INFLUENCE OF TRANSFORMATIONAL LEADERSHIP STYLE ON PERFORMANCE OF FIRMS IN THE TELECOMUNICATION INDUSTRY IN KENYA

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ABSTRACT

Due to stiff competition and failure to gain enough profitable subscribers, some companies such as yu Mobile owned by Indian Essar Telecom exited the Kenyan mobile phone market in 2014 while France’s Orange, which had 70% stake in Telkom Kenya, exited for failure to turn profit in the seven years it operated in the Kenyan market. There was hence a need to establish the influence of transformational leadership style on performance of firms in the telecommunication industry in Kenya. The specific objectives of the study were idealized influence, inspirational motivation, intellectual stimulation and individualized consideration. A descriptive research design was adopted for this study. The target population comprised of a census on all the 179 telecommunication firms. Structured questionnaires were used by the study. The findings revealed that all the study variables had a positive and significant influence on performance of the firms. The study recommends that in order for the firms in the telecommunication industry to improve their performance, there is a need to enhance idealized influence practices such as leaders in the enterprise having high ethical and moral conduct; the business embracing ethical behaviour among its workers, employees embracing visionary leadership, company leaders having visionary attributes like brevity and Clarity, owner-manager’s risk perception and their attitude towards risk management influencing the adequacy of the enterprise’s risk management. The study recommends that there is a need for the firms in the telecommunication industry to enhance their inspired motivation practices such as shared vision between leaders and the employees in the company, having leaders that create clear understanding of expectations and demonstrate high commitment to the company’s goals, having optimistic and enthusiastic talks from the leaders in the company, the company rewarding loyalty and commitment and also having a well-established reward strategy and systems in order to have a significant improvement in performance of telecommunication firms in Kenya.

Key Words: Idealized influence, Inspirational motivation, Intellectual stimulation, Individualized consideration, Transformational leadership
Introduction

Leadership is the capability to inspire confidence and support among an organization’s people who are needed to achieve organizational goals (Kim & Maubouregne, 2012). Transformational leadership behaviour represent the most effective leadership style and principal contributors for the realization of organization performance. Performance is defined as the accomplishment of specified business objectives measured against known standards, completeness and cost. Transformational leadership is characterized by the presence of leadership qualities contained in appropriate transformational abilities of leaders and in certain attributes which are assumptions for the use of leaders’ skills and for successful performance of leadership roles. Bass and Avolio (2009) presented a classification of skills of transformational leaders in what is known as the "Four I's" model. The four I’s include the idealized influence, inspirational motivation, intellectual stimulation and individualized consideration. The “Four I's” model forms the basis of this study.

The idealized influence represents the ability of building confidence in the leader and appreciating the leader by the followers, which forms the basis for accepting radical change in the organization. Abeysekera (2011) argued that idealized influence behavior improves performance of a firm. Leaders with idealized influence are honored, appreciated, trusted, the followers admire them, and they identify with them and try to imitate them which results to high job satisfaction which is equivalent to improved organization performance. Inspirational motivation is the ability of transformational leadership, to inspire and motivate people to adopt the appropriate behavior. According to Ayub and Rafif (2011), inspirational motivation positively influence performance of firms. Transformational leaders should behave in such a way, which motivates and inspires people. Such behavior includes implicitly showing enthusiasm and optimism, stimulating team work, pointing out positive results, advantages, emphasizing aims and stimulating followers. This would translate to better organization performance.

Transformational leadership behaviour of the top management can have a strong impact on the innovativeness and the performance of the firm. Most studies about the relationship between leadership and performance show a stronger relationship between transformational leadership and performance. Skilled transformational managers have the ability to support and educate employees, while challenging them to stretch themselves in order to do their jobs. By their own behavior, such transformational managers offer an imitation model and help encourage the employees in their efforts to promote aims and goals performance (Matzler et al., 2008).

Statement of the Problem

Competition in the telecommunications industry has been intense since the deregulation of the telecommunications industry in Kenya. According to the Communications Authority (2016), due to stiff competition and failure to gain enough profitable subscribers, yu Mobile owned by Indian Essar Telecom exited the Kenyan mobile phone market in 2014. Also, France’s Orange, which had 70% stake in Telkom Kenya, exited for failure to turn profit in the seven years it operated in the Kenyan market (Communications Authority, 2016). Safaricom, which controlled more than 70% market share in terms of both subscriber numbers and mobile voice traffic, saw its market share slightly drop due to increased competition.
Various factors have been linked to this fluctuation in performance. However, leadership of affirm has been termed as a key determinant of performance. Abeysekera (2011) argued that transformational leadership has been linked to a contribution of up to 14% of the performance of firms in Nigeria while Yasin et al., (2014) established that transformational leadership has been linked to a contribution of up to 24% of the firm performance. This places emphasis on investigation of transformational leadership as a key determinant of the performance of firms, specifically in the telecommunication industry in Kenya since their performance has been shaky.

