneficial to both followers and organizations. In the empirical literature review, transformational leadership is a situation where both the leaders and associates actualize their goals and targets in a collaborative process of growth. This kind of leadership seemed to favor the top management more than the associates. The followers could be so stressed out trying to conform to what is expected of them through high levels of emotional involvement. A lot of research has been done about the banking sector especially on transformational leadership style. As noted in the empirical review, many scholars have researched on the transformational leadership in the commercial banks in Kenya. There has not been any literature on Absa Bank Kenya and how transformational leadership style affects employee performance as a study area. This study was therefore motivated by this background to add to the knowledge for the banking sector. From the analysis of the studies mentioned above, there was need to study the relationship between transformational leadership and employee performance in Absa bank Kenya. This study sought to evaluate the links between the two variables with the hope of filling in the gaps identified in literature review

## **CHAPTER THREE: RESEARCH DESIGN AND METHODOLOGY**

### **3.1 Introduction**

This chapter lays out the methods that were used to carry out the research. It gives details on how data was collected, the research design, population size and sampling procedures. Then the analysis and presentation of the collected data and methods used to do that. It also considered any ethical issues that would be deemed fit to be taken care of.

### **3.2 Research Design**

Research design is the overall strategy that a researcher chooses to integrate the different components of the study in clear and logical way to address the research problem effectively. It is the blueprint for collection, measurement, and analysis of data (Sacred Heart University, 2020). This study adopted a descriptive research design. This was important for it assisted the researcher in establishing the relationship between transformational leadership style and its effects on employee performance in Absa bank Nairobi, Kenya. Descriptive design helped the researcher achieve systematic data on different respondents at the same time by collecting, analyzing, and presenting the data collected. The design sought to show and explain the extent to which transformational leadership style affected employee performance in Absa bank Nairobi Kenya.

### **3.3 Research Site and Rationale**

The researcher used Nairobi branches of Absa bank Kenya as the research sites. This was informed by the fact that Nairobi and its immediate environment has most of the branches (37) in concentration and was a sizeable representation of all the other branches. Further a larger number

of Absa bank Kenya branches employees are based in Nairobi. This created a greater impact on the study.

### 3.4 Target Population

This study targeted the employees of Absa bank Kenya and in specific Nairobi branches and its immediate environment. The study was conducted amongst the Branch Operations Leads (BOL), the tellers, the Universal Bankers (UB), SME bankers, and the Customer Experience Executives (CEE) of Absa bank Nairobi, Kenya. This population has 454 employees.

JOB ROLE	Population size	Population %
BOL	40	9%
UB	37	8%
SME BANKER	25	6%
CEE	40	9%
TELLERS	312	68%
TOTAL	454	100%

Table 3.1 Population distribution table

### 3.5 Study Sample

#### 3.5.1 Sampling Procedures

The researcher used stratified random sampling method. This was necessitated by the fact that the employees are at different levels of job groups. Each job group was a stratum.

### 3.5.2 Sample Size

$$n = N * \frac{\frac{z^2 * p * (1-p)}{e^2}}{[N - 1 + \frac{z^2 * p * (1-p)}{e^2}]}$$

Using the sample size formula the researcher arrived at a sample size of 209. This was also confirmed by the sample size calculator from Creative Research Systems with a confidence level of 95% and a margin of error of 5% this was a good sample size for validity. The researcher hoped to get proper representation as the respondents were expected to participate when contacted. The researcher further calculated the total sample size as a percentage of the population size and found it to be at 46 % therefore used the same percentage to calculate the sample size from each job role and arrived at 18 for BOL, 17 for UB, 12 for SME bankers, 18 for CEE and 144 for the Tellers. The list of employees in the 37 branches came from the Human Resource database that listed the employees' names, job roles and their contact details.

Job Role	Population Size	Sample Size
BOL	40	18
UB	37	17
SME BANKER	25	12
CEE	40	18
TELLERS	312	144
TOTAL	454	209

Table 3.2 Sample size



## **3.6 Data Collection**

### **3.6.1 Data collection instruments**

Questionnaires have been known to be less costly and consume less time when used as data collection instruments. The researcher used the Multifactor Leadership Questionnaire (MLQ Form 5X) to collect primary data (Bass & Avolio, 1995). The validity and reliability of the MLQ5X had been proved by other researchers to be strong. It has been used in transformational leadership measures because of its ability to describe leadership actions that are directly observed. It has nine scales that have 4 items that are measurable under transformational leadership. The respondents were presented with various statements on a 5-point Likert scale where they were required to score the extent to which they perceived a particular statement as descriptive of their leader. The questionnaire was distributed through email to the targeted sample group. This questionnaire focused on the various dimensions of transformational Leadership that were focused on by earlier researchers of transformational leadership.

### **3.6.2 Pilot testing of research instruments**

The questionnaire was piloted for reliability and validity. This was done in Machakos and Limuru branches to check on the challenges in understanding and interpretation of the questions therein. The two branches have a total of 25 employees. This helped provide the opportunity to refine the questionnaire where any errors were revealed in the questions, the design and sequence before distribution to the targeted sample population.

### **3.6.3 Instrument reliability**

Reliability implies consistency of measurement where assessment was done using the test – retest reliability method. Reliability increases when many similar items are included in a measure, a diverse sample of individuals is tested, and a uniform testing procedure is used. The researcher therefore subjected the survey instrument to Cronbach alpha formulae which is a measure of internal consistency. The test was run on the data collected and the values were more than 0.7 meaning the instrument passed the validity test.

### **3.6.4 Instrument Validity**

Validity is the extent to which an instrument measures what it claims to measure. Internal validity in research shows whether the results of the study can be replicated by the legitimacy in the way the respondents were selected, how data was recorded and the analysis of the same (Mohajan, 2017). External validity indicates whether the results given by the study can be transferred to other groups where there could be interest. Validity was expected to come from the content on the questionnaire. This included the scores given in every section of the questionnaire by the respondents. The researcher sought the expert opinion of the professionals including the supervisor and lecturers to help enhance the validity of the questions asked.

