

THE MEDIATING LEADERSHIP STYLE EFFECT ON THE CONNECTION BETWEEN PRODUCTIVITY LEVEL AND FISCAL SUSTAINABILITY IN KENYA'S PUBLIC SECTOR WAGE BILL MANAGEMENT INSTITUTIONS

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ABSTRACT

During an individual and organizational interaction, leadership becomes one of the most noticeable effects. This indicates the management's leadership competence in the efforts of executing "teamwork effort. Leaders who are excellent ensure that the requirements are met during the process of achieving the organizational goals and inspire their subordinate's potential to have efficiency. The study examined the mediating leadership style effect on the connection between productivity level and fiscal sustainability in Kenya's public sector wage bill management institutions. The study was guided by the behavioural leadership theories. The philosophical foundation adopted by the study was positivism and a cross sectional survey design owing to the fact that the data collected was quantitative and qualitative in nature. The study population was from Kenya's public sector wage bill management institutions. In determination

of sample size, the Krejcie and Morgan table was used. Primary data was collected by use of structured questionnaires and the choice of drop and pick method was used because the technique is believed to minimise non-coverage error. Data analysis involved computation of percentages, means scores, and frequencies for descriptive statistics and correlation and regression for inferential statistics. From the findings of the research, it can be concluded that there was a very strong association between leadership style and fiscal sustainability in Kenya's public sector wage bill management institutions which is significant. The study recommends that Kenya's public sector needs an extensive change in their leadership style as the current authoritarian and centralized structure offers significant challenges to improved productivity and fiscal sustainability.

Key Words: *mediating leadership style, productivity, level and fiscal sustainability, public sector, wage bill management, institutions, Kenya*

INTRODUCTION

Leadership style can be explained as the individual behavior that is needed to guide a group to achieve a set goal according to Stogdill (2010). The strategy used in leading and offering motives that are inspiring and enabling the potential for growth and development in the staff is the definition of leadership by Fry (2003). Transactional leadership helps the company achieve the objectives that have been set efficiently through linking job performance to valued rewards. The existence of resources that employees need to complete work and visionary leadership result in huge levels of dedication, togetherness, stimulus, and trust which result in greater performance in the organizational environments (Zhu et al., 2015). The focus on the leadership effects is the longstanding approach to efficient methods of outperforming their competitors which the organization seeks according to Mehra (2014). The coordination of collective action, modeling the collective norms, and assisting teams to deal with their surroundings are important roles

played by the team leaders. The relationship between performance and leadership has been highly in sighted by the leader-centered perspective (Guzzo & Dickson, 2009). To improve fiscal sustainability through leadership behavior and leadership paradigms, the strategic role of leadership have been studied (Keller, 2010). The organizational performance and leadership style are related due to different reasons. The market is not only dynamic, but it is also intensive and this becomes a reason accompanied by the competition that is innovation-based, the performance or price rivalry, the destruction of existing competencies, and returns decreasing (Fry, 2003). When faced with new challenges, the study has shown and suggested that behaviors of leadership can help with performance improvement by organizations (McGrath, 2000).

The individual behavior that is needed to guide a group to achieve a set goal is called leadership according to Stogdill (2010). The strategy used in leading and offering motives that are inspiring and enabling the potential for growth and development in the staff is the definition of leadership by Fry (2003). The organizational performance and leadership style are related due to different reasons. The market is not only dynamic, but it is also intensive and this becomes a reason accompanied by the competition that is innovation-based, the performance or price rivalry, the destruction of existing competencies, and returns decreasing (Fry, 2003). When faced with new challenges, the study has shown and suggested that behaviors of leadership can help with performance improvement by organizations (McGrath, 2000).

The overall satisfaction with the organization and impact on job satisfaction on employee resulted from transformational leadership according to Berson and Linton (2015). The organizational quality and the climate at the place of work had high positivity resulting from the transformational leadership style. The employees thus can pay greater attention to the work quality leading to great overall satisfaction and job satisfaction. The exchange of knowledge and experience is possible due to the open communication that highly contributes to learning. From an organization that is knowledge production, the radical innovation of products, work processes, and services along with continuous improvement can be observed (Kessels, Verdonschot, & De Jong, 2011). Bass and Bass (2009) provided a detailed definition that portrays leadership as the act of determining and guiding a group of people towards the attaining of a common goal by motivating them to believe in the leader's vision. Kosimbei, (2009) ascertained that the extent to which organizations achieved their goals largely depends on the type of leadership. Leadership in this study formed the foundation for understanding the issues facing the public sector in Kenya that have a direct correlation with fiscal sustainability. The research described behavioural theories to create an understanding of the variable in the setting of the public sector in Kenya because significant poor economic and political positions in Kenya can be attributed to poor leadership.