Much focus can be put in investigating whether the management of these companies exercise transformational leadership style since scholars such as Baker and Rose (2009) argue that transformational leadership behaviour represents the most effective leadership style and principal contributors for the realization of organization performance. The transformational leadership practices have also been linked to an improvement in performance. Abeysekera (2011) argued that idealized influence behavior improves performance of a firm, Kelchner (2013) linked inspirational motivation to positive performance of firms and Yasin et al. (2014) argued that intellectual stimulation may be used as tool for the development of innovations and higher performance. Generally, Yang (2008) argued that transformational leadership behaviour of the top management can have a strong impact on the innovativeness and the performance of the firm. It is hence timely to find out whether transformational leadership has an influence on performance of the firms in the telecommunication industry in Kenya.

This study is also motivated by the existing contextual knowledge gaps in the previous studies. Contextual knowledge gaps have been shown in past studies that have linked transformational leadership to performance in contexts outside Kenya. Studies such as Abeysekera (2011) focused on the attribute of idealized influence on the behavior of a salesperson in the Banking sector in Sri Lanka, Yasin et al., (2014) focused on the relationship between intellectual stimulation, innovations and SME performance in Pakistan and Long et al., (2014) focused on the relationship between individualized consideration and employee job satisfaction in USA. Contextual knowledge gaps have also been indicated by the previous studies which have focused on Kenya but on a different context other than telecommunication industry. For instance, Kirui, Irawo and Kanali (2015) focused on the role of transformational leadership in effective organizational performance in state-owned banks in rift valley, Kenya. It is evident that although, there has been an increase in literature on leadership and organizational performance, most of them are either foreign based or have focused on other sectors other than the telecommunication industry hence a need to carry out this study.

**Objectives of the study**

i. To establish the influence of idealized influence on the performance of firms in the telecommunication industry in Kenya

ii. To establish the influence of inspired motivation on the performance of firms in the telecommunication industry in Kenya

iii. To establish the influence of intellectual stimulation on the performance of firms in the telecommunication industry in Kenya

iv. To establish the influence of individualized consideration on the performance of firms in the telecommunication industry in Kenya
Literature Review

Theoretical Framework

Theory of Transformational Leadership
The theory was proposed by Bass (1985) to explain the psychological mechanisms that underlie transforming and transactional leadership. Transformational leadership is a charismatic leadership which transforms idealization into practical actions. It is that which occurs when one or more persons engage with others in such a way that leaders and followers raise one another to higher levels of motivation and morality.

Bass (1985) proposed that there are four factors that determine the behavioral components of transformational leadership: charisma/inspiration, intellectual stimulation, idealized influence and individualized consideration. According to Bass (2006) the attributes of transformational leadership include idealized influence that is based on the behavioral traits of a leader. This behaviour of a leader will promote his followers commitment in order to tap their full potential. Inspirational motivation attribute of leaders is the ability of a leader to gain followers confidence through communication of his expectations, vision and values. Another attribute is the intellectual stimulation which refers to the ability of a leader to stimulate his followers to be more curious and creative in thinking and problem solving. Intellectual stimulation is creating an enabling environment for innovation, creativity and continuous learning. Lastly, individualized consideration is where the leader acts as a mentor or coach by providing support for the individual needs and development for employees (Ejimofor, 2007).

The theory is relevant to the study as it forms the basis of this study. The attributes of transformational leadership form the basis of this study. The theory presents four characteristics of a transformational leader as charisma/inspiration, intellectual stimulation, idealized influence and individualized consideration which when practiced, are expected to lead to an improvement in performance of the employees and finally the organization.