### **3.6.5 Data Collection Procedure**

Data collection is the process of gathering and measuring data on various interests in an organized systematic way that enables a researcher to give meaning to stated research questions, test the hypotheses, and evaluate outcomes (Leadquizzes, 2021). The study used primary data that is largely quantitative and descriptive in nature. The researcher used a structured self-complete research questionnaire by distribution to the target population and then collected after two weeks.

The questions were related to the four functions of transformational leadership. Data collected was analyzed, concluded and results reported with recommendations.

### **3.7 Data Analysis**

Data analysis is the process of bringing order, structure and meaning to the mass of collected data. It is the process of cleaning, transforming and modelling data to extract the useful information that can be used in decision making in the business (Guru99 2021). Collected data was entered into the SPSS system to establish the correctness of the data and the scales used to confirm the internal consistencies. Thereafter it was presented in descriptive and inferential statistics where Pearson's correlation and multiple regression analysis used to assess both relationships and effects as per the hypothesis of the study.

### **3.8 Legal and Ethical Considerations**

The researcher respected the wishes of the respondents and neither coerced nor intimidated any respondent who was not willing to be part of the research. The researcher sought to obtain all the relevant authorizations from the relevant institutions before engaging in any data collection procedures. All the data collected was analyzed accordingly as per the data and not what the researcher wanted to report. The researcher ensured that the respondents' integrity, dignity, and privacy was left as intact as it was before collecting the data when the exercise was complete.

## CHAPTER FOUR: DATA ANALYSIS AND FINDINGS

### 4.1 Introduction

The chapter presents the results obtained from the field by questionnaire as the main data collection instrument. The results were summarized in the subsequent section based on the study specific objectives. The specific objectives were to examine the influence of intellectual stimulation, individual consideration, idealized influence, and inspirational motivation on employee performance at Absa bank Nairobi Kenya.

### 4.2 Response Rate

As shown in Table 4.1, the response rate was calculated as a percentage of the total number of questionnaires distributed to the sample divided by the number of questionnaires that were properly completed and returned to the researcher.

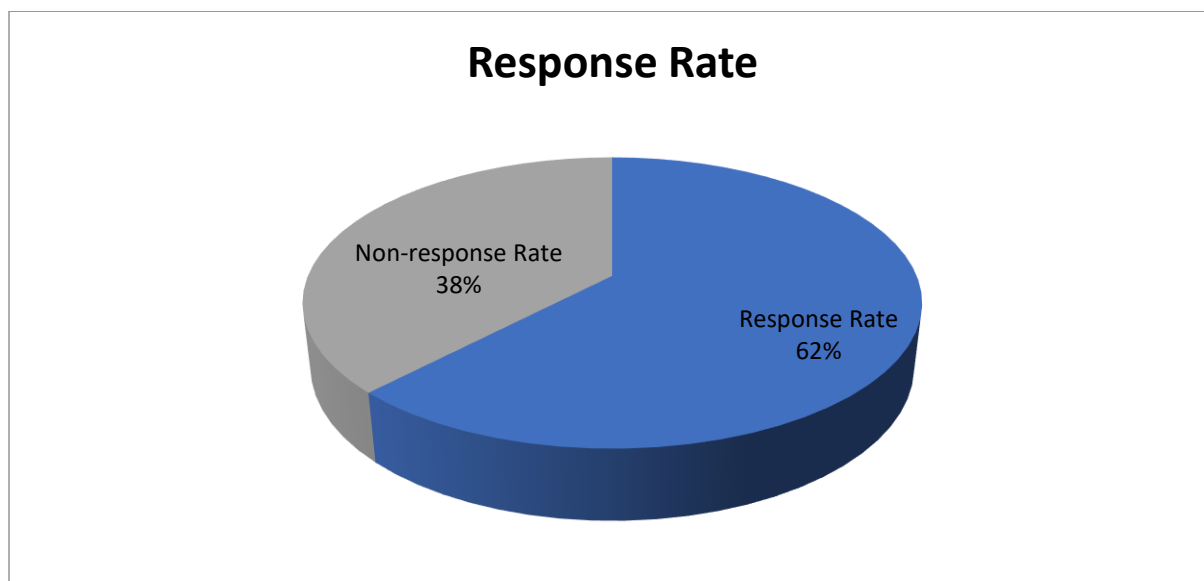
**Table 4.1 Response Rate**

Category	Frequency	Percentage
Response	130	62.2
Non-Response	79	37.8
<b>Total</b>	<b>209</b>	<b>100.0</b>

**Source: Field Data (2022)**

According to Table 4.1, 130 of the 209 target respondents who received the questionnaire completed and returned it. The outcome was a response rate of 62.2 percent and a non-response rate of 37.8 percent. A response rate of 50 percentage points, according to *Customer Thermometer* (2019) is sufficient for statistical inference analysis and reporting. That a higher response rate comes from motivation levels that are high in the respondents to complete the survey. This therefore minimizes sampling and non-response bias, which strengthens the correctness of the

conclusions generated from the data. Therefore, the 62.2 percent response rate was enough to draw conclusions and generalize from the sample measurements.



**Figure 4.1 Response Rate**

**Source: Field Data (2022)**

### 4.3 Demographic Results Presentation

#### 4.3.1 Gender of the Respondents

The gender of the respondents was determined based on the submitted questionnaires, and the gender breakdown is shown in Table 4.2.

**Table 4.2 Gender of the Respondents**

	Frequency	Percent
Male	88	67.7
Valid Female	42	32.3
<b>Total</b>	<b>130</b>	<b>100.0</b>

**Source: Survey Data (2022)**

88 men and 42 women answered, accounting for 67.7 percent and 32.3 percent of male and female respondents, respectively. The results showed that the response fairly represented both genders, demonstrating that the sample's opinions were gender neutral.

#### 4.3.2 Age of the Respondents

The findings of the age of the employees working in ABSA are shown in Table 4.3.

