

**STRATEGIC LEADERSHIP AND ORGANIZATIONAL PERFORMANCE OF
PARASTATALS IN UASIN GISHU COUNTY, KENYA**

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**A Research Project Submitted to the Graduate School in Partial Fulfilment of the
Requirements for the Award of the Degree of Master of Business Administration of
Egerton University**

EGERTON UNIVERSITY

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DECLARATION AND RECOMMENDATION

Declaration

This research project is my original work and has not been presented for the award of degree in any other University or Institution for any other purpose.



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Recommendation

This research project has been submitted for examination with my authority as the University supervisor.



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DEDICATION

To my family for being a reliable source of support, encouragement and hope.

ACKNOWLEDGEMENTS

This research project was brought to completion through the goodwill and involvement of numerous individuals to whom I owe deep appreciation. Although it is impossible to acknowledge each person individually, their collective assistance remains truly valued. I express profound gratitude to God for granting me the strength to pursue and accomplish this work. I also extend heartfelt thanks to my supervisor, Dr. Amos Ayuo, whose dedication and steady guidance shaped every stage of this study. I am equally indebted to my colleagues, whose constant encouragement sustained my resolve and enriched this endeavour through their constructive support. I further convey sincere appreciation to my family, whose unwavering motivation and boundless support provided the foundation upon which this project was completed.

ABSTRACT

The capacity of an organisation to use the resources at its disposal in order to produce significant results by way of coordinated activities and deliberate strategic decisions is referred to as organisational performance. This specific structure is of significant importance for organisations that are referred to as parastatal organisations. Their success is evaluated via the use of both monetary and non-monetary measures. In response to the continual changes in operational environments, state businesses are increasingly adopting strategic leadership approaches, which they now acknowledge as critical drivers of growth at the institutional level. In spite of the fact that there has been research carried out by academics in the local area that has looked at aspects of strategic leadership, there has been little empirical work done that has assessed the impact that strategic leadership has on the operation of parastatals. This research looked at the ways in which strategic leadership influences the performance of parastatal organisations in Uasin Gishu County. It did so by evaluating the individual and collective impacts of transformational and transactional leadership styles. The research design that was used in this study was explanatory in nature, and it was chosen in accordance with the upper echelon theoretical perspective. Through the use of standardised questionnaires, all thirty-one chief executives and branch heads from the parastatals in the county took part in the process. The results of the study showed that there was a large and strong positive correlation between transformational leadership and organisational success ($r = 0.899$; $p = 0.000$), as well as between transactional leadership and organisational performance ($r = 0.646$; $p = 0.001$). Additional hypothesis testing demonstrated that transformational leadership served as a significant predictor of performance ($\beta = 0.808$; $p = 0.000$) and substantiated the fact that transactional leadership also had a substantial effect ($\beta = 0.646$; $p = 0.001$). The findings from the combined model also provided evidence that the two leadership styles had a collective impact on performance outcomes, with a p-value of less than 0.05. According to the findings of the research, the use of transformational and transactional leadership styles leads to an improvement in the performance of parastatals in Uasin Gishu County, particularly when these two leadership styles are utilised in a complimentary fashion. Through the reinforcement of resource utilisation and the facilitation of the accomplishment of institutional objectives, strategic leadership is able to enhance the outcomes of organisations. The recommendations of this research are that leaders of parastatals adopt an integrated

leadership strategy and make investments in the ongoing development of leadership skills. These recommendations are based on the results of the study.

TABLE OF CONTENTS

DECLARATION AND RECOMMENDATION	ii
COPYRIGHT	iii
DEDICATION.....	iv
ACKNOWLEDGEMENTS	v
ABSTRACT.....	vi
TABLE OF CONTENTS	vii
LIST OF TABLES	x
LIST OF FIGURES	xi
LIST OF ACRONYMS AND ABBREVIATIONS	xii
CHAPTER ONE	1
INTRODUCTION.....	1
1.1 Background of the Study	1
1.1.1 Organizational Performance	1
1.1.2 Strategic Leadership.....	2
1.1.3 Parastatals in Uasin Gishu County, Kenya	5
1.2 Statement of the Problem.....	7
1.3 General Objective of the Study.....	7
1.4 Research Hypotheses	8
1.5 Significance of the Study	8
1.6 Scope of the Study	9
1.7 Limitations of the Study.....	10
1.8 Assumption of the Study.....	11
1.9 Operational Definition of Terms.....	11
CHAPTER TWO	13
LITERATURE REVIEW	13
2.1 Introduction.....	13
2.2 Theoretical Perspective.....	13

2.2.1 Upper Echelon Theory (UET)	13
2.3 Strategic Leadership and Organizational Performance.....	17
2.3.1 Transformational Leadership and Organizational Performance	17
2.3.2 Transactional Leadership and Organizational Performance	23
2.4 Summary of Reviewed Literature and Research Gaps	31
2.5 Conceptual Framework.....	33
CHAPTER THREE	35
RESEARCH METHODOLOGY	35
3.1 Introduction.....	35
3.2 Research Design.....	35
3.3 Location of the Study.....	36
3.4 Target Population.....	36
3.6 Data Collection Instrument.....	36
3.7 Data Collection Procedures.....	37
3.8 Measurement of Variables	37
3.8.1 Validity of the Instrument.....	38
3.8.2 Reliability of the Instrument	39
3.9 Data Analysis and Presentation	39
CHAPTER FOUR.....	41
RESULTS AND DISCUSSIONS.....	41
4.1 Introduction.....	41
4.2 Response Rate.....	41
4.3. Descriptive Statistics on the Demographic Characteristics of the Respondents.....	41
4.3.1 Age of the respondents.....	41
4.3.2 Gender of the respondents	42
4.3.3 Education of the respondents	43
4.3.4 Leadership work experience	44
4.3.5 Type and sector of the parastatal	44
4.4 Descriptive Statistics on Strategic Leadership and Organisational Performance.....	45
4.4.1 Descriptive Statistics on Strategic Leadership.....	46
4.4.2 Descriptive Statistics on Transactional Leadership	49

4.4.3 Descriptive Statistics on Organizational Performance of Parastatals	52
4.5 Results of Pearson’s Correlation Analysis.....	54
4.6 Multicollinearity test.....	55
4.7 Results of Hypotheses Tests	57
4.7.1 Transformational Leadership and Organizational Performance of Parastatals.....	57
4.7.2 Transactional leadership and Organizational Performance of Parastatals	59
4.7.3 Joint effect of Transformational and transactional leadership on Organizational Performance of Parastatals.....	61
CHAPTER FIVE	64
SUMMARY OF FINDINGS, CONCLUSIONS, AND RECOMMENDATIONS	64
5.1 Introduction.....	64
5.2 Summary of the Findings of the Study	64
5.3 Conclusions.....	66
5.4 Recommendations of the Study	67
5.4.1 Recommendations for practice and policy.....	67
5.4.2 Recommendation for Further Research	67
REFERENCES.....	68
APPENDICES	76
Appendix I: Letter of Introduction.....	76
Appendix II: Questionnaire to the Respondents	77
Appendix III: List of Parastatals in Uasin Gishu County, Kenya.....	80
Appendix IV: Letter of Introduction to NACOSTI	81
Appendix V: Research Permit from NACOSTI	82
Appendix VI: Publication	83

LIST OF TABLES

Table 4.1: Type and sector of the parastatal	45
Table 4.2: Descriptive Statistics of Transformational Leadership.....	46
Table 4.3: Descriptive Statistics on Transactional Leadership	49
Table 4.4: Descriptive Statistics on Organizational Performance of the Parastatals	52
Table 4.5: Correlation analysis	54
Table 4.6: Multicollinearity test.....	56
Table 4.7: Shapiro-Wilk Test for Normality.....	56
Table 4.8: Model Summary for transformational leadership.....	57
Table 4.9: ANOVA results for transformational leadership	58
Table 4.10: Coefficients for transformational leadership	58
Table 4.11: Model Summary for Transactional Leadership	60
Table 4.12: ANOVA results for Transactional Leadership	60
Table 4.13: Coefficients for Transactional Leadership.....	60
Table 4.14: Model summary for joint effect	62
Table 4.15: ANOVA for joint effect.....	62
Table 4.16: Coefficients for joint effect.....	62

LIST OF FIGURES

Figure 2.1: The strategic choices and managerial discretion.....	15
Figure 4.1: Age of the respondents	42
Figure 4.2: Gender of the respondents	42
Figure 4.3: Education of the respondents	43
Figure 4.4: Years of work experience.....	44

LIST OF ACRONYMS AND ABBREVIATIONS

BSC	Balanced Score Card
KVDA	Kerio Valley Development Authority
MLQ	Multifactor Leadership Questionnaire
ROA	Return on Assets
ROI	Return on Investment
ROS	Return on Sales
SACCOs	Savings and Credit Cooperatives
SBSC	Sustainable Balanced Score Card
SMEs	Small and Micro Enterprises
TMT	Top Management Team
UET	Upper Echelon Theory

CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

The institutions in the world operate in an environment characterized by competing internal pressures as well as external pressures that vary across the globe. It is generally accepted that in this kind of environment, the performance of an organization depends on a number of core factors, one of which is strategic leadership. Irrespective of the size and the mandate of any institution, the quality of strategic leadership is one of the key drivers of operational success. Leadership styles in organisations that are interested in being effective in these turbulent situations should thus be both conscious and futuristic. Shrewbent & Hitt (2023) indicates that performance of an organisation depends on the leadership models that senior executives apply in detail. These leaders, however, usually have contextual constraints which dictate their decisions and consequently, determine the performance results. These constraints can be intervening conditions that are associated with changes in organisational outcomes. This research was conducted on two major types of strategic leadership, which are transformational leadership and transactional leadership.

1.1.1 Organizational Performance

Organizational performance construct has been differently interpreted in the academic literature. However, scholarly opinion indicates that the organizational performance is a multidimensional model that combines both financial and qualitative indicators that show how far the institutional objectives are achieved. As an example, Long and Thean (2021) analyzed organizational performance in terms of traditional financial metrics like the level of return on investment, profitability ratios, and revenue generation in comparison to Singh (2022), who discussed the organization performance in terms of such intangible factors as client satisfaction, workforce contentment, and process efficiency. These measures provide an elaborate evaluation of organizational performance, which goes beyond financial performance by focusing on the areas such as staff morale, service excellence, institutional sustainability, organizational efficacy, customer loyalty, operational proficiency, and social responsibility efforts.

Choi & Mueller (2022) advanced the combined consideration of monetary and qualitative

measures in the measurement of organizational performance. However, the analytical review of the definition of organizational performance shows that the returns on assets (ROA) or returns on investment (ROI) metrics are often given more priority even though there is a tendency that the non-monetary performance aspects are often prioritized by the organization. Hence, the organizational performance can be viewed in both limited and broad terms that include the financial and qualitative aspects of the organization (Singh, 2022), which allows strategic leadership to evaluate the level of attaining the goals. This implies that a complete conceptualization of organizational performance should premise on the fact that institutions ought to create value relative to the investment of the resources (Barney, 1991). It, therefore, entails the ability of an organization to maximize the use of resources in the achievement of goals and objectives, which is measured using the traditional financial elements of revenue, profitability, growth, and expansion, but also it includes service provision aspect. Consequently, the conceptualization of organizational performance in this study included the efficiency, productivity, service excellence, and satisfaction of stakeholders, which are the main concerns of parastatals. The choice of efficiency, productivity, service excellence, and stakeholder satisfaction as the performance indicators is also justified by the fact that parastatals have a crucial responsibility of taking care of the interests of the people instead of profit maximization.

1.1.2 Strategic Leadership

The overall ability of influencing others to work towards common goals is what is called leadership. On the other hand, strategic leadership is a narrower concept of leadership that emphasizes more on perspective creation and implementation of plans (Alkheyi, 2020). Unlike the traditional or operational leadership, which is usually focused on the promises and activities that are short-lived in nature, strategic leadership involves setting future organisational direction, response to the changing environment and making of decisions that influence the future success of the institution. Different academic definitions have been put forward of what strategic leadership is. However, it is unanimously accepted by most scholars that the concept of strategic leadership is constituted by the ability of the organisational leaders to identify and exploit the core competencies of the institution, to regulate human and social capitals, and to institute a culture of sustainability within the organisation (Quigley & Graffin, 2017). This shows that strategic leadership lies on the intellectual and imaginative ability of the top level management to

put up organisations that are transformative in nature.

According to Shoemaker & Krupp (2015), strategic leadership concept extends beyond possessing unique capabilities to take in new information and ideas but an adaptive capability to respond to environmental volatility and complexity. Adaptability requires establishment and sustenance of absorbent and receptive practices to allow the top management to be able to identify and utilize environmental opportunities with the aim of advancing organizational performance.

According to Hoskisson et al. (2024), strategic leadership is the ability of top administrators to anticipate the new circumstances, design attractive institutional orientation, and empower staff members to achieve meaningful organisational change. The view puts more stress on the role of the leader in inspiring and influencing people towards achieving common institutional goals. Strategic leadership is thus the driving force that coordinates people, decision and long-term goals in an organisation. Dutschke (2015) also because that the concept of strategic leadership involves a range of dimensions, including servant, transactional, charismatic, transformational, and visionary, which represent adaptive, reflective, transcendental, and empowerment-oriented orientations. Expanding this knowledge, According to Nayab (2021), transformational and transactional forms of leadership remain the most frequently employed strategic forms of leadership, and it is likely that both can help in the better performance of parastatal institutions.

The strategic approach known as transformational leadership is one that strives to inspire followers to make meaningful and constructive changes with the overarching goal of growing them into leaders who are capable of taking on such changes (Bensimon, 2020). According to Yahaya & Ebrahim (2022), this style of leadership places a stronger focus on the requirements of employees at higher levels, motivating them to achieve the goals of the company with more passion and determination. When transformational leaders use this approach, they motivate their people to beyond their own personal boundaries and produce results that are better than what was originally anticipated. Transformational leaders foster emotional commitment and empowerment via the establishment of strong interpersonal relationships and a feeling of shared purpose. As a result, individual and organisational performance is subsequently improved (Wang, 2024). In addition, transformational leadership is integrally connected to both innovation and organisational change due to the fact that it motivates people to behave in a manner that

promotes the institution's interests in the long run, even in cases when such behaviour necessitates a change in their personal circumstances or requires them to make sacrifices.

In the framework of the research, transformational leadership was discussed in the four major aspects. Intellectual stimulation shows the ability of the leader to cultivate creativity and problem orientation by inspiring the subordinates to challenge the traditional norms, reframe the challenges, and create new solutions to organizational problems (Voon, 2021). Individualized consideration, in its turn, reflects the sensitivity of the leader to the distinct development and performance requirements of every team member through giving them individualized mentorship and advice (Voon, 2021). Combined, these dimensions reflect transformational leadership as a comprehensive system that enables employees to be innovative thinkers, professionally develop and balance their personal ambitions with the mission of the organization as a whole. This aspect also involves recognition and appreciation of special contributions that individual followers make to the dynamics of the team. Inspirational leadership conveys convincing and inspiring visions to the followers. This implies that inspirational communication and emotional discourse are used by transformational leaders to arouse the commitment of followers towards the benefit of the organization. Thus, transformational leaders are concentrated on institutional vision development, setting of high goals, and encouraging the followers to go beyond self-interests to reach the common goals. Similarly, idealized influence refers to the degree of admiration, respect, and trust that leaders win, and inspirational motivation is the degree of ability that leaders can express appealing visions to their employees and display motivational actions (Bass, 2022).

Transactional leadership places emphasis on ensuring that followers fulfil their responsibilities through structured reward and corrective mechanisms (Riaz & Haider, 2020). Within this leadership orientation, the exchange between leader and follower is central, as expectations are clearly articulated and compensation is linked directly to performance outcomes. In practice, transactional leadership functions as a strategic approach grounded in explicit exchanges that guide behaviour and shape organisational results (Riaz & Haider, 2020). Its core elements involve close oversight, directive communication, reinforcement for satisfactory performance, and corrective responses to poor outcomes, reflecting its primary focus on maintaining stability, enforcing procedures, and limiting discretionary creativity among employees.

Premacks (2023) further notes that fostering commitment to organisational goals is a vital component of transactional leadership. According to this view, leaders enhance followers' confidence and performance by structuring work processes, providing direction, and addressing errors or deviations from established standards. Bass (1998) provided a measurement for transactional leadership that was used in this research. The three elements of this measurement are contingent reward, active management by exception, and passive management by exception. Clarifying expectations, negotiating duties, establishing standards, and providing recognition to persons who accomplish or exceed agreed-upon goals are all components of a contingent incentive (Bass, 1998). This exchange is carried out within explicitly established contractual parameters, and within those parameters, roles, responsibilities, and anticipated results are conveyed in an official manner. Rewards are given out in accordance with the degree to which the exchange adheres to the contract and the amount of work that is put in. Ongoing supervision, monitoring of activities, and prompt remedial action are all part of active management by exception, which is used to guarantee that organisational standards are being followed. On the other hand, passive management by exception is distinguished by the fact that the leader intervenes only when substantial mistakes or deficiencies in performance become apparent, and this intervention is often followed by disciplinary actions that are intended to bring conduct back in line with expectations.