PROBLEM STATEMENT

This research sought to look into the issues of high debt and fiscal unsustainability in Kenya's public sector by analysing factors that may be contributing to the causes. The study proposed that primary causes are related to bad governance; lack of reliable labour market structures and regulations; weak leadership policies; poor work ethics; and low productivity level. Further studies on fiscal sustainability, especially those done by Auerbach and Gorodnichenko (2017) concentrated on relating economic shock to fiscal sustainability rather than look at the labour market structures, work ethics, or leadership as determinants of fiscal sustainability. However, it was an aim of this study to establish the purposes for the general unfavorable fiscal situation in the public sector as well as the contribution to the research gaps that have failed to highlight the net effect of productivity level, work ethics, leadership style and the fiscal sustainability in Kenya's public sector. According to GoK, (2013) Kenya's low multifactor productivity index of 0.84 as contrasted with emerging economies of South East Asia whose average is 5 whereas the labour productivity index for Kenya marginally increased from an index of 1 in 2001 to 2.38 in 2011. The relatively low indices arose from three major areas insufficient implementation of productivity management standards and practices, deficiency in management and productivity systems, as well as lack of advancement of a national integrated institutional framework for productivity and management. Other factors contributing to low indices are poor work ethics, inadequate working environment, and lack of productivity-enhancing tools. The low productivity led to low purchasing power, leading to a rise in domestic costs and a campaign for increased wages by the labour force (GoK, 2013). General productivity such as the aggregate demand and the inclusion of technology has a positive correlation with fiscal sustainability (Sheiner, 2018). The leadership style adopted in a country determines the effectiveness of the spending regulations and revenue collection. Such are negatively influenced by vices such as corruption and misappropriation of funds. Further, the labour market as an element of the public sector affects the fiscal sustainability through the determination of different prospects such as the level of employment and the ability to improve production level (Hogan, 2017). This study was important as it filled the gap not examined by many studies yet very critical as it determines causes. Therefore, policymakers and leaders of the country would be able to understand the problem they face and device policies for a better economic situation in Kenya. The study sought to dictate the mediating leadership style effect on the connection between productivity level and fiscal sustainability in Kenya's public sector wage bill management institutions.

OBJECTIVE OF THE STUDY

The objective of this study was to assess the mediating leadership style effect on the connection between productivity level and fiscal sustainability in Kenya's public sector wage bill management institutions.

THEORETICAL REVIEW

The behavioural theory of leadership is described by a collection of leadership styles that influences the personal traits and approaches in which a leader makes decisions (Chemers, 2014). The behavioural theory states that the traits of a leader describe their leadership style and could be used to understand the various decisions made as well as the factors that lead to the said decisions (McCleskey, 2014). Importantly, the behavioural leadership approach sets the standards with which the political environments favour conditions for a lower international debt in comparison with increased revenue appropriation (Chemers, 2014). The proper appropriation of resources in a country demonstrates a positive multiplier effect on the improvements and consistencies in fiscal sustainability. Many of the economic problems in Kenya have been associated with the leadership style in the country (Mutuku, 2015).

One of the major problems that have been conspicuous in public discourse is the tendency of the people in leadership positions to spend public resources to benefit their interests. As a result, Kenya is faced with immense cases of corruption, a decline in economic development, and an increasing poverty level. Any attempts to create bodies and independent institutions to reverse these situations are undermined by the political elite who reap from the current status (Mwenzwa & Misati, 2014). In 2002, the ascendancy of the political party National Rainbow Coalition (NARC) government in Kenya, to power was a great step in achieving development in the country as it significantly changed the leadership approaches, especially regarding fiscal policy and got the economy growing. The NARC government was also responsible for launching the vision 2030 that focuses on specific goals that the government intends to achieve in various sectors of development (Mwenzwa & Misati, 2014). Unfortunately, factors that are related to the leadership approach taken by the leaders have continuously hindered the economic stability of the country. In 2007, for instance, the country faced a long period of economic retardation following post-election violence.

Other historical challenges that are associated with leadership that has impacted economic development are the suppression of trade unions (Szczepańska-Woszczyzna & Kurowska-Pysz, 2016). Legislative changes have been a major hindrance to the effective operation of trade unions until recently when they were allowed to be part of the policymaking in their respective sectors. Mutuku, (2015) argues that the introduction of a devolved system of governance in Kenya was seen as an achievement in enhancing service delivery, and economic development in rural Kenya. Unfortunately, the leadership approaches in the counties are characterized by political scandals, poor policy formulation, corruption, and inappropriate distribution of resources.

Trait leadership theory suggests the association of successful leaders with some set of traits and characteristics according to Bhatia (2009). The physical traits, social attributes, social features, and task-related attributes that are inborn are prominent traits for successful leaders that help them to be successful. The organization's performance and effectiveness can be enhanced by

some traits as evidenced by empirical studies that support the trait theory (Northouse, 2013). Stogdill (1948 and 1974); Mann (1959); Lord (1991) and Kirkpartrick (1986) are the people behind the trait theories major works. Between the 1920s and 1930s, the features that contrast leaders from non-leaders were the research of leadership majorly focused on. One of the earliest leadership theories is the trait theory that talks of not what a constructive leader does but who or what an effective leader is.

As leaders continue to emerge, the list of leader traits is also growing although it is a large one. The trait leadership theory has obtained some criticisms despite the many studies on the leadership traits diversity studies in existence (Northouse, 2013). Leadership, for instance, does not have to be an inborn aspect which has always been believed in the history of humans according to critics. The art of leadership can be learned and nature which has brought about some very successful leaders. They also suggested that in leadership qualities, there is nothing peculiar, divine, or inborn (Northouse, 2013). Leadership effectiveness can be associated with the factors of the environment although there is literature evidence that the traits of an individual matter (Bhatia, 2009; Northouse, 2013). To achieve organizational effectiveness, Bhatia (20019) concludes that the quality of leadership and trait are not sufficient.