**Table 4.3 Age of the Respondents**

	Frequency	Percent
25Yrs -34Yrs	11	8.5
35Yrs – 44Yrs	97	74.6
45Yrs – 54Yrs	17	13.1
55Yrs & above	5	3.8
Total	130	100.0

**Source: Survey Data (2022)**

The largest number of respondents, 74.6 percent of the total, were between the ages of 35 and 44, according to the field data. Additionally, just 3.8% of those polled were above the age of 55, while 13.1% were between 45 to 54 years old. The respondents included the viewpoints of personnel from various age groups within the ABSA bank, as seen by this pattern of participation.

#### 4.3.3 Working Experience

The researcher's examination of the respondents' terms in office yielded the following results.

**Table 4.4 Working Experience**

		Frequency	Percent
Valid	Less Than 1 Year	2	1.5
	2 to 3 Years	4	3.1

4 to 5 Years	2	1.5
More Than 5 Years	122	93.8
<b>Total</b>	<b>130</b>	<b>100.0</b>

**Source: Field Data (2022)**

According to the data, the great majority of respondents (93.8 percent) had worked in ABSA for more than five years. On the other hand, 1.5% of respondents had 4 to 5 years of work experience, 3.1% had worked for 2 to 3 years while just 1.5% had been at the Bank for less than 1 year. These findings demonstrated that the workers who took part in this study have the necessary expertise to provide the researcher with useful data.

#### **4.3.4 Job Role in the Bank**

The results present the role played by various employees in ABSA Bank, Kenya. The results were summarized in Table 4.5

**Table 4.5 Employee Job Roles**

	Frequency	Percent
Branch Operations Leads	25	19.2
Universal Banker	27	20.8
Customer Experience Executive	19	14.6
Teller	59	45.4
<b>Total</b>	<b>130</b>	<b>100.0</b>

**Source: Field Data (2022)**

The results in table 4.5 indicated that majority of the respondents were tellers (45.4%). However, the other bank positions were fairly distributed to 14.6% representation of customer experience executives, 20.8% of universal bankers and 19.2% of the branch operations leads. It is crucial to note that tellers who responded were 59 out of a possible 144 which is 40% of the number that had been expected from tellers. The reason for this was because of the nature of job they do

despite two reminders sent to complete the survey. The survey was left on for two and a half weeks. Despite the tellers' challenge, data was collected from fairly all the positions in ABSA bank, and it reflects a true position on the leadership of the bank.

#### 4.4. Presentation of the Research Analysis and Findings

The following section presents the analyzed result based on the specific objectives. To provide the summary measurements of the sample used for data collection, the researcher used the mean and standard deviation. The descriptive statistics analysis was based on data collected from the variables in the research. In this situation, the study's quantitative data analysis was built on the essential features of the entire sample.

##### 4.4.1 Inspirational Motivation

The first objective was to determine the effect of inspirational motivation on employee performance at ABSA bank Nairobi, Kenya.

**Table 4.6 Descriptive Statistics on Inspirational Motivation**

	Mean	Std. Deviation
Expresses confidence in any changes in the organization	3.6231	.70728
Is enthusiastic about changes in the organization	4.0615	.77514
Expresses optimism in the organization's vision	4.0615	.40197
Makes me believe in my success in anything I do	4.3231	.55984
<b>Aggregate Mean</b>	<b>4.0173</b>	<b>.611058</b>

**Source: Field Data (2022)**

The overall mean score for inspirational motivation was 4.0173, which corresponded to 'Agree' on the five-point Likert Scale used in the survey, according to descriptive analysis.



Furthermore, the aggregated standard deviation was 0.611, indicating a low level of variability and indicating that individual question responses were close to the sample mean. A high mean portrayed that the respondents agreed with the statements on inspirational motivation factors in ABSA bank Kenya. The study clearly presents that leaders in ABSA Bank Kenya have empathy, they lead with optimism for positive outcome from employees and consider rewarding employees' effectiveness for improved performance.

The results were supported by Boamah et al., (2018) that the level of employee commitment in an organization can be used to assess the success of transformational leadership. They supported that employees experiencing poor job satisfaction led to poor performance. Transformational leadership when used effectively creates stronger bonds through motivation of followers to perform at high levels therefore increasing the emotional connection between the supervisor and followers who become confident enough to perform beyond their expectations. Further, according to Omamo and Awuor (2018) inspirational motivation is one of the imperative components that propel workers in contributing their best in creating advancements in their organizations through thoughts that create better business usefulness thereby excel both financially and non-financially. Also agreed with Kagendo (2018) argument that inspirational motivation leads to increased employee performance when leaders have a clear vision, setting clear goals, communicating the goals with proper clarity, and encouraging the associates to not only focus on their present but also their future. Vantagecircle (2022) postulated that inspirational motivation had a positive relationship with staff performance. That organizational goals and objectives were accomplished through team building support, demonstrations of tasks that employees should do by leaders, and the provision of assistance to employees in finding meaning in their work. This

meant that whenever there was change in inspirational motivation, employee performance would also change.

#### 4.4.2 Intellectual Stimulation

The second objective determined the effect of intellectual stimulation on employee performance in ABSA Bank Nairobi, Kenya.

**Table 4.7 Descriptive Statistics on Intellectual Stimulation**

	Mean	Std. Deviation
Encourages innovation by questioning assumptions	4.0308	.82536
Involves me in decision making process	4.3000	.71150
Encourages looking at difficulties in different dimensions	4.3000	.73295
Encourages creativity in problem solution	4.3154	.86297
<b>Aggregate Score</b>	<b>4.2366</b>	<b>0.78320</b>

**Source: Field Data (2022)**

The total mean score for the intellectual stimulation was 4.2366, which translated to ‘Agree’ on a Likert scale. Furthermore, the averaged standard deviation was 0.78320, demonstrating that many employees' responses converge around the mean, as seen by the low degree of variability. Additionally, individual pointer mean values range from 4.0308 on the low end and 4.3154 on the high end. The stated sample mean was a strong and accurate indication of the population mean due to the low variability, allowing generalizations to be drawn. Therefore, Intellectual stimulation indicators used; innovation by questioning assumptions, creativity and employee involvement in decision making were highly practiced by leaders in various positions in ABSA Bank Kenya.