1.1.3 Parastatals in Uasin Gishu County, Kenya

The State Corporation Act Cap 446(2012) of Kenya defines parastatal as a corporation owned by the government which has been formed by a legislative act by Parliament or through an executive decree with the aim of performing a specific set of functions stated in the act or decree. The purpose of these parastatals was to play important roles in the delivery of the public services. Parastatals have been promoting holistic development goals since pre-independence period. These organizations exist in the various spheres that include education, healthcare, agriculture, infrastructure, energy, environmental management, and finance. At the national level, the parastatals are spread across various economic and social spheres, and they are grouped under financial, commercial, manufacturing, regulatory and service-delivery organizations. According to Gikonyo (2020), it is estimated that parastatals (around 260 to 291) have both commercial and public policy objectives. The largest concentration and budgetary allocation is

usually made in Infrastructure as well as in Energy and Education sectors. The geographic distribution analysis shows that the majority of the parastatals are concentrated in Counties Nairobi and Mombasa (Echongu, 2023).

The Uasin Gishu County administrative system has a large number of parastatals who play a different role in the development of the region. Notable institutions are Kerio Valley Development Authority (KVDA), National Cereals and Produce Board, Water Resources Management Authority, Anti-Counterfeit Authority, University of Eldoret, Moi University, Kenya pipeline Corporation and Kenya Cooperative Creameries. The county also hosts government agencies such as KENHA, KURA, NCA, KERRA, Kenya Railways Authority, Eldoret international Airport, National Environment and management Authority, Kenya wildlife service, Kenya Forest service, KEBS, National bank of Kenya, and central bank of Kenya among other institutional bodies.

This is a multifaceted grouping of parastatals in the county that provides critical services to the citizens besides providing vast potential in terms of research, innovation, and improvement of the service to the populace. However, the high leadership of these parastatals defines their power to accomplish mandates with respect to service provision and delivery of public goods. Thus, efforts have been made to enhance the parastatal management capacities in an endeavour to achieve socioeconomic development goals. In the case of example, long term attempts to curb government intervention in parastatals have been made by privatization programs. In spite of this, despite the fact that the majority of county parastatals are anticipated to operate more efficiently and effectively, they are still experiencing inefficiencies and misuse of resources, and their performance continues to be hindered by corruption (Mati, 2020). Furthermore, a variety of obstacles stand in the way of county parastatals, including difficulties in obtaining funding, a deficiency in adequate governance, and a failure to keep up with the rapid pace of change in both technology and global economic situations. The parastatals have to make sure that their strategic planning is in line with the aims of the national development by putting strategic leadership into practice in order to reach maximum efficiency.

1.2 Statement of the Problem

Many parastatals are operating in a challenging socioeconomic environment making them struggle to discharge their mandate to meet stakeholder expectations. As a result, the capacity of the parastatals to promote socioeconomic development has become an issue of concern (Bowman, 2020). In Kenya, parastatals are obligated to promote socioeconomic development by responding to the problems facing the society through effective service delivery. As a result, many parastatals have adopted diverse forms of strategic leadership and this is expected to spur organizational performance through strategic planning, management and resource mobilization (Haber Berg & Rieple, 2022). However, adopting strategic leadership does not only ensure that the parastatals carry out their expressed mandate effectively but also enhance organizational performance of the parastatals. Instead, there have been concerns about the deteriorating organizational performance of the parastatals in spite the adoption of strategic leadership. This concern is particularly pronounced in parastatals in Uasin Gishu county where it is not clear whether strategic leadership improves organizational performance of the parastatals or not. This is because past studies on organizational performance of the parastatals have presented mixed results as some studies show that strategic leadership improves organizational performance of parastatals (Ng'ang'a, 2022) while others show that there is no change in organizational performance as a result of strategic leadership (Bundotich & Wainaina, 2023). The inconsistency of previous findings created a clear need for additional empirical inquiry to determine the specific effect of strategic leadership on organisational performance. Such an investigation is essential, as it offers a more precise understanding of how leadership practices contribute to enhancing the effectiveness of parastatal institutions. Consequently, the present study sought to examine the extent to which strategic leadership shapes the performance of parastatals operating within Uasin Gishu County, Kenya.

1.3 General Objective of the Study

The overarching purpose of this study was to examine how strategic leadership influences the organisational performance of parastatals in Uasin Gishu County, Kenya. To guide this study, the study pursued the following specific objectives:

- i. To determine the effect of transformational leadership on the organizational performance of parastatals in Uasin Gishu County, Kenya

- ii. To determine the effect of transactional leadership on the organizational performance of parastatals in Uasin Gishu County, Kenya
- iii. To establish the joint effect of strategic leadership (transformational and transactional leadership) on organizational performance of parastatals in Uasin Gishu County, Kenya

1.4 Research Hypotheses

The investigation evaluated the following research hypotheses:

- i. **H₀₁:** Transformational leadership does not have a significant effect on organizational performance of parastatals in Uasin Gishu County, Kenya
- ii. **H₀₂:** Transactional leadership does not have a significant effect on organizational performance of parastatals in Uasin Gishu County, Kenya.
- iii. **H₀₃:** Strategic leadership (transformational and transactional leadership) jointly do not have significant effect on organizational performance of parastatals in Uasin Gishu County, Kenya

1.5 Significance of the Study

It is anticipated that each and every one of these will prove to be of considerable importance and worth to all of the stakeholders in the public sector. The results of this inquiry have the potential to provide light on successful leadership methods that may be used to improve the performance of parastatals, which would provide the government of Kenya with tangible advantages. As a result, the results of these studies may be utilised by legislative authorities in the development of laws and regulations that govern the management of parastatals.

Furthermore, the results of this research may be of assistance to senior leaders of parastatals who want to get a better understanding of the part that strategic leadership plays in advancing the performance of an organisation. This research will give insights into how the gains in critical levels of performance in organisations, such as productivity, efficiency, service excellence, and happy stakeholders, may be achieved by improving the apparent influence of strategic leadership on the performance of parastatals. It is these perspectives that are useful in making decisions that are based on evidence in relation to the management of people. As a result, the knowledge that was gathered during the course of this research may provide leaders of today and tomorrow with

a more comprehensive understanding of the ways in which strategic leadership can cultivate organisational environments that are productive, efficient, and responsive. As a consequence of this, those in senior management positions will be able to put into practice targeted programs that will encourage strategic leadership levels inside their respective organisations.

The amount of knowledge pertaining to strategic leadership and organisational success may be significantly enhanced by these discoveries. As a consequence, those who are doing research in the area of strategic management are able to see this inquiry as having a great deal of worth and to use the findings of the investigation as a foundation for future research endeavours. This paper may be cited by students who are studying strategic management and similar subjects and want to establish the topics of their research, or it can be used as a source of learning.

1.6 Scope of the Study

The purpose of this research was to investigate the extent to which strategic leadership affects the performance of parastatal organisations in Uasin Gishu County. The independent variables in this analysis were transactional leadership and transformational leadership, whilst organisational performance was considered the dependent variable. The majority of the parastatals that were the subject of the investigation are headquartered in the city of Eldoret, which is located in the county. However, the activities of these parastatals extend to every one of the six sub-counties. The emphasis was focused on those institutions whose top administrators exhibited concepts of transformational leadership and transactional leadership. The key respondents in the unit of analysis, which was comprised of thirty-one parastatal organisations, were the organisations' chief executive officers. In order to find these respondents and gather information that was pertinent to the functioning of the organisation, a survey strategy that was descriptive in nature was used, and purposive sampling was used as an additional method. The two leadership styles were evaluated as separate constructs that were founded on theoretical reasoning, while the performance of the organisation was considered to be the result that was of interest. Structured questionnaires were used to collect data, and both descriptive and inferential statistical approaches were used throughout the analytical phase of the inquiry, which utilised a causal explanatory design. The research was carried out during a period of time that began in May 2024 and ended in November 2025.

1.7 Limitations of the Study

It is necessary to use care when generalising the findings of this research to other counties in Kenya, such as parastatals, due to the fact that the investigation was centered on Uasin Gishu County. As a result of this situation, concerns about external validity have been brought up. These constraints were able to be mitigated with the assistance of the suggestion to do future comparative study in Kenya's diverse locations. The conclusion is an important factor to take into account while making inferences about other counties in Kenya. The researchers used a causal explanatory strategy in their study, which relied only on quantitative techniques and did not include the qualitative viewpoints that alternative approaches would have provided. Additionally, a cross-sectional survey strategy was used in the inquiry. This approach included gathering data at a specific moment in time. Because of this, the research was unable to draw any conclusions on the ways in which strategic leadership has an impact on the performance of organisations that are classified as parastatal over a long period of time. The use of longitudinal designs in future investigations would be advantageous in order to capture the long-term impact of strategic leadership on the results of organisations. This investigation focused on markers of performance that were not monetary in nature. This finding suggests that the framework may eventually be modified to incorporate financial measurements.

Because of the ever-changing nature of the laws that control the government and the current situation of the economy, the results of the studies can only be representative of the circumstances that were prevalent at the time that the study was conducted. In order to circumvent this limitation, the temporal framework of the inquiry was clearly expressed, and the results were situated within a time range that had been decided upon in advance. The researcher further made the recommendation that the study be repeated in order to confirm the variations and trends in the companies' performance as time went on.

The reliance of this research on primary data in order to evaluate the ways in which strategic leadership has an impact on organisational performance might potentially be a limiting factor. In spite of the fact that primary data is a useful source of firsthand information, it is prone to a variety of imperfections, such as selection bias and response bias. The presence of these biases may be inferred when the replies given by participants meet the expectations that are held of them or are socially acceptable, as opposed to providing an authentic reflection of the situation.

Participants, on the other hand, were given the guarantee of privacy and anonymity in order to encourage them to provide honest and accurate answers. In order to gather primary data, the researchers used a questionnaire methodology. However, this method of data collection may have been negatively influenced by the emotional states of the participants as well as the likelihood of their providing dishonest answers at the time the survey was administered. That being said, it was suggested that the individuals participating should provide information that is both true and supported.

1.8 Assumption of the Study

The premise of this investigation was the assumption that the participants would provide genuine and dependable information, which would then be used to support the assessment of the link between strategic leadership and organisational success. Furthermore, the study assumed that the senior management of the parastatals in Uasin Gishu County had adopted strategic leadership, and that the research instrument was capable of producing accurate and reliable data based on its previous applications. The premise was also that the way that parastatals performed was affected by the types of strategic leadership that were selected, which included transformational leadership as well as transactional leadership.

1.9 Operational Definition of Terms

Leadership: One of the ways that a person may lead and control a group of people to achieve common goals.

Organizational performance: This is the ability of an organization to acquire and utilize resources to achieve the intended goals as measured using both financial and nonfinancial indicators. Organizational performance in this study was operationalized in terms of efficiency, productivity, service quality and stakeholder satisfaction.

Parastatals: These are agencies that are either fully or partially owned or controlled by the government set up as specific entities separate from regular government administration given sufficient autonomy to pursue their objectives with flexibility. In the context of this study the parastatals referred to the public entities charged with providing essential services and public goods located in Uasin Gishu County.

Public entities: These are the portion of an economic system, funded and controlled by government to provide basic goods, services or works, sensitive to be provided by private players in the economy. It consists of national and local government, their agencies and their chartered bodies.

Strategic leadership: Strategic leadership is a concept of leadership that dwells on establishing the long-term goals of an organization, recognizing and exploiting the key strengths of the organization, developing sustainable organizational culture, strengthening of ethics as well as the creation of balanced control systems that would enable the organization to achieve continuous enhancement of itself. It involves the capacity of the leaders to synchronize vision, values and strategic intent towards long term organizational success. Strategic leadership in the context of this study was conceptualized and measured in two large dimensions: transformational leadership and transactional leadership, which are combined to form strategic actions and behavioural characteristics of the top management that influence the organizational performance.

Transactional leadership: Transactional leadership refers to a management style where top managers encourage workers to work towards the firm goal by relating performance with certain rewards or remedial measures. This style is working within a well-defined set of goals, roles, and performance expectation and focuses on compliance by using contingent rewards and management by exception-active and passive. It is basically concerned with the business stability and observance of set standards, guaranteeing this by providing elaborated control and performance-driven reinforcement systems.

Transformational leadership: A leadership approach in which top management establishes programs to improve the knowledge of the employees about ethical and relevant issues, improve their motivation growth and help them to go beyond the personal interests and thus, promote inspirational motivation, intellectual stimulation, individual consideration, and idealized influence.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

The body of literature that provides context for the investigation is presented in this chapter. It discusses the theoretical underpinnings of the study and evaluates the findings of other investigations that have examined the relationship between strategic leadership and organisational effectiveness. In addition, the chapter gives the conceptual framework, which indicates how the performance of an institution is tied to its strategic leadership.

2.2 Theoretical Perspective

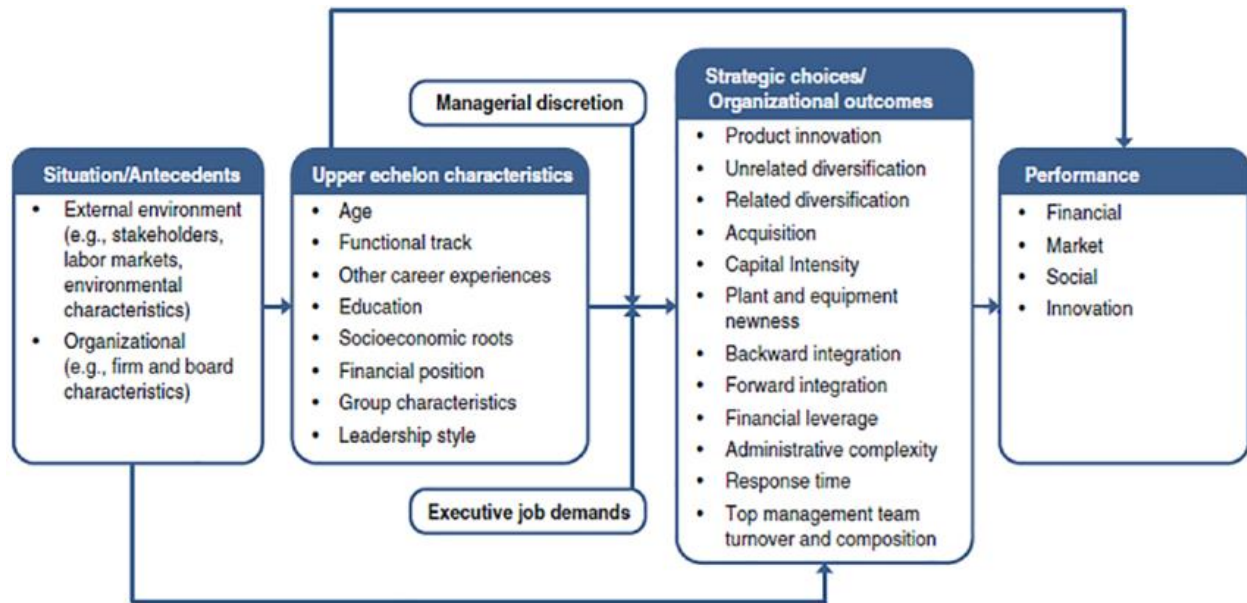
The theoretical perspective that helps to explain the relationship between organisational performance and strategic leadership is addressed in this section.

2.2.1 Upper Echelon Theory (UET)

Hambrick and Mason introduced the Upper Echelon Theory (UET) in 1984 and other scholars expanded it (Belias & Koustelios, 2014; Kuchio, 2020). This theory was used to base the current study. The concept is that the strategic decisions which are made within an organisation are influenced as well as determined by the behaviour and traits of the people who hold the positions of power within an organisation, but mostly the individuals in the pinnacle of leadership positions. UET allows one to come up with some predictions regarding the results of an organisation. The concept is based on the belief that the individual traits of the management of the organisation including their values, experience and personalities will greatly influence the strategic decision making that is undertaken and hence the success of the organisation at large

(Madsen, 2022).

The Upper Echelons Theory states that senior managers are a mirror image of the organisation in which they are employed. The primary components of UET are the qualities that are shown by the upper management team, and the choices that are made on a strategic level by that group of individuals are ultimately influenced by these traits, which in turn have an impact on the success of the organisation. The characteristics of the top management team are made up of the observable and psychological attributes of senior-level executives, such as their cognitive foundation and values, including their knowledge base, assumptions, previous experiences, personal values, and other observable traits, such as their age, education, functional background, career experiences, socioeconomic background, and financial status. The cognitive foundations and principles that are held by managers can be considered to be managerial discretion and strategic decisions. These serve as the screen through which managers are able to observe the enormous amount of stimuli from the environment and organisation to which they are exposed, which often results in selective perceptions, interpretations, strategic decisions, and managerial discretion. The fundamental characteristic of association is that there exists a direct relationship between the characteristics of the TMT and the results of its performance, and this relationship is influenced by strategic choices. To put it simply, UET provides a framework for understanding how the human elements at the very top of an organisation influence its direction and success. Nonetheless, the elements that result in these traits are vulnerable to the influence of external and internal causes, as is seen in Figure 1.



