

INFLUENCE OF LEADERSHIP STYLES ON PERFORMANCE OF TELECOMMUNICATION INDUSTRY IN KENYA

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ABSTRACT

Leadership styles vary across organisations and among different leaders. Organizations both in the public and private sectors highly seek and value leadership as a commodity as a way of handling changing environments in which they operate. This study aims to determine the effect of leadership on the performance of Safaricom Ltd. The key performance metrics measured in this study are market share, profitability, and the attitude and motivation of employees. The purpose of this study was to determine the effect of leadership styles on performance of telecommunication industry in Kenya. The study was guided by the following specific objectives: To establish the effect of transformational leadership style on performance of Safaricom Limited, to determine the effect of transactional leadership style on performance of Safaricom Limited and to establish the effect of laissez-faire leadership style on performance of Safaricom Limited. This study used a descriptive research design targeting all employees at Safaricom headquarters office in Westlands, Nairobi. A sample size of 98 respondents was picked by using stratified random sampling method. The study made use of both primary and secondary data. The Primary data was obtained by using structured questionnaires and interview guide. The questionnaires were later on self-administered using assistants. The interview guide was used differently to obtain information from managers to verify the responses from the questionnaires. Secondary data was obtained by analysing the annual financial records for a period of 10 years (2004-2014). Statistical data collected was

analysed using statistical package for social sciences software (SPSS) version 20.0. This was conducted mainly by use of descriptive and inferential statistics. Descriptive statistics included frequencies, percentages, mean and standard deviation. Inferential statistical techniques such as correlation and regression coefficients were involved in trying to determine existence of any causal relationship among the various leadership styles and performance. The data was then presented in form of tables, graphs and charts. Findings from the study proved that leadership style indeed had an influence on performance at Safaricom Limited. The complete statistical analysis from the data collected showed a clear image of the existing relationship and impact of Leadership styles on organization performance. Overall results showed that transformational and transactional leadership both have positive relationship with the organizational performance. However laissez-faire leadership style had a weak and positive relationship with performance. Relational analysis as expected proved that all transformational leadership behaviours positively relate with organizational performance. The study recommends that top management in business should try as much as possible to become better role models to their subordinates; inspire them by providing meaning and challenge to work; stimulate their efforts to become innovative & creative; and carefully pay attention to each individual's need for positive gain and development.

Key Words: *leadership styles, performance, telecommunication industry, Kenya*

INTRODUCTION

Contrary to popular belief, the goal of any major organization is not to exist only, but to also maintain its existence by enhancing its performance. Thus organizations must continually increase performance so as to satisfy the needs of the highly competitive industry (Arslan & Staub 2013). Leadership style and positioning hold a major position in determining the success or failure of an organization. A leader is an individual who is expected to influence, direct, and motivate those around him to execute their individual tasks and guide his subordinates towards effective performance and in achieving firms' objectives. Leadership style refers to the way in which organizational leaders provide guidance, implements plans, and motivates people.

Ngambi et al. (2010) and Ngambi (2011), point out in Jeremy et al. (2011), that "leadership is a continuous process of impacting others positively towards becoming aware of their full capabilities in attaining a value-added, common vision, with zeal and uprightness. The stated impact ensures full, voluntary and mutual action by all team members in an attempt to reach the predetermined organizational goals, set for each member, and also for the group. The coordination existing between the leader and team members, as well as the professionalism of members' effectiveness, are largely affected by the leadership style utilised by the leader (Jeremy et al., 2011). Leadership style in a firm is one of the major agents that enact a significant role in improving or worsening the attention and involvement of employee in the firm (Obiwuru et al., 2011).

Leadership is an important management role that involves motivation of employees towards common objective. Leadership emphasizes on the establishment of followers and their needs. Managers utilising transformational leadership styles concentrate on the creation of value system of employees, their motivational level and moralities with the development of their skills (Ismail et al., 2009). It essentially assists followers to achieve their goals as they work in the organization; it also motivates followers to be supportive and attempt to adapt to new and better styles and environmental shifts (Azka et al., 2011).

According to Michael (2011) leadership holds the power to directly stimulate businesses towards their success. Leaders ascertain values, culture, change tolerance and employee motivation. They mould organizational plans including their implementation and effectiveness. Leaders play different roles at any and every stage of an institution including management. Common trait observed among all successful leaders is that they motivate those in their environment to effectively utilise the organization's resources as much as possible.

Role of Leadership in Organisation Performance

Bolden (2004) explains that leadership is a complex phenomenon involving other organizational, social and personal processes. The leadership phenomenon has been widely discussed and researched over the decades with the question of leadership's influence on performance of firms being a major consideration for most organisations in the recent past as well as the idea of having an internationally accepted standard.

Organizations both in the public and private sectors highly seek and value leadership as a commodity. Messick and Kramer (2004) indicate that the extent to which a person demonstrates leadership traits is not solely dependent on his habits and individual skills but also on the specificity of the situation and setting which they themselves are in. The ability of management to implement common effort therefore is dependent on the capabilities of the leaders. Fry (2003) describes leadership as using guiding strategy to inspire and to improve employees' ability to mature and develop businesswise.

Leadership can be noted as one of the most active effects as individuals interact with the organization. Rowe (2001) explains that a good leader does not only inspire his subordinates but also ensures that their needs are adhered to in the process of achieving organizational goals. Various reasons call for the need of a relationship between leadership and organizational performance. Studies have suggested that effective leadership behaviors can positively influence the improvement of performance as businesses experience new challenges (Higgs and Rowland, 2003). An effective organization understands that without sufficient information regarding a process, product or service, then they are unable to exercise authority on that commercial activity or product. To stay competitive, organizations need to effectively manage their operations with employees, processes, planned action, reductions times, relations with suppliers, and other areas of the business (Summers, 2005).

