IMPACT OF TRANSACTIONAL LEADERSHIP ON PERFORMANCE OF PRIVATE UNIVERSITIES IN KENYA

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ABSTRACT

Private universities are undergoing through tough times due to reduced number of students, financial crisis, poor academic programs and general management crisis. The manner in which the vice chancellors dispense with their authority has to a great extent affected the performance of lecturers which has great effect to the performance of these universities. Therefore, this study sought to find out the effect of transactional leadership style on the performance of in private universities in Kenya. Descriptive research design was used as a method of study. The study used primary data collected by use of structured questionnaires. Data obtained was cleaned, coded and entries made into Statistical package for social sciences. Descriptive and inferential analysis was conducted for quantitative data. Mean and standard deviations were also used as measures of central tendencies and dispersion respectively. Results were presented in form of tables and charts. The study found that transactional leadership had a significant and positive influence on performance of private universities in Kenya. The study further established that the perceived supervision support had insignificant moderating effect on the relationship between transactional leadership and performance of private universities in Kenya. The study concluded that as a result of transactional leadership, performance of private universities in Kenya was enhanced. The study recommended that the private universities which face performance challenges should uphold transactional leadership as an aspect of integrative leadership so as to steer their performance.

Key Words: Leadership, Transactional Leadership, Integrative Leadership, Private Universities, Chattered Universities.
1.0 INTRODUCTION

1.1 Background to the Study

In an era of volatile economic environment, emerging economies should be able to develop its human resources as a source of competitive advantage (Shin, Heath & Lee, 2011). In order to develop and enhance workforce capabilities and to successfully compete in the 21st Century, organizations have to embark on future oriented human resources strategies. It could be argued that the individual competencies of the workforce in any organization under robust leadership would determine its overall success (Uhl-Bien & Marion, 2011). This success, among other things, may be attributed to the socio-behavioral characteristics and adjustments this leadership has to make in their job-role and position-power to gain common ground in any organizational setting (Yukl, 2011).

As such, in order for the organizations to remain focused and competitive in the global business, there is need for alignment of leadership with various changes which affect the core objectives and the mission of organization’s existence (Zhu, Sosik, Riggio & Yang, 2012). These changes most often affect employee’s ability to perform their roles and functions positively or negatively dependent on the leadership approach by the person steering the organization (Houglum, 2012). The dynamic systems that control the heartbeat of organizations performance gravitates around the systems that the leadership of an organization has put in place to motivate and inform organizational performance positively (Duin, 2010).

Transactional leadership is comprised of two fundamental dimensions, contingent rewards, and management by-exceptions, whole transformational leadership is comprised of four central components, charisma, and inspiration, individualized, consideration and intellectual stimulation, contingent rewards take place when the leader and follower have mutual understanding of the rewards or sanctions for performance or non-performance (Glynn & DeJordy, 2010). The emphasis is on completing tasks that have been agreed upon based on previous expectation. In management –by- exception, however, the leader takes action only when deviation from plans is evident (Wood, 2014).
According to Piccolo and Colguitt (2013), transactional leadership, also known as Managerial leadership, focuses on the role of supervision, organization, and group performance, transactional leadership is a style of leadership in which the leader promotes compliance of his followers through both rewards and punishments. Transformational leadership is not keen as futile but interested in paying attention to followers ‘work in order to find faults and deviations. This type of leadership is effective in crisis and emergency situations, as well as when projects needs to be carried out in specific fashion (Odumeru & Ifeanyi, 2013).

Private Universities in Kenya are established under both the Universities Rules, 1989 which details the Establishment of Universities, the Standardization processes and procedures, accreditation as well as Supervision and the Universities Act 1985 (CAP 210B). Private universities in the country operate under two main categories, those with a full charter or those operating under an interim charter awaiting full charter. Private universities in Kenya offer both undergraduate and postgraduate programs with different programmes including certificates, diplomas and degrees. With 19 currently registered in Kenya, private universities in the country, attributable to a host of other factors, the growing demand for university education and consequently a strain on public universities to handle the subsequent demand. Being profit making entities, fees in private universities are accordingly charged in conformity to market forces on the grounds of full cost recovery (Boit and Koskei, 2015).

1.2 Statement of the Problem

The intensified competition for student enrolment among private universities internationally as well as the Kenyan context has pushed the institutions into becoming more customer focused and resorting to strategies that will enhance their positions within the market and improve market share (McNamara, 2014; Ng’ongah, 2012).