Source(s): Based on Hambrick and Mason (1984), Hambrick (2007), Finkelstein *et al.*, 2009

Figure 2.1: The strategic choices and managerial discretion

This theory can be defined as a chain of strategic conditions, which define the features of top management team (TMT), which can be observed demographics and psychological phenomena, in accordance with the influence chain, which is illustrated in Figure 2.1. The strategic conditions are believed to affect the TMT attributes by acting via perceptual filtration and managerial cognition which consequently affect the strategic decisions made by the TMT that ultimately affect the performance of the organisation. The severity of these relations could be alleviated by various factors, among which are the level of discretion, to which managers have access to in decision-making, the so-called managerial autonomy, and the manner, in which authority is distributed in the top management team (TMT). It is clear that the contextual circumstances can be regarded as the major moderating influence on the roles of the attributes of senior managers in the procedure of defining strategic choices and institutional prosperity. Hambrick & Mason (1984) have proposed two broad categories of these situations, namely, the external environment (market volatility and uncertainty, conditions in different sectors, technological development, economic conditions, and community and national environment) and the internal institutional context (organisational structure, institutional culture, resource accessibility, top management team structure and coordination, and managerial authority and executive responsibility). Consequently, the main idea concerning UET implies that the set of the

strategic decisions made often reflects the cognitive foundation and the values of stakeholders who have high influence. The values and the cognitive grounds of these stakeholders are based on the observable qualities; consequently, the connection between the observable qualities and the organisational outcomes of these stakeholders is present. Consequently, the institutional performance is the manifestation of the features of senior management, which is a premise to the analysis of the main processes involved in strategic leadership.

The study by Ter et al. (2024) showed that parastatals have developed the same kind of authorities, structures, and responsibilities. Conversely, the number of the studies carried out on the impact of leadership performance is extremely small; moreover, the research on the upper echelon's leaders in the context of competences and traits is rather diverse. Similarly, Opong (2014) also did a comparison of the demographics of senior executives and the level of organisational performance metrics. Moreover, researchers evaluated the psychological traits of the management team in a bid to determine any possible correlation with organisational success. However, most scholars who research in the field of user experience have decided to focus their discussion on the earlier attributes of demographic instead of the subsequent aspect of psychographic. Only few studies have examined the two aspects. The individual attributes of the top managers directly influence the outcomes attained by the organisations irrespective of the strategy employed. As presented by Bantel & Jackson (2020) in the given case, the top management team (TMT) demographics (age, functional experience, education, tenure, and other related traits) are correlated with organisational performance and innovation. This observation is why it is urgent that someone who works in the field of organisational studies, as well as practitioners, should have a clear understanding of the factors that underlie the cognitions, values, and According to the hypothesis proposed by Nishii et al. (2023), there was a positive correlation between the practice of diversity application and the demographic diversity among the senior management.

Although UET is an important concept, it has come under the criticism of scholars. The opponents claim that the role of outside factors or the environment within which the institution is governed, market forces, as well as the technical developments, can be underestimated by this theory which overestimates the role of an executive in the determination of the outcomes to the institution. Also, the theory has faced criticism due to the assumption that top executives would

consistently make decisions that would be reasonable and that would be in the best interest of the organisation, and no consideration of any biases or personal interests they might have (Kim & Mauborgne, 2014).

However, there are a number of aspects involving the application of UET in this specific study. To begin with, it highlights the powerful role of leadership especially top executives and how it determines the success of organisations. One of the key concepts that are addressed by this theory is the importance of the strategic decisions that are made by people in authority positions and often are assigned to the work force to be implemented. Direction giving and clarity of direction by the strategic leaders is a component that is central in the determinacy of the effectiveness of the strategic choices made. The UET further assumes that the quantity of leadership exhibited by high-level executives plays a major role in defining the effectiveness of the operations and the outcomes that are realised by the organisation. This perspective agrees with the aim of this study that is to evaluate the impact of strategic leadership on the performance of an organisation that was demonstrated through efficiency, productivity, customer happiness, and service excellence. UET was therefore considered to be appropriate to this study as it focuses on the most important aspects of leadership as defined by the top management that facilitate improved organisational performance.

2.3 Strategic Leadership and Organizational Performance

This section reviews the theoretical positions that describe how strategic leadership influences organizational performance. The discussion is informed by a careful examination of previous scholarly work on the subject.

2.3.1 Transformational Leadership and Organizational Performance

Many scholars have conducted research on how transformational leadership contributes to the development of an organization. As an illustration, such a role was studied by Kalsoon et al. (2022), who aimed to identify the role of inspiring motivation in developing performance patterns in manufacturing companies in Pakistan. In their study, they have considered brand loyalty as a variable that is inserted in the middle of the equation. The survey of the employees was carried out on 857 employees and 312 of them responded. They used the descriptive research method and the sampling plan was stratified. To gather information, questionnaires

were used and the analysis of information was done through correlation and regression process. Their research showed that inspirational motivation increased the performance of the company when it was assessed alone. The inspirational motivation however had less impact with the addition of brand loyalty in the analysis. Furthermore, the researchers have recognised that their study did not cover all the possible behaviors that can be related to transformational leadership, which made the results only applicable to a number of various industries or larger institutional settings.

The study related to the present one was conducted by Shah & Hamid (2015), who examined the connection between strategic leadership and job performance in Yemen among the financial institutions. They compared the four styles of leadership mentioned below transformational, transactional, visionary, and directive through the data that had been gathered through questionnaires. Their results furnished them with some evidences that the adoption of transformational leadership positively influenced the performance of workers. Although this is pedagogical, the scope to which this research will be applicable in the current inquiry is limited by the reality that the current study will deal with total organisational performance other than the implications on the individual employee. A related study was conducted by Hartenian (2021) who examined how organisations operate in the Middle East in the period of financial instability. The findings of the regression analysis were that during periods of economic instability, the notion of transformational leadership was an effective predictor of the extent to which an organisation would perform. Although this research gives credence to the advantages that transformational leadership has, the fact that it does not focus on parastatals makes it impossible to apply it directly to the current scenario.

The article by Putri & Herawati (2022) is another valuable contribution to research. The authors examined how the leadership practices and human resource competency affect the performance of state owned firms in the city of Bukittinggi. Their research findings indicating the utilisation of purposive sampling and quantitative analysis and incorporating 55 respondents showed that human resources competence in conjunction with leadership was also a critical determinant of the results of an organisation. The results of this paper align with the postulates of transformational leadership theory but the cultural and organisational specifics under which the

study is to be conducted limit their use with regard to understanding parastatals in Kenya. A similar study by Ezenwa (2022) explored this relationship and used idealised influence which is an important component of transformational leadership and the performance of state-owned enterprises in the city of Ibadan which is situated in Nigeria. The researcher used correlation and multiple regression methods by utilizing the responses of two hundred and eight people out of ten businesses in total. The analysis revealed a significant and positive relationship between idealised influence and organisational outcomes which means that transformational leadership can strengthen the performance of the public enterprises. However, there is no explanatory design and this restricts the extent to which these findings can be directly applied in the Kenyan parastatal setting because of the Nigerian context.

The study, which was carried out by Metwally (2024), was focused on the impact of transformational leadership on the range of various organisational outcomes, the level of employee satisfaction in particular. It provided the research with the opportunity to demonstrate significant links between employee satisfaction and transformational leadership practices through the application of structured questionnaires and interviews. The study reached a conclusion that such form of leadership style plays a significant role in the behavior of the individual employee and the more general operation of the business. Nevertheless, these conclusions are not much applicable to the situation of the Kenyan parastatal since it was conducted in an Arabic cultural background. In another study, Nyasha (2014) tested the relationship between transformational leadership and the perceptions of customers regarding the performance of banks in Zimbabwe and based his study on the stakeholder theory. The findings of the study, based on the mixed-method research involving thirty customers and five banking employees, revealed the influence of the transformational leadership style positively on the manner in which clients would have perceived the competitiveness and efficiency of the business. Although the study has useful results, it was more on the attitudes of the customers but not about the general performance of the business that is the primary subject of the present research.

Transformational leadership has been researched by a number of scholars regarding its role in development of an organization. An example can be such a role, which Kalsoon et al. (2022) examined to determine the contribution of inspiring motivation to the formation of performance

patterns in manufacturing firms in Pakistan. They are the ones that have taken into account brand loyalty as a variable that is inserted in the middle of the equation. The employees survey was conducted among 857 employees with 312 employees responding to it. They adopted the descriptive approach of research and the sampling plan was stratified. Information was collected using the questionnaires and correlation and regression process was conducted to analyse information. They conducted a study that demonstrated that inspirational motivation enhanced the performance of the firm in cases where it was considered individually. Inspirational motivation on the other hand did not impact much when brand loyalty was included in the analysis. Moreover, the researchers have realised that they have not exhaustively included all the possible behaviours that may be attributed to transformational leadership, and this made the findings pertinent only to a few different industries or in a larger institutional context.

The relevant study to the current one is that of Shah & Hamid (2015), who tested the relationship between strategic leadership and job performance among the financial institutions in Yemen. The data that had been collected with the use of questionnaires compared the four above-mentioned styles of leadership transformational, transactional, visionary, and directive. Their findings provided them with a few evidences that the implementation of transformational leadership had a positive impact on the performance of workers. Even though this is pedagogical, the extent to which this research will be relevant in the present inquiry is constrained by the fact that the present research will focus on total organisational performance and not the implication on the individual employee. Another closely related study was done by Hartenian (2021) that explored the functioning of organisations in the Middle East during the financial instability. The results of the regression analysis consisted that in times of economic instability, the concept of transformational leadership proved to be a powerful indicator in predicting the degree to which an organisation would be doing so. As much as this research proves the advantages that transformational leadership offers, the fact that it is not geared towards parastatals means that it cannot be used directly in the situation at hand.

Putri & Herawati (2022) article can also be regarded as a useful contribution to research. The authors contrasted the performance of state owned firms in the city of Bukittinggi based on the leadership practices and human resource competency. The fact that they used purposive sampling and quantitative analysis and used 55 respondents demonstrated in their research

findings that human resources competence combined with leadership was also a decisive factor in the outcome of an organisation. Findings of this paper are consistent with the postulates of transformational leadership theory but the cultural and organisational contexts within which the study will be undertaken constrain their application with respect to gaining insight on parastatals in Kenya. Another study similar to the one by Ezenwa (2022) has investigated this relationship and employed idealised influence that is a significant element of transformational leadership and the performance of state-owned firms in the city of Ibadan located in Nigeria. The researcher employed correlation and multiple regression designs by relying on the feedback of two hundred and eight individuals among the ten businesses in total. The result of the analysis showed that there was a significant and positive correlation between idealised influence and organisational outcomes that transformational leadership is capable of reinforcing the performance of the public enterprises. Nonetheless there lacks an explanatory design and this limits the application as far as there is direct application of the findings to the Kenyan parastatal setting due to the Nigerian context.

The research was conducted by Metwally (2024) on the effects of transformational leadership on the magnitude of diverse organisational outputs, the degree of employee satisfaction in this particular case. It offered the study a chance to prove that there are strong associations between employee satisfaction and transformational leadership practices by using structured questionnaires and interviews. The paper inferred that this kind of leadership style is very important to the behaviour of the individual employee and the more general operation of the business. However, however, these implications cannot be applied much to the case of the Kenyan parastatal because it was carried out within an Arabic cultural setting. Nyasha (2014) in another research examined the association between transformational leadership, as well as the perception of customers towards the performance of banks in Zimbabwe, and anchored his research on the stakeholder theory. The results of the research, depending on the mixed-method research of thirty customers and five employees of a bank, showed that the transformational leadership style has a positive impact on how clients would have perceived the competitiveness and efficiency of the business. Despite the helpful results of the study, it was rather on the attitudes of the customers and not about the overall performance of the business which is the main topic of the current study.

The research by Asimwe & Sikalieh (2022) tested the hypothesis about the connection between transformational leadership and financial development of small and medium-sized companies in Kenya. Their results provide further support to the hypothesis. They utilized semi-structured questionnaires that were completed by one hundred and one managers at the senior and intermediate levels with the help of the resource-based theory to carry out their descriptive survey. The outcomes of the research revealed that there is a certain positive correlation between transformative leadership and the growth of enterprises. Even with this, the processes of operation, governance and accountability that are observed in small and medium-sized firms are quite different to those observed in parastatal organisations and this restricts the transferability of such findings. The Intellectual stimulation was identified as the most effective element of the departmental outcomes growth, as a relevant study was carried out by Orito (2021) that evaluated transformational leadership in the Ministry of Transport, Infrastructure, Housing, Urban Development, and Public Works. Although the research was informative, the research question was not directly answered to dwell on the issue of parastatal performance, which means that the study was only partially consistent with the research focus.

Wacera (2022) was an analysis of how intellectual stimulation influences the adoption of development initiatives in the Nyandarua county which is another setting in Kenya. The results of the study, which was carried out on the basis of a descriptive method and structured questionnaires that were distributed among 102 project officers, proved that the intellectual stimulation and the successful project implementation are significantly positively correlated. The study addressed the implementation of projects as opposed to the organisational performance and this limits the direct usage of the study findings. Nevertheless, the findings do give a validity on the significance of transformational leadership. The leadership dynamics were also a topic of an investigation carried out by Kamau (2022), where the main focus was on multinational organisations operating within the Nairobi County. The sample size of the research was eleven managers who were selected according to some criteria. The results of the research indicated that the different leadership designs were correlated with the acceleration of service delivery speed and service customisation. With that said, this study did not focus on transformative leadership.

Wanyama & Aila (2022) have followed suit by providing a final touch by making an exploratory qualitative analysis of the perceived effects of transformational leadership on the performance of

parastatals in Nairobi County. The researchers could conclude that transformative leadership positively influenced the performance of organisations through the application of telephone interviews with fourteen parastatals managers. Although this study is shown to present evidence that supports the theoretical relationship between the leadership style and the performance results, the objective of the current research, to obtain quantifiable evidence regarding cause and effect relationships, is dissimilar to the qualitative nature of the current research.

2.3.2 Transactional Leadership and Organizational Performance

The diversity of patterns was observed in the previous research on strategic leadership on the degree to which transactional leadership can lead to the success of an organisation. As an example, Erhemjants (2017) explored the connection between transactional leadership and the performance of commercial banks in the United States. The outcome of the regression analysis showed that there existed a significant positive correlation between the performance of the firm and the transactional leadership methods that existed. This notwithstanding, this research was restricted to the banking industry and it did not involve study on parastatals and this limits the extent to which it could be useful to the current study. In a similar study, Hasan (2017) examined the connection between transactional leadership and the default rates of loans in Bangladesh banks. The research surveyed senior management teams of a total of 10 banks, both similar and state owned ones, using standardised questionnaires. Based on the results, the more aggressively the transactional leadership was applied in the private banks, the higher the chances that the banks would be characterized by lower default rates. The research though intriguing, considered few elements of the transactional leadership. Consequently, there is no way to directly apply it to the study underway.

Ramstone & Warren (2022) did another study in Istanbul, Turkey, to identify the connection between the leadership styles and the organisational success and management of change in industrial companies. The data were collected through questionnaires that were mailed to the department heads and senior managers who work in fourteen manufacturing organisations. Based on the results of the regression analysis, contingent incentives and active management by exception were both noted to be influential on the processes that were involved in change management even though the leadership styles did not show a direct relationship to the performance of the business. The findings in the current paper also contrasted with those of

Hilman & Kaliappen (2020), who reported a significant influence of the transactional leadership on the performance of the manufacturing firms. This issue is trying to be clarified more in the present study, as the two sets of studies did not consider all government entities, but only limited to some industries.

The article by Saqib & Azhar (2023) has contributed to the subject by examining the effect that an incentive system, which is deemed to be an element of transactional leadership, has on the performance of forty-two commercial banks in Pakistan. They found that incentive schemes were not statistically significantly associated with the performance of senior staff members but it was only slightly related between the size of an organisation and the outputs of an audit function. They arrived at such conclusions through multiple regression. As much as it helps in the acquisition of knowledge on the reward-driven leadership, sole focus on private banks limits the applicability of the study to parastatal institutions in Kenya. A separate but similar study was done by Webb (2023) and it focused on institutions of higher education in Iran. As the basis of the research, descriptive surveys and interviews with top administrators were used. The results indicated that the transactional leadership style had no results in terms of improvement in quality of the program and increase in the level of motivational employee. Since this research is qualitative and has been academically focused, it cannot be compared directly with the current inquiry.

Almsafir (2022) provided further supporting evidence by trying to investigate the role played by transactional leadership in the process of strengthening the sustainable competitive advantage in savings and credit cooperative organisations found in Siberia. Forty-four managers in a survey revealed that the role of transactional leadership in employee engagement was positive and that it enhances competitiveness of organisations in the long term. The findings of this research give support to the notion that transactional leadership can manage to improve the performance of organisations, which also highlights the necessity of evaluating its influence in the case of parastatals in Uasin Gishu County. Similarly, Pihie (2024) examined to what extent there is an influence of leadership at the departmental level on the overall efficacy of the institutions in Malaysia through a descriptive correlational design involving a total of two hundred and ninety-eight professors. The heads of the departments were both transformational and transactional as per the research findings. This was done using Multifactor Leadership Questionnaire with the

results indicating that the employees positively rated both leadership styles. This provides a conceptual foundation that can be employed to understand how the tenets of the transactional leadership are likely to influence the performance of the Kenyan parastatals.