Five traits were isolated by Northouse (2013) perhaps in the efforts to conclude the traits discussion. These traits that led to the organizational transformations included self-confidence, integrity, determination, sociability, and intelligence. The strategic leadership can be associated with the traits which have been mentioned in many trait theories concerning the characteristics of a leader, their capabilities, and constructiveness in their influence or company. Success is not dependent on a single factor but also the comprehension of leadership traits role in the practices of leadership is important. The reason why a certain person qualifies as an asset to the organization makes this important due to a trait that they possess. The competitiveness of an organization is added to by the leader and consequently the leadership practices. The organization's performance is driven by the experience, expertise, and qualities that are crucial in the practice of effective leadership strategy as defined by the theory.

The managerial leadership theory supposes that people can be instructed to be leaders as it is based on the school of thought of behaviour. The supposition suggests that the manager's leadership behaviours could be changed through developing training programs and the best leadership styles learned (Northouse, 2013). The theory is anchored on two behavioural capacities. The first dimension is a concern for others which means that the needs for the team are considered by the leader together with their interests and development in deciding on task accomplishment means, production methods, and efficiency in the organization. The second dimension is productivity (Bhatia, 2009). Five leadership styles identified by Blake and Mouton (1978) are discussed and differentiated with the practices of strategic leadership. The organizational success can be associated with different leadership styles as observed by Kokemuller (2013). Kokemuller (2013) and Northouse (2013) explained that leaders can practice alternative leadership styles that enable the performance of the organization. Such include the

country club leadership that lies in high people/low production. The needs and feelings of the followers are a major concern for the country club leadership. The leadership style lacks direction and control as the leader's main concern is the joy and security of employees rather than the organization's performance. This is thus a type of leadership that is not strategic. The findings of Robert Blake and Jane Mouton in 1964 and 1978 are where the origin of managerial leadership can be unearthed.

A leadership style that is high on production and low on people is called produce or perish. The followers in this leadership style consider it to be a means to an end because it is contemplated as more authoritarian or compliance leadership. Strategic leadership is contrary to this as it values employees as a practice of developing human capital. Transactional leadership is however closely related to the product leadership style. Impoverished leadership of the managerial leadership styles also is characterized by as aspect of low on production as well as on people. In the managerial argument of administration, this is the most inadequate style of the initiative. The pioneer doesn't have respect for making frameworks for getting errands finished nor do they make a wonderful and spurring condition under this administration style. The results of the style of leadership are dissatisfaction, disharmony, and disorganization in the company. This leadership style is thus not favoured in comparison to strategic leadership practices as they are associated with positive organizational performance.

The middle-of-the-road is another initiative style that is moderate on both creation and individuals. Average performance is what the leaders using this style to settle on. Group administration that is high on creation and high on individuals is for the other administrative authority style. The creation needs are offset with the requirements of the workers in this initiative style. The devotees are enthusiastic about understanding the motivation behind the association and deciding the requirements for creation under the widely appealing style of authority. Through this leadership style, the strategic leader's effects on the satisfaction of the follower and subordinate are considered more credible. The commitment of the subordinates can predict the performance of the organization according to Polston-Murdoch (2013). The concerns of a strategic leader for the organization, or the employee, understanding result from the elements of tasks and relationships (Kokemueller, 2013; Northouse, 2013).

The path-goal hypothesis of administrative initiative style demonstrates that the staffs animated by the serious extent of self-viability in an errand, accept their activities bring about some outcome or reward, and accept a result or advantage is advantageous (Bhatia, 2009). The pioneer's work in this hypothesis is to motivate representatives through progress prize and target accomplishment. As indicated by Northouse (2013), effective administration seems to happen when the pioneer accurately decides the degree of subordinates' advancement in a vocation circumstance and afterward exhibits the favoured authority style that works best in that circumstance. The way to-objective authority hypothesis is ascribed to craft by Martin G. Evans from 1970. In 1971, the standard was refined in the next year by Robert J. House.

Leaders have a strong personal relationship with subordinates under democratic or employee-oriented leadership. A political leader has an interest in the employees and wants to make sure they accomplish their goals. Participatory or democratic leadership style is the most outcome-oriented leadership style particularly in public organizations: it fosters workplace creativity generations, improves productivity and quality, contributes to unparalleled organizational and job success, and productivity in teamwork. Democratic style, however, contributes to a waste of resources in decision-making, the accumulation of unproductive proposals, no formal rules, and the exploitation of relationships between leaders and followers (Toor and Ofori, 2009).

Transactional leadership has three components according to Karamat (2013). The contingent reward component where the performance of the subordinates is associated with exchange relationship or contingent rewards, active management by exception component where the performance of the followers is monitored by the leader and corrective action is taken if there is a deviation to ensure the outcome is achieved, and passive management exception component where leaders do not intervene unless challenges become serious. Transactional leaders manipulate workers by sharing goods or services that function as incentives and promotions for good work or retribution, as well as punitive action for underperformers. In certain cases, transactional leadership contributes to the organizations' success by not giving followers as much freedom as transformation leadership does, but it gives followers a sense of belonging and work satisfaction while in other instances, transformation leadership style has been shown to perform great in followers and the company (Boseman, 2008). Transactional leadership style brings more satisfaction in the job compared to a style of transformation leadership, because fulfilling the mission is associated with reward in that leadership system (Wu, 2009).