In this way there is no business or organization that exists on its own or isolated from the outside world. A manager who chooses to ignore the changes in the outside world soon finds themselves falling behind competition and may lead to their business failure. The immediate environment usually consists of suppliers, distributors and competitors while other factors such as legislation and the general environment fall under the indirect corporate environment. Depending on the relationship a manager/ leader will have with some of these organizations or factors, a company may have some influence on them which will leave it better equipped to deal with any of their decisions that affect the company.

A major contribution to the research on leadership was obtained from Burns (1978) after studying the leadership styles of various politicians and became the first one to discover and explain their effort in trying to inspire followers as transactional or transformational. Bass (1985) further improved on Burns' idea and implemented it in generic organizational settings. Bass's model defined and explained three distinct forms of leadership, transactional, transformational, and laissez-faire

Leadership Styles

The difference between the 3 different leadership styles proposed by Bass (1985) is found within their motivational procedures. Transformational leader's behavior comes from the individual's internal qualities and beliefs of the leader and motivates subordinates to do more than what it is expected (Bass, 1985). Burns (1978) acknowledged transformational leadership as a process in which, "one or more persons is involved with others in a manner that both leaders and followers uplift one another to higher levels of motivation and morality".

In transformational leadership style, the follower believes, admires, is loyal and respects the leader, he or she is encouraged to go further and do more, surpassing the expectations (Bass, 1985; Katz & Kahn, 1978). A transformational leader encourages by educating follower on the benefits of task outcomes, inciting them to go beyond their personal interests for the bigger interest of the organization or the team. He calls on followers to think creatively and carefully while trying to discover newer and better job approaches, thus causing mental inducement (Bass et al., 1994). This directly and positively affects performance, fulfillment, and willingness in relations to organizational goals (Podsakoff et al, 1996). Bass (1990), advised that four behaviors of transformational leadership to include charisma, inspirational encouragement, mental stimulation, and personal consideration.

On the other hand transactional leadership as another type involves a switching process that ensures the follower complies with leader wishes but may not exhibit enthusiasm and willingness to the objective. The leader concentrates on making actors within the organization to undertake the tasks required for the organization to reach its desired goals (Boehnke et al, 2003). Transactional leader is aimed at ascertaining that the direction to be followed for goal attainment is properly comprehended by the actors in an attempt to motivate the actors to reach the predetermined targets (House and Aditya, 1997).

Transactional leaders display both constructive and corrective behaviors. Constructive behavior involves contingent reward, and corrective dimension imbibes management by exception. Contingent reward involves making the work clearly known. Work needed to reap the benefits. It acknowledges follower desires and recognizes individuals when goals are successfully attained. The explanation of objectives and recognizing employees once goals are achieved is expected to result in improved levels of performance (Bass, 1985).

Bass (1985) went forward to elaborate that the final style, laissez-faire leadership style involves non-interference policy, it offers each and every employee complete freedom and contains no significant way of attaining organizational goals. The leader involved, is one who supports employees freedom of choice, letting them do as they please. This style of leadership is based on twofold. First, there is a tough belief that the employees understands his or her work best so it's advisable to let him carry out his job alone as he pleases. Second, the leader could be situated in a democratic, election-based leadership position and may not wish to apply vigorous power and control for fear of not being re-elected.

The single major advantage of laissez-faire leadership is that allowing employees the much independent can result to higher job satisfaction and higher efficiency. The main disadvantage is that it may be harmful if employees do not handle their unsupervised time properly or if they are not well trained nor have capabilities and skills to perform their work properly. The style might hence be suitable for circumstances where job descriptions are known and where company workers are skilled and do not require high supervision or much influence.

Leadership in Telecommunication Industry

In Kenya, the telecommunication industry is profoundly changing. In the past few years only, advancements in technology and regular restructuring have brought about a clear transformation in the sector. Formerly prominent Markets have become massed and joined across their former boundaries with a large injection of capital – mostly from the private sector. The outcome is new markets, new individuals and organizations involved, and also new challenges arising. Market liberalization efforts have also picked up ensuing the successful partial privatization of Telkom Kenya Ltd (December 2007), divestment of GoK's 25% stake in Safaricom Kenya Limited through a public listing (May 2008), and the introduction of a fourth operator in the industry, known as Econet Wireless Kenya (November 2008). This led to the rise of some of the top telecommunication providers internationally - Vodafone, France Telecoms and Essar Communications through their investments in Safaricom Kenya Limited, Telkom Kenya Limited and Econet Limited respectively – holding key positions in the local Kenyan sector. Present infrastructural developments by operators are largely focusing on network expansion for increased nationwide coverage.

As at March 2012, Local market share in the Telecommunication industry has Safaricom Kenya Limited topping the local market in the country at 65.3% of total subscriptions. The other players are Airtel, 15.3%, Orange, 10.6% and Essar 8.7%. Although growth in subscription levels of the market leader has been witnessed, there was also a subsequent reduction in the complete market leadership position dropping from 66.6% as at December 2011. This clearly portrays increased competitiveness in the telecom industry and thus the need, more than ever for all major players within the Telecommunications industry to gradually reevaluate and better their strategies to positively compete in this industry ("CCK Research", March 2012).

Safaricom Kenya Limited

Safaricom Kenya Limited began in 1993 as a department under Kenya Post and Telecommunication Corporation, formerly the only monopoly operator in the country. Later on (in 1996) it upgraded to GSM system from earlier analogue network. The firm was incorporated in 1997 with its will in accordance with the companies Act as a private liability company. Later on in 2002, it changed into a public company with limited liability. As a result of majority of the shares being under the Kenyan government, Safaricom Kenya Limited was thus a state corporation within the meaning of the state corporation Act (CAP 446) Laws of Kenya. Until 20th December 2007, when the government of Kenya shares were held by Telkom Kenya limited which was a state corporation under the Act. Following the offer and sale of 25% of the issued shares in Safaricom Kenya Limited held by GOK to the public in 2008, the government stopped having any control of the company and therefore the provisions of the Act will no longer apply to it.