Alsughayir (2024) also investigated the relationship between financial success and passive management by exception in Saudi Arabian financial institutions further by using quantitative methods and data of 270 branch managers. As the results of the regression analysis have shown, the management by exception (passive) element influenced the financial results positively, but the effect of the contingency reward and management by exception (active) elements did not. Even though the research did not provide a detailed discussion of the significance of the transactional leadership, it contained unfinished information. This was because the research was not well aligned to the Kenyan environment of parastatals and on this basis, it should be reconsidered at the local level. Nyambara (2023) carried out a research on the magnitude of the influence of transactional leadership on motivation, inventiveness, and career commitment. The regression analysis, which was done on the responses of 56 participants using a descriptive design, proved that transactional leadership was found to have statistically significant impact on motivation, but this had no statistically significant impact on creativity or commitment. The leadership structure of the parastatals is more independent as compared to the ministries. This implies that the findings might not be fully applicable in the present study.

The case research that was carried out by Okoth (2022) examined how strategic leadership, as displayed in terms of transactional behaviours, influences the reporting of corporate social responsibility (CSR) among listed commercial banks in the Nairobi Securities Exchange. The research study results indicated that the application of a transactional style of leadership led to the enhancement of the way people perceived a business and creating a better reputation. The ex post facto research method was applied to conduct the study, with data being gathered out of twenty six high-ranking executives in the business community. This argument is furthered in the current study that focuses on exploring whether or not the leadership orientations that are similar to each other are associated with superior performance in public parastatal organisations in Uasin Gishu County. Masungu et al. (2023) commissioned a complementary study in which they studied the magnitude to which transactional leadership leads to governance performance when devolved government structure is adopted in Kenya. Through the descriptive survey design,

forty-five administrative officers were identified in diverse locations across five counties in the western part of the country and informed them on the need to respond to the questionnaire that was given to them. The results indicated that strategic leadership, along with the transactional component of leadership, played a major role in influencing the performance of devolved units in carrying out their activities. This study, which was carried out within a government setting, gave support to the usefulness of transactional leadership in public administration. Furthermore, it supported the necessity of the further testing of this paradigm in the parastatal organisations. Consequently, the present research attempted to determine the extent to which transactional leadership affects the performance of the parastatals located in Uasin Gishu County, Kenya.

According to Hasan (2017), transactional leadership directly affects the success of an organisation because it helps to enhance responsibility and rewarded discipline. In a quantitative research which was conducted using standardized questionnaires which were administered to top level executives he found that contingent reward systems were in a position to reduce operational risks and enhance the loan recovery rates within organisations. The employees clearly understood the causes of why they were being paid, which in turn led to a greater adherence to the set of regulations and a greater productivity. Hasan arrived at an understanding that, transactional leadership can motivate people to deliver specifications as rewards are predictable, and linked to the result of their work, which makes it possible to establish the relationship of exchange between the organisation and employee, and therefore, increase productivity at both individual and institutional levels.

According to the results of Hilman & Kaliappen (2020), transactional leadership may be viewed as an efficient stimulus to goal performance, especially where performance indicators are clearly set and are arranged in a systematic way. Their regression study revealed that leaders who relied on contingent incentives in addition to close supervision could be in a position to enhance the overall quality of the service that they rendered and accurate of the jobs that they undertook. They stressed that transactional leaders pay much attention to the functions of conveying expectations, monitoring deviations and strengthening compliance, which decreases inefficiencies and improves the institutional responsibility. Their study revealed that when combined with constant feedback, corrective supervision will create a disciplined and

performance-driven atmosphere in the organisation where the effort of employees is continuously aligned with the overall strategic direction of the organisation.

The study conducted by Erhemjants (2017) found out that transactional leadership and organisational success are highly and positively correlated, and the research was focused on institutions, which have a formal framework. He could determine that contingent incentive and active management by exception played a major role in the compliance to performance objectives using regression techniques. As per the conclusions which he arrives at, leaders can enhance operational efficiency by establishing procedures that can identify and respond to abnormalities at the earliest stage possible to them. The study noted that the preservation of the output homogeneity, the minimization of the costly errors, as well as an ultimate increase in the organisational performance, are all made possible by the introduction of considerate and proactive supervision.

Transactional leadership can be offered through incentive systems and organisation to enhance the motivation and long-term competitive advantage of the employees as it is stated by Almsafir (2022). The regression model, which he provided to predict the amount of commitment the workers would show along with the efficiency of the institution was such that the contingent compensation was statistically significant. Based on the results of the research, the leaders that take the time to frequently acknowledge the accomplishments of the team members boost morale levels and reduce absenteeism rates. In the findings of the research, the best leadership approach to attain stability in performance is transactional leadership whereby responsibility and recognition is added to the daily management process, and this is an inevitable element of stability of the performance in the long run in the organisation.

As the results of a study conducted by Okoth (2022) state, the concept of transactional leadership is preferably correlated with the reputation of an organisation. The researcher proceeds to assert that transactional leaders who associate remuneration and recognition with the outcome have a greater chance of establishing trust among employees and the other stakeholders. He presented facts that when reviewed through application of descriptive and inferential analysis, a contingent compensation system has not just positive impacts on efficiency enhancement, but it also influences positively the confidence of stakeholders in institution management. Besides this, the study also asserted that in regard to leadership that is predictable,

rooted in justice, employees believe that the work environment is founded on merit, and this aspect will consequently motivate them to work on higher levels. The study has emphasized the fact that both, credibility and institutional image, which are upheld by transactional leadership, are indirect contributors to improvement of performance.

Nyambara (2023) conducted a comparison of the transactional approach of leadership and worker motivation, their degree of innovation, and their degree of commitment to the job. The outcome of this comparison was that although the leadership style made a strong impact on the motivation of employees, it could not make any substantial impact on their degree of creativity or commitment to their job. The correlation and regression tests indicated that the contingent incentive systems were working well in motivating the short term performances, but not in the creative thinking field. Conclusively, the study established that transactional leadership is more interested in compliance and performance maintenance rather than in change. To attain stability in the operations and innovativeness, the study urged the combination of the transactional and the transformational perspective of leadership.

Alsughayir (2024) also examined the effect that management by exception can have on organisational performance and found that proactive monitoring could be employed to optimize the performance results. Leaders can ensure that the process will be reliable and consistent by responding immediately they discover any deviations. It was further demonstrated that the passive management by exception, whereby an organisation waits till the big issues have emerged before acting, is harmful to both the morale of the staff members and the capacity of the organisation to adjust to the circumstances. Insight into the research was that the positive effects of transactional leadership cannot be achieved unless the managers apply corrective measures in the right time and exude expectations. The reason is that, workers will never forget the repercussions of their actions and standards they are supposed to be.

The results of the study by Masungo et al. (2023) prove the existence of the empirical evidence supporting the fact that there is a significant positive effect of transactional leadership on the effectiveness of administration in structured organisations. In line with the findings of their descriptive survey, the incentive systems, the compliance with standard operating procedures as well as the regular performance audits were all related to the quality improvement in the service delivery. The respondents assert that the culture of contingent rewards applied routinely by the

leaders enables the organisation to develop a culture that is defined by justice and discipline. Based on the research findings, the transactional leadership will make sure that there is a symbiotic relationship between individual ambitions and the institutional needs and eventually results in better achievements that will benefit the organisation.

The fact that transactional leadership leads to heightened organisational control and reduced variations compared to the norms has been noticed by Hilman & Kaliappen (2020) because of the existence of continuous feedback. In their idea, the mix of the performance-oriented incentives and the clear rules of engagement brought the increase in the time management, along with the decrease in the number of the errors which were made at the service and production units. They were confident that the transactional leadership style is especially effective in the context of the scenario where the performance metrics can be measured, which means that the latter can be evaluated objectively and a specific distribution of incentives can be adopted. Hasan (2017) supported the idea that activities that employees perform in the near term are connected with the goals of the organisation in the long run. He concluded that contingent incentives possess more potential to not only increase the percentage of job completion but assist in the development of trust between the leader and those members of the group who are guided by him or her. The fact that the workers will feel that their rewards and compensation are fair will make them be motivated to achieve the desired goals. This transactional interchange leads to an increased ability to anticipate performance standards of their operations and institutional ability.

A majority of the study performed by Almsafir (2022) and Okoth (2022) has demonstrated that transactional leadership favours the inner efficacy as well as external plausibility. The research examined the relationship between motivation and productivity, however, Okoth focused on the relationships between the public confidence and image improvement. The results of the two studies that were carried out through quantitative methods showed that employees are better satisfied in their jobs and that the image of the organization is also improved with the predictable systems of rewards. They concluded that, transactional leadership develops an outcome-oriented culture that holds organisations responsible to the stakeholders of the organisation.

According to Nyambara (2023), transactional leadership is not always the most successful type of leadership that can be present in the situation that is unstable because it might not be capable

of providing flexibility or creativity. It was brought to the fore through his studies that as much as this specific method aids in the generation of clarity and discipline, an excess on the same may be counterproductive to creativity. To allow the workers the opportunity to share ideas and at the same time maintain transactional accountability systems he proposed the adoption of participatory approaches. Such a view agrees with the one of Hilman & Kaliappen (2020), who also warned that a high reliance on reward could negatively impact intrinsic motivation.

The results provided by Alsughayir (2024) have shown that the efficiency of transactional leadership is largely determined by the consistency and full transparency upheld by the leader. His investigation showed that management feedbacks must be provided in a timely fashion and management expectations must be clearly stated to employees so that they could perform better. The regression analysis results showed that the level of high-quality communication is an intervening variable between the nature of transactional leadership and the performance of an organisation. The findings also indicated that an increased openness will result in a more significant effect on performance measures. The same findings were reached by Masungu et al.(2023). According to their findings, production increases and absenteeism reduces in the institutions that possess well-designed incentive systems and watchful supervising procedures. They reached the conclusion that the created performance cycle that is shaped by the transactional leadership with clear expectations in the workplace, continuous evaluation, and immediate recognition turns out to be a self-reinforcing mechanism eventually. The productivity of the said employees improves significantly when they are well aware of their job requirements, when they are identified early and when exemplary performance is recognized at the appropriate time.

Okoth (2022) also discovered the fact that transactional leadership is a contributor to institution credibility. As per the results of his research, such managers who frequently employ systems of rewards and punishments are always perceived to be fair and professional. Such a perception creates trust and cohesiveness in their organisations. The results of such beliefs, as revealed by the research are increased commitment rates, reduced turnover rates and improved reputation of the organisation. The transactional type of leadership is not only known to affect the internal processes within the organization, but it also affects the perceptions that are held by the external

stakeholders regarding the degree of reliance that is enjoyed by the organisations. This is what this statement recommends.

Almsafir (2022) also supported this idea by defining transactional leadership and indicating that this type of leadership brings stability to the organisation structure that requires it to run effectively during the period of change or uncertainty. The results of his findings showed that formal supervision and performance controls can decrease risk and consistency in productivity when one performs his work in a changing environment. He highlighted the fact that foreseeable performance management approaches lower the degree of uncertainty and mental security of the employees which in turn leads to enhancement in consistency and responsibility. The team of Hasan (2017), Hilman & Kaliappen (2020), and Alsughayir (2024) were successful in shaping the arguments that transactional leadership demonstrates plausible positive influences on the productivity, efficiency, and quality of services, which are the main measures of an organisation. The models developed empirically could statistically significantly show the relationships that existed between the performance measures and the transactional nature of the contingent reward and management by exception. Based on the results of these researches, both disciplined workforce and continuity in organisational activities are the outcomes of ethical and proactive transactional leadership execution. Nyambara (2023) also admitted limitations of transactional leadership, and the necessity of the existence of complementary leadership styles. They could prove that although transactional processes achieve better immediate performance results, there is need to maintain flexibility and creativity which require transformational attributes. That being said, they have also confirmed that transactional leadership remains of paramount importance in the provision of consistency, accountability and alignment of goals especially in areas where performance is expected to be measurable and adherence to procedures is the most important aspect.

2.4 Summary of Reviewed Literature and Research Gaps

The current research was created to learn the effect of strategic leadership on the performance of organisations. The literature review showed that there were a number of methodological, conceptual and contextual shortcomings that have informed the prior research in various domains. The current research is unanimous about the fact that strategic leadership can play a significant role in enhancing organisational performance through increased efficiency and

effectiveness in the achievement of the institutional objectives. Nevertheless, strategic leadership has been associated with improved performance across most of this work in relation to the performances of private enterprises and financial institutions. The strategic leadership literature in the Kenyan context has mostly covered commercial banks, manufacturing companies, non-governmental organisations, small and medium enterprises, savings and credit cooperatives, universities and county governments (Almsafir, 2022; Asimwe & Sikalieh, 2022; Hasan, 2017; Jadellah, 2022; Kamau, 2022; Pihie, 2024). Though the role of strategic leadership in the parastatals is increasingly being realized, it is quite evident that there is an identified lack of empirical research on this topic which is conducted in depth in the parastatal setting.

The results of the earlier studies have also yielded mixed results in the impact of strategic leadership on the success of organisations. It has been reported in some studies that there are strong positive links between the strategic leadership and organisational performance (Hilman & Kaliappen, 2020; Ramstone & Warren, 2022), whereas other studies show mixed outcomes. The literature on transformational leadership tends to be beneficial in terms of its influence on performance (Ezenwa, 2022; Jadellah, 2022). Empirical studies regarding transactional leadership have yielded contradictory results, on the contrary. In certain studies, the meaningful performance improvements can be reported, and in others, there is no relationship whatsoever (Hasan, 2017; Nyambura, 2023; Webb, 2023). These discrepancies indicate that more research should be carried out to explain the relationship between leadership styles and performance in parastatals where institutional frameworks and governance systems are significantly different as compared to the private sector.

The methodological issues were also noted in a considerable part of the literature reviewed. Several researchers used descriptive designs (Alsughayir, 2024), cross sectional designs (Orito, 2021), or correlational designs (Masungu et al., 2023). Although such designs are suitable in revealing associations, they are unable to provide a solid cause and effect relationship. The current research thus assumed an explanatory design to enable easier identification of the relationship between differences in strategic leadership and organisational performance changes. In addition, previous studies did not provide the detailed description of target population, sampling methods and analysis procedures which diminished validity and generalizability of the results. These shortcomings show that there is a need to do fresh empirical research in the area of

strategic leadership in the parastatal sector. Even though the literature reviewed provides a valuable guideline, it is not representative of the practical aspects of the parastatals in Uasin Gishu County. Such methodological, contextual and conceptual inadequacies were enough to warrant the present research, which aims to establish the effect of strategic leadership on the performance of parastatal organisations in Uasin Gishu County, Kenya.

2.5 Conceptual Framework

The relationships between predictor and criterion variables are reflected in the conceptual model (Kothari, 2004). The criterion variable in this study was organisational performance, whereas the predictor variable was strategic leadership (transformational and transactional leadership). Figure 2.2 illustrates how the variables relate to one another.

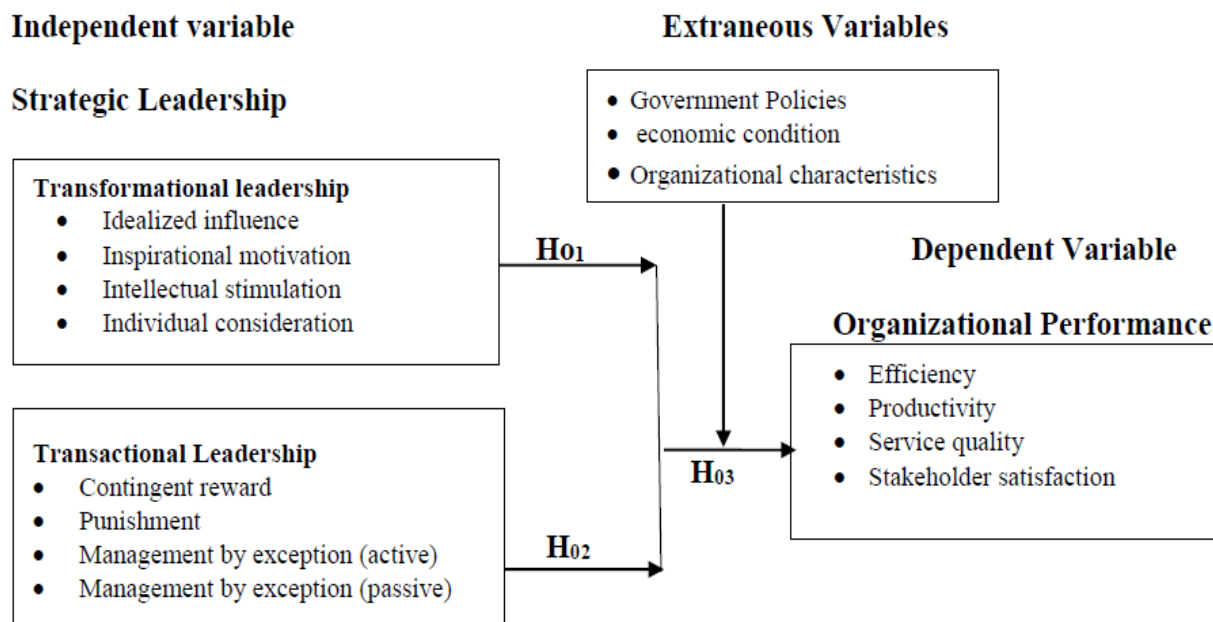


Figure 2.2: Conceptual framework showing the relationship between strategic leadership and organizational performance

Figure 2.2 illustrates the conceptual links upon which the investigation is based. The strategic leadership in this context is considered to be the key predictor and is explained in two basic dimensions, namely transformational leadership and transactional leadership. To determine the extent to which these leadership orientations and their effect on the level of performance of

parastatal institutions, they were analyzed. The organisational performance was regarded as an outcome construct and was measured with the help of numerous indicators, such as operational efficiency, institutional productivity, the quality of services provided, and satisfaction levels of the major stakeholders. The rationale behind the approach is based on the idea that transformational leadership as well as transactional leadership positively influence the outcome of the parastatal organisations in terms of assisting goal coherence, institutional responsibility, and making sound decisions.