In the wake of this competition, and in order not to compromise on the quality of education thereof, university leadership among private universities has been considered, in international studies, as key in translating this competition into enhanced organizational performance underscored by such desirable competitive practices as the recruitment of high caliber teaching staff, improving student facilities and overall infrastructure as well as providing cutting-edge technology and teaching aids (Research Universities Futures Consortium, 2012; Davenport, 2013; Kaczynski, 2013). With the
increasing growth in the number of private universities in Kenya, it is imperative to establish the role played by leadership among these universities in checking performances thereof, in view of the stiff competition for student enrolment.

1.3 Objectives of the Study

i. To examine the influence of transactional leadership on performance of chartered private universities in Kenya

ii. To determine the moderating effect of perceived supervision support on the relationship between transactional leadership and performance of chartered private Universities in Kenya

1.4 Research Hypotheses

H$_{a1}$: Transactional leadership has a significant effect on performance of chartered private universities in Kenya

H$_{a2}$: Perceived supervision support has a significant moderating effect on the relationship between transactional leadership and performance of chartered private Universities in Kenya

2.0 LITERATURE REVIEW

2.1 Theoretical Foundation

2.1.1 The Motivational Model

The motivational model states that increasing the level of participation in decision making may increase performance through increased motivation (Sashkin, 1976). Previous scholars suggest that participative behavior of superiors have an important role in providing subordinates with the experience of intrinsic motivation, feelings of self-worth and a sense of self-determination (Deci et al., 1989). This type of leadership behaviour promotes a feeling of “psychological ownership” of subordinates (Sashkin, 1976); increase subordinates’ feelings of believing in themselves and control, and reduce their sense of powerlessness (Arnold et al., 2000). Other scholars suggest that participative leader-ship behaviour may promote the feeling of empowerment among subordinates (Ahearne et al., 2005; Leach et al., 2003). The theory was employed in studying how when the university staff are involved in administrative
decision making with implications on their welfare as well as in taking part in intrinsically motivating work, they may discover that the performance of their work is more benefiting, and consequently, they are motivated to put more effort to achieve their work objectives.

2.1.2 Organizational Effectiveness (OE) Theory

Organizational effectiveness (OE) has been one of the most extensively researched issues since the early development of organizational theory (Rojas 2010). Organizational theory has spawned a rich body of literature that has had a major influence on management accounting studies (Hopper and Powell 2009). Performance measurement models have moved from a cybernetic view whereby performance measurement was based mainly on financial measures and considered as a component of the planning and control cycle to a holistic view based on multiple nonfinancial measures where performance measurement acts as an independent process included in a broader set of activities. As such, in the present study, the theory was used in understanding how the various universities have performed across the years as well as how much of the performance can be attributed to integrative leadership thereof.

2.2 Conceptual Framework

![Conceptual Framework](image-url)

Figure 2.1: Conceptual Framework
2.3 Empirical Review

According to Realawam et al. (2015) transactional leadership is based on the exchange process where the leader administers rewards and sanctions. One way or another, the leader and follower agree, explicitly or duplicity that desired follower behaviors will be rewarded, while undesirable behaviors will draw out pediments, potential rewards include an increase in salary, promotions, and more benefits. Bryman (2012) initially had pointed out that, transactional leadership model, is not satisfactory for most of the situations. Indeed, one could say that transactional leadership behaviors do not even qualify for the true leadership label. According to Boxall and Bartram (2011) transactional leadership approach is based on exchange, the leadership does not seek to motivate followers beyond the level that is required to avoid punishment or gains extrinsic reward.

Garev (2012) contends that, transactional leadership cannot be labelled as a true leadership model, based on the fact that, it is an exchange transaction between the leader and follower. Such that the leadership does not seek to motivate followers beyond the level that is required to avoid punishment or gain extrinsic rewards. Waldman et al. (2011) support that to maximize their effectiveness; leaders should exhibit both transformational and transactional behaviors and not one in isolation.

2.4 Research Gaps

It is evident from the foregoing literature that a vast majority of studies have been conducted internationally in developed economies while regional and Kenyan literature remains scanty. It is also noted from the literature that no study has been conducted on integrative leadership and organizational performance among private universities in Kenya. Overall, the studies carried out on transactional leadership are not conclusive as they focus mainly on one or two dimensions of integrative leadership. In view of the above illuminated gaps, this study will attempt to investigate the effect of integrative leadership style on organizational performance in private Universities in Kenya.
3.0 RESEARCH METHODOLOGY

3.1 Research Design
This study used a descriptive research design. According to Dawson (2002) the purpose of a research design is to set out a description of, and justification for, the chosen methodology and research methods. The ultimate objective of descriptive research study is to accurately portray characteristics of persons, situations, or groups, and/or the frequency with which certain phenomena occur. This research sought to present facts as they are and therefore descriptive research design that is confirmatory in nature was deemed most appropriate.