Behavioral theories of leadership
Stogdill (1948) proposed the theory which has evolved beyond trait theory to focus on the leaders’ behaviours rather than on their traits. The behavioral theory concentrates more on explaining and predicting human behaviors in terms of creating effective leaders and satisfied employees. Researchers of behavioral theory believe that by identifying the specific behaviors successful leaders use, we can develop effective leaders. The approach aims to concentrate on leadership situation, in terms of behavioral styles, to give more emphases on work and employees. By stressing on work and employees, this approach argues that a leader can be effective in facilitating employees’ satisfaction and organizational performance. Under the classification of behavioral theories, various studies that have specifically attempted to outline a leader’s behavior can be identified. A leader with consideration behavior interacts with employees in a way that enhances trust, friendship, and warmth between them (Bass & Bass, 2008).

The theory is relevant to the study as it highlights the importance of a leader having various characteristics which can finally lead to performance improvement. The behaviour of a leader such as charisma/inspiration is argued to create a conducive environment at the workplace as well as trust between employees that enable them to perform. The theory links to inspirational motivation as an independent variable.
Situational Contingency Leadership theory

The theory was developed by Fred E. Fiedler in 1967 and published his book "A Theory of Leadership Effectiveness". The Situational Contingency Leadership theories posited that effective leadership varies or is influenced by situational factors. In this context, leaders need to consider the situational or contingency factors and match their leadership styles to influence leadership effectiveness (Muenjohn, Armstrong & Francis, 2010). For a leader to be effective there must be an appropriate fit between the leader’s behavior and the conditions of the situation. Researchers consider the contextual and situational variables that influence what leadership behaviors will be effective.

The main idea is pairing up the leaders' style with the situations most appropriate for their successes. A people-oriented leader is concerned with employees' needs and desires, whereas a task-oriented leader is primarily concerned with task accomplishment. A task-oriented leader prepares clear directions and sets job standards. The situational leadership model views leaders as varying their emphasis on task and relationship behaviors to best deal with different levels of follower maturity. Skilled leaders should be able to determine the needs of their followers and adjust their approaches according to the changing situation in which they work (Ralph, 2005).

The theory is relevant to the study in bringing a link between leadership style, situations and performance of an organization. According to the theory, leadership style alone is not enough to lead to effectiveness. There is a need for a leader to analyze situations well before making decisions. The theory can therefore link to intellectual stimulation since the practice provides a platform for the employees to be innovative but before application of the practice, a leader needs to analyze the abilities of the employees.

Shareholder Wealth Maximization Theory

The shareholder wealth maximization (SWM) theory states that the immediate operating goal and the ultimate purpose of an organization is and should be to maximize return on equity capital (Windsor & Boatright, 2010). Shareholder wealth maximization focuses on the motives and behaviors of financial stakeholders. The thesis of separation of ownership and control (Berle & Means 1932) posits that principals (or shareowners) employ agents (or management) who must have some reasonable discretion (like the business judgment rule and better leadership qualities).

According to this theory, managers provide the most efficient governance structure for normal day-to-day business operations which then leads to maximization of the shareholders wealth (profits). In fact, this stance is incorporated into most corporate law regimes (Berle & Means, 1932). The relevance of the theory to this study lies in its link of the management characteristics to performance of a firm. The theory argues that when shareholders (investors) normally hire management who have desired characteristics in management such as better leadership skills so as to be able to realize an improvement in returns.
Conceptual Framework

**Idealized Influence**
- Encouragement of good communication network
- Encouraging spirit of trust
- Encouraging knowledge sharing

**Inspired Motivation**
- Better remuneration structures
- Equal promotion opportunities
- Rewarding loyalty and commitment

**Intellectual Stimulation**
- Investment in research
- Encouraging organizational learning
- Investment in employee development

**Individualized Consideration**
- Encouraging team orientation
- Employee involvement
- Employee mentorship

**Performance of Telecommunication firms**
- Profitability
- Sales Turnover
- Market Share

**Idealized Influence and SME Performance**
Idealized influence at its core represents the highest levels of moral reasoning and perspective-taking capacity. Such leaders are willing to sacrifice their own gain for the good of their work group, organization, and community (Conger, 2014). They set high standards for work conduct and are a role model for those standards. They build trust in people because those who work with them know they are committed to the common good and their sacrifices along the way evidence the consistency of their actions with their values. Transformational leaders in applying idealized influence can see the good in others first and when it is not obvious they work to bring it out through continuous endeavor (Avolio, 2005). This study will consider various attributes of idealized influence which include ethical policy, vision articulation and risk management policy.
Hellriegel et al. (2008) describe ethics as the code of moral principles and values that direct the behaviour of an individual or a group in terms of what is right or wrong. Ethics affects both individuals and business organizations. At business level, ethics relates to the principles of conduct within organizations that guide decision making and behaviour. Business ethics are the standards used to judge the rightness or wrongness of a business’ relations to others. Visionary leadership can vary in the leader’s style, the content of the leader’s vision, and the context in which it takes root. Thus, in investigating any relationships between leader vision and organizational performance, it is essential to consider the visionary tools that the leader employs, rather than a possibly unrelated theoretical definition. Baum et al.'s (2008) approach of adopting what individual leaders regard as a vision offers a pragmatic way around the definitional confusion in the vision literature.