During the investigation, it was expected that observable relationships would be found between the organisational performance of parastatals in Uasin Gishu County and the strategic leadership of such organisations. As far as strategic leadership was manifested in terms of transformational behaviour and transactional behaviour, more efficiency and institutional achievement were expected to be witnessed. Moreover, the theoretical framework recognised the reality that contextual factors including the policy guidelines given by the nation, the economic conditions and the internal organisational factors can have a tendency to either enhance the relationship that exists between the leadership style and performance or undermine it.

The study was conducted in an attempt to establish direct and indirect effects of strategic leadership on the functioning of the public parastatals in the county. It was an effort to measure the correlation between the manner in which leadership acts and the outcomes that organisations realise and at the same time acknowledge that the magnitude of such effects can be affected by external conditions. The framework which was proposed in the particular operational context of parastatal organisations situated in Uasin Gishu County gave an opportunity to understand how the leadership techniques are transformed into quantitative gains.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter delineates the methodological architecture that directed the entire inquiry. It elaborates on the analytic approach employed, the population under examination, the procedures used to draw the study sample, and the techniques applied in determining its magnitude. It also describes the instruments utilised for the acquisition of information. Moreover, the chapter considers the trustworthiness and internal consistency of the data collection tools and explains the procedures followed in the interpretation and presentation of the collected information.

3.2 Research Design

The research design was an explanatory causal research design, which is typically implemented to investigate the presence of the cause and effect relationships between variables and also to establish the direction of these relationships (Carvajal & Hardigan, 2022). This method will allow the researcher to examine the relationship between the changes in one variable and the consequent changes in another without the impact of external variables by using organised and standardised data collection process. This design enabled the study to isolate certain interactions among the variables in the model and determine which of them had a significant effect on the dependent variable. As long as it is used in a proper manner, the causal research can help determine the results that come out of the interaction between the variables, and enable the researcher to make conclusions that are not only systematic but also well established based on evidence.

Explanatory causal studies are based on the premise that an indicative association exists between predictor and outcome variables with changes in the antecedent variable resulting in apparent change in the consequent one. Such relationships are most often manifested in changing patterns. The design was most appropriate to the current study since it offered a systematic manner of estimating how manipulation in the independent variable, strategic leadership, would affect organisational performance. Moreover, the methodological approach allowed accommodating

both the quantitative and qualitative input, which allowed the possibility to perform a thorough assessment of the role of transformational and transactional leadership in influencing organisational outcomes (Sekaran & Bougie, 2024).

3.3 Location of the Study

The study was done within the boundaries of Uasin Gishu County. Geographically, this county borders Trans Nzoia County on the North and Baringo and Elgeyo Marakwet Counties on the East. The territorial borders used in the south include borders with the counties of Nakuru and Kericho. The southern borders of the counties where the county is located are neighbouring to Nandi, Kakamega and Kericho counties. The area of land it occupies is about 12,015.3 square kilometers. The county is administratively subdivided into six sub-county units namely Moiben, Soy, Ainabkoi, Kapseret, Kesses and Turbo each of which has its administrative centre as Eldoret City. Uasin Gishu was chosen as the research site due to the reported issues with parastatal organizational performance in this area, even though strategic leadership measures are carried out (Kurgat & Kemboi, 2022).

3.4 Target Population

The study focused on thirty one parastatal organisations operating within Uasin Gishu County. Some of these institutions have their headquarters in the county, while others maintain regional branches within the area. For this reason, Chief Executive Officers and Branch Managers were selected as the primary respondents. The parastatal organisations served as the units of analysis, while the individuals providing the responses were the Chief Executive Officers and Branch Managers who supplied information regarding the influence of strategic leadership on organisational performance. These senior administrators possess substantial understanding of strategic leadership practices and how such practices relate to organisational outcomes. Because they make major decisions and oversee the strategic application of leadership within their respective institutions, they were purposefully included in the study population. Their positions enable them to offer accurate and relevant accounts of how strategic leadership affects organisational performance.

3.6 Data Collection Instrument

The Self-administered questionnaire was the most significant source of first-hand information

used in the investigation, and it was all statements that ended with a questions mark. The choice to adopt this method was informed by the fact that it is cost effective, is easy to implement and also because it encourages uniformity in the responses that the participants give. A questionnaire also minimized chances of any distortions that could come about as a consequence of the researcher direct involvement in the process of data collection. The tool was separated into three large parts. The aim of the initial stage of the survey was to collect data on the background of the participants. The second part of the report was an approach on strategic leadership constructs. To achieve this, it employed the framework of Multifactor Leadership Questionnaire which was developed by Bass and Avolio (2022). This model was later modified in such a way that it would give data on both transformational leadership and transactional leadership. The final part sought the evaluations of the performance of the parastatal organisations. All the items in sections B and C were evaluated using a five-point Likert type scale.

3.7 Data Collection Procedures

The researcher first acquired an introduction letter from the Postgraduate Board of Egerton University in order to verify that the investigation was conducted in accordance with the institution's guidelines for the collection of information. The National Commission for Science, Technology and Innovation, which is more commonly known by the acronym "NACOSTI," subsequently provided formal authorisation for the implementation of fieldwork. This authorisation validated the whole process of collecting data and confirmed that all information was obtained with the necessary permissions. The investigator made visits to the parastatal institutions that had been selected in order to establish rapport with high-level administrators and to coordinate the scheduling of field operations. This was done prior to the administration of the research instruments. After then, the questionnaires were distributed to the individuals who were being surveyed, and they were requested to return them after they had finished filling them out. In order to encourage collaboration, every questionnaire was accompanied by a brief written statement that outlined the purpose of the research, promised that participants' replies would be kept secret, and emphasised that participation was completely optional.

3.8 Measurement of Variables

In this study, the outcome variable is the organizational performance and the predictor variables included transformational (including idealized influence, inspirational motivation, intellectual

stimulation and individual consideration) and transactional leadership (including contingent reward, management by exception in active and passive forms). Based on the literature, organizational performance was measured using efficiency, productivity, measure of service quality and satisfaction by the stakeholders (Kim & Mauborgne, 2014). Mean scores of the five-point Likert measurement scale, which ranged between 1 = strongly disagreed and 5 = strongly agree, were analysed.

3.8.1 Validity of the Instrument

The researcher received an introduction letter initially, which was provided by the Postgraduate Board of Egerton University. This was done to ensure that the investigation followed the stipulated procedures in the collection of material, which the university had possession of. The National Commission of Science, Technology, and Innovation, otherwise known as NACOSTI, later received a formal permission to conduct fieldwork. By using this permission the entire process of data collection was provided with legitimacy and it was ensured that all the information was gathered with the relevant clearance. The investigator also visited the selected parastatal institutions before administering the research instruments to the institutions in a bid to build rapport with the senior administrators in the institutions and to agree on the right time to conduct the field operations. Afterward, the questionnaires were distributed to the respondents who in turn were collected after they had been completed. To promote cooperation, a short written note was issued along with each of the questionnaires that gave an explanation of the aim of the research, guaranteed the confidentiality of the answers, and made it clear that the response would be voluntary.

In order to maintain the validity of the content of the study, the data collecting instrument was carefully designed to comply with objectives of the study and research questions. As far as the subject of the expert consultation is concerned, the academic supervisor and even the experts who held their positions in the Department of Business Administration were consulted. They would also give their professional recommendation and suggestions on how to render the contents of the instrument more suitable and relevant. To make the required revisions needed to ensure that the questionnaire sufficiently covered all the research constructs, their ideas were applied. Meanwhile, the pilot test was conducted to further test the quality of the instrument as its readability and reliability. The pilot involved about ten percent of the target population, and it

consisted of four Chief Executive Officers of some chosen parastatals within the Nakuru County. These parastatals comprised of the Geothermal Development Authority, Egerton University, KenyaGen and Kenya Power and Lighting Company (KPLC). The pilot exercise proved useful to pinpoint any possible errors, ambiguity, and inconsistency that may arise and hence it provided the opportunity to make pertinent amendments to the pilot exercise before the actual data collection process.

3.8.2 Reliability of the Instrument

Research reliability refers to the level of the administration of the instruments that result in similar outcomes to the use of the instruments at different times (Creswell, 2014). It entails consistency of measurement that implies the capability of an instrument to offer similar results when applied repeatedly in a case of similarity using similar subjects (Cronbach, 1951). When an instrument is used over time, it is essential to assure the reliability of the instruments used in ensuring similar outcomes. In this research, reliability was gained through pre-testing of the instruments in pilot stage. Reliable coefficients were computed by use of alpha of Cronbach. Zinbarg (2015) holds that alpha values above 0.70 are good instrument reliability. The coefficients of reliability of more than 0.7 are high enough to use the instruments in the initial stages of the research (Sekaran & Bougie, 2024; Creswell, 2014). The alpha coefficient of this study was 0.89; this is one of the indicators of an instrument that is appropriate when carrying out primary data collection activities.

3.9 Data Analysis and Presentation

The field information received was initially scrutinized to ensure that the information received was complete, this was then subjected to the process of refinement, which eliminated any form of abnormalities and then coded and entered the Statistical Package of social Sciences in order to have the data further analyzed in details. Consistent with the study purposes, descriptive and inferential methodologies were applied in the study. Descriptive stage was done through a summary of the questionnaire answers with the help of frequency tallies, percentage distributions, mean values, and standard deviations. These summaries were provided through the use of tables and visual representations in an attempt to make the process of clarity and making the comparison easier. Subsequently, the inferential techniques were applied with the view to dissecting the relationships, which were present between the key variables as well as to test the

hypotheses, which were made. To measure the direction and intensity of the relationship between the two leadership strategic dimensions, that is, transformational leadership and transactional leadership, and organizational performance, Pearson correlation was depicted. This permitted establishing the direction and value of the association. A multiple regression was employed to test the third hypothesis but simple regression procedures were employed in examining the first and second hypotheses simultaneously. Each and every inferential assessment that was conducted was done with a threshold of significance of five percent in order to ensure the reliability and accuracy of the results.

Among the main objectives was to determine the extent to which transformational leadership impacts on the overall performance of parastatal organizations. To find out the first hypothesis that stated that transformational leadership failed to significantly influence the organizational performance, a simple regression technique was employed.

CHAPTER FOUR

RESULTS AND DISCUSSIONS

4.1 Introduction

The analysis of the material and the discussion of the findings will be the primary focuses of this section. The outcomes of the study are organized according to the many hypotheses and aims of the investigation. The findings consist of factors such as the percentage of people who participated, the demographics of those who responded, as well as descriptive and inferential analysis. Moreover, interpretations of the findings are provided in this section.

4.2 Response Rate

There were 31 questionnaire tools, and all individuals who returned the questionnaire responded to them fully and correctly. This led to 100 percent rate of participation. As observed by Carvajal and Hardigan (2022), response returns that are more than 60 percent are normally acceptable to be used in statistical analysis. Moreover, according to Mugenda and Mugenda (2003), 50 percent participation rates give sufficient information to analyze and generalise whereas a 70 percent or more is usually regarded as extraordinary. With such academic points of view and recommendations of the experts, the 100% rate of attendance was considered to be appropriate, especially in the context of the rather small sample.

4.3. Descriptive Statistics on the Demographic Characteristics of the Respondents

The purpose of the investigation was to determine the profiles of the respondents in terms of demographics. These included sample size in terms of age groups, sex, education levels, length of leadership in office, parastatal groups and line of operation. The results have been presented in figure 4.1.

4.3.1 Age of the respondents

The respondents were also made to state their age in order to determine the age distribution of the managers as depicted in Figure 4.1.

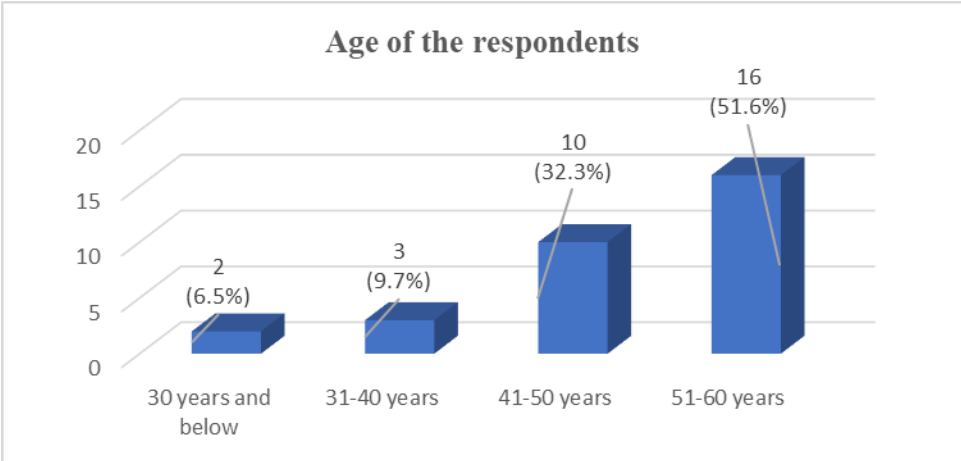


Figure 4.1: Age of the respondents

The analysis based on the age distribution showed that 51.6% of the participants were aged 51 years and above with 32.3 years of age representing those aged 41-50 years coming closely. Other results revealed that 9.7 percent of the participants were aged between 31 and 40 years, with the minority group (6.5 percent) consisting of the individuals who were below 30 years. The study showed that 83.9 percent of the executive staff were above the age of 41, indicating that these administrators have long working experience that qualifies them to take up leadership positions.

4.3.2 Gender of the respondents

The respondents were requested to specify their gender in order to determine the number of the managers per gender as in Figure 4.2.

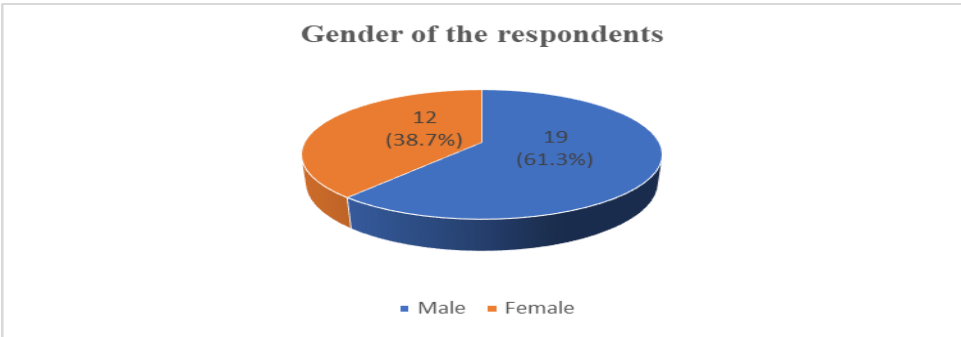


Figure 4.2: Gender of the respondents

There was gender distribution analysis to show that 61.3 percent of the participants were male, and 38.7 percent were female participants. This implied that the leadership of parastatals in

Uasin Gishu County is dominated by male executives. The results are similar to those of Zhang (2015) who noted that in different institutions, male representation in the organizational leadership was high. The findings are also in line with those by Zhang & Friedman (2022) who reported the prevalence of female underrepresentation in management roles in various organizations. These findings also justify Thietart (2023) who found that male dominance existed in both formal and informal economic sector in top executive positions. Despite such imbalances, the results show that state corporations complied to the constitutional two-thirds gender provision as provided in the 2010 Constitution of Kenya, that no gender is to have more than two-thirds representation in elective or appointive positions.

4.3.3 Education of the respondents

The respondents were requested to indicate their highest level of formal education, since this information was essential in evaluating the professional competence of the managerial personnel as illustrated in Figure 4.3.