The problem with the style of laissez-faire leadership is that avoiding leadership will either not interfere in subordinates' work affairs or can fully escape superior duties, and is unlikely to make an effort to establish a relationship with them. Laissez-faire approach is synonymous with frustration, inefficiency, and unproductivity (Thisera, 2013). Wu (2009) suggests that transition leaders contribute to higher levels of organizational engagement and are correlated with performance enhancement.

EMPIRICAL REVIEW

Akindele and Afolabi (2013) argue that the essence of good leadership lies in the fact that, each individual or organizational effectiveness lies in the leadership norm that governs the undertaking. As needs are, the study attempted to overcome the leadership void initiative and policy implementation by analysing the probability of taking up another style of authority that would better the quality and yield or productivity level in the public sector institutions in Nigeria. Thisera (2013) identified transformational leadership, democratic leadership, transactional leadership, and autocratic leadership style as the ones dictated by principles and

contextualization. The autocratic perspective of a leader as a concept is multidimensional as well as involving a set of behaviors such as attention to specialized labour, adherence to rules, deadlines, and demanding dedication among workers. Consequently, autocratic leaders rely on the pressure they put on employees or junior staff to result in quality. The style implements strict monitoring and standard determination policies at a workplace with particular insistence on the necessity to meet deadlines (Thisera, 2013). The transactional leader persuades employees through the exchange of goods or services that serve as a reward and advancement for good work or castigation and an undesired action for underperformers. In democratic or employee-oriented leadership, leaders hold a good personal connection with subordinates.

A democratic leader pays attention to the assistants and ensures that they achieve their goal. Transformational leadership influences people through encouraging reward for goal achievement, rely on the association that exists between the goals and the employee efforts, as well as coming up with a high level of individual commitment to the shared missions, visions, and the objectives of an entity (Avolio, 2018). Transformational leadership concept banks for inspiration to subjects through goal setting. Transactional concepts relate to dimensions such as influence through ideas, intellectual stimulation, motivation through inspiration, and individualized consideration (Eisenbach, Watson and Pillai, 2009). Although it leads to successful goal attainment in organizations it, however, fails to offer enough liberty to employees that transformational strategies of leadership offer as much as the workers have a sense of belonging and work satisfaction. While in some cases, the transformational leadership strategy might work (Boseman, 2008), the transactional leadership concept offers more satisfaction to workers and results in task fulfillment relative to the rest given its consideration to a reward strategy for good performance (Wu, 2009).

Šimanskienė and Župerkienė (2014) asserted that a sustainability plan in any organization would be of no use without effective leadership in place to oversee the implementation. With the increased representation, Kenya has found itself in a financial crisis where the government is strained in meeting the increasing financial obligations. In such instances, the government has over the past years used debt capital to settle financial obligations. Such trends offset the balance that is focused on the fiscal sustainability of the country. Leaders provide direction and create a vision that guides the subjects. As such, their actions, beliefs, and ways of doing things are reflected in the performance of the organizations they head. Kilelo, Beru, and Nassiuma (2015) analysed the challenges facing the public sector in Kenya and identified corruption as a crucial factor that has not been addressed by the country's leadership. The authors explained that the misappropriation of resources and poor prioritization was the core reason for the poor delivery of services in the public sector. Mbugua and Katuse (2016) also added that lack of proper supervision in the public sector resulted in lower productivity and eventually poor provision of services primarily in the health and transport sectors.

RESEARCH METHODOLOGY

Research Design

According to Muijs (2010), all approaches used to solve the research problem are defined by research design. It includes the incorporation of different elements systematically to successfully attain the goals of the research. This study design was a cross-sectional survey since the information to be obtained was supposed to be quantitative and qualitative. The cross-sectional nature of the analysis was chosen because of its ability to ensure the minimization of bias and maximization of evidence gathered reliability.

Population

The target population refers to the total number of people who have the chance of being the respondents in a study (Alvi, 2016). In this case, the target population was from Kenya's public sector's wage bill management institutions.

Sample and Sampling Technique

The researcher employed the Krejcie & Morgan table for determination of the sample size and the target population was drawn from Kenya's public sector wage bill management institutions from the technical and senior management staff of, PSC, National Treasury, National Assembly, JSC, KIPPRA, KNBS, NPC, MoPSY&G, MoL&SP from which out of a population of 234 the sample size was 148 personnel.

Research Instruments

Qualitative data was obtained by reviewing documents of the organization's reports. The choice of survey questionnaires was justified by the fact that they provided specific data relevant to the research questions (Smith, 2017). Questionnaires were preferred as they captured the different ways of how the respondents understood the topic and the current situation regarding fiscal sustainability. The need to acquire quantifiable data for this study was a significant consideration in determining the data collection technique.

Data Collection Procedures

In this particular research, the method used in data collection was primary data. The respondents were drawn from senior management staff from the identified Kenya's public sector wage bill management institutions. Consent was looked for from the top of the foundations to collect data by availing letters from Management University of Africa (MUA), National Commission for Science, Technology, and Innovation (NACOSTI), and a copy of the proposal to indicate that the

study being undertaken was for academic purposes. The data collected was information accumulated using polls as the respondents were expected to read and understand the questions before responding. A drop-and-pick method was used to administer the questionnaire.