**Inspirational motivation**

Inspirational motivation is the ability of transformational leadership, to inspire and motivate people to adopt the appropriate behavior (Bass & Avolio, 2009). In the conditions when transformational change is being conducted in an organization, the leader has the task of clearly and continuously stimulating others to follow a new idea. Transformational leaders should, therefore, behave in such a way, which motivates and inspires people. Such behavior includes implicitly showing enthusiasm and optimism, stimulating team work, pointing out positive results, advantages, emphasizing aims and stimulating followers.

Transformational leader who practice inspirational motivation encourage subordinate in generating enthusiasm and challenging people. These leaders create clear understanding of expectations and demonstrate high commitment to organizational goals and shared vision (Bass & Riggio, 2006). Transformational leaders behave in ways that motivate and inspire people around them by providing meaning and challenge to their followers’ work. Team spirit is aroused. Leaders get followers involved in envisioning attractive future states; they create clearly communicated expectations that followers want to meet and also demonstrate commitment to goals and the shared vision (Stewart, 2006). The key indicators of inspirational motivation are setting organizational vision, communicating this vision, challenging workers, giving continuous encouragement, and applying the principles of shared power.

**Intellectual Stimulation and SME Performance**

Intellectual stimulation is the degree to which leaders encourage their followers to be innovative and creative. Through intellectual stimulation, transformational leaders encourage followers to question their own beliefs, assumptions, and values, and, when appropriate, those of the leader, which may be outdated or inappropriate for solving current problems. Transformational leaders stimulate permanent reexamination of the existent assumptions, stimulate change in the way of thinking about problems, and plead the use of analogy and metaphor. By constantly searching for new knowledge, transformational leaders constantly teach, illustrate, but also promote and get new and creative ideas for solving problems from all organizational members (Bass & Avolio, 2009). Innovation and creativity is in the heart of intellectual simulation factor. Leaders, who motivate creativity and challenge the old ways of doing as part of their regular job are exercising intellectually stimulate part of transformational leadership. These leaders cultivate the same skills in their workers. “Intellectually stimulating leaders work through difficulties, and use their problem solving techniques for reaching decisions that reflect a mutual consensus between leaders and employees” (Ahanger, 2009).
According Ahanger, (2009) transformational leaders who use intellectual simulation can challenge the status quo and stimulate their followers’ effort to be innovative. Followers are positively encouraged to try new approaches. The ideas of subordinates are not undermined even when they reflect different stands. Rather a bottoms-up type of influence is generated with two way communication. Both leaders and followers develop their own capabilities to recognize, understand and eventually solve future problems. This study will particularly review critical thinking, problem solving and creativity as the elements that explain intellectual stimulation among SMEs.

**Individualized Consideration**

Individualized consideration is the inclusion of people into the transformation process of an organization. These arise the need to diagnose their wishes, needs, values and abilities in the right way. This type of activity leads to higher levels of trust in the leader. So, besides a global picture, a transformational leader must know what motivates any of his team members individually. Human wishes and needs are different. Some want certainty, some want excitement and change; some prefer money, and some free time. The leader, who is aware of the difference needs and wishes of people, has an opportunity to use all those different demands in the right way (Conger, 2014).

By their behavior, transformational leaders demonstrate acceptance of individual differences and assign the tasks in accordance with their personal affinities. Following the progress in performing the individual tasks, a leader gets a picture of regularity (or irregularity) of his own action of individualized consideration (Bass & Avolio, 2009). Individualized consideration constitutes developing followers through coaching, mentoring and teaching are the central indicator of the factor. Individualized consideration is the first factor of transformational leadership style.