Safaricom Kenya Limited is Kenya's current top Mobile Telephone operator and it prides itself at being a total communication solution provider. It further aims to be the leading

company in Africa. To achieve this great determination, greater focus has been positioned on the quality of customer services it offers to the public as well as in continuously developing and improving products that greatly satisfy customer's needs. The firm's association with Vodafone, a company with great international and local knowledge of the market and experience from operating in Kenya for 8 years, means that Safaricom will go on administering the best and most suitable business strategies. In regards to its network operations, Safaricom has been able to use strategic associations to keep up with advancements in the global Telecommunication scene, associations that assist in meeting and overcoming new and ever changing challenges in the telecommunication sector. This and other strategic associations with leaders in mobile telecommunication has created a niche in the modern local industry.

There are many reasons that are quoted explaining the growth of Safaricom Kenya Limited but one most highlighted is the commitment and motivation of key individuals, including the centrality and determination of some key entrepreneurs credited with introducing the innovation. Invention to important managerial tasks and attitudes, that include but are not limited to: creation of a strong market structure, efficient and effective internal communications, a sound and innovative plan, proper stakeholder management and the capability to foresee and effectively react to environmental and market changes have equally lend a hand in the organizations' growth. With this support, the firm has managed to develop a wide variety of useful products and services such as, top-up services, loyalty programs, roaming services, data messaging, M-pesa, voice services, simu ya jamii, and information, and security services, 3G, EDGE, GPRS and most recent. Fixed Data (Wimax, Fiber, Microwave), Video Conferencing Telepresence, Virtual Computing and much more. The services are all geared towards growth. Safaricom Kenya Limited aims to greatly impact and assist its customers directly through value added services and financial support for social community projects. It shows its commitment in giving back to the society by addressing Health, Sports, Culture and Education (Safaricom History, 2012).

STATEMENT OF THE PROBLEM

The Kenyan business setting has been gradually transforming over the last decade (Wangari, 2014). This has been majorly influenced by external political, economic, social, technological and demographic factors, not forgetting the various developments in the more immediate environment of doing business namely, changes in the industry. Companies have been forced to change strategies in an attempt to adapt and correspond to these changes. The relation between the approach of leaders (or their leadership style) being studied and the environment in which they operate is seen to be important in previous research by Day, Harris and Hadfield (2001). Globally, there indeed has been much research and study undertaken on the subject of leadership and performance of firms. Indeed, Jain (2008) attributes high performance in firms to its leadership and illustrates her arguments with companies that survived crises in Turkey. Building on this, Ogbonna and Harris (2000) researched on specific leadership skills that result in successful organisations and pointed out a democratic leadership as desirable in their study of UK firms. Thus, it would be appreciated that each industry has a specific leadership style that enhances its performance. This

observation is supported by the study of a state in Nigeria where Obiwuru, et al. (2011) observed that transactional leadership promotes better performance in small enterprises as opposed to transformational leadership. It would therefore be appreciated that whatever leadership style a firm adopts impacts on its performance. There is however limited studies of leadership in telecommunication industry despite their vital contribution to the industry, the existing studies have been done on different contexts (Kibui, 2013; Koech and Namusonge, 2012; Ngambi, 2011; Ali, Elmi and Mohamed, 2013). In addition to this, the Kenyan context has minimally contributed, not only to the organisational leadership-performance studies, but also to studies on the significant effect of retail entities' leadership on the performance of firms. With the tremendous changes occurring in the telecommunication industry in Kenya, it is crucial to realise the effect of leadership styles on the performance of such firms. Safaricom limited company has succeeded in attaining tremendous turnover coming up from US\$280 million in 2004-2005 to US\$1.2 billion in 2011-2012 in Kenya. Clearly painting Safaricom as the leading and most effective mobile telecommunications company locally (Nganga, 2012). Although Safaricom Company has invested more than 10% of its available resources in achieving transformational leadership, its part on virtual team performance hasn't been ascertained, this creates various hardships in figuring out the degree to which leadership plan and influence virtual project teams in achieving project success (Fan, 2009). "Safaricom Company may also not ascertain the success of adopted transformational leadership on virtual project team performance" (Ranajit, 2011). This research henceforth went forward to fill in this context gap and add to the already realized collection of knowledge on the effect of leadership styles on firms, with the Kenyan telecommunication industry in focus.

GENERAL OBJECTIVE

The aim of this study was to determine the effect of leadership styles on performance of telecommunication industry in Kenya, specifically a case study of Safaricom Limited.

SPECIFIC OBJECTIVES

1. To establish the effect of transformational leadership style on performance of Safaricom Limited.
2. To determine the effect of transactional leadership style on performance of Safaricom Limited.
3. To establish the effect of laissez-faire leadership style on performance of Safaricom Limited.

THEORETICAL REVIEW

Great Man Theory

The 'great man' theory emerged in the 1840s but was later made popular by Thomas Carlyle, a writer and teacher. This idea was motivated and spearheaded by the study of popular leading heroes, where in his book "On Heroes, Hero-Worship, and the Heroic in History", he did a comparison on a many heroes. The phrase "Great Man" and not person, was chosen

because, during those days, leadership was considered to be majorly a male aspect, particularly in terms of military leadership. This theory of leadership proposes that traits of leadership are intrinsic and hence the famous saying “great leaders are born and not made and Great leaders will arise when there is a great need” for instance if a crisis arises, the great men step up to take their natural position. In 1860 though, Herbert Spencer, a British scholar disagreed with the great man theory by claiming that the “heroes are only but the product of their times and their actions the results of social settings conditions”. The study in this light sought to assess whether the situation at the Safaricom gave rise to a great leader or contrary to the theory.