The study supports Vantagecircle (2022) that better employee performance is achieved when transformational leaders empower the associates and encourage creativity and innovations

amongst employees. Decision from management levels to levels that competent decisions can be made through consideration of decision of everyone in the organization and creating opportunities for innovation is encouraged. That this is achieved through open communication for the generation of new ideas that help the organization have a wider perspective when making decisions. Further, Ndirangu (2018) found that leaders in the organization also have creative ideas for problem solving but apart from that they can get creative ideas on problem solving should they seek it from the associates in the organization. Leaders encourage associates to be able to challenge status quo. That intellectual stimulation can be understood to be the situation in which a leader pushes follower to develop innovative strategies. Transformational leadership style has increasingly become popular with leadership researchers due to its various approaches to support followers in trying new ways or approaches in developing new ways of combating organizational issues (Towler, 2019). It corroborated with Sayyadi (2020) that leaders who encourage employees to come up with initiatives that bear innovative solutions to business issues in the organization lead to achieving their goals through shared vision that has been created and articulated in order to appeal and inspire employees. Where Barare & Wambua (2018) also concluded that intellectual stimulation assists an organization in critical thinking and problem solving. Owuor (2018) further found that intellectual stimulation on organizational performance has been evaluated more extensively in the literature as an independent variable shaping outcomes for employees in the organization. He further said that the same leads to the increase in employee commitment to the organization; in turn has positive effects on the ability to achieve organizational and personal goals based on the dedication and the input of the employees. This therefore leads to better employee performance.

#### 4.4.3 Individual Consideration

The third objective of the study was to assess the effect of individual consideration on employee performance at the ABSA Bank Kenya.

**Table 4.8 Descriptive Statistics on Individual Consideration**

	Mean	Std. Deviation
Treats me as an individual	4.5000	.50193
Knows that I have different needs from others	4.2462	.86321
Recognizes that my strengths and abilities are different from others	4.2154	.84436
Ensures I have customized training that suit my needs in development	4.3308	.69760
<b>Aggregate Scores</b>	<b>4.3231</b>	<b>.72678</b>

**Sources: Survey Data (2022)**

According to the findings of the descriptive analysis, the aggregated mean and standard deviation scores for the indicators of individual consideration were 4.3231 and 0.72678, respectively. The sample mean translated to 'Agree' on the five-point Likert scale employed in the study. The average response variability was likewise low by the dispersion rate ranging from 0.50193 to 0.86321. The modest range of mean responses and the variance across the responses to the various indicators of individual consideration bolstered this even further. Because of the low variability of responses, the aggregated sample mean proved to be a robust and reliable estimator of the population mean, and so could be utilized to draw conclusions. Therefore, it was evident that leaders engaged employees in coaching, mentoring and customized training. This was evidenced by the high mean scores and therefore we can deduce that individualized consideration was key in ABSA Bank Kenya.

The study results agreed with Omamo and Awuor (2018) that a leader attends to everyone's needs and is both a mentor and coach who considers and appreciates everyone's contribution to

the team. As they do that they fulfil and enhance each individual team member's need for self-satisfaction through inspiration of the said individuals to further growth. Al Zefeiti (2017) further found that individualized consideration coupled with setting high performance expectations had significant impact on contextual performance. Further, similar results were found in Jong & Ford (2020) that management who reward their employees with praise or recognition when they perform at or even exceed expectations helps in improving their individual performances.

The results also agreed with Owuor (2018) where leaders with individual consideration tend to champion the urge for change and growth in their followers. Leaders are expected to perform assessment on employee's performance and come up with corrective actions to be implemented so as to improve the employee performance. Rewarding and recognition of desired behaviors of accountability, ownership and participation as a system has been seen to be paramount. Kirui (2017) established that in organizations where Individual consideration was used by managers, employee productivity increased thereby increasing the organizational performance. This they did by dealing with each employee individually considering that each had different needs and abilities, they would listen, give advice, develop, and coach individual contribution, and encourage one-on-one interactions that increase employee motivation.

#### **4.4.4 Idealized Influence**

The fourth objective was to determine effects of idealized influence on employee performance at ABSA Bank Kenya.

**Table 4.9 Descriptive Statistics on Idealized Influence**

	Mean	Std. Deviation
Is ethical in what he/she says and does	4.2000	.83897
Makes me trust him/her fully	4.2231	.86504
Is open, always forthcoming with others	4.1615	.87872

Is honest and full of integrity	4.2769	.74725
<b>Aggregate Score</b>	<b>4.2154</b>	<b>.83250</b>

**Source: Survey Data (2022)**

According to the descriptive analysis, the aggregated mean of idealized influence measures was 4.2154, with an aggregated standard deviation of 0.83250. According to the sample mean, workers agreed with claims regarding the idealized influence in general. As seen by the small range of response variation, the fluidity of the responses was also reduced. The small range of mean response and dispersion rate of responses among the many idealized influence indicators employed in the study added to this. The sample mean's aggregated score was a valid estimator of the population mean, and so could be used for generalizations, due to the low variability of responses. These helped the researcher to deduce that leaders in ABSA bank Kenya consider ethics as a vital component in handling their employees with decorum. It was also established that communication of organization vision to the employees was made clear. Integrity, honesty, and openness was also key to the leadership of ABSA Bank Kenya.