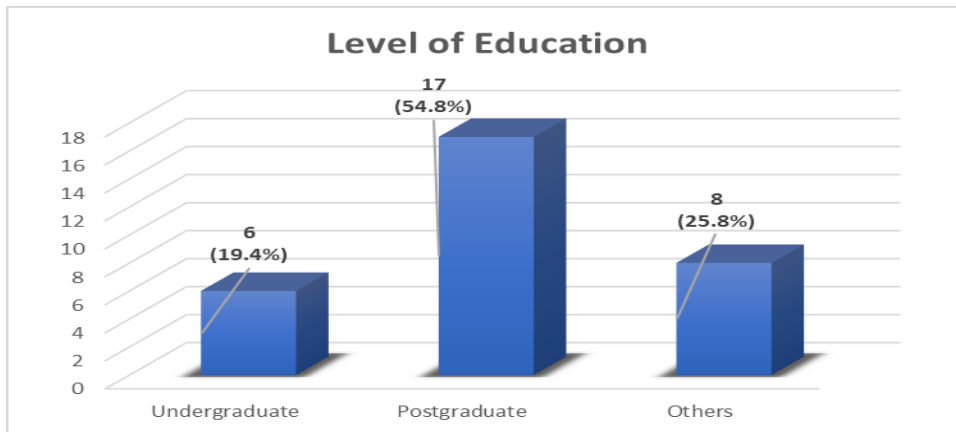


Figure 4.3: Education of the respondents

The analysis of education levels showed that 54.8 percent of the respondents had postgraduate education, and 19.4 percent of the respondents had undergraduate education. Another 25.8% of the participants described other educational background. Together, 74.2 percent of the respondents had both undergraduate and post graduate degrees, which shows that they were well prepared through formal studies to cope with the leadership roles that they were mandated to perform in parastatal organizations.

4.3.4 Leadership work experience

Leadership work experience reflects the years, which the respondents have been working in their firm and this is one of the primary factors in determining the attachment of the respondents as in Figure 4.4.

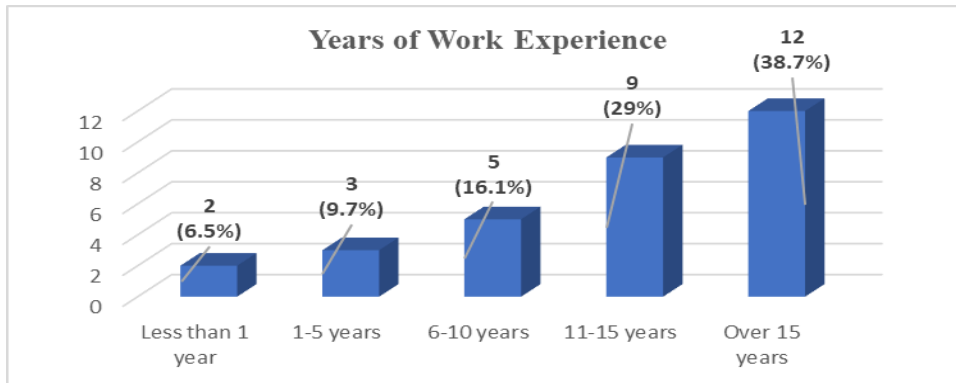


Figure 4.4: Years of work experience

Figure 4.4 illustrates the findings gained from the leadership experiences of the individuals who participated in the survey. It was reported by 38.7 percent of those who participated in the survey that they had more than 15 years of experience working in leadership roles. Alongside this, 29.0% of the individuals had 11-15 years of experience, 16.1% had 6-10 years of experience, 9.7% had 1-5 years of experience, and 6.5% had experience of less than a year. Based on these data, it can be deduced that 83.8% of the individuals who participated in the survey had a leadership experience that spanned more than five years. This suggests that the sample was highly experienced and had a significant amount of exposure to strategic management approaches. Given the length of time that the respondents had been employed, it is reasonable to assume that they had acquired a significant amount of expertise in both transformational and transactional leadership methods. The current investigation, which attempted to examine how different leadership orientations impact the performance of parastatal institutions in Uasin Gishu County, Kenya, was reinforced as a result of this, which enhanced the reason for the investigation.

4.3.5 Type and sector of the parastatal

The respondents indicated the type of parastatal and the sector as shown in Table 4.1.

Table 4.1: Type and sector of the parastatal

Type of Parastatal		
State Corporation	15	48.4
Government Agency	12	38.7
Other Entities	4	12.9
Sector of Operation		
Healthcare	5	16.1
Services	5	16.1
Infrastructure	6	19.4
Energy	3	9.7
Others	12	38.7

Findings in Table 4.1 on the parastatal classifications show that 48.4% of the sample was made up of State Corporations with the remaining 38.7 and 12.9 percent constituting government agencies and other institutional bodies respectively. Also, the analysis of sectoral operations shows that 16.1% of the parastatals were in operation in the healthcare industry and the ratio goes on as 16.1, 19.4, 9.7 and 38.7 in social services, infrastructure, energy and miscellaneous sectors respectively.

4.4 Descriptive Statistics on Strategic Leadership and Organisational Performance

The descriptive statistics for the primary variables that were investigated in this inquiry are shown in this section. A Likert scale of five points was used to evaluate each claim, and respondents were given the opportunity to indicate the degree to which they agreed or disagreed with each statement. In order to illustrate the central trends and the dispersion that were present within the data, the answers that were obtained were pooled together and converted into mean values and standard deviations. These analytical stages served as the foundation for carrying out the interpretation of the participants' views with reference to the constructs that were being taken into account.

4.4.1 Descriptive Statistics on Strategic Leadership

This section represents the results of descriptive research findings on strategic leadership. The participants were to give their opinions regarding the strategic leadership factors that included the transformational and transactional leadership dimensions.

Table 4.2: Descriptive statistics of transformational leadership

Transformational Leadership Items	N	Mean	Std. Dev
The management makes efforts to understand and support the individual aspirations of the employees	31	4.441	0.561
The management inspires employees by setting positive examples and encouraging them to exceed their usual efforts	31	4.206	0.687
The management considers different views when solving problems	31	4.206	0.677
I communicate a clear vision for the future of the organization	31	4.112	0.952
The management articulates a compelling future vision of the organization by stressing a collective sense of mission and purpose	31	4.086	0.600
I always instil pride in all organizational stakeholders	31	4.076	0.953
I always try to find what employees want and need	31	4.053	1.001
I actively promote an environment where new ideas and creative solutions are welcomed and explored.	31	4.001	0.611
The management allows employees to rethink novel ideas	31	4.000	0.959
The management considers moral consequences of decisions	31	3.989	0.853
The management considers employees as having different needs, abilities, and aspirations from others	31	3.912	0.621
I always talk optimistically about the future of the organization	31	3.912	1.001
The contribution of employees goes beyond self-interest	31	3.882	1.038
The management promotes high ethical standards and	31	3.103	0.853

integrity			
I always act in ways that builds confidence in employees	31	3.000	1.051
The management assist employees to develop their strengths	31	2.912	0.794
Average Mean Score		3.868	0.826

The results obtained, which are descriptive and refer to the markers of transformative leadership, are presented in Table 4.2. The average score of 3.868 shows that most of the respondents were satisfied with the claims that are related to transformational leadership. This means that the Chief Executive Officers and Branch Managers were the foremost to identify themselves with this style of leadership. According to the findings, there is also a large percentage of respondents who agree with the words that management makes conscious efforts to comprehend and endorse the personal ambitions of workers. The relatively high mean score of 4.441 and the standard deviation of 0.561 demonstrate it. The respondents also concurred with the fact that managers rely on exemplary behavior and motivate more performance levels. The mean score of 4.206 and standard deviation of 0.687 showed this. On the same note, a considerable proportion of the respondents strongly believed that the management encourages expression of all the possible viewpoints during the decision process ($M = 4.206$, $SD = 0.677$).

Besides, the respondents also affirmed that the management can articulate the objective of the organization in a concise and understandable way as indicated by a mean score of 4.112 with a standard deviation of 0.952. Moreover, they also agreed that leaders can effectively communicate a strong common goal and purpose (mean = 4.086, standard deviation = 0.600). According to the results ($M = 4.076$, $SD = 0.953$), managers develop a sense of institutional pride in the stakeholders and remain mindful of the needs and preferences of particular workers ($M = 4.053$, $SD = 1.001$). These facts correspond to the results that Wanyama & Aila (2022) reached the conclusion that transformational leadership enhances the performance of organizations. Despite this, they contrast with the perspective that was put across by Kamau (2022), who found out that transformative leadership and competitive advantage do not have an unequivocal relationship.

Moreover, the management was reported to have the role of establishing an environment supportive of creativity and innovative problem-solving ($M = 4.001$, $SD = 0.611$) and the ability of the workers to question the traditional perspectives ($M = 4.000$, $SD = 0.959$). Similarly, it was

noted that the management factored in the ethical and moral aspects in their decision making ($M = 3.989$, $SD = 0.853$). This observation supports the observations made by Mwangi (2017), who found that ethical leadership according to the transformational styles enhances the degree of customer satisfaction in a publicly owned business.

The findings also revealed that the management realizes a wide range of workers demands, talents, and potentials ($M = 3.912$, $SD = 0.621$) and expresses the positive and energetic attitude towards the firm ($M = 3.912$, $SD = 1.001$). The latter is reminiscent of their findings, in accordance with Asiimwe & Sikalieh (2022), who have stated that optimism and engagement among leaders can substantially improve the performance of the sources among small and medium-sized enterprises (SMEs). Moreover, the respondents agreed that a worker contribution is not limited to his or her self-interest but beneficial to the business ($M = 3.882$, $SD = 1.038$). The finding is consistent with Machoki (2015), who attributed the competitiveness of the firm to the transformational leadership.

Conversely, the respondents were not strongly opinionated concerning whether the management is always ethical or not and maintains its integrity or not ($M = 3.103$, $SD = 0.853$), whether the management is increasing the trust of the workers or not ($M = 3.000$, $SD = 1.051$), or whether or not the management is teaching the staff how to build their strengths. Since the overall mean score is 3.991, it may be concluded that the perception of transformational leadership in parastatals is rather positive. The results show that such a leadership can contribute a great potential of enhancing the performance of organizations. This finding can be compared with the results of previous empirical studies by Ezenwa (2022) and Nyasha (2014), both of whom claimed that the transformational leadership positively affects the performance of the organizations and competitiveness of the institutions. All these findings put together show that transformational leadership is an effective strategy management tool that can potentially enhance the performance of parastatal organizations.

4.4.2 Descriptive Statistics on Transactional Leadership

The descriptive information on transactional leadership in the parastatals in Uasin Gishu County, Kenya is presented in Table 4.3.

Table 4.3: Descriptive statistics on transactional leadership

Statements	N	Mean	Std. Dev
The management only monitors work progress and intervenes on when the performance standards are not met	31	4.442	0.442
I actively monitor the work progress and intervene to avoid under performance	31	4.356	0.699
The organization uses punishment to reinforce behaviour	31	4.212	0.719
The management encourages employees to take initiatives	31	4.111	0.911
My organization has a clear system of rewarding employees	31	4.089	0.753
I always inform the subordinates what to do to receive rewards	31	4.059	0.814
In my role, I frequently review and provide feedback to ensure that tasks are being performed as required	31	4.001	0.960
I usually step in to enforce rules even if they are not liked	31	4.000	0.651
The management acknowledges and appreciates good work	31	3.941	0.776
The policy of the organization is to wait to intervene in work processes only if problems become apparent	31	3.912	1.111
I am always proactive in the organization operations	31	3.388	1.493
The management usually react to problems if they are serious	31	3.010	1.513
The management focuses on employees' mistakes	31	3.001	1.012
The management always negotiates with employees about rewards after work has been accomplished	31	2.941	0.776

The management allows employees to take initiatives without encouraging them to do so	31	2.884	1.776
The management only asks employees to do what is essential	31	2.597	0.793
Average Mean Score		3.684	0.950

Table 4.3 shows the descriptive results of the indicators of transactional leadership. The results indicate that a high percentage of the respondents supported the management approach of repeatedly monitoring the work progress and interfering whenever the performance was poor as indicated by a mean of 4.442 and a standard deviation of 0.442. The participants also attested that the managers were keen to monitor the operations and developed timely corrective measures to prevent performance deficits ($M = 4.356$, $SD = 0.699$). This tendency towards observant audit and long-term accountability can partly determine the increased attraction of the parastatal work in comparison with the financial institution employment where the major focus has been on the stakeholder's expectation and the trust of the people.

The respondents also recognized the application of corrective reinforcement to maintain desirable behaviours and the average mean of corrective reinforcement is 4.212 and standard deviation is 0.719. These observations are in line with the findings of Erhemjants (2017), who observed that transactional leadership is positively correlated with institutional effectiveness, and the findings of Okoth (2022), who discovered that transactional leadership positively influences the reputation of organisations. The participants also affirmed that the management promotes initiative in the employees ($M = 4.111$, $SD = 0.911$), maintains a well-developed reward structure ($M = 4.089$, $SD = 0.753$) and ensures that the employees acquainted with the terms and conditions under which they are recognized ($M = 4.059$, $SD = 0.814$). Similar observations were made by Alsughayir (2024), who believed that holistic leadership strategies lead to positive organisational performances.

The findings also indicate that the management regularly appraises the performance and offers timely feedback ($M = 4.001$, $SD = 0.960$), and delivers institutional rules regularly ($M = 4.000$, $SD = 0.651$), whether the implementation is popular or not. The results are reminiscent of the study conducted by Okoth (2022) who claimed that formal monitoring improves institutional control and reputation. Respondents also affirmed that high performing employees are identified

by the management ($M = 3.941$, $SD = 0.776$), but noted that at times the management interferes with the situation too late when the issue has been noticed ($M = 3.912$, $SD = 1.111$). Participants showed a rather neutral attitude towards the proactive managerial intervention in daily business ($M = 3.388$, $SD = 1.493$), which is an opposite response to findings made by Masungu (2023), whose conclusions reveal a strong connection between strategic leadership and the performance of devolved administrative units.

There were also noted neutral perceptions in the way the management addresses serious workplace issues ($M = 3.010$, $SD = 1.513$) and the level to which the supervisors are sensitive to employee mistakes ($M = 3.001$, $SD = 1.012$). The same neutrality was observed regarding the post performance reward negotiations ($M = 2.941$, $SD = 0.776$), which is in line with the findings of the study by Nyambara (2023) who found that transactional leadership encourages motivation and it does not have a significant effect on creativity and commitment. The respondents also displayed no opinion on whether the management is promoting unsolicited initiative or confining the employees to simple tasks ($M = 2.884$, $SD = 1.776$ and $M = 2.597$, $SD = 0.793$ respectively).

Generally, the mean value of 3.684 with a standard deviation of 0.950 is a moderate result that shows that there is a medium level of consensus on whether or not transactional leadership practices exist in parastatal institutions in Uasin Gishu County. These results differ with the claims of Webb (2023) who found insignificant motivational impacts in quality centred programmes. However, they are in agreement with the findings of Erhemjants (2017) and Almsafir (2022) who argued that transactional leadership promotes organisational performance and strengthens intrinsic motivation, which leads to long-term institutional performance in judicious application.

4.4.3 Descriptive Statistics on Organizational Performance of Parastatals

They were asked to give their consent level on the statements of parastatal organization performance. Table 4.4 summarizes the levels of agreement between the participants to the statements that covered the parameters of organizational performance and were reported using the mean values and standard deviation.

Table 4.4: Descriptive statistics on organizational performance of the parastatals

Statements	N	Mean	Std. Dev
There is a continuous improvement of quality of services offered	31	4.551	0.519
Quality deliverables are achieved at the end of the project cycle	31	4.336	0.564
The projects outcomes benefit all the interested parties	31	4.228	0.686
My organization uses the least amount of resources to achieves its objectives, showing high operational efficiency	31	4.092	0.687
In my organization there are measures to ensure accountability	31	4.056	0.602
The projects are completed to the satisfaction of shareholders	31	4.051	0.901
The quality of services provided in my organization meets the established standards and expectations	31	4.004	1.111
My organization provides services that meet citizens' needs	31	4.000	0.959
There is prudent management of resources in my organization	31	3.913	0.780
Stakeholders in my organization express high levels of satisfaction with our services and operations	31	3.911	0.700

High level of productivity is maintained in my organization	31	3.882	1.038
All stakeholders are satisfied with their roles in the organization	31	3.000	0.853
In my organization feedback is regularly used to make informed improvements in our service delivery and operational processes	31	2.991	0.774
The operations in my organization are undertaken efficiently	31	2.512	0.793
Average Mean Scores		3.823	0.783

The results of organizational performance for parastatals operating within Uasin Gishu county have been introduced in Table 4.4. The results are that the quality of service has greatly improved as indicated by mean score of 4.551 and standard deviation of 0.519 overall. On the same note, most of the respondents affirmed that they regularly obtained the predicted quality results at the end of the project cycles (mean = 4.336, standard deviation = 0.564). Since a mean score of 4.228 and the standard deviation of 0.686 demonstrate that a considerable portion of participants also asserted that project outputs have led to the significant benefits of a wide range of stakeholders. Moreover, the results show that parastatals had an outstanding degree of operational efficiency, which is reached as the outcomes of extremely low resource spending (M = 4.092, SD = 0.687), which is supported by the properly established accountability mechanisms (M = 4.056, SD = 0.602).