The individualized consideration leader demonstrates high concern for their followers, treats them as individuals, and gets to know well about them and listens to both their concerns and ideas (Kirkbride, 2006). Individualized consideration deals with fundamental transformational leadership behaviour of treating individuals as important contributors to the organization. Leaders who use this style of leadership give due consideration for their employee needs and coach them to bring sustainable. In sum, a leader who gives personal attention to subordinates, reflect the behaviour of treating each employee as an individual and initiate an interest in the long-term development of each employee (Hoffman & Frofst, 2006).

**Performance**

Performance is a widely used concept in many areas. Usually, performance is a measure of how well a mechanism/process achieves its purpose. Performance as a measure of how well a company can use its assets from its primary mode of business and generate revenues. The goal of any organization is not only to survive, but also to sustain its existence by improving performance. In order to meet the needs of the highly competitive markets, organizations must continually increase performance (Arslam & Staub, 2013).

The performance is the result of strategies the company employs to achieve market-oriented and financial goals (Harash *et al.*, 2014). The findings of many studies have not managed to provide a common definition to indicate or ascertain performance. Goal approach can be used as a composite measure of firm performance. The goal approach measures performance using financial (objective) and non-financial measures (subjective) measures. According to these literatures financial measures of performance can be referred to as the results of a company’s
operations in monetary terms. Financial measures of performance are derived from the accounts of a company or can be found in the company’s profit and loss statement or the balance sheet.

Research Methodology
The study will adopt a descriptive research design. The target population for this study comprised of all the 179 telecommunications firms licensed by communications Authority of Kenya (2017). The unit of analysis was therefore the 179 telecommunications firms while the unit of observation was head of operations from each firm. The study conducted a census on all 179 firms. The respondents were therefore all the 179 operation managers from the firms. The study made use of primary data collected through questionnaire. The study collected quantitative data through close-ended questions measured on a five point likert scale. Various statistical analytical approaches were used namely; descriptive and inferential statistics. Descriptive analysis involved frequencies in their absolute and relative forms (percentage). Mean and standard deviations were also used as measures of central tendencies and dispersion respectively. The inferential analysis used was correlation and regression analysis. Equation below shows the linear regression model of the independent variables against the dependent variable.

\[ Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \epsilon \]

Where: \( Y \) is the dependent variable (Performance of firms in the Telecommunication industry), \( X_1 \) is Idealized influence, \( X_2 \) is Inspirational Motivation, \( X_3 \) is Intellectual Stimulation, \( X_4 \) is Individualized consideration, \( \beta_0 \) is the regression constant or intercept, \( \beta_1, \beta_2, \beta_3, \text{and} \beta_4 \) are the unknown parameters (regression coefficients) and \( \epsilon \) is the error term. The analyzed data was presented in form of tables, graphs and charts to enhance easier interpretation and understanding of the research findings.

Results
A total of 97 filled questionnaires were returned out of the 179 that were distributed yielding a 61% percent response rate.

Respondents Demographic Information

Table 1 Respondent Demographic Information

<table>
<thead>
<tr>
<th>Demographic Characteristic</th>
<th>Category</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Respondent level of education</td>
<td>College</td>
<td>42%</td>
</tr>
<tr>
<td></td>
<td>University</td>
<td>58%</td>
</tr>
<tr>
<td>Respondents Work Experience</td>
<td>Below 2 years</td>
<td>23%</td>
</tr>
<tr>
<td></td>
<td>3-5 years</td>
<td>67%</td>
</tr>
<tr>
<td></td>
<td>More than 5 years</td>
<td>10%</td>
</tr>
</tbody>
</table>

Descriptive results

Idealized Influence

The first objective of the study was to establish the influence of idealized influence on the performance of firms in the telecommunication industry in Kenya. It was established that respondents agreed that leaders in their enterprise have high ethical and moral conduct; the business is embracing ethical behaviour among its workers and that the management encourages spirit of trust (mean 3.93, 4.62 and 4.78 respectively). It was also shown that the respondents moderately agreed that the management encourages knowledge sharing and that there is encouragement of good communication network by the management (mean 3.41 and 3.27
respectively). On average, it was revealed that the respondents agreed that idealized influence practices are practiced in their firms (mean 4.00).