Traits and Behavioural Theory

The trait perspective was one of the earliest theories of leadership in the 1940's it assumes that “great leaders are born with distinguished personality traits that make them better suited for leadership and make them different from other people or their followers”. Stogdill's (1948) survey of the leadership literature came up with the most comprehensive list of traits. Stogdill's observation that leadership situations vary significantly and place different demands on leaders, destroyed trait theory, leading to the emergence of situational and behavioral approaches. These theories identify traits and qualities like integrity, empathy, assertiveness, self-confidence, courage, good decision-making skills, and likability, adaptability to situations, ambitious and achievement oriented, dependable, dominant have the desire to influence others, persistent and willing to assume leadership as helpful when leading others. These people who are best suited for leadership also possess skills like intelligent, creative, diplomatic and tactful, fluent in speaking, persuasive and socially skilled.

Behavioral theories of leadership state that “it is the behaviour of leaders that distinguishes them from their followers”. It focuses on the actions of leaders rather than on mental qualities or internal states with the belief that great leaders are made, not born. According to this theory, people can learn to become leaders through teaching and observation. Behavior theories examine whether the leader is task oriented, people oriented, or both. Studies conducted at the University of Michigan and Ohio State University in 1945, established two major forms of leader behaviour namely: employee-centered and production-centered (Hersey and Blanchard, 1988). This theory was relevant to the study since the study examined the behavioural approach of leaders at Safaricom and thus able to evaluate whether the leaders are task oriented, people oriented or both.

Situational and Contingency Theory

Contingency theory is a view of leadership in which leadership effectiveness is determined by the interaction between the leader's personal characteristics and aspects of the situation. Contingency theories assume that the relationship between leadership style and organizational outcomes is moderated by environmental factors and hence the outcomes are unpredictable by leadership style, unless the situational variables are known (Cheng and Chan, 2002).

“Three models exist in this leadership approach: Fiedler’s (1967) co-worker theory, House’s (1971) path-goal theory, and Hersey and Blanchard (1969) situational leadership theory. Using this approach and the three models no leadership style is best in all situations. Success is dependent on a number of variables, including the leader’s preferred style, the capabilities and behaviours of the followers, and aspects of the situation. Effective leadership requires adapting one’s style of leadership to situational factors, and control is contingent on three factors namely the relationship between the leader and followers, the degree of the task structure and the leaders’ authority, position or power”. This study sought to find out whether Safaricom applies different styles of leadership in different situations or if it applies one style and which leadership style was the most appropriate for retail firms that can lead to improved organizational performance.

Full Range Leadership Theory

Among the various theories of leadership relating to effective organizational performance is the transformational-transactional theory of leadership that was first set out by Burns (1978) and later expounded by Bass (1985). Bass (1985) operationalized the work of Burns (1978) by developing a model of transformational and transactional leadership, referred to in more recent publications as the “full range leadership model” (Bass and Avolio, 1997).

“The full range leadership model, also known as transformational-transactional leadership theory, has been a topic of much interest and research in the literature. Burns (1978) conceptualizes two factors to differentiate “ordinary” from “extraordinary” leadership: transactional and transformational leadership. The theory suggests that the leaders who are charismatic and motivate employees by inspiring them, consider them individually, and stimulate their intellectual needs are transformational leaders. The other category of leaders is transactional who specify tasks and monitor performance to achieve the tasks by providing a reward system. A third category in this model is the style of leadership which avoids involvement and is called *laissez-faire* style of leadership”.

The ‘full range leadership theory’ (Avolio & Bass, 1991) “comprises the three typologies of leadership behavior (transformational, transactional, non-transactional *laissez faire*) represented by nine distinct factors: five transformational (inspirational motivation - charisma, idealized influence attributed, idealized influence behavior, intellectual stimulation, individualized consideration), three transactional (contingent reward, management-by-exception active, management-by-exception passive) and one *laissez faire*”. Transformational and transactional leadership are seen by other authors as either competing with one other or complementary. Studies show that the transformational leadership style is more effective than the transactional style and is positively correlated to the performance of businesses (Benjamin, 2006). This study was relevant to the study since it highlighted all the different types of leadership styles for different situations, its therefore appropriate since the researcher was able to compare the kind of leadership at Safaricom and what has been documented and evaluated whether there or not any relationship exists between the leadership style and organizational performance at retail firms in Kenya.

EMPIRICAL REVIEW

Organisational Performance

There exists no single way of measuring the performance of an organisation. This has resulted from the numerous varied views of desirable outcomes of the effectiveness of an organisation. Carton and Hofer (2006) acknowledge this diversity noting that because of this limitation, no research studies in strategic management and entrepreneurship have used same measures, a fact that makes it difficult to generalise the findings across studies. Nonetheless, the scholar supports the argument for shareholder wealth as the best assessment for success of an organisation. As indicated by Talbot (2010), performance of an organisation would be determined by measuring the outcome of the output of employees' input. With this, the scholar further dismisses traditional measures of financial performance – return on equity, ROE, return on asset, ROA, return on sales, ROS and return on investment, ROI - as they do not strongly correlate to shareholder wealth.