3.2 Target Population
The study targeted the teaching staff from all the seventeen (17) chartered private universities as enlisted by CUE. The commission is established under the Universities Act, No. 42 of 2012, as the successor to the Commission for Higher Education and is the Government agency mandated to regulate university education in Kenya. With an anticipated large target population, the study however narrowed down the scope to the universities that have been chartered for 10 years and above.

3.3 Sample Size and Sampling Design
Owing to the anticipated large number of employees, the study employed the Fisher et al. (1983) formula for determining sample size in large population. This is as shown below:

\[ n = \frac{Z^2pq}{d^2} \]

Therefore \( n = \frac{1.96^2 \times 0.5 \times 0.5}{0.05^2} = 384 \)

The study thus reached a total of 384 employees proportionately distributed across the selected universities.

This gave a sample size of 384 employees which can be adjusted when population is less than 10,000 using the following relationship (Neuman, 2012).

\[ nf = \frac{n}{1 + \frac{(n-1)}{N}} \]

\[ nf = 384/1+(384/2453) = 331.89 \]

\[ = 332 \]
3.4 Data Collection Instruments
The study used primary data which was largely quantitative and descriptive in nature. The questionnaire was designed to solicit the data on constructs pertinent to establishing the interrelationship between the independent and dependent study variables. The study employed structured questionnaire with close-ended questions. This helped guide respondents’ answers within the choices given to ensure they stay in focus with the study objectives.

3.5 Data Collection Procedures
At the data collection stage, in order to reach the 384 respondents from across the selected private universities in Kenya at the required timeframe, the study utilized a total of 10 research assistants to aid in the exercise. The questionnaires were distributed on a drop and pick basis whereby the researcher administered the questionnaires to respective respondents who were allowed time to respond after which the duly filled questionnaires were collected.

3.6 Data Analysis and Presentation
After data collection, the data obtained from the field was filled-in and returned questionnaires was edited for completeness, coded and entries made into Statistical package for social sciences (SPSS version 24). Qualitative data was analyzed by content analysis while quantitative both descriptive and inferential analysis was conducted for quantitative data. Mean and standard deviations were used as measures of central tendencies and dispersion respectively. The purpose of conducting descriptive statistics was to reduce, summarize data and analyze items and constructs. This provided insights into the characteristics of the samples. Descriptive statistics provided a basis for inferential statistics using correlation and multiple regressions.

4.0 RESEARCH FINDINGS

4.1 Response Rate
The study surveyed 332 respondents from 7 private universities in Kenya using a structured questionnaire. A total of 271 questionnaires were filled and returned for analysis. This implied a response rate of 81.6%. On the other hand, 61 questionnaires were not returned, returned while not fully filled or returned completely blank. This represented a non-response rate of 18.4%.
4.2 Descriptive Analysis of the Study Variables

4.2.1 Transactional Leadership

The first objective of the study was to determine the influence of transactional leadership on the employee performance among private universities in Kenya. The respondents were asked specific questions based on the measures of the variable which were; active management by exception, passive management by exception and contingent reward. Likert’s scale questions were used by asking the respondents to indicate their level of agreement or disagreement. The findings are as shown in table 4.1.

The findings go hand in hand with the argument by Piccolo and Colguitt (2013) that a transactional leader ought to embrace managerial leadership qualities by not only influencing followership but also effectively supervising to ensure that there is conformity with the set guidelines and procedures. However, the findings do not harmonize with those by Boxall and Bartram (2011) that transactional leaders formulate expectations and are keen to ensure that the followers strictly adhere to the guidelines towards achieving those expectations. The findings moreover reaps support from the motivational model whereby it is depicted that transactional leaders focus on motivating the employees to the point where it equalizes with their contribution and effort towards attaining the organizational goals (Sashkin, 1976; Ahearne et al., 2005).