Table 2 Idealized Influence

<table>
<thead>
<tr>
<th>Statement</th>
<th>Mean</th>
<th>Std Dev</th>
</tr>
</thead>
<tbody>
<tr>
<td>Leaders in our enterprise have high ethical and moral conduct.</td>
<td>3.93</td>
<td>0.98</td>
</tr>
<tr>
<td>The business is embracing ethical behaviour among its workers.</td>
<td>4.62</td>
<td>0.79</td>
</tr>
<tr>
<td>The management encourages spirit of trust</td>
<td>4.78</td>
<td>0.41</td>
</tr>
<tr>
<td>The management encourages knowledge sharing</td>
<td>3.41</td>
<td>1.08</td>
</tr>
<tr>
<td>There is encouragement of good communication network by the management</td>
<td>3.27</td>
<td>1.19</td>
</tr>
<tr>
<td><strong>Average</strong></td>
<td><strong>4.00</strong></td>
<td><strong>0.89</strong></td>
</tr>
</tbody>
</table>

**Inspired Motivation**

The second objective of the study was to establish the influence of inspired motivation on the performance of firms in the telecommunication industry in Kenya. The findings showed that majority of the respondents agreed that the organization has better remuneration structures, there is equal promotion opportunities in the company, there is optimistic and enthusiastic talks from the leaders in the company, their company rewards loyalty and commitment and also has well-established reward strategy and systems (mean 3.86, 3.57, 3.86, 3.69 and 3.66 respectively). On average, the findings revealed that majority of the respondents agreed that inspired motivation is practiced in their firms (mean 3.79).

Table 3 Inspired Motivation

<table>
<thead>
<tr>
<th>Statement</th>
<th>Mean</th>
<th>Std Dev</th>
</tr>
</thead>
<tbody>
<tr>
<td>The organization has better remuneration structures</td>
<td>3.86</td>
<td>1.06</td>
</tr>
<tr>
<td>There is equal promotion opportunities in the company</td>
<td>3.57</td>
<td>1.29</td>
</tr>
<tr>
<td>There is optimistic and enthusiastic talks from the leaders in the company</td>
<td>3.86</td>
<td>1.22</td>
</tr>
<tr>
<td>The company rewards loyalty and commitment</td>
<td>3.69</td>
<td>1.35</td>
</tr>
<tr>
<td>The company has a well-established reward strategy and systems</td>
<td>3.66</td>
<td>1.21</td>
</tr>
<tr>
<td><strong>Average</strong></td>
<td><strong>3.79</strong></td>
<td><strong>1.24</strong></td>
</tr>
</tbody>
</table>
Intellectual Stimulation

The third objective of the study was to establish the influence of intellectual stimulation on the performance of firms in the telecommunication industry in Kenya. The findings revealed that majority of the respondents, on average, agreed that the company has invested in research, the management encourages organizational learning among employees and that the company has invested in employee development (mean 3.54, 3.74 and 4.19 respectively). It was also shown that on average, there was a moderate agreement on the statements that leaders in the company use problem solving skills to identify the root cause of the problems and rectify them and that the company leadership encourages employees to increase their conceptualization, comprehension, and analytical capability to problem solving (mean 3.38 and 3.49 respectively). On average, it was shown that intellectual stimulation is being practiced by firms in the telecommunication sector in Kenya (mean, 3.67).

Table 4 Intellectual Stimulation

<table>
<thead>
<tr>
<th>Statement</th>
<th>Mean</th>
<th>Std Dev</th>
</tr>
</thead>
<tbody>
<tr>
<td>The company has invested in research</td>
<td>3.54</td>
<td>1.39</td>
</tr>
<tr>
<td>The management encourages organizational learning among employees</td>
<td>3.74</td>
<td>1.39</td>
</tr>
<tr>
<td>The company has invested in employee development</td>
<td>4.19</td>
<td>1.13</td>
</tr>
<tr>
<td>Leaders in the company use problem solving skills to identify the root cause of the problems and rectify them</td>
<td>3.38</td>
<td>1.20</td>
</tr>
<tr>
<td>The company leadership encourages employees to increase their conceptualization, comprehension, and analytical capability to problem solving</td>
<td>3.49</td>
<td>1.38</td>
</tr>
</tbody>
</table>

Individualized Consideration

The fourth objective of the study was to establish the influence of individualized consideration on the performance of firms in the telecommunication industry in Kenya. The study findings revealed that majority of the respondents, on average, agreed that the management encourages team orientation and manage firm politics and culture (mean 3.58 and 4.05 respectively). Furthermore, the respondents moderately agreed that the company leadership values employee’s individual efforts, the management involves employees in its decision making and that the company management encourages personal attention to employees who look neglected and lonely (Mean = 3.46, 3.30 and 3.46 ) respectively. On average, it was revealed that individualized consideration was practiced in the telecommunication firms in Kenya (Average Mean = 3.57).
Table 5 Individualized Consideration