Obiwuru et al. (2011) considers organisational performance as the capability of an organisation to accomplish predetermined objectives such as quality product, high profits, desirable financial results, survival and large market share. These metrics could be used in comparison to those of other firms in similar sector, as a result, it may mirror team members' commercial effectiveness measured in regards profit, revenue, development, growth and expansion of the company

It would also be critical to consider the perception of third parties in order to effectively determine the performance of a firm. The consideration of this non-financial performance measurement follows the argument by Carton and Hofer (2006) that performance is partly perceptually based on what an observer considers to be valuable. Of importance here would be the performance of an organisation from the employees' perspective. Wentland (2009) supports this argument noting that the commitment and attitude of employees plays a great role in assessing organisational performance. Similarly, interpretation of performance would depend on the observer's perspective. Generally, performance measures the created value, which is situational. Considering various dimensions appreciates the varied dimensions to performance; that while positive performance could result from adopting a given dimension, the same positive performance could also be an outcome of a different dimension.

Leadership Styles and Organization Performance

Relationship between leadership style and organizational performance has been debated many times. Many research findings prove that leadership style has a noticeable relation with the organizational performance, and certain leadership behaviors may positively or negatively correlate with a firm performance, depending on the variables used by researchers. Sun (2002) compared the leadership style with the leadership performance in schools and enterprises, and indicated that “the leadership style has a major positive relationship with the organizational performance in both institutions”. Widely speaking, the performance of a leader goes hand in hand with the organizational performance. The transformational

leadership has a higher and positive correlation with the organizational performance, higher than the exchange leadership (Huang, 2006).

Arham (2014) investigated the impact of leadership behaviours on the performance of services SMEs in Malaysia. 193 owners and top managers of services SMEs in Malaysia were involved in the study. Findings showed that: a) there were major observable relationships between different leadership behaviours and organizational performance of services SMEs; and b) transformational leadership greatly imparted on the performance of SMEs than transactional leadership style. The findings imply that style of leadership observed by some leaders of SMEs stands out to be one of the essential factors that influences SMEs performance in the services sector.

Ali, Elmi and Mohamed (2013) examined the relationship between leadership behavior and employee performance in Mogadishu. Attention was placed on trying to establish the relationship between leadership behaviour and employee performance in Mogadishu-Somalia. The study used both descriptive and correlation research design to establish the nature of the relationships. In analysing the data, the spearman correlation statistical tool was employed with the aim of establishing the relationship between above variables. This formed the basis of the detailed analysis, conclusions and recommendations. The findings revealed the existence statistically significant has a positive relationship between leadership behaviour and employee performance, the study also showed that there is a major moderate and positive relationship between leadership behaviour and employee performance. Basing On this findings, the researchers made the following conclusions. Telecommunication companies must provide good leadership behaviour to their workers, this will go a long way in improving performance of employee. Telecommunication companies should also provide the performance appraisal of their employees that based on their system of their promotion to better satisfactory. Telecommunication companies should promote their employee performance in order to satisfy it. Finally, telecommunication companies should supposed to not only think about resource or money but take into account that there are other factors that can effects their employee performance.

Zumitzavan and Udchachone (2014) examined the relationship between the demographics of respondents, leadership styles, organizational innovation, and organizational performance, and conversed on which styles of leadership offer support to organisations. The research sampled out 419 managers using survey questionnaire; in analysing the data, the statistical idea of hierarchical multiple regression was employed. Results indicated that leadership styles do indeed influence organizational performance. Furthermore, they indicated a correlation observed between leadership styles and organizational performance, mediated by organizational innovation.

RESEARCH METHODOLOGY

Research Design

A descriptive research design using both quantitative and qualitative approaches was adopted in this particular study as it allowed the researcher to summarize and arrange data in an

effective and meaningful way. Descriptive survey is used in attempting to describe the present state, what individuals believe at the moment, what they are currently involved in (Baumgartner, Strong and Hensley 2002). It is used as a tool for explaining collections of statistical observations and making information easily understandable. Bhalta (2003) summarizes descriptive research as an objective finding approach generating across sectional study of the present situation while Kothari (2004) explains that it goes beyond data collection and involves measures, classification, analysis and interpretation. This research adopted quantitative approach because the data to be collected through questionnaires from respondents was analyzable using the standard statistical tools. Quantitative approach places emphasis on methodology, procedure and statistical measures to test hypothesis and make predictions. According to Berg (2001), quantitative research helps in analyzing information in a systematic way in order to come to some useful conclusions and recommendations on the social settings and the individuals who portray those characteristics. Qualitative approach was also adopted in this study because qualitative data is more in depth and provides detailed answers (Berg 2001). It provides information about the phenomenon being studied, and established patterns, trends and relationships from the information gathered. The qualitative research provided greater depth to response and understanding which forms a link with the respondents. Qualitative research is typically rich with detail and insights into participants ‘experiences of the world and thus more meaningful. It helps in gaining new perspectives on things about which much is already known (Berg, 2001).

Operationalisation and Measurement of Variables

The dependent variable in this study was organizational performance while independent variables were leadership styles. This research considered economic environment, government policy and organization culture to as the intervening variable. Table 1 shows a description of the variables and how they were operationalized.

Table 1: Operationalization and measurement of variables

| Variable | Indicators | Nature | Operationalisation | Measure |
|----------------------------|-------------------|------------------------------|---|---------------------------|
| Leadership styles | Transformational | Independent/ Predictor | Idealised influence Inspirational motivation Individualised consideration | 5 point likert type scale |
| | Transactional | Independent/ Predictor | Contingent reward Active leaders Passive leaders | 5 point likert type scale |
| | Laissez faire | Independent/ Predictor | Length of involvement in making decisions | 5 point likert scale |
| Organizational Performance | Volume of sales | Dependent/ Criterion (DV) | Financial performance Employee motivation Volume of sales Firm growth/ expansion | 5 point likert type scale |

Target Population

Population is referred to as a greater collection of individuals or objects that serve as the main focus of a study (Castillo, 2009). The target population may be further described as including everyone or everything exhibiting characteristic that one wishes to study and understand. Target population of the study comprised of every employees in Safaricom Limited at the headquarters office. The units of observation were the employees who were in employment under the regime of both top leaders (CEOs). The study therefore targeted the management employees working in different departments at Safaricom in Nairobi and hence the target population therefore consisted of 130 staff members.