The results supported Ogola, Sikalieh and Linge (2017) findings that transformational leaders with idealized influence are honored, trusted, appreciated, admired by followers who in turn identify with them and imitate them. Transformational leaders exert their influence on a group or team by providing a clear vision and sense of belonging; they create a situation referred to as idealized influence. Further, Kagendo (2018) argued that leaders can inspire others in taking positive steps to improve themselves consequently taking a particular course of action and trust, admiration, and respect is created where idealized influence is present. Awori (2018) findings also found that great performance was realized when leaders acted as role models and have consideration for ethical consequences when they make decisions. This also agreed with Sayyadi (2020) that transformational leadership is a crucial factor in creating good governance and

enhancing employee performance through more teamwork, humane and charismatic leadership behaviors that build better character in employees. This therefore means that the organizations with good transformational leadership have great corporate governance

#### 4.4.5 Employee Performance

The employee performance indicators used in the study included job satisfaction, trust and consistency and efficiency in task accomplishment. The results were presented in Table 4.10.

**Table 4.10 Descriptive Statistics on Employee Performance**

	Mean	Std. Deviation
Is consistent in what he/she says and does	4.4615	.50045
Is honest and full of integrity	4.2769	.74725
Ensures efficiency at all levels	4.4462	.51432
Ensures accomplishment of tasks	4.1615	.87872
<b>Aggregate Score</b>	<b>4.3365</b>	<b>.66019</b>

**Source: Survey Data (2022)**

The employee performance aggregated mean score for the three performance areas was 4.3365 on a five-point Likert scale, compared to 'Agree'. Furthermore, the standard deviation indicated that answer changeability from the aggregate mean score was modest. According to the stated aggregated mean of the responses and the low variability meant that employee responses clustered around the aggregate mean score, indicating that the sample mean was a reliable predictor of the population mean. It was also clear that job satisfaction level was high with leaders showing consistency in honest and integrity by protecting the interests of employees. The result as represented by high mean scores indicates that accomplishment of tasks was attained by majority of employees in ABSA Bank.

## 4.5 Diagnostic Tests

### 4.5.1 Normality Tests

The Shapiro Wilk test was used in the study to test the normalcy test. To accept the null hypothesis that the data are normally distributed, the P-value for the Shapiro Wilk test must be greater than 0.05. Table 4.11 summarizes the findings.

**Table 4.11: Kolmogorov-Smirnov and Shapiro Wilk test**

	Kolmogorov-Smirnov <sup>a</sup>			Statistic	Shapiro-Wilk	
	Statistic	Df	Sig.		Df	Sig.
Inspirational Motivation	.183	18	.077	.944	129	.401
Intellectual Stimulation	.332	18	.087	.912	129	.221
Individual Consideration	.175	18	.321	.888	129	.111
Idealized Influence	.274	18	.089	.899	129	.451
Employee Performance	.321	18	.102	.923	129	.087

**Source: Survey Data (2020)**

The results show that the P values for Inspirational Motivation, Intellectual Stimulation, Individual Consideration, Idealized Influence, and employee performance were all greater than 0.05 for both Kolmogorov-Smirnov and Shapiro-Wilk tests. As a result, we accept the null hypothesis that the data for both the dependent and independent variables indicators were normally distributed.



### 4.5.2 Multicollinearity Tests

The Multicollinearity test is used to see if one or more of the variables in the study are significantly related to other explanatory variables. The correlation test results were presented results in table 4.12.

**Table 4.12: Multicollinearity Tests**

Variable	VIF	1/VIF
Inspirational Motivation	7.85	0.12739
Intellectual Stimulation	6.32	0.15823
Individual Consideration	8.54	0.11710
Idealized Influence	3.25	0.30769
Mean VIF	6.49	

**Source: Survey Data (2021)**

The Multicollinearity tests indicate Inspirational Motivation had a VIF of 7.85, the VIF value for Intellectual Stimulation was 6.32, and Individual Consideration had a VIF of 8.54, and VIF of 3.25 for Idealized Influence. None of the VIF was higher than 10 indicating no possibility of multicollinearity.

### 4.6 Inferential Analysis

This section presents the correlation, analysis of variance and regression results related to the study variables.

### 4.6.1 Pearson Correlation Results

**Table 4.13 Correlations**

		Inspirational Motivation	Intellectual Stimulation	Individual Consideration	Idealized Influence	Employee Performance
Inspirational Motivation	Pearson Correlation	1				
	Sig. (2- tailed)					
	N	130				
Intellectual Stimulation	Pearson Correlation	-.104	1			
	Sig. (2- tailed)	.240				
	N	130	130			
Individual Consideration	Pearson Correlation	-.244**	.050	1		
	Sig. (2- tailed)	.105	.571			
	N	130	130	130		
Idealized Influence	Pearson Correlation	-.145	.278**	.636**	1	
	Sig. (2- tailed)	.099	.001	.000		
	N	130	130	130	130	
Employee Performance	Pearson Correlation	-.001	.719**	.805**	.767**	1
	Sig. (2- tailed)	.987	.000	.000	.000	
	N	130	130	130	130	130

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

The result in table 4.11 presents intellectual stimulation, individual consideration and idealized influence had a positive and significant effect on employee performance as indicated by correlation coefficient values of 0.719, 0.805 and 0.767 respective. However, inspirational

motivation had an insignificant effect on employee performance at 5% significant level (sig=0.987)

#### 4.6.2 Regression Analysis Results

The results below show the regression results of the study based on the inspirational motivation, intellectual stimulation, individual consideration, and idealized influence (independent variables) regressed against employee performance (Dependent Variable).

**Table 4.14 Model Summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.827 <sup>a</sup>	.684	.673	2.53209

a. Predictors: (Constant), Idealized Influence, Inspirational Motivation, Intellectual Stimulation, Individual Consideration

**Source: Survey Data (2022)**

Idealized Influence, Inspirational Motivation, Intellectual Stimulation and Individual Consideration determined/explained 67.3 percent of employee performance in ABSA Bank, according to table 4.13. Several variables not examined in this study contribute for 32.7 percent of employee performance. The model's average coefficient of determination suggests that it may be used to extrapolate generalizations from data.