Data Analysis and Presentation

The survey questionnaires were compiled and prepared for review using statistical analysis tools, as well as the secondary data collected. SPSS v8.0 was used to conduct the various tests such as the Chi-square to decide the connection between the factors. The overview surveys were gotten from the open division just as the auxiliary information, sorted out and arranged for investigation utilizing SPSS to get, for example, the proportions of focal propensity; proportions of scattering for the most part standard deviation; proportions of asymmetry or skewness and kurtosis; proportions of relationship, linear regression analysis, multiple correlation coefficient, and Karl Pearson's coefficient of correlation. Linear regression analysis was done to establish goodness-of-fit, overall, and individual significance. The data analysis approach involved a regression approach between the endogenous and exogenous variables (Smith, 2017). The use of a regression output was a crucial aspect as it provided an ANOVA output as well as a determination of coefficients. A combination of the different outputs of regression analysis such as ANOVA output, determination of coefficients as well as the summary of entries expanded the scope of the analysis (Taylor, Bogdan, & DeVault, 2015). Research analysis incorporated graphical visualization that aided in the demonstration of the magnitude and direction of causality. The limitations in the analysis such as the challenges in sample selection were solved through the expanded scope of analysis. To decide the mediating effect of leadership style on relationship between productivity level and in Kenya's public sector wage bill management institutions was tested using Baron and Kenny's (1986) test and was done as follows:

Step 1 - regressed fiscal sustainability on productivity level to confirm that productivity level was a significant independent variable $Y = \beta_0 + \beta_1 X_1 + \epsilon$

Step 2 - regressed leadership style (X_2) on productivity level to confirm that leadership style was a significant mediating variable, that is $X_2 = \beta_0 + \beta_1 X_1 + \epsilon$ and determine if β_1 was significant.

Step 3 – regressed fiscal sustainability on productivity level and leadership style to confirm that mediating was a significant predictor of fiscal sustainability that is $Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \epsilon$, where β_2 was regression coefficient

RESEARCH RESULTS

The intention of the study was to determine the impact of leadership style on the relationship between productivity level and fiscal sustainability in Kenya's public sector wage bill management institutions whilst the hypotheses was; there is no remarkable mediating effect of

leadership style on the connection between productivity level and fiscal sustainability in Kenya's public sector wage bill management institutions. To achieve this objective, the respondents were asked to give their opinions on the statements provided on a Likert scale of 1-5 where 1=strongly disagree, 2= disagree, 3= neutral, 4= agree, and 5= strongly agree on the extent. Results on the relationship between autocratic leadership and productivity level indicated that the composite mean was 3.911 and a standard deviation of 0.393 and indication that respondents agreed that autocratic leadership affects productivity level to a great extent. On the statement; power is centralized at the top; this was backed by a mean of 3.89 and a standard deviation of 0.23. This is lower than the composite mean of 3.911 and a standard deviation of 0.393 implied that power is not centralized at the top. On the statement; managers make decisions autocratically, with a mean of 3.63 and a standard deviation of 0.124. This is lower than the composite mean of 3.911 and a standard deviation of 0.393 implied that managers do not make decisions autocratically. On the statement; jobs are highly standardized and formalized, with a mean of 4.10 and a standard deviation of 0.54. This is higher than the composite mean 3.911 and a standard deviation of 0.393 implied that jobs are highly standardized and formalized. On the statement; decision making is highly centralized in my organization; this was backed by a mean of 4.10 and a standard deviation of 0.41. This is higher than the composite mean of 3.911 and a standard deviation of 0.393 implied that decision making is highly centralized in the organization.

Concerning power and decision making is centralized; this was backed by a mean of 4.10 and a standard deviation of 0.41. This is higher than the composite mean of 3.911 and a standard deviation of 0.393 implied that power and decision making is centralized. Concerning; there are open and clear lines of communication, with a mean of 3.62 and a standard deviation of 0.67. This is higher than the composite mean of 3.911 and a standard deviation of 0.393 implied that there are open and clear lines of communication. Concerning; problem-solving is centralized this was backed by a mean of 3.913 and a standard deviation of 0.54. This is higher than the composite mean of 3.911 and a standard deviation of 0.393 implied that problem-solving is centralized.

Results on the relationship between transformational leadership and productivity levels indicated that the composite mean was 3.671 and a standard deviation of 0.696 and an indication that respondents agreed that transformational leadership affects productivity level to a great extent. On the statement; the management style is inspirational; this was backed by a mean of 3.07 and a standard deviation of 0.22. This is lower than the composite mean of 3.671 and a standard deviation of 0.696 and implied that the management style is not inspirational. As far as creativity and innovation are encouraged by employees and leaders, this was backed by a mean of 3.89 and a standard deviation of 0.79. This was higher than the composite mean of 3.671 and a standard deviation of 0.696 which implied that creativity and innovation are encouraged by employees and leaders. On the statement on whether the organization encourages teamwork, the result was a corresponding mean of 3.791 and a standard deviation of 0.898. This is higher than the composite mean of 3.671 and a standard deviation of 0.696 and implied that the organization

encourages teamwork. For the statement that the organization has a clear vision and mission of where the organization is going resulted in a mean of 4.315 and a standard deviation of 0.901. This is higher than the composite mean of 3.671 and a standard deviation of 0.696 implying that the organization has a clear vision, and mission of where the organization is going.