Sampling

In any study, the main reason for sampling is to gather information about the target population at minimum cost possible, and also in consideration with time and human power available. According to Ary, et al. (2006) sampling is the process of picking a group of subjects for a study to represent the larger group from which they were selected. This is best achieved when the sample possess all the characteristics of the population. This study utilized the stratified random sampling technique. This is because the populations under study can easily be divided into relevant and significant strata based on management staff. With stratified random sampling one can ensure that every strata is equally represented within a sample. Moreover, the stratified random sampling technique chosen for this study increased a sample's statistical efficiency, gave efficient data for analysing the various strata and also allowed for proper implementation of a variety of research methods and procedures (Coopers and Schindler, 2011). The sample size for this specific study was derived from the Krejcie and Morgan Table (1970). The table suggests that a target population of 130 should have a sample size of 98 respondents as per the formula shown below. The sample size of the study was therefore 98 respondents and was distributed as per the numerical strength to avoid biasness.

$$n = \frac{X^2 N p (1-p)}{d^2 (N-1) + X^2 p (1-p)}$$

Where: n = Sample size for a finite population; N = size of population which is the number of employees (130); X^2 = the table value of chi-square for 1 degree of freedom at the desired confidence level (3.841); P = the population proportion (assumed to be 0.50 since this would provide the maximum sample size); d = the degree of accuracy expressed as a proportion (0.05).

$$n = \frac{(1.96)^2 \times 130 \times 0.5 \times (1-0.5)}{(0.05)^2 (130-1) + [(1.96)^2 \times 0.5 \times (1-0.5)]}$$

$$n = 98$$

Data collection Instrument and Procedures

This study obtained and utilized both primary and secondary data. Primary data was obtained using self-administered questionnaires consisting of closed and open ended questions and interview guide. The interview guide was solely used to obtain useful data from the managers regarding the study. Secondary data was collected through a secondary data collection sheet for a period of 8 years (2008 to 2015) that was used to assess the financial performance from annual financial reports of the firm. A questionnaire is a pre-formulated written set of questions to which the respondents record the answers usually within rather closely delineated alternatives. A likert scale questionnaire was used. Likert scale is an interval scale that specifically uses five anchors of very great extent, great extent, moderate extent, little extent and not at all. Likert scales are good in measuring perception, attitude, values and behaviour. The likert scale has scales that help in converting the qualitative responses into quantitative values (Upagade & Shende, 2012). The main advantage of using the questionnaire was privacy to the respondent thus it enhanced the sincerity of the information given.

Data Analysis and Presentation

The data analysis method used in analyzing data comprised of both qualitative and quantitative data analysis. Data Analysis is the processing of data obtained to translate it into useful information that makes meaning (Saunders, Lewis & Thornhill, 2009). This is important because data if left in raw state will be of little or no significance to most individuals. After collection of data from primary and secondary sources, it was prepared for analysis by editing, handling blank responses, coding, categorizing and keyed in using SPSS statistical package (Version 20). Content analysis was used for qualitative data analysis as it involves discussion. For quantitative data the researcher used Statistical Package for Social Sciences (SPSS) to generate both the descriptive statistics and inferential statistics. Descriptive statistics is the term given to the analysis of data that helps describe, show or summarize data in a meaningful way such that, for example, patterns might be obtained from the input. Descriptive analysis included use of frequencies, trends and percentages. The particular inferential statistics that were used are correlation and regression analysis. Multiple regression analysis was adopted to establish the effect of the independent variables on the dependent variable.

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \mu$$

Where: Y = Organizational Performance; X₁ = Transformational Leadership; X₂ = Transactional Leadership; X₃ = Laissez faire leadership; β_0 = the constant term; $\beta_i = 1 \dots 3$ measure of the sensitivity of the dependent variable (Y) to unit change in the predictor variables X₁, X₂ and X₃; μ = is the error term which captures the unexplained variations in the model.

RESEARCH RESULTS

This study aimed at determining the effect of leadership styles on performance of telecommunication industry in Kenya, specifically a case study of Safaricom Limited. The study was guided by three objectives namely; to establish the effect of transformational leadership style on performance of Safaricom Limited, to determine the effect of transactional leadership style on performance of Safaricom Limited and to establish the effect of laissez-faire leadership style on performance of Safaricom Limited. This section thus provides the summary, conclusions and the recommendations based on the findings as indicated in the preceding chapter.

Effect of transformational leadership style on performance of Safaricom Limited

The first objective of the study was to establish the effect of transformational leadership style on performance of Safaricom Limited. The study findings indicated that transformational leadership influenced performance to a great extent which was evidenced by a mean score of 3.82. Inferential analysis including correlation and regression analysis indicated that there existed a positive ($r=0.867$) and significant ($p=0.000$) correlation between performance and transformational leadership. Further, the regression results showed that transformational leadership had a positive ($\beta=0.229$) and significant ($p<0.05$, $p=0.001$) influence on performance. The findings imply that improved implementation of transformational leadership by one unit leads to improved organizational performance at a rate of 22.9%.

Effect of transactional leadership style on performance of Safaricom Limited

The second objective of the study was to find out the effect of transactional leadership style on performance of Safaricom Limited and results indicated that transactional leadership had a positive influence on performance. This was associated with the overwhelming responses from the respondents who agreed that transactional leadership enhanced the motivation of employees, reduces the level of employee turnover, enhancing the level of sales in the firm and improved financial management and profitability to a great extent. The descriptive statistics on transactional leadership attracted a mean of 3.91. The Inferential analysis including correlation and regression analysis indicated that there existed a positive ($r=0.969$) and significant ($p=0.000$) correlation between organization performance and transactional leadership. Further, the regression results indicate that transactional leadership and organizational performance had a positive and significant relationship ($\beta=0.674$ p value 0.000). This implied that a one percentage change in transactional leadership implementation was associated with 67.4 percentage increase in organization performance.