Moreover, the shareholders were satisfied that the activities conducted during the projects were done to their contentment (M = 4.051, SD = 0.901), the quality of services delivered met the expectations of shareholders and the benchmarks that were established (M = 4.004, SD = 1.111). Also, the data indicate that the services which were offered by parastatals correctly met the needs of the population with a mean score of 4.000 and standard deviation of 0.959. Similarly, the management of the organizations resources was described to be cautious and hardworking (mean = 3.913, standard deviation = 0.780). Moreover, the respondents confirmed that a considerable level of satisfaction with the management of the institutions was expressed by the stakeholders (M = 3.911, SD = 0.700), and that there were stable production levels (M = 3.882, SD = 1.038).

Respondents adopted a relatively neutral position on the subjects of universal stakeholder approval of all organizational functions (M = 3.000, SD = 0.853) and uniform usage of input to promote service delivery (M = 2.991, SD = 0.774). This contradicts the above statement. Their assessment of total operational efficiency, which registered an average of 2.512 and a standard deviation of 0.793, had a certain neutrality that was similar to the neutrality experienced on the other hand.

To a great extent, the concept that parastatals in Uasin Gishu County are working admirably is confirmed as the overall mean value of 3.823 with the standard deviation of 0.783 indicates. The results correlate with those that Almsafir (2022) provided, indicating that the development of a performance-oriented culture within the framework of the public institutions enhances the level of trust among stakeholders and improves the effectiveness of the institutions.

4.5 Results of Pearson’s Correlation Analysis

The process of Pearson correlation was used in order to ascertain the amount as well as the direction of the link that exists between the variables. A value of 0.00 for the coefficient indicates that there is no correlation between the variables, whilst values ranging from 0.20 to 0.40 suggest that there is a very limited relationship between them. According to Bryman & Cramer (2005), correlation coefficients that fall within the range of 0.40 to 0.69 indicate a moderate link, whereas values that fall between 0.70 and 1.00 indicate a high or very strong relationship. In order to determine whether or not shifts in leadership orientations within Uasin Gishu County associated with changes in parastatal performance, this method of analysis was the one that was used. Insight into the degree to which strategic leadership approaches coincided with important expressions of organizational success, such as efficiency, service quality, and productivity, was offered by the coefficients that were derived from the analysis.

Table 4.5: Results of correlation analysis between strategic leadership and organizational performance

	Organizational performance	Transformational leadership	Transactional leadership
Organizational performance	1	.899 ^{**}	.646 ^{**}
		.000	.001

	31	31	31
Transformational leadership	.899**	1	.232
	.000		.218
	31	31	31
Transactional leadership	.646**	.232	1
	.001	.218	
	31	31	31

Transformational leadership was found to have considerable and statistically significant association with the performance of parastatal organizations, which is indicated by the results of the correlation statistics, which are presented in Table 4.5 ($r = 0.899$, $p = 0.000$). Through this study, it appears that the organizations that had experienced transformational leadership attributes had a higher chance to attain greater organizational achievement. The same findings were obtained by Shah & Hamid (2015), who found out that there are material positive associations between transformative leadership and organizational performance. These observations also agree with the results of Jadellah (2022), who observed strong positive relationships between transformative leadership and institutional performance.

As the results of the investigation state, transactional leadership still demonstrated a significant and even positive correlation with the organizational performance ($r = 0.646$, $p = 0.001$). Considering this finding, it is possible to conclude that the success of transactional leadership with regard to the attainment of performance objectives within parastatals is considerable. The results align with the results of Erhemjants (2017), who found out that transactional leadership is positively related to the performance of organizations. Similarly, Almsafir (2022) had the observation that staff drive is boosted when transactional leadership is applied but is a characteristic that can foster sustained competitive standing. On the same note, Nyambara (2023) indicated that transactional leadership ensures that it creates a workplace that is productive and motivating, which ultimately leads to increased organizational performance.

4.6 Multicollinearity test

Multicollinearity test and normality tests were also used as diagnostic tests. The data in surveys was tested using multicollinearity to test the assumption that the error terms in the regression

models were homoscedastic with consistency in the data regardless of predictor variables values. Table 4.6 shows these evaluation results.

Table 4.6: Multicollinearity test

Model	Zero-order	Partial	Part	Tolerance	VIF
(Constant)					
Transformational leadership	.211	.145	.133	.861	1.169
Transactional leadership	.217	.177	.164	.872	1.249
Organizational Performance	.067	.040	.145	.787	1.285

Regression modelling came after the investigation of multicollinearity. The Multicollinearity occurs when intercorrelations are high among two or more independent variables. In this study, the issue of multicollinearity was assessed by Pearson correlation test, tolerance value, regression diagnostic tests as were calculated using SPSS. It has been shown that the correlation coefficients below 0.80 will eliminate the issues of multicollinearity (Bryman & Cramer, 2006; Pallant, 2005). This exploration found out the correlation coefficients between transformational and transactional leadership as $r= 0.232$, $p=.218$, which are below 0.80 and all multicollinearity has vanished. It has been found that above 10 VIF and below 0.2 tolerance mean the presence of multicollinearity. This analysis showed VIF of between 1.169 and 1.285 that was below 10 and tolerance of between 0.787 and 0.872 that was way above 0.20 eliminating the presence of multicollinearity.

Shapiro Wilk was used to test the normal distribution of data since the data set was less than 100. Table 4.7 gives the results.

Table 4.7: Shapiro-Wilk Test for Normality

Variables	Statistic	Df	Sig.
Organizational Performance	.178	31	.301

Transformational Leadership	.194	31	.400
Transactional Leadership	.139	31	.057

When testing a null hypothesis, the Shapiro-Wilk test is used to determine whether or not the data follows patterns of normal distribution. The Shapiro-Wilk measurements are used in order to evaluate the normality assumptions. The findings that were gathered on the themes of organizational effectiveness (p-value = 0.301), transformational leadership (p-value = 0.400), and transactional leadership (p-value = 0.057) were based on a population that was normally distributed since the p-values were more than 0.05. This was demonstrated by the results that were presented in Table 4.7.

4.7 Results of Hypotheses Tests

The subsequent section presents the inferential outcomes derived from the testing of the stated hypotheses through regression based procedures. To evaluate the first and second hypotheses, simple regression models were applied, while a composite multiple regression model was employed to assess the final hypothesis. These analytical techniques were intended to determine the extent to which strategic leadership conduct shapes the effectiveness of parastatal organisations across Uasin Gishu County. The corresponding statistical estimates are outlined in the following presentation.

4.7.1 Transformational Leadership and Organizational Performance of Parastatals

The chief main of the investigation was to determine how transformational leadership practices relate to the performance outcomes of parastatal entities within Uasin Gishu County. In alignment with this aim, the initial hypothesis asserted that transformational leadership exerts no meaningful influence on organisational performance. This assertion was subjected to scrutiny through simple regression procedures. The model treated transformational leadership as the explanatory construct for variations in organisational effectiveness, and the resulting estimates are presented in the ensuing Table 4.8.

Table 4.8: Model summary for transformational leadership

R	R Square	Adjusted R Square	Std. Error of the Estimate	Sig.
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.899 ^a	.808	.796	.160	0.000
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The regression analysis summary detailed in Table 4.8 shows that transformational leadership methodologies explained 80.8% of the fluctuation in parastatal institutional performance metrics ($R^2 = 0.808$). The additional 19.2% of performance variation originated from factors outside this investigation's boundaries. These outcomes verified that transformational leadership represented a critical element influencing parastatal organizational effectiveness throughout Uasin Gishu County, Kenya.

Table 4.9: ANOVA results for transformational leadership

Model		Sum of Squares	Df	Mean Square	F	Sig.
	Regression	7.275	1	2.275	9.890	.000 ^b
1	Residual	1.724	30	.023		
	Total	8.999	31			

According to the results of the analysis of variance, the regression model produced outcomes that were statistically significant ($F = 9.890$, $p = 0.000$). These results suggest that transformational leadership serves as a substantial and positive predictor of the success of an organization. The fact that the probability value is lower than the standard threshold of five percent demonstrates that the observed link should be interpreted as a true statistical relationship rather than a random event. The findings of the study indicated that the alternative hypothesis, which stated that transformational leadership has a positive and measurable impact on the performance of organizations, was supported. On the other hand, the null hypothesis, which stated that transformational leadership practices do not have any demonstrable effect on the outcomes of institutions, was rejected.

Table 4.10: Coefficients for transformational leadership

Model	Unstandardized Coefficients	Standardized Coefficients	T	Sig.
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	B	Std. Error	Beta		
1 (Constant)	1.419	.320		4.095	.000
Transformational Leadership	.759	.087	.808	7.544	.000

Using standardized (beta coefficient) analysis, it was shown that transformational leadership was a statistically significant positive predictor of institutional effectiveness ($b = 0.808$, $t = 7.544$, $p\text{-value} = 0.000$). This was a statistically significant finding. These findings provide evidence that the use of transformational leadership approaches by parastatal executives resulted in a significant improvement in the level of performance attained by the company as a whole for the executives.

These findings are in agreement with the findings of Kalsoon et al. (2022), who discovered that the implementation of transformational leadership styles had a favorable influence on the performance of employees, which in turn led to an increase in the efficiency of the institution. The further validation was supplied by Jadellah (2022), who demonstrated that there is a considerable association between transformational leadership methods and the success of a business. In addition, Nyasha (2014) provided more proof when he disclosed that transformational leadership resulted in improved customer perception effectiveness, which in turn led to improved organizational performance.

4.7.2 Transactional leadership and Organizational Performance of Parastatals

The study was conducted with the intention of determining the impact that transactional leadership has on the efficiency of the parastatal organizations in the county of Uasin Gishu. Consequently, the second hypothesis postulated that there is no significant influence of transactional leadership on the performance of the parastatal organizations in the county of Uasin Gishu. The second hypothesis was examined via the use of straightforward regression modelling, and the findings are shown in Table 4.11.

Table 4.11: Model Summary for Transactional Leadership

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.796 ^a	.633	.616	.109

The results of the Table 4.11 model summary showed that transactional leadership had a positive impact on explaining 63.3 percent of the variance in parastatal organizational effectiveness. This means that 36.7 percent of the variation was caused by other factors that were not in the scope of this investigation.

Table 4.12: ANOVA results for Transactional Leadership

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	5.596	1	.599	26.043	.001 ^b
	Residual	1.401	30	.023		
	Total	6.997	31			

It was determined by analysis of variance (ANOVA) that transactional leadership was a substantial positive predictor of organizational efficiency. The statistically significant regression model outputs ($F = 26.043$, $p = 0.001$) suggested that this was the case. The fact that the p-value was lower than 0.05 demonstrates that the results were not the result of random chance. Since of this, the alternative hypothesis was accepted since it asserts that there is a major impact of transactional leadership on the effectiveness of organizations. On the other hand, the null hypothesis, which asserts that transactional leadership does not affect the effectiveness of organizations, was rejected.

Table 4.13: Coefficients for Transactional Leadership

Model	Unstandardized		Standardized		Sig.
	B	Std. Error	Beta	t	
1 (Constant)	2.398	.356		6.726	.000

Transactional Leadership	.572	.101	.646	3.688	.001
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The standardized output of beta coefficient of ($\beta = 0.646$, $t = 3.688$, $p = 0.001$) proved that transactional leadership was a significant positive predictor of organizational effectiveness as a parastatal. This signifies that the use of reward and penalty system will encourage employees to meet the work expectations in regards to the leaders of the organization, thus promoting improvement of performance and leading to effectiveness of the organization.

These results are consistent with Erhemjants (2017) who found that transactional leadership impacted on the effectiveness of an organization significantly and positively. Saqib and Azhar (2023) further demonstrated that the element of reward mechanisms as a transactional leadership tool was correlated with organizational effectiveness, whereas Almsafir (2022) affirmed that transactional leadership increased employee motivation implying that organizations reached greater organizational effectiveness by applying the concept of transactional leadership. In the same vein, Nyambura (2023) validated that the transactional leadership style had a great impact on employee motivation, work motivation and work dedication, which are indicators of organizational effectiveness. Hasan (2017) also supported the relevance of transactional leadership by creating correlations between the rates of default in financial institutions and transactional leadership practices.

4.7.3 Joint effect of Transformational and transactional leadership on Organizational Performance of Parastatals

The purpose of the investigation was to determine how the performance of parastatals in Uasin Gishu County correlates to the combined effect of transformational leadership and transactional leadership, which are the two primary characteristics of strategic leadership that were evaluated in this research. In line with this objective, the third hypothesis proposed that the existence of both transformational and transactional leadership in an organization does not make a significant contribution to the success of the organization. Through the use of multiple regression techniques, this presumption was investigated based on the findings. Table 4.14 contains the statistical results that correlate to the associated variables.

Table 4.14: Model summary for joint effect

Model	R	R Square	Adjusted R Square	Standard Error	Sig.
1	.843 ^a	.710	.701	.116	0.000

Table 4.14 model summary findings demonstrated that strategic leadership explained 71% of organizational effectiveness variance (R-square = 0.710). This indicates that 29% of organizational effectiveness variance resulted from additional factors beyond the model's scope.

Table 4.15: ANOVA for joint effect

Model		Sum of Squares	Df	Mean Square	F	Sig.
	Regression	9.591	1	.537	38.350	.000 ^b
1	Residual	1.406	30	.014		
	Total	10.997	31			

A statistically persuasive body of evidence was created by the analysis of variance, with the regression model producing a F statistic of 38.350 and a probability value of 0.000. As a result of this conclusion, it is confirmed that both transformational leadership and transactional leadership serve as substantial and meaningful predictors of improved organizational performance. The fact that the probability value is much lower than the threshold of five percent suggests that these linkages are not the result of random fluctuations but rather genuine statistical links. As a consequence of this, the research supported the alternative hypothesis, which said that the many aspects of strategic leadership had a significant impact on the efficiency of the organization. On the other hand, the null hypothesis, which said that these strategic leadership characteristics do not have a meaningful impact on performance, was categorically rejected.

Table 4.16: Coefficients for joint effect

Model		Unstandardized		Standardized		
		B	Std. Error	Beta	t	Sig.
1	(Constant)	.393	.358		.901	.375

Transformational leadership	.570	.069	.694	8.231	.000
Transactional leadership	.344	.089	.457	4.125	.000

Based on standardized beta coefficients, the study on the impact of each element of strategic leadership was conducted. When the study was conducted, it was demonstrated that the role of transformational leadership in the effectiveness of the organization was significant and statistically significant ($b = 0.694$, $p = 0.000$). Also, the impact of transactional leadership was significant and positive ($b = 0.457$, $p = 0.000$), although in another manner. Based on these findings, the concomitant use of both transformational and transactional leadership styles by the parastatal organizations based in Uasin Gishu county leads to the augmentation of successes of operation of such organizations.

These findings are consistent with the conclusions that their results back, as Jadellah (2022) established that strategic leadership approaches bring about improved performance of an institution. Okoth (2022) made a similar argument that strategic leadership enhances the position of the company and its functioning ability, providing evidence, which was similar. The fact that strategic leadership develops organizational cultures that result in an increased institutional productivity and overall performance, as shown by Masungo et al. (2023), further supported the above-mentioned statement. As the results of Erhemjants (2017) show, transactional leadership was significantly positively related to the efficiency of institutions. Competitive tactics have been demonstrated to possess high and observable efficacy advantages in the context of businesses that employ transactional leadership especially in times of greater uncertainty as Ramstone & Warren (2022) have demonstrated. Yang (2014) proceeded to draw unambiguous relations between compensation mechanisms and efficiency showing that transactional leadership preferred people to operate at the summit of the business.

CHAPTER FIVE

SUMMARY OF FINDINGS, CONCLUSIONS, AND RECOMMENDATIONS

5.1 Introduction

This chapter provides a consolidated account of the study's outcomes. It offers a synthesis of the principal findings and advances recommendations regarding the manner in which strategic leadership shapes the functional effectiveness of parastatal institutions within Uasin Gishu County in Kenya.

5.2 Summary of the Findings of the Study

This inquiry was to provide an insight on the relationship that exists in between transformational leadership methods and the operational effectiveness of parastatal institutions in Uasin Gishu County over the span of time. The correlation study results indicated that, the positive

relationship between transformational leadership and institutional achievement is significantly heightened ($r = 0.899$, $p = 0.000$). This implies that the implementation of transformational leadership dispositions contributes to the running of the organization immensely. After the outcomes of the additional simple regression, it was established that transformational leadership is an important variable in defining the effectiveness of parastatal organizations. These findings are indicative of the fact that those leaders who can inspire, excite the intellect and foster aspirational commitment are influential and developers of high quality when it comes to the achievements of their institutions. This resulted in the fact that the initial assumption, according to which no substantial relationship existed between transformative leadership and organizational performance has been strictly ignored.

The second phase of the study involved exploring the relationship that exists between transactional leadership and institutional success of the same administrative department. As the results of the correlation analysis show, the positive relation between transactional leadership practices and the outcomes of the organization is statistically significant ($r = 0.646$, $p = 0.001$). In addition, this correlation is quite robust. Moreover, the regression research also gave greater evidence that transactional leadership has a significant positive effect on the performance of established institutions. It is clear based on these findings that leaders who emphasize largely on contingent reinforcement, strict control and corrective supervision are significant in ensuring that parastatals achieve their strategic objective with greater precision and reliability. Due to this, the second hypothesis which stated that there was no significant relationship between transactional leadership and the success of the organization was also dismissed.