As far as the leader being a mentor, coach, and goal-oriented; the resulted was a mean of 3.294 and a standard deviation of 0.458. This is lower than the composite mean of 3.671 and a standard deviation of 0.696 which implied that the leader is not a mentor, coach, and goal-oriented. Concerning whether, the leader considers individuals' interest, when making decisions, resulted in a mean of 3.00 and a standard deviation of 0.44. This is lower than the composite mean of 3.671 and a standard deviation of 0.696 which implied that the leader does not consider individuals' interest when making decisions. On the statement, that the leader has a strong influence, and a sense of mission, resulting in a mean of 4.01 and a standard deviation of 0.85. This is higher than the composite mean of 3.671 and a standard deviation of 0.696 and implied that the leader has a strong influence and a sense of mission. As far as the delegation of responsibilities to employees is regularly done, it gave rise to a mean of 4.50 and a standard deviation of 0.90. This is higher than the composite mean of 3.671 and a standard deviation of 0.696 implied that the delegation of responsibilities to employees is regularly done. On the statement, whether the feedback is used to modify behaviour; the results were a mean of 3.71 and a standard deviation of 0.74. This is higher than the composite mean of 3.671 and a standard deviation of 0.696 implied that feedback is used to modify behavior. For senior management spending time with their staff, it resulted in a mean of 3.29 and a standard deviation of 0.54. This is lower than the composite mean of 3.671 and a standard deviation of 0.696 which implied that senior management does not spend time with their staff. As far as to whether open forums is formed to allow ideas and questions from staff, it gave rise to a mean of 4.40 and a standard deviation of 0.80. This is higher than the composite mean of 3.671 and a standard deviation of 0.696 which implied that open forums are formed to allow ideas and questions from staff.

Results on the connection between transactional leadership and productivity level indicated that the composite mean was 3.899 and a standard deviation of 0.419 and indication that respondents agreed that transactional leadership affects productivity level to a great extent. On the statement; roles are clear in the organization, 0 percent strongly disagreed, 0 percent disagreed, 0 percent were neutral, 29.3 percent agreed, 70.7 percent strongly agreed with a mean of 4.71, and a standard deviation of 0.458. This was higher than the composite mean of 3.899 and a standard deviation of 0.419 implied that roles were clear in the organization. As far as the statement on whether most of the plans within the organization are short-term, the mean was 3.99 and a standard deviation of 1.20. This was higher than the composite mean of 3.899 and a standard deviation of 0.419 and implied that most of the plans within the organization were short-term. Concerning whether tasks are fully clarified resulting in a mean of 4.51 and a standard deviation of 0.67. This was higher than the composite mean of 3.899 and a standard deviation of 0.419 implied that tasks were fully clarified. Concerning that employees' work by the rules and

policies of the organization, this was backed by a mean of 4.41 and a standard deviation of 0.92. This was higher than the composite mean of 3.899 and a standard deviation of 0.419 and implied that employees work by the rules and policies of the organization. For regular feedback about work performance being undertaken regularly, this was backed by a mean of 3.42 and a standard deviation of 0.72 strongly agreed. This was higher than the composite mean of 3.899 and a standard deviation of 0.419 and implied that regular feedback about work performance was undertaken regularly. As far as the statement on whether leaders' suggestions are made to employees on how to execute related tasks, and backed by a mean of 3.51 and a standard deviation of 0.16. This was lower than the composite mean of 3.899 and a standard deviation of 0.419 that implied that leaders' suggestions were not made to employees on how to execute related tasks. On the statement whether leaders negotiate and allocate resources accordingly, attained a mean of 3.26 and a standard deviation of 0.8. This was lower than the composite mean 3.899 and a standard deviation of 0.419 and implied that leaders do not negotiate and allocate resources accordingly. As far as leaders make all the decisions, and a mean of 3.38 and a standard deviation of 0.24. This was lower than the composite mean of 3.899 and a standard deviation of 0.419 and implied that leaders do not make all the decisions.

Results on the relationship between democratic leadership and productivity level indicated that the composite mean was 3.561 and a standard deviation of 0.672 which is an indication that respondents agreed that democratic leadership affects productivity level to a moderate extent. As far as decisions are made taking into consideration everyone's concerns, attained a mean of 3.71 and a standard deviation of 0.725. This was higher than the composite mean and 3.561 and a standard deviation of 0.672 which implied that decisions were made taking into consideration everyone's concerns. As far as to whether there is a fit between the leaders' behaviour and style and the conditions, a mean of 3.391 was realized and a standard deviation of 0.554. This was lower than the composite mean 3.561 and a standard deviation of 0.672 implied that there was no fit between the leader's behaviour and style and the conditions. For the statement that there is a high concern about tasks and relationships, a mean of 3.294 was realized and a standard deviation of 0.638. This is lower than the composite mean 3.561 and a standard deviation of 0.672 which implied that there is no high concern about tasks and relationships. As far as the statement on, whether tasks in departments are carried out harmoniously attained a mean of 3.36 and a standard deviation of 0.55. This was lower than the composite mean 3.561 and a standard deviation of 0.672 which implied that tasks in departments were not carried out harmoniously. On the statement regarding whether managers/heads discuss and agree on limits and asks for group/teamwork in making decisions, received and a mean of 4.05 and a standard deviation of 0.89. This was higher than the composite mean 3.561 and a standard deviation of 0.672 and which implied that managers/heads discuss and agree on limits and asks for group/teamwork in making decisions.