Effect of laissez-faire leadership style on performance of Safaricom Limited

The third objective of the study was to establish the effect of laissez-faire leadership style on performance of Safaricom Limited. The study findings indicated that laissez-faire leadership had an influence on organization performance. The correlation results showed that laissez-faire leadership was positively correlated with organization performance of Safaricom Limited. This was supported by a significant value of 0.000 and a positive correlation of

0.877. Regression results indicated that that laissez-faire leadership had a positive and significant relationship (beta=0.094 p value 0.025) with organization performance. This suggests that a one percentage change in laissez faire leadership implementation was associated with 9.4 percentage increase in organization performance.

INFERENCE STATISTICS

The study sought to find the relationship between transactional leadership, transformational leadership, transactional leadership and organization performance. Table 2 below presents the findings.

Table 2: Bivariate Correlation

| Variable | | Organization performance | Transformational Leadership | Transactional Leadership | Laissez Faire Leadership |
|-----------------------------|---------------------|---------------------------------|------------------------------------|---------------------------------|---------------------------------|
| Organization performance | Pearson Correlation | 1 | | | |
| | Sig. (2-tailed) | | | | |
| Transformational leadership | Pearson Correlation | 0.867 | 1 | | |
| | Sig. (2-tailed) | 0.000 | | | |
| Transactional Leadership | Pearson Correlation | 0.969 | 0.82 | 1 | |
| | Sig. (2-tailed) | 0.000 | 0.000 | | |
| Laissez Faire leadership | Pearson Correlation | 0.877 | 0.846 | 0.846 | 1 |
| | Sig. (2-tailed) | 0.000 | 0.000 | 0.000 | |

Table 2 displays the results of correlation test analysis between the dependent variable (organization performance) and independent variables and also correlation among the independent variables themselves. Results indicated that there was a positive and significant relationship between organization performance and all the independent variables. This reveals that any positive change in transformational leadership, transactional leadership and laissez faire leads to increased organization performance.

The results indicated that there exists a positive and significant ($r=0.867$, $p<0.000$) correlation between transformational leadership and organization performance. The correlation between the variables indicates that increased organization performance would be associated with improved transformational leadership effectiveness as indicated by a positive correlation between the two variables. The findings are consistent with Sun (2002) who went ahead to compare the leadership style with the leadership performance in schools and enterprises, and indicated that the leadership style has a noticeable positive correlation with the organizational performance in both schools and enterprises. Liberally, the leadership performance is similar with the organizational performance. The transformational leadership has a positive

relationship with the organizational performance, higher than the exchange leadership (Huang, 2006).

The results also indicated that there exist a positive and significant ($r=0.969$, $p>0.000$) correlation between organization performance and transactional leadership. The correlation between the variables indicates that if transactional leadership effectiveness is improved and enhanced then this would be associated with improved organization performance as indicated by a positive correlation between the two variables. Finally, the results indicated that there exist a positive and significant ($r=0.877$, $p>0.000$) correlation between organization performance and laissez faire leadership. The correlation between the variables indicates that if laissez faire leadership effectiveness is improved and enhanced then this would be associated with improved organization performance as indicated by a positive correlation between the two variables. The study findings are in agreement with Ali, Elmi and Mohamed (2013) who keenly researched the relationship between leadership behaviour and employee performance in Mogadishu. Special attention was put on trying to establish the relationship between leadership behaviour and employee performance in Mogadishu-Somalia. The findings showed the existence statistically significant has a positive relationship between leadership behaviour and employee performance, the study also outlined that there is a statistically significant moderate positive relationship between leadership behaviour and employee performance.

In order to establish the statistical significance of the independent variables on the dependent variable (organization performance) regression analysis was employed. The results presented in the Table 4.8 below

Table 3: Regression Model Fitness

| Indicator | Coefficient |
|----------------------------|--------------------|
| R | 0.959 |
| R Square | 0.92 |
| Adjusted R Square | 0.917 |
| Std. Error of the Estimate | 0.16163 |

Table 3 shows the amount of variance in organization performance as explained by the variance in the set of independent variables used in the study (i.e. transformational, transactional and laissez faire leadership). The R square of 0.92 indicates that 92% of the variations in organization performance is jointly accounted for by the variations in transformational, transactional and laissez faire leadership. From the model summary table below adjusted R² was 0.917 this indicates that the combined effect of predictor variables (transformational, transactional and laissez faire leadership) explains 91.7% of variations in organization performance. The correlation coefficient of 95.9% indicates that the combined effect of the predictor variables has a strong and positive correlation with organization performance. This also meant that a change in the drivers of organization performance

(transformational, transactional and laissez faire leadership) has a strong and a positive effect on performance.

Results are in agreement with those of Arham (2014) who investigated the impact of leadership behaviours on the performance of services SMEs in Malaysia and revealed that there were significant relationships between different leadership behaviours and organizational performance of services SMEs; and transformational leadership contributed more significantly to the performance of SMEs than transactional leadership behaviour. The findings implicate that leadership behaviour of leaders of SMEs is one of the essential factors that influences SMEs performance in the services sector. Prior to estimation of the regression model the goodness of fit was performed and the results are presented in the Table 4 below.