During the final section of the research, an assessment was made to find out the synergistic effect of transformational and transactional leadership styles on the effectiveness of parastatal organizations. The findings of a multiple regression analysis showed that the two leadership qualities together have significant positive effects on the outcomes of the institution and thus there is a complementary and mutually reinforcing relationship. With this, it appears that a combined perspective of leadership creates a compounding advantage that enhances the performance of the institution to a large extent. The third hypothesis that implied that the integrated use of the two leadership styles does not yield any significant effect on the efficiency of the organization was subsequently negated by the results of the empirical study on the topic.

When the data is considered altogether, it can be established that a balanced mix of transformational and transactional leadership leads to better operational and strategic results in parastatal institutions situated in the entire Uasin Gishu County.

5.3 Conclusions

The aim of the study was to establish the level at which the strategic leadership personality traits are related to the functional competency of the parastatal organizations that are operational in the Uasin Gishu County. Initially, it was assumed that transformational leadership did not produce any high impact on the effectiveness of the institution. Both correlation and the simple regression tests showed that there is a strong and statistically significant association between transformative leadership and the organizational success across the county. This is contrary to the idea that was brought up earlier. These results indicate the critical role of these dimensions in the process of expanding institutional capacity by noting the importance of the basic transformational leadership elements, that is, idealized influence, inspiring motivation, intellectual stimulation, and individualized consideration. The results of the study made the researchers conclude that the application of transformational leadership by top authorities in parastatals leads to the development of favorable organizational performance outcomes.

The second section of the study involved the investigation on the relationship between techniques of transactional leadership and the performance of the parastatal institutions in the Uasin Gishu county. To conduct this part of the research, it was assumed that the aspect of transactional leadership did not play a significant role in the performance of the organization. This hypothesis was contradicted by the empirical findings that showed that the transactional leadership retained a strong and positive bond with the performance metrics in a large spectrum of parastatal units. The results of this research paper have shown that the following procedures like the corrective supervision, active oversight and contingent reinforcement contribute either separately or jointly to the upgrading of the institution functioning. All the above considered, the study concluded that the managers who implemented the concept of transactional leadership were more likely to record better results within their organizations.

The final aim of the research was to research the change transformational and transactional leadership styles produce on the overall performance of the parastatal organization collaborating. The last hypothesis was that the introduction of these strategic leadership orientations would not

lead to the perceived effect on the outcome of the institution. Conversely, the outcome of the multiple regression analysis revealed that the two aspects of leadership when combined together had a statistically significant and favorable effect on the performance of the organization. This information demonstrated that parastatal organizations can produce superior results regarding their operational and strategic activities when their leaders use both transformational and transactional leadership approaches sequentially and complimentary to each other.

5.4 Recommendations of the Study

5.4.1 Recommendations for practice and policy

The study demonstrated that both transformational and transactional leadership orientations exert substantial influence on the operational proficiency of parastatal institutions. Based on these outcomes, several recommendations can be advanced.

First, parastatal organisations within Uasin Gishu County and in comparable administrative regions should intensify their adoption of transformational leadership practices. Priority should be placed on cultivating idealised influence, fostering inspirational motivation, promoting intellectual stimulation, and strengthening individualised consideration, since these facets collectively elevate institutional effectiveness and long term organisational vitality.

Second, given the notable contribution of transactional leadership to improved performance, parastatal entities should also reinforce leadership behaviours that rely on contingent reinforcement, corrective supervisory practices, and vigilant oversight. These mechanisms ensure consistent accountability, reinforce performance standards, and promote disciplined execution of organisational obligations.

Finally, administrative leaders across the county should aim to synthesize both transformational and transactional leadership dispositions in a complementary manner. A blended approach will permit parastatals to benefit from the visionary impetus of transformational leadership alongside the structured operational discipline of transactional leadership. Such integration is likely to generate sustained organisational advancement and improved performance across all institutional dimensions.

5.4.2 Recommendation for Further Research

This research was carried out with the purpose of determining the impact that strategic leadership

has on the efficiency of parastatal organizations in the county of Uasin Gishu. The research, on the other hand, took into account two different types of leadership, namely transactional leadership and transformational leadership. These two types of leadership were used to explain 71% of the difference in the efficacy of parastatal organizations in Uasin Gishu County. The conclusion that can be drawn from this is that the additional strategic leadership attributes, such as visionary leadership, were contributing in 29% of the variance in the success of parastatal organizations, which is something that might be investigated in further study. As a consequence of this, it is recommended that future research study the ways in which various types of strategic leadership influence the performance of parastatal organizations in Uasin Gishu County and in other counties in Kenya. In addition, the same research may be repeated, and the data collection can be assessed over a longer period of time, in contrast to the present study, which only gathered data at a single location and time. In a same vein, investigations of a comparable kind have to be carried out in other regions of Uasin Gishu County in order to generalize the findings. Furthermore, in order to provide a more comprehensive understanding of the impact that strategic leadership has on the efficiency of parastatal organizations, it is possible that future study may make use of additional methodologies, such as correlational research designs in conjunction with qualitative research techniques.

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APPENDICES

Appendix I: Letter of Introduction

Egerton University-Town Campus

P.O Box 536-20225

Nakuru

Dear Respondent,

REF: PERMISSION TO COLLECT DATA FROM YOUR ORGANIZATION

I am a student at Egerton University undertaking a Master's degree in Business Administration (Strategic Management option). As part of the requirements for the award of the degree, I am expected to carry out research and present a report to the University. My research interest is on **Strategic Leadership and Organizational Performance in Uasin Gishu County, Kenya**. You are kindly requested to participate in this study in order to help achieve the intended academic endeavours. Please note that the information provided will be handled with utmost confidentiality and will only be used for academic purposes.

You have been selected to participate in the study to obtain your views regarding various aspects of the aforementioned subject. Your honest participation in the study will assist in establishing the **effect of strategic leadership on organizational performance of parastatals in Uasin Gishu County, Kenya**. The information provided will be treated with utmost confidentiality.

Your cooperation will go a long way in ensuring success of this study.

I would like to thank you in advance for your time.

Yours Sincerely,

Christine Ronoh

Appendix II: Questionnaire to the Respondents

Please complete the following section which contains information about you and your work. Kindly answer all the questions by putting a MARK (✓) or (X) on the relevant boxes. Please do not write your name on the questionnaire.

Section A: Demographic Information

1. Please indicate your age: 30 years and below [] 31-40 [] 41-50 [] 51-60 []
2. Gender: Male [] Female []
3. What is your highest education level? Undergraduate [] Postgraduate [] Others-specify.....
4. Please indicate your years of experience in leadership
Less than 1 year [] 1-5 years [] 6-10 years [] 11-15 years [] Over 15 years []
5. Parastatal Type: State Corporation [] Government Agency [] Other Entities (Please specify) _
6. Sector of Operation: Healthcare [] Social Services [] Infrastructure [] Energy [] Others (Specify)_____

SECTION B: Strategic Leadership

Please kindly indicate the extent to which you agree that each of the statements describes strategic leadership in your parastatal by ticking '✓' in the appropriate box (from 1 to 5); where: 1= Strongly Disagree (SD); 2 = Disagree (D); 3 = Uncertain (U); 4 Agree (A); 5 = Strongly Agree (SA)

SN	Transformational Leadership	1	2	3	4	5
	Idealized Influence	1	2	3	4	5
1	The management promotes high ethical standards and integrity in the organization	1	2	3	4	5
2	The contribution of employees goes beyond self-interest for the good of the organization	1	2	3	4	5
3	The management considers moral and ethical consequences of decisions	1	2	3	4	5
4	The management articulates a compelling vision of the future of the organization by emphasizing a collective sense of mission and purpose	1	2	3	4	5
	Inspirational motivation	1	2	3	4	5
5	The management inspires employees by setting positive examples and encouraging them to exceed their usual efforts	1	2	3	4	5
6	I always instill pride in all stakeholders for being associated with our organization	1	2	3	4	5

1= Strongly Disagree (SD); 2 = Disagree (D); 3 = Uncertain (U); 4 Agree (A); 5 = Strongly Agree (SA)

7	I always act in ways that builds confidence in employees	1	2	3	4	5
8	I always talk optimistically and enthusiastically about the future of the organization	1	2	3	4	5
	Intellectual stimulation	1	2	3	4	5
9	I communicate a clear vision for the future of the organization	1	2	3	4	5
10	I actively promote an environment where new ideas and creative solutions are welcomed and explored.	1	2	3	4	5
11	The management always considers different perspectives when solving problems	1	2	3	4	5
12	The management allows employees to rethink ideas that they had never questioned before	1	2	3	4	5
	Individual Consideration	1	2	3	4	5
13	The management makes efforts to understand and support the individual aspirations of the employees	1	2	3	4	5
14	The management considers employees as having different needs, abilities, and aspirations from others	1	2	3	4	5
15	The management always assist employees to develop their strengths through teaching and coaching	1	2	3	4	5
16	I always try to find out what employees want and pays personal attention to their needs	1	2	3	4	5
	Transactional Leadership	1	2	3	4	5
	Contingent reward	1	2	3	4	5
17	I always inform the subordinates what to do to receive rewards	1	2	3	4	5
18	The management always negotiates with employees about rewards after work has been accomplished	1	2	3	4	5
19	My organization has a clear system of rewarding employees	1	2	3	4	5
20	The management acknowledges and appreciates good work	1	2	3	4	5
	Punishment	1	2	3	4	5
21	The organization uses punishment to reinforce expected behaviour	1	2	3	4	5
22	The management focuses on employees mistakes	1	2	3	4	5
23	The management usually react to problems if they are serious	1	2	3	4	5
24	I usually step in to enforce rules even if they are not liked	1	2	3	4	5
	Management by exception (Active)	1	2	3	4	5
25	I am always proactive in the organization operations	1	2	3	4	5
26	The management encourages employees to take initiatives	1	2	3	4	5
27	I actively monitor the work progress and intervene to avoid underperformance	1	2	3	4	5

1= Strongly Disagree (SD); 2 = Disagree (D); 3 = Uncertain (U); 4 Agree (A); 5 = Strongly Agree (SA)

28	In my role, I frequently review and provide feedback to ensure that tasks are being performed as required	1	2	3	4	5
	Management by exception (Passive)	1	2	3	4	5
29	The management only monitors work progress and intervene on when the performance standards are not met	1	2	3	4	5
30	The policy of the organization is to wait to intervene in work processes only if problems become apparent	1	2	3	4	5
31	The management only asks employees to do what is absolutely essential	1	2	3	4	5
32	The management allows employees to take initiatives without encouraging them to do so	1	2	3	4	5

SECTION C: Organizational Performance

Kindly indicate the extent to which you agree with the following statements about organizational performance in your parastatal using the key; (1-Strongly Disagree, 2- Disagree 3- Neutral, 4- Agree, 5-Strongly Agree

	Organizational Performance	1	2	3	4	5
38	All stakeholders are satisfied with their roles in the organization	1	2	3	4	5
39	High level of productivity is maintained in my organization	1	2	3	4	5
40	In my organization feedback is regularly used to make informed improvements in our service delivery and operational processes	1	2	3	4	5
41	In my organization there are measures to ensure accountability	1	2	3	4	5
42	My organization uses the least amount of resources to consistently achieves its objectives, demonstrating high operational efficiency	1	2	3	4	5
43	My organization provides quality services that meet citizens' needs	1	2	3	4	5
44	Quality deliverables are achieved at the end of the project cycle	1	2	3	4	5
45	Stakeholders in my organization express high levels of satisfaction with our services and operations	1	2	3	4	5
46	The operations in my organization are undertaken efficiently	1	2	3	4	5
47	The projects are completed to the satisfaction of shareholders	1	2	3	4	5
48	The projects outcomes benefit all the interested parties	1	2	3	4	5
49	The quality of services provided in my organization meets the established standards and expectations	1	2	3	4	5
50	There is a continuous improvement of quality of services offered	1	2	3	4	5
51	There is prudent management of resources in my organization	1	2	3	4	5

THANK YOU

Appendix III: List of Parastatals in Uasin Gishu County, Kenya

No.	Organizations
1	Kerio Valley Development Authority (KVDA)
2	Water Resources Management Authority
3	Anti-Counterfeit Authority
4	National Industrial Training Authority (NITA)
5	National Construction Authority
6	National Environment and Management Authority
7	Kenya National Highways Authority (KENHA)
8	Kenya Urban Roads Authority (KURA)
9	Kenya Rural Roads Authority (KERRA)
10	Kenya Revenue Authority (KRA)
11	University of Eldoret (UOE)
12	Moi University
13	Kenya Pipeline Corporation
14	Kenya Cooperative Creameries
15	Kenya Power and Lighting Company
16	Moi Teaching and Referral Hospital
17	Kenya Medical Training Institute
18	National Construction Authority
19	National Cereals and Produce Board
20	National Health Insurance Fund
21	Ethics and Anti-Corruption Commission
22	Kenya Bureau of Statistics
23	Kenya Wildlife Service
24	Kenya Forest Service
25	Child Welfare Society of Kenya
26	Independent Electoral and Boundaries Commission (IEBC)
27	Agricultural Finance Corporation (AFC)
28	National Bank of Kenya
29	Central Bank of Kenya
30	Kenya Post Office
31	Kenya Railways Authority

Appendix IV: Letter of Introduction to NACOSTI

EGERTON

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254-51-2217631
Dir. line/Fax: 254-51-2217847
Cell Phone



UNIVERSITY

P.O. Box 536 - 20115
Egerton, Njoro, Kenya
Email: bpgs@egerton.ac.ke
www.egerton.ac.ke

OFFICE OF THE DIRECTOR, GRADUATE SCHOOL

CM11/62582/14
Ref:.....

21st May, 2024
Date:.....

The Director General
National Commission for Science Technology and Innovation,
P. O. Box 30623-00100
NAIROBI.

Dear Sir,

**RE: REQUEST FOR RESEARCH PERMIT – MS. CHRISTINE
JEPYEGON RONO REG. NO. CM11/62582/14**

This is to introduce and confirm to you that the above named student is in the Department of Business Administration, Faculty of Commerce, Egerton University.

She is a bona-fide registered M.B.A. student in this University. Her research topic is **“Strategic Leadership and Organizational Performance of Parastatals in Uasin Gishu County, Kenya.”**.

She is at the stage of collecting field data. Please issue her with a research permit to enable her undertake the studies.

Your kind assistance to her will be highly appreciated.

Yours faithfully,

Prof. George M. Ogendi, Ph.D
DIRECTOR, DIRECTORATE OF POSTGRADUATE STUDIES



GMO/mm

“Transforming Lives Through Quality Education”

Appendix V: Research Permit from NACOSTI

 REPUBLIC OF KENYA	 NATIONAL COMMISSION FOR SCIENCE, TECHNOLOGY & INNOVATION
Ref No: 275053	Date of Issue: 05/June/2024
RESEARCH LICENSE	
	
This is to Certify that Ms.. Christine Jepyegon Ronoh of Egerton University, has been licensed to conduct research as per the provision of the Science, Technology and Innovation Act, 2013 (Rev.2014) in Uasin-Gishu on the topic: STRATEGIC LEADERSHIP AND ORGANIZATIONAL PERFORMANCE OF PARASTATALS IN UASIN GISHU COUNTY, KENYA for the period ending : 05/June/2025.	
License No: NACOSTI/P/24/36526	
275053 Applicant Identification Number	 Director General NATIONAL COMMISSION FOR SCIENCE, TECHNOLOGY & INNOVATION
Verification QR Code	
	
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See overleaf for conditions	

Appendix VI: Publication

International Journal of Latest Research in Humanities and Social Science (IJLRHSS)
Volume 08 - Issue 10, 2025
www.ijlrhss.com || PP. 63-71

Transformational Leadership and Organizational Performance of Parastatals in Uasin Gishu County, Kenya

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Abstract: Transformational leadership is a major determinant of organizational success. Organizational leaders have adopted transformational leadership in order to inspire and motivate followers to achieve greater organizational outcomes through idealized influence, inspirational motivation, intellectual stimulation and individual consideration. This is especially the case in parastatals that are operating in a challenging socioeconomic environment such as Kenya. By adopting the transformational leadership it is expected that the parastatals may enhance efficiency, productivity, service quality and stakeholder satisfaction. In spite of the adoption of a variety of leadership styles including transformational leadership, parastatals still appear to be struggling in achieving their performance goals. Therefore, the objective of the paper was to determine the effect of transformational leadership on organizational performance of parastatals in Uasin Gishu County, Kenya. The paper was anchored on the upper echelon theory and embraced the explanatory research design. Data was analyzed using means and standard deviation and the hypothesis tested using simple regression analysis. The paper concludes that transformational leadership significantly affects the organizational performance of the parastatals in Uasin Gishu County. However, the paper was based on a cross sectional approach and considered only parastatals, making the findings cautiously generalizable to private organizations or public organizations in other sectors of the economy. The paper recommends that the management of parastatals should embrace the various components of the transformational leadership such as idealized influence, inspirational motivation, intellectual stimulation and individual consideration to enhance organizational performance of the parastatals. Finally, the results of the study provide insights to policy makers, practitioners and academia.

Keywords: Organizational performance, Uasin Gishu County, Parastatals, Transformational Leadership