This hypothesis was tested using the Baron and Kenny (1986) four-step method. Linear regression was used in each step. In step one leadership style was regressed on the productivity

level. If R^2 and beta coefficients are statistically significant, the process would move to step two. If they are not significant, the process terminates and would be concluded that leadership style does not mediate the relationship between productivity level and fiscal sustainability in Kenya's public sector wage bill management institutions.

The second step involved regressing of the productivity level on leadership style. If the results are significant, the process moves to step 3 because the necessary condition for mediation exists. In step three the influence of leadership style on fiscal sustainability on Kenya's public sector wage bill management institutions is tested using a simple linear regression model. A statistically significant effect of leadership style and fiscal sustainability in Kenya's public sector wage bill management institutions is a necessary condition in testing for the mediation. The analysis then moves to step 4. Finally, Step four tested the influence of productivity level and fiscal sustainability in Kenya's public sector wage bill management institutions while controlling for the effect of leadership style. These tests were done using simple linear regression analysis. The influence of productivity level and fiscal sustainability in Kenya's public sector wage bill management institutions should not be statistically significant when leadership style is controlled. This is a necessary condition in testing for mediation. Results of the regression analysis indicated that Leadership style had a moderate positive relationship with productivity level ($R=0.091$). The model explained 9.1 percent of the variation in productivity level in Kenya's public sector wage bill management institutions which was significant ($R^2=0.008$, $F=1.192$, $P<0.05$) leaving 90.9 percent unexplained. The results thus confirmed the first step of testing for the moderation of leadership style between productivity level and Kenya's public sector wage bill management institutions.

The test for the influence of productivity level on leadership style involved carrying out testing of the influence of the productivity level, on leadership style, and fiscal sustainability in Kenya's public sector wage bill management institutions. The results indicated that productivity level had a positive and significant effect on leadership style ($R=0.247$ $P<0.05$). The model explained 6.1 percent ($R^2=0.061$ $F=9.271$, $p<0.05$) of the variation in leadership style, leaving 93.1 percent unexplained. The results, therefore suggest that the second step of testing confirms intervention of leadership style in the relationship between productivity level and fiscal sustainability in Kenya's public sector wage bill management institutions and thus permits analysis to move to step 3.

The third step of the test for the mediating effect of leadership style on the relationship between the productivity level and fiscal sustainability in Kenya's public sector wage bill management institutions. This step involved testing the influence of leadership style and fiscal sustainability in Kenya's public sector wage bill management institutions. The results indicated that leadership style had a weak positive relationship with fiscal sustainability in Kenya's public sector wage bill management institutions ($R=0.091$). The model explained 0.8 (0.008) percent of the variation in Kenya's public sector wage bill management institutions. 99.2 percent of Kenya's public sector wage bill management institutions are explained by other factors not considered in the model.

The results were not statistically significant at $P > 0.05$. The results, therefore, did not satisfy the condition in the third step in testing for the mediating effect of leadership style in the relationship between productivity level and fiscal sustainability in Kenya's public sector wage bill management institutions. The influences of leadership style ($B = .050$, $t = 1.081$, $p > 0.05$) and productivity level ($B = -.006$, $t = -0.107$, $p > 0.05$) were not statistically significant. The model was also not statistically significant ($R^2 = .008$, $F = 0.591$, $p > 0.05$).

The statistical results at step three are not significant and thus did not provide the necessary conditions to progress to step 4 in testing for the mediating effect and did not support the interceding impact of initiative style on the connection between productivity level and fiscal sustainability in Kenya's public sector wage bill management institutions. Thus, the process terminated in step 3. The results were indicative of the fact that productivity level interacts with leadership style and the interaction affects their influence on fiscal sustainability and Kenya's public sector wage bill management institutions though the indirect effect was not clear from the results in this study. The study accepts the hypothesis that the strength of the relationship between productivity level and fiscal sustainability in Kenya's public sector wage bill management institutions depends on the leadership style.

DISCUSSION OF FINDINGS

The focus of the study was to assess the mediating effect of leadership style on the association between productivity level and fiscal sustainability in Kenya's public sector wage bill management institutions. As such, the study's results and findings established that leadership played a significant role in promoting positive transformation in the productivity margins of an organization, as well as the fiscal sustainability of the country. In this regard, the study findings established that stakeholders in the public sector have to invest more in the right leadership styles and approaches to endear the workers and motivate them to improve on their performance standards and product margins. Similarly, the study also established that leaders have to shun away from poor leadership styles, such as dictatorship and centralization of power, whereby a single person or groups of persons holds ultimate power in the organization, while the rest of the employees become followers, taking orders and providing appropriate feedback.