**Table 4.15 ANOVA<sup>a</sup>**

Model		Sum of Squares	df	Mean Square	F	Sig.
	Regression	1731.332	4	432.833	67.509	.000 <sup>b</sup>
1	Residual	801.438	125	6.412		
	Total	2532.769	129			

a. Dependent Variable: Employee Performance

b. Predictors: (Constant), Idealized Influence, Inspirational Motivation, Intellectual Stimulation, Individual Consideration

Analysis of variance is used to test the entire model significance. The F calculated=67.509 was larger and more significant than the F critical=8.76, suggesting that the whole model was

significant. This suggests that at least one independent variable (Idealized Influence, Inspirational Motivation, Intellectual Stimulation, Individual Consideration) may be used to explain changes in the dependent variable (employee performance) at a 95% confidence level.

**Table 4.16 Coefficients<sup>a</sup>**

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	
	B	Std. Error				
			Beta			
	(Constant)	16.450	3.718		4.424	.000
	Inspirational Motivation	.442	.135	.171	3.276	..382
1	Intellectual Stimulation	1.332	.101	.702	13.130	.000
	Individual Consideration	.803	.146	.373	5.502	.000
	Idealized Influence	.136	.155	.060	.877	.001

a. Dependent Variable: Employee Performance

**Source: Field Data (2022)**

The equation below shows the regression analysis resulting from the linear regression data in Table 4.16:

$$\text{Employee Performance} = 16.450 + 1.332 \text{ Intellectual Stimulation} + 0.803 \text{ Individual Consideration} + 0.136 \text{ Idealized Influence}$$

The coefficients of multiple determination for the four factors of a transformational leadership were positive, suggesting that they positively influenced employee performance. However, holding other factors constant, inspirational motivation had insignificant effect on employee performance at 95% confidence interval (sig=0.382).

According to the regression analysis reported in Table 4.15, the intellectual stimulation was statistically significant as B=1.332, sig= 0.000. The findings suggested that employee performance

was impacted by its intellectual stimulation at a 95-percentage confidence level. Further, the findings implied that a unit increase in the pointers of intellectual stimulation resulted in an increase in employee performance by 1.332 units assuming all other predictor variables were held constant.

The third variable was on individual consideration which had positive and significant effect on employee performance  $B=0.803$ ;  $\text{sig} = 0.000$ , according to the findings of regression analysis in Table 4.16. The findings indicated that, at a 95% level of confidence, individual consideration had a significant effect on employee performance. Furthermore, the findings revealed that a unit increase in individual consideration indicators resulted in a unitary rise of 0.803 in employee performance.

The study regressed idealized influence against employee performance and the results were that idealized influence had a positive and significant effect on employee performance  $B=0.136$ ;  $\text{Sig}=0.000$  according to the regression results in Table 4.15. The statistical significance of the findings revealed that, at a 95% level of confidence, idealized influence had a beneficial influence on the employee performance. These findings also revealed that a unit increase in idealized influence indicators resulted in a unitary rise of 0.136 in employee performance.

## **CHAPTER FIVE: DISCUSSIONS, CONCLUSIONS AND RECOMMENDATIONS**

### **5.1 Introduction**

This chapter presents the discussions, conclusions and recommendations based on the study results guided by the objectives. The main objective was to determine the effect of transformational leadership on employee performance at ABSA Bank Kenya PLC.

### **5.2 Discussions**

#### **5.2.1 Effect of Inspirational Motivation on Employee Performance**

According to the report, ABSA Bank Kenya executives exhibited empathy, lead with hope for a great outcome from workers, and believed that rewarding people is an effective way to increase performance. Boamah et al., (2018) found that the amount of employee engagement in a business may be utilized to determine the success of transformational leadership. They agreed that employees who were dissatisfied with their jobs performed poorly. When utilized successfully, transformational leadership strengthens relationships by motivating followers to achieve at high levels, therefore building the emotional bond between the supervisor and followers, who get the confidence to perform above their expectations.

Furthermore, according to Omamo and Awuor (2018), inspirational motivation is one of the critical components that motivates employees to give their all for them to advance their organizations through ideas that improve business effectiveness, allowing them to succeed both financially and non-financially. According to Kagendo (2018), when leaders have a clear vision, create clear goals, communicate the goals clearly, and encourage colleagues to not only focus on the now but also on the future, inspiring motivation leads to enhanced employee performance. Mathende & Karim (2022) concluded that in strange situations like the Covid 19 pandemic, it was the motivation that came from transformational leaders that made employees perform better for they influenced the expected results.

### **5.2.2 Effects of Intellectual Stimulation on Employee Performance**

The second goal was to see how intellectual stimulation affected employee performance at ABSA Bank Kenya. Because of the minimal variability, the indicated sample mean on intellectual stimulation was a strong and reliable indication of the population mean, allowing generalizations to be formed. As a result, executives in various roles at ABSA Bank Kenya employed intellectual stimulation metrics such as challenging assumptions, inventiveness, and staff engagement in decision making.

The study backs up Towler's (2019) claim that transformational leaders may improve employee performance by empowering people and encouraging creativity and innovation. Boyd & Hartzell (2022) posit that by involving the employees in the decision-making process, it allows them to be autonomous. That transformational leaders who want to succeed at work encourage creativity, challenge status quo, and challenge new ways of working and providing solutions to problems. This therefore encourages growth in the organization and the individuals. According to Towler (2019), competent judgments may be made at all levels of the company by considering everyone's decisions and generating possibilities for creativity. Furthermore, Ndirangu (2018) discovered that leaders in the company have innovative problem-solving ideas, but that they may also obtain creative problem-solving ideas from the organization's colleagues. Leaders push employees to question the current status quo. The circumstance in which a leader drives follower to find novel tactics might be intellectual stimulation. This also agreed with the study of Kimeto & K'Aol (2018) where they found that innovative work behavior and the leader are correlated because when the two are put together the results may be a high or a low organizational performance and commitment.

### **5.2.3 Effect of Individual Consideration on Employee Performance**

The third objective of the study was to assess the effect of individual consideration on employee performance at the ABSA Bank Kenya. It was discovered that leaders coached, mentored, and provided specialized training to their personnel. Because of the high mean scores, we may assume that individualized consideration was important at ABSA Bank Kenya.