Table 4: ANOVA

| Indicator | Sum of Squares | df | Mean Square | F | Sig. |
|------------------|-----------------------|-----------|--------------------|----------|-------------|
| Regression | 23.029 | 3 | 7.676 | 293.848 | 0.000 |
| Residual | 2.012 | 77 | 0.026 | | |
| Total | 25.041 | 80 | | | |

Table 4 above indicates that the overall model was significant, that is, transformational, transactional and laissez faire leadership are good joint explanatory variables for organizational performance ($F = 59.309$, $p\text{-value}=0.000$). The findings imply that all the independent variables were statistically significant in explaining changes in organizational performance. This is demonstrated by a p value of 0.000 which is less than the acceptance critical value of 0.05. The study findings are in agreement with Ali, Elmi and Mohamed (2013) who investigated the relationship between leadership behavior and employee performance in Mogadishu. Emphasis was put on trying to establish the relationship between leadership behaviour and employee performance in Mogadishu-Somalia. The findings revealed the existence statistically significant has a positive relationship between leadership behaviour and employee performance, the study also indicate that there is a statistically significant moderate positive relationship between leadership behaviour and employee performance. Table 5 displays the regression coefficients of the independent variables.

Table 5: Regression Coefficients

| Variable | Beta | Std. Error | t | Sig. |
|-----------------------------|-------------|-------------------|----------|-------------|
| Constant | 0.09 | 0.193 | 0.467 | 0.642 |
| Transformational leadership | 0.229 | 0.069 | 3.34 | 0.001 |
| Transactional Leadership | 0.674 | 0.067 | 10.072 | 0.000 |
| Laissez Faire leadership | 0.094 | 0.041 | 2.285 | 0.025 |

Table 5 displays the regression coefficients of the independent variables. The results reveal that transformational leadership was statistically significant in explaining organizational performance ($\beta=0.229$ p value 0.001). The findings imply that improved implementation

of transformational leadership by one unit leads to improved organizational performance at a rate of 22.9%. The findings are in support of Huang (2006) who found that transformational leadership had a positive correlation with the organizational performance, higher than the exchange leadership.

Regression results indicate that transactional leadership and organizational performance had a positive and significant relationship (beta=0.674 p value 0.000). This implied that a one percentage change in transactional leadership implementation was associated with 67.4 percentage increase in organization performance. Results are in agreement with Sun (2002) compared the leadership style with the leadership performance in schools and enterprises, and indicated that the leadership style has a significantly positive correlation with the organizational performance in both schools and enterprises. Finally, the results indicated that laissez faire leadership and organizational performance had a positive and significant relationship (beta=0.094 p value 0.025). This implied that a one percentage change in laissez faire leadership implementation was associated with 9.4 percentage increase in organization performance.

CONCLUSIONS

Effect of transformational leadership style on performance of Safaricom Limited

As expected, relational analysis proved that all transformational leadership styles have a strong positive correlation with organizational performance. It can therefore be concluded that transformational leaders encourage subordinates to put in additional effort. Transformational leaders realize the greatest performance from subordinates since they are able to inspire their subordinates to raise their capabilities for success and develop subordinates' innovative problem solving skills. Furthermore, it can be concluded that supervisors who are driven by the desire to achieve better performance from his/her employees should try and exhibit more of transformation leadership style and less of the rest of the styles.

Effect of transactional leadership style on performance of Safaricom Limited

It was found that transactional leadership style had a positive relationship with organization performance. It can therefore be concluded that transactional leadership style was statistically significant in explaining organization performance of Safaricom leadership. The study findings also led to the conclusion that Safaricom had employed both transformational and transactional leadership styles since both are linked to exceptional performance due to their employee involvement in decision making and embracing team work.

Effect of laissez-faire leadership style on performance of Safaricom Limited

Laissez-faire leadership style had a weak and positive relationship with performance. The study concludes that laissez-faire leadership style kills the morale and motivation of the employees hence deteriorating job satisfaction which leads to poor organizational performance.

RECOMMENDATIONS

Effect of transformational leadership style on performance of Safaricom Limited

It pointed out that transformational leadership behaviour would significantly bring about higher performance. The leaders should understand what is important for the subordinates and the organizations as a whole and encourage the employees to see the opportunities and challenges around them creatively. The supervisors should also have their own visions and development plans for followers, working in groups and champion team work spirit. It is therefore recommended that managers should: strive to become role models to their subordinates; inspire subordinates by providing meaning and challenge to work; stimulate subordinate efforts to become innovative & creative; and pay attention to each individual's need for achievement and growth.

Effect of transactional leadership style on performance of Safaricom Limited

Transactional leadership is also an effective leadership style. It had a positive correlations with performance. Therefore, equitable pay and benefits are very important for the relationships between employees and supervisor. Supervisors should establish incorporative and fair rewards exchanging relationships with the employees. They should clarify expectations and offer recognition when goals are achieved and provide exchanges for their efforts when followers meet the expectations.

Effect of laissez-faire leadership style on performance of Safaricom Limited

Laissez-faire leadership style had a weak and positive relationship with performance. It is recommended that managers should discard this leadership style so as to improve organizational performance. This calls for greater involvement in guiding subordinates to achieve organizational goals.

Supervisors should enrich the knowledge about the perceptions of leaders' behaviors and how these behaviors relate to employee performance. The study recommends that leadership development programs could help leaders understand the relationships between effective leadership styles and performance. Organizations can therefore develop certain training programs or mentoring by professionals for the supervisors and leaders.

Professionals and trainers can use the results from the current study to develop training programs that support leadership development. Organization can provide leadership training program or interventions to improve supervisor's leadership. The leadership training program can be designed based on employee needs and organizational needs to achieve the very best from such particular programs. The organization and supervisors should involve employees in decision making and leadership improvement and provide training and teamwork facilitation. In addition, policies and practices related to rewards or feedback system in the organizations can be adjusted to meet employees' needs in order to improve employee performance and organization performance at large.

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