<table>
<thead>
<tr>
<th>Statement</th>
<th>Mean</th>
<th>Std Dev</th>
</tr>
</thead>
<tbody>
<tr>
<td>The management encourages team orientation</td>
<td>3.58</td>
<td>1.33</td>
</tr>
<tr>
<td>The company leadership values employee’s individual efforts.</td>
<td>3.46</td>
<td>1.53</td>
</tr>
<tr>
<td>There is existence of a mentorship policy to help build relationships and manage firm politics and culture</td>
<td>4.05</td>
<td>1.36</td>
</tr>
<tr>
<td>The management involves employees in its decision making</td>
<td>3.30</td>
<td>1.40</td>
</tr>
<tr>
<td>The company management encourages personal attention to employees who look neglected and lonely.</td>
<td>3.46</td>
<td>1.11</td>
</tr>
<tr>
<td><strong>Average</strong></td>
<td>3.57</td>
<td>1.35</td>
</tr>
</tbody>
</table>

Performance of Telecommunication Firms

The study sought to establish the sales turnover of the firms on a range of below 25 million to above 75 million every year for the last five years. The findings revealed that the changes between the years has been inconsistent between the four scales. The firms that have recorded above 75 million as sales turnover were few. On the other hand, there was a fluctuation in the sales turnover which indicates a high competition in the industry.

Table 6 Sales Turnover

<table>
<thead>
<tr>
<th>Year</th>
<th>Below 25 Million</th>
<th>Between 26 and 50 Million</th>
<th>Between 51 and 75 Million</th>
<th>Above 75 Million</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>23%</td>
<td>25%</td>
<td>41%</td>
<td>11%</td>
</tr>
<tr>
<td>2014</td>
<td>26%</td>
<td>22%</td>
<td>45%</td>
<td>7%</td>
</tr>
<tr>
<td>2015</td>
<td>25%</td>
<td>29%</td>
<td>42%</td>
<td>4%</td>
</tr>
<tr>
<td>2016</td>
<td>27%</td>
<td>23%</td>
<td>45%</td>
<td>5%</td>
</tr>
<tr>
<td>2017</td>
<td>23%</td>
<td>26%</td>
<td>43%</td>
<td>8%</td>
</tr>
</tbody>
</table>

The study further sought to establish the profits of the firms over the last five years. The findings revealed that, just like the sales turnover, the changes between the years have been inconsistent between the four scales.
Table 7 Profitability

<table>
<thead>
<tr>
<th>Year</th>
<th>Below 25 Million</th>
<th>Between 26 and 50 Million</th>
<th>Between 51 and 75 Million</th>
<th>Above 75 Million</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>20%</td>
<td>27%</td>
<td>38%</td>
<td>15%</td>
</tr>
<tr>
<td>2014</td>
<td>23%</td>
<td>20%</td>
<td>42%</td>
<td>15%</td>
</tr>
<tr>
<td>2015</td>
<td>22%</td>
<td>26%</td>
<td>40%</td>
<td>12%</td>
</tr>
<tr>
<td>2016</td>
<td>30%</td>
<td>19%</td>
<td>42%</td>
<td>9%</td>
</tr>
<tr>
<td>2017</td>
<td>19%</td>
<td>27%</td>
<td>38%</td>
<td>16%</td>
</tr>
</tbody>
</table>

Correlation results

The study findings revealed that there is a positive and significant relationship between idealised influence and performance of telecommunication firms in Kenya (Pearson correlation = .571, Sig = 0.000). This shows that an improvement in idealised influence practices leads to an improvement in performance of telecommunication firms in Kenya. The study findings further revealed that there is a positive and significant relationship between inspired motivation and performance of telecommunication firms in Kenya (Pearson correlation = .334, Sig = 0.004). This shows that an improvement in inspired motivation practices leads to an improvement in performance of telecommunication firms in Kenya.

The study findings revealed that there is a positive and significant relationship between intellectual stimulation and performance of telecommunication firms in Kenya (Pearson correlation = .358, Sig = 0.005). This shows that an improvement in intellectual stimulation practices leads to an improvement in performance of telecommunication firms in Kenya. It was also established that there is a positive and significant relationship between individualised consideration and performance of telecommunication firms in Kenya (Pearson correlation = .204, Sig = 0.008). This shows that an improvement in intellectual stimulation practices leads to an improvement in performance of telecommunication firms in Kenya.