The results and findings established that centralization of power is an obstacle to the attaining of fiscal sustainability in the Kenyan public sector since it inhibits workers from reaching their full potential, as they have to follow through the bureaucracies set by their organizational structures to get things done. During this cumbersome process, the employees, as well as the organization at large, end up losing valuable opportunities that could have been used to maximize shareholders' wealth (Ouma, 2017). Therefore, the study established that to promote productivity margins in the organizations, management needed to adopt the right leadership styles, particularly transformative leadership and participative leadership whereby the workers were empowered and allowed to participate and contribute to the decision-making processes in the firm. This would not only motivate the workers to deliver on their duties and responsibilities in

high-performance standards but also ensure productivity in their output margins, thereby achieving fiscal sustainability.

As such, the results of the research correlated with the findings established earlier in the literature review analysis, whereby various scholars studying the subject established that leadership style was critical in promoting positive performance and motivation among workers. The literature review analysis established that transformative leadership was instrumental in transforming the perceptions and attitudes of workers in an organization from being mere employees to being committed partners and stakeholders in the organization. Therefore, this ensured that the workers took initiative in every step of their operations, given their renewed engagement and commitment to attaining the set goals and objectives of the company (Keller, 2010). Also, the analysis established that much as centralization of power was critical in tying the loose ends in organizational operations and activities, decentralization of power to employees was more profitable in the sense that workers got an opportunity to exploit and take advantage of new and emerging opportunities within their working environment, thereby improving their productivity margins (Eisenbach, Watson and Pillai, 2009). Employees work by the rules and policies of the organization. Autocratic leaders rely on the pressure they put on employees or junior staff to result in quality (Thisera, 2013). There is a performance monitoring system that evaluates employees and rewards for work well done. Mbugua and Katuse (2016) indicated that lack of proper supervision in the public sector resulted in lower productivity and eventually poor provision of services primarily in the health and transport sectors. Kilelo, Beru, and Nassiuma (2015) identified corruption as a crucial factor that has not been addressed by the country's leadership. The authors explained that the misappropriation of resources and poor prioritization was the core reason for the poor administration of services in the public sector.

In this regard, the study established that Kenya's public sector wage bill management institution required extensive transformation in the leadership approaches used in managing corporate organizations and public entities. Authoritarian and centralized leadership structures are the most common within the Kenyan public sector, which has proven to be a major obstacle to achieving the desired productivity margins and fiscal sustainability levels. Therefore, the adoption of a transformative leadership style is critical in work ethics organizations strategically to take advantage of emerging market opportunities, as well as overcoming any issues that might arise in the course of business operations (Mungai, Wairire & Rush, 2014). Furthermore, the transformative leadership style also improves the level of transparency and accountability in the Kenyan public sector, which is currently marred by corruption and bribery, among other illicit governance practices. Power and decision-making centralization denies workers an opportunity to share their ideas in improving corporate operations, in addition to demoralizing them, and creating unnecessary inefficiencies in operations.

The study established that increased employee participation in the decision-making processes improves productivity margins and fiscal sustainability. Therefore, leaders must train on how to implement and integrate transformative leadership styles in their respective organizations to

influence, motivate, and inspire the workforce to deliver on the company's goals and objectives (Cascio, 2013). Corporate standards and watchdog organizations would also be instrumental in facilitating the enforcement of transformative leadership style in most firms within the Kenyan public, thereby eliminating factors that derail these processes, such as discrimination, nepotism, tribalism, bribery, corruption, and abuse of office. As such, having leaders that are focused on achieving the goals and aims of the organizations as well as fulfilling the expectations of all stakeholders of the firm would be effective in promoting productivity margins of the firm and improving chances of achieving fiscal sustainability in Kenya's public sector.

CONCLUSION

The study concluded that Leadership plays a great part in facilitating growth and development in any institution of governance, whereby good leadership brings about positive transformation in the economy of a country, while poor leadership brings about a negative transformation in the economy of a country. The study evaluated the correlation between the concepts of leadership mediation concerning the success of fiscal sustainability levels in Kenya's public sector wage bill management institutions by conducting a regression analysis. As such, the study evaluated the contribution of centralization of power, as well as the decentralization of power, within Kenya's public sector wage bill management institutions. The study noticed that the setup in facilitating positive transformations was evidenced in the results obtained in the analysis of the sustainability of the fiscal policies adopted by Kenya's public sector wage bill management institution. The study concludes a significant positive connection between leadership style and fiscal sustainability in Kenya's public sector wage bill management institutions. The study concludes that power was centralized at the top and that managers make decisions autocratically. The results showed that there was reduced freedom or transformative leadership aspects in Kenya's public sector wage bill management institution. The approach had negative impacts on Kenya's public sector wage bill management institutions' ability to improve its productivity level as every decision had to be approved by every manager

RECOMMENDATIONS

Kenya's public sector needs an extensive change in their leadership style as the current authoritarian and centralized structure offers significant challenges to improved productivity and fiscal sustainability. The adoption of transformational leadership is encouraged as the operational area is faced with numerous challenges, and being able to make necessary changes to develop a solution is crucial. Managers need to increase their level of transparency during decision making. Currently, power and decision making is centralized, which reduces the involvement and motivation of the workers leading to increased inefficiencies in task execution, leading to reduced fiscal sustainability. There is a need to develop various teams in departments and involve them through a collaborative approach in main decision making.

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