Table 4.1: Transactional Leadership

<table>
<thead>
<tr>
<th>Statement</th>
<th>Mean</th>
<th>Std. Dev.</th>
</tr>
</thead>
<tbody>
<tr>
<td>I am aware of the link between the effort and reward</td>
<td>3.93</td>
<td>0.91</td>
</tr>
<tr>
<td>I motivate followers by setting goals and promising rewards for desired performance</td>
<td>4.13</td>
<td>0.76</td>
</tr>
<tr>
<td>I believe leadership depends on the leader’s power to reinforce subordinates for their successful completion of the bargain</td>
<td>3.79</td>
<td>0.94</td>
</tr>
<tr>
<td>I often use technical knowledge to determine the change process</td>
<td>3.48</td>
<td>1.05</td>
</tr>
<tr>
<td>To realize achievement I offer support</td>
<td>3.71</td>
<td>0.99</td>
</tr>
<tr>
<td>I pay special attention to the breaking of rules and deviation of set standards</td>
<td>3.94</td>
<td>0.98</td>
</tr>
</tbody>
</table>
4.2.2 Perceived Supervision Support

The study sought to find out the moderating role of perceived supervision support on the impact of transactional leadership style on performance of private universities in Kenya. Five-points Likert’s scale was used to identify the respondent’s views on the variables whereby specific statements were formulated based on the specific measures of perceived supervision which were; management active concern, management support and management assurance. The findings are as shown in table 4.2.

The findings concur with those by Tansuhaj, Randall and McCullough (2011) who found that large organizations in the modern business market ought to focus on closer supervision of the employees through which the employees become more cautious and their productivity increases as well. According to Lewin and Minton (2014), effective supervision of the employees by the senior management enables the flow of command to be as effective so as to enhance the employee productivity at the end of the day.

Table 4.2: Perceived Supervision Support

<table>
<thead>
<tr>
<th>Statement</th>
<th>Mean</th>
<th>Std. Dev.</th>
</tr>
</thead>
<tbody>
<tr>
<td>There is a clear connection between supervision and Professional development in my institution</td>
<td>4.06</td>
<td>0.79</td>
</tr>
<tr>
<td>Supervision aligns with the institution’s goals and other professional-learning activities</td>
<td>2.64</td>
<td>1.08</td>
</tr>
<tr>
<td>Supervision focuses on core content and modelling of teaching strategies for the content</td>
<td>3.10</td>
<td>0.94</td>
</tr>
<tr>
<td>Supervision includes opportunities for active learning of new teaching strategies</td>
<td>3.41</td>
<td>0.99</td>
</tr>
<tr>
<td>Supervision provides the chance for the staff to collaborate</td>
<td>3.47</td>
<td>0.96</td>
</tr>
<tr>
<td>Supervision includes follow-up and continuous feedback which is effective in growth process</td>
<td>3.45</td>
<td>0.97</td>
</tr>
<tr>
<td>Supervision is grounded in day-to-day administrative and teaching practice, and is designed to enhance staff’s instructional practices around content</td>
<td>3.86</td>
<td>0.93</td>
</tr>
<tr>
<td>Supervision is integrated into the workday, and part of a continuous improvement cycle in my institution</td>
<td>3.91</td>
<td>0.87</td>
</tr>
<tr>
<td>Supervision is directly connected to learning and application in daily practice</td>
<td>4.01</td>
<td>0.76</td>
</tr>
</tbody>
</table>
4.2.3 Organizational Performance
The study sought to find out the current situation of the universities as far as their organizational performance is concerned. The main measures of organizational focused on in the study were academic ranking, employee turnover, number of branches as well as enrolment rate of the students.

Employee Turnover

The findings imply that the employee turnover at the universities focused on in the study has been increasing systematically for a period of five years and indication that the performance of the universities could be declining. According to Hopper and Powell (2009), employees are most likely to leave an organization when they realize that the performance is declining hence they are not assured of their job security.

![Employee Turnover](image)

**Figure 4.1: Employee Turnover**

Number of Branches (Campuses)
The study sought to find out the number of new branches and/or campuses opened by the universities in a period of five years prior to the study period. According to Elenkov (2012), a well performing organization has a high flow of customers thus it is forced to have other branches to take the services/products closer to the customers. In the same, a good performing university would open new campuses to meet the growing number of students.
4.3 Inferential Analysis of the Study Variables

4.3.1 Transactional Leadership

*Ha*ₐ: *Transaction*al leadership model has a significant effect on organizational performance in chartered private universities in Kenya