The findings support Omamo and Awuor's (2018) assertion that a leader caters to everyone's needs and serves as a mentor and coach who values and considers everyone's contribution to the team. As a result, they satisfy and develop each individual team member's demand for self-satisfaction by motivating them to achieve greater heights. Individualized consideration combined with high performance expectations has a substantial influence on contextual performance, according to Al Zefeiti (2017). Jong & Ford (2020) discovered that rewarding employees with praise or recognition when they meet or surpass goals helps them improve their individual performance.

### **5.2.4 Effect of Idealized Influence on Employee Performance**

The fourth objective was to determine effect of idealized influence on employee performance at ABSA Bank Kenya. The sample mean's aggregated score was a valid estimator of the population mean, and so could be used to generalize, due to the low variability of responses. These findings led the researcher to the conclusion that ABSA bank Kenya leaders see ethics as a critical component in dealing with their personnel in a dignified manner. It was also determined that the organization's vision was clearly communicated to its personnel. Integrity, honesty, and transparency were also important to the ABSA Bank's leadership.

The findings corroborated Ogola, Sikalieh, and Linge (2017) findings that followers of transformational leaders with idealized impact are revered, trusted, appreciated, and adored by those who identify with and copy them. Transformational leaders influence a group or team by



giving them a clear vision and a sense of belonging; they create a condition known as idealized influence. Furthermore, Kagendo (2018) suggested that leaders may inspire people to take good actions to develop themselves because of following a certain course of action, and where idealized influence is present, trust, admiration, and respect are established.

### **5.3 Summary of the Findings**

It was established that leaders expressed confidence in any changes in the organization. Leaders are enthusiastic about changes in the organization, and they express optimism in the organization's vision by making employees believe in their success in anything they do.

It was established that leaders in ABSA Bank Kenya encourage innovation by questioning assumptions based on the employee capabilities. The leaders involve employees in decision making process at all levels. They encourage employees in the bank to look at difficulties in different angles. Further, it was established that leaders in the bank encouraged creativity in problem solving amongst employees and created opportunities for innovation.

The results further presented that leaders in ABSA bank Kenya treat employees as individuals, knowing that each has different needs. Leaders recognize that employees' strengths and abilities are different from others and ensure they have customized training that suit their needs in development

Leaders are ethical about the organization and employees and the action they portray toward employees depict the same. Leaders make employees trust them fully for they are open and easy to be reached, always forthcoming with others and ready to help. It was also established that communication of organization vision to the employees was made clear. Integrity, honesty, and openness was also key to the leadership of ABSA Bank Kenya.

## 5.4 Conclusions

With the current market changes where technological advances are being experienced, organizations need transformational leaders who believe in the change and are willing to turn around cultures and developments to better the organizations especially against the competitors. Such cultures should be sought with determination and sincerity. Transformational leadership functions are positively correlated with the hunger and commitment for the associates to achieve goals in environments that are full of trust, shared values, and visions. Therefore, leaders at ABSA bank Kenya PLC have been found to be transformational leaders through the survey results. They have been seen to have a clear vision and mission and are trusted, meaning they are consistent with their values with a clear sense of purpose. They are confident in self and others and have demonstrated that it is crucial to develop and progress their associates by paying attention to their individual needs by aiding their self-improvement and accomplishments.

The leaders are enthusiastic about changes in the organization and encourage employees through focus, attention to detail, taking risks and actions that depict walking the talk. Furthermore, they encourage employees to perform better while challenging them to be more innovative by challenging status quo. The leaders are trusted and communicate the organizations vision clearly. They carry themselves with integrity, honesty and openness making it easy for the employees to interact with them freely as they are easily reachable and always ready to help. The leaders treat their employees as individuals as they recognize that people are different with diverse strengths and weaknesses. Furthermore, personalizing their coaching and mentoring with the employees' personal needs in mind.

## **5.5 Recommendations**

Leadership styles that show a high positive correlation with organizational success should be implemented. Managers should therefore assist others in developing themselves, guiding them to be rewarded for their work; be satisfied when others meet agreed-upon standards; provide recognition or rewards; inform others of the standards they must know to carry out their work; and ask no more of others than is necessary.

Managers should consider learning transformational leadership skills since these are critical to the development of Kenya's commercial banks. Leaders should pursue new ideas and ways of getting tasks done effectively. They should display behavior that is superb and lead their teams with charisma, inspiring, and creating space for innovative and creative ideas from associates. Managerial policies should call for a greater level of participation in mentoring subordinates toward organizational objectives.

## **5.6 Areas for Further Study**

This research looked at the impact of transformational leadership on the employee performance at ABSA Bank, Kenya. Future study is needed to determine the exact areas of organizational performance that transformational leadership behaviors affect, as well as their contribution to organizational success. Since the bulk of empirical research show that fully engaged workers provide an immense return on investment for firms and even governments, there is a need to identify other elements that may impact employee performance and hence enhance organizational performance. It is still not completely clear how a transformational leader should behave to influence change in an organization because situations are different hence not a one size fits all leadership style. More research needs to be done in this area.

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## APPENDICES

### APPENDIX 1 QUESTIONNAIRE

#### Introduction:

Good day to you. My name is Judith Amondi Ouko a master's student at Africa Nazarene University, Kenya. I am currently conducting a quantitative study on Transformational Leadership in Absa bank Nairobi, Kenya. I would be very grateful if you could take the survey below. Your response will be confidential and anonymous. No information will be shared outside the boundaries of the study and the University. The results will be used in my own research and your participation is voluntary. The questionnaire comprises 28 simple questions and covers three pages including this invitation. Should you have any concerns or queries on this matter, kindly reach me on mobile number +254 722 596897 or email [Judith.oulo@yahoo.com](mailto:Judith.oulo@yahoo.com). Thank you in advance for your participation.