To know about the impact of the transactional leadership on performance of private universities in Kenya, multiple regression using the following model was adopted:

\[ Y = \alpha + \beta_1 TS_1 + \varepsilon \]

The model summary as shown in table 4.3 below revealed that the R-value is 0.714. Therefore, R-value (.856) for the transactional leadership suggested that there is a strong effect of the independent variable on performance of private universities in Kenya. It can also observed that the coefficient of determination, the R-square (R²) value is 0.732, which represents 73.2% variation of the dependent variable (organizational performance), which is due to the change in independent variable (transactional leadership).
Table 4.3: Model Summary for Transactional Leadership

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>.856(^a)</td>
<td>.732</td>
<td>.731</td>
<td>.42901</td>
</tr>
</tbody>
</table>

a. Predictors: (Constant), Transactional Leadership

From the ANOVA results on transactional leadership and organizational performance as shown in table 4.4, it is evident that an F statistic of 405.259 was observed which indicated that the model was significant. This was supported by a P-value of (0.000). The reported P-value of (0.000) is less than the conventional P-value of (0.05) thus implying that model applied can significantly predict the change in the organizational performance of private universities in Kenya as a result of transactional leadership. The study, therefore, accepted the alternative hypothesis \( H_{A2} \) at 95% confidence interval, meaning there was a significant relationship between transactional leadership and organizational performance of private universities in Kenya.

Table 4.4: ANOVA for Transactional Leadership

<table>
<thead>
<tr>
<th>Model</th>
<th>Sum of Squares</th>
<th>df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Regression</td>
<td>135.349</td>
<td>1</td>
<td>135.349</td>
<td>735.397</td>
</tr>
<tr>
<td></td>
<td>Residual</td>
<td>49.509</td>
<td>269</td>
<td>.184</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>184.858</td>
<td>270</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

a. Dependent Variable: Performance of Private Universities

b. Predictors: (Constant), Transactional Leadership

The coefficients for transactional leadership and organizational performance are as shown in table 4.5. From the coefficients, the new model now becomes \( Y_{ij} = 0.664 + 0.799TS_{ij} + e_{ij} \). This implies that at a p-value of 0.000, a unit increase in transactional leadership results to 79.9% increase in the organizational performance of the private universities in Kenya. The alternative hypothesis is
thereby accepted and the inculcation made that transactional leadership has a positive and significant effect on organizational performance of chattered private universities in Kenya.

Table 4.5: Regression Coefficients for Transactional Leadership

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
</tr>
<tr>
<td>(Constant)</td>
<td>.664</td>
<td>.111</td>
</tr>
<tr>
<td>Transactional Leadership</td>
<td>.799</td>
<td>.029</td>
</tr>
</tbody>
</table>

a. Dependent Variable: Performance of Private Universities

4.3.2 Moderating Effect of Perceived Supervision Support

The study sought to find out the moderating effect of the perceived supervision support on the relationship between transactional leadership and organizational performance among private universities in Kenya. The results as shown in table 4.6 revealed that perceived supervision support has no significant moderating effect on the organizational performance of private universities in Kenya. This is evidenced by the P-value of 0.613 which is way above the standard p-value of 0.05. This is also revealed by the t-value of 0.924 which is less than the t-critical value of 1.96 at a 95% confidence level. The results thereby satisfies the verdict to fail to accept the alternative hypothesis that perceived supervision support has a significant moderating effect on the relationship between integrated leadership and organizational performance of private universities in Kenya.

Table 4.6: Regression Coefficients (Moderated Model)

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
</tr>
<tr>
<td>(Constant)</td>
<td>3.702</td>
<td>.057</td>
</tr>
<tr>
<td>Transactional_Moderator</td>
<td>-.195</td>
<td>.084</td>
</tr>
</tbody>
</table>

a. Dependent Variable: Performance of Private Universities
CONCLUSION

The main aim of the study was to assess the effect of Transactional leadership on organisational performance of private universities in Kenya. From the findings, the study concluded that transactional leadership is a critical aspect in ensuring and promoting performance of private universities in Kenya. The study concluded that most of the universities considered rewarding as a mere form of appreciating the employees while the management of the institutions upheld the concept of management by exception whereby the management actively gets involved in supervision aspects to steer performance.

RECOMMENDATION

The management of the private universities should create an environment where employees run any projects as if they are their own so as to enhance accountability. As transactional leaders, the managers at the universities should embrace adopting and seeking employees’ input and ideas so long as they are bound to the interests of the firm out of which diversity and innovativeness is embraced.

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