Regards

Judith A. Ouko

1. What is your current role?
  - Branch Operations Lead
  - Universal Banker
  - SME Banker
  - Customer Experience Executive
  - Teller
2. Your Gender is?
  - Male
  - Female
3. Your age brackets?
  - 18Yrs – 24Yrs
  - 24Yrs - 34Yrs
  - 35Yrs – 44Yrs
  - 45Yrs – 54Yrs
  - 55Yrs & above
4. How many years have you worked for the organization?

- 0 – 1yr
  - 2 – 3yrs
  - 4 – 5yrs
  - Over 5 yrs.
5. Key

Strongly Disagree	1
Disagree	2
Neutral (Neither agree nor disagree)	3
Agree	4
Strongly Agree	5

My Leader.....

1. Expresses confidence in any changes in the organization	1 2 3 4 5
2. Is enthusiastic about changes in the organization	1 2 3 4 5
3. Expresses optimism in the organization's vision	1 2 3 4 5
4. Makes me believe in my success in anything I do	1 2 3 4 5
5. Encourages innovation by questioning assumptions	1 2 3 4 5
6. Involves me in decision making process	1 2 3 4 5
7. Encourages looking at difficulties in different dimensions	1 2 3 4 5
8. Encourages creativity in problem solution	1 2 3 4 5
9. Treats me as an individual	1 2 3 4 5
10. Knows that I have different needs from others	1 2 3 4 5
11. Recognizes that my strengths and abilities are different from other	1 2 3 4 5
12. Ensures I have customized training the suit my needs in development	1 2 3 4 5
13. Is consistent in what he/she says and does	1 2 3 4 5
14. Is honest and full of integrity	1 2 3 4 5
15. Is loyal hence protects my interests	1 2 3 4 5
16. Is open, always forthcoming with others	1 2 3 4 5
17. Is a role model to me	1 2 3 4 5
18. Makes me trust him/her fully	1 2 3 4 5
19. Is competent hence knowledgeable in what he/she communicates	1 2 3 4 5
20. Is ethical in what he/she says and does	1 2 3 4 5
21. Gets employees to accept changes for the sake of the organization	1 2 3 4 5
22. Has a sense of direction for the organization's future	1 2 3 4 5
23. Gets us to work together in the direction of the organization goals	1 2 3 4 5
24. Coaches and mentors me in my work	1 2 3 4 5

## APPENDIX 2 ANU RESEARCH AUTHORIZATION LETTER



21<sup>st</sup>, January, 2022

E-mail: [researchwriting.mba.anu@gmail.com](mailto:researchwriting.mba.anu@gmail.com)

Tel. 0202711213

*Our Ref:* 19M03EMBA023

The Director.

National Commission for Science,  
Technology and Innovation (NACOSTI),  
P. O. Box 30623, 00100  
Nairobi. Kenya

Dear Sir/Madam:

**RE: RESEARCH AUTHORIZATION FOR: JUDITH AMONDI OUKO**

Miss. Judith is a postgraduate student of Africa Nazarene University in the Master of Business Administration (MBA) program.

In order to complete her program, Miss. Judith is conducting a research entitled: “**Effects of Transformational Leadership on Employee Performance in the Kenyan Banking Industry: A Case of ABSA Bank Nairobi, Kenya**”

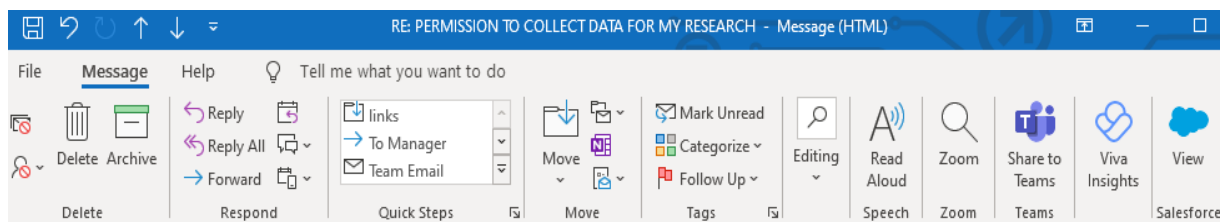
Any assistance offered to her will be highly appreciated.

Yours Faithfully,

A handwritten signature in black ink, appearing to read 'Kimani Gichuhi'.

**DR. Kimani Gichuhi,**  
**MBA, Coordinator,**  
**School of Business,**  
**Africa Nazarene University.**

## APPENDIX 3: ABSA BANK DATA COLLECTION APPROVAL EMAIL



RE: PERMISSION TO COLLECT DATA FOR MY RESEARCH



**Mathew Kimitu (KE)**

To **Judith Oulo (KE)**

*i* You forwarded this message on 2022/02/03 3:31 PM.

Reply Reply All Forward

Thu 2022/02/03 12:4

Approved for the intended purpose only.

Regards,

**Mathew Kimitu**

Head Of RBB Operations and Controls

Retail and Business Banking

T +254 020 4254327

M +254 723786480

E [Mathew.kimitu@absa.africa](mailto:Mathew.kimitu@absa.africa)

2nd Floor, Absa Headquarters, Waiyaki Way - P.O.Box.30120-00100, Nairobi

[www.absabank.co.ke](http://www.absabank.co.ke)

**From:** Judith Oulo (KE) <[Judith.Oulo@absa.africa](mailto:Judith.Oulo@absa.africa)>

**Sent:** Tuesday, February 1, 2022 5:42 PM

**To:** Mathew Kimitu (KE) <[Mathew.Kimitu@absa.africa](mailto:Mathew.Kimitu@absa.africa)>

**Subject:** PERMISSION TO COLLECT DATA FOR MY RESEARCH

Good evening Kimitu,

Hope this email finds you fine.

I am humbly seeking approval to collect data for my masters degree. This concerns Absa Bank Nairobi and its immediate environment branches. I would really appreciate your consideration. Attached is a letter from Africa Nazarene University and a research license from National Commission for Science, Technology and Innovation for your referral.

Thank you in advance.

Regards

**Judith Ouko**

Branch Operations Lead

Ongata Rongai Branch

T +254 701 994 398





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APPENDIX 5: MAP OF RESEARCH AREA