Table 8 Correlation Analysis

<table>
<thead>
<tr>
<th></th>
<th>Idealised Influence</th>
<th>Inspired Motivation</th>
<th>Intellectual Stimulation</th>
<th>Individualised Consideration</th>
<th>Performance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Idealised Influence</td>
<td>Pearson Correlation</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sig. (2-tailed)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Inspired Motivation</td>
<td>Pearson Correlation</td>
<td>-0.062</td>
<td>1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sig. (2-tailed)</td>
<td></td>
<td>0.601</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Intellectual Stimulation</td>
<td>Pearson Correlation</td>
<td>.256*</td>
<td>-0.215</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>Sig. (2-tailed)</td>
<td></td>
<td>0.028</td>
<td>0.066</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Individualised Consideration</td>
<td>Pearson Correlation</td>
<td>0.197</td>
<td>-0.121</td>
<td>.358**</td>
<td>1</td>
</tr>
<tr>
<td>Sig. (2-tailed)</td>
<td></td>
<td>0.092</td>
<td>0.303</td>
<td>0.002</td>
<td></td>
</tr>
<tr>
<td>Performance</td>
<td>Pearson Correlation</td>
<td>.571**</td>
<td>.334**</td>
<td>.326**</td>
<td>0.204**</td>
</tr>
</tbody>
</table>
**Regression Analysis**

The coefficient of determination explains the percentage of variation in the dependent variable (performance) that is explained by all the four independent variables (Idealised Influence, Inspired Motivation, Intellectual Stimulation and Individualised Consideration). The coefficient of determination was 0.538. This means that the combined effect of the four predictor variables (Idealised Influence, Inspired Motivation, Intellectual Stimulation and Individualised Consideration) explains 53.8% of the variation in performance of the telecommunication firms. This therefore means that other factors not studied in this research contribute 46.2% of the variation in performance of the telecommunication firms.

**Table 9 Model Summary**

<table>
<thead>
<tr>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>.733</td>
<td>0.538</td>
<td>0.511</td>
<td>0.2912</td>
</tr>
</tbody>
</table>

The F value of 20.085 is significant at a significance value of 0.000 which is less than 0.05 at 5% level of significance. This shows that the overall model was significant. This shows that Idealised Influence, Inspired Motivation, Intellectual Stimulation and Individualised were statistically significant in explaining performance of telecommunication firms.

**Table 10 Analysis of Variance (Overall Model Significance)**

<table>
<thead>
<tr>
<th>Sum of Squares</th>
<th>df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regression</td>
<td>6.814</td>
<td>4</td>
<td>1.704</td>
<td>20.085</td>
</tr>
<tr>
<td>Residual</td>
<td>5.852</td>
<td>92</td>
<td>0.085</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>12.666</td>
<td>96</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

The regression results in Table 4.12 indicated that idealised influence positively and significantly affect performance of telecommunication firms in Kenya (B = 0.429, Sig = 0.000). This reveals that when idealised influence practices increase by 1 unit, performance of telecommunication firms increase by 0.429 units. The regression results also indicated inspired motivation positively and significantly affect performance of telecommunication firms in Kenya (B = 0.217, Sig = 0.000). This reveals that when inspired motivation practices increase by 1 unit, performance of telecommunication firms increase by 0.217 units. It was also established that intellectual stimulation positively and significantly affect performance of telecommunication firms in Kenya (B = 0.125, Sig = 0.005). This reveals that when intellectual stimulation practices increase by 1 unit, performance of telecommunication firm’s increase by 0.125 units.

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*Correlation is significant at the 0.05 level (2-tailed).

**Correlation is significant at the 0.01 level (2-tailed).
Lastly, the influence of individualised consideration on performance of telecommunication firms in Kenya was positive and significant ($B = 0.118$, $Sig = 0.007$). This reveals that when individualised consideration practices increase by 1 unit, performance of telecommunication firms increase by 0.125 units.

**Table 11 Model Coefficients**

<table>
<thead>
<tr>
<th>Predictor Variable</th>
<th>Beta</th>
<th>Std. Error</th>
<th>t</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Constant)</td>
<td>1.154</td>
<td>0.487</td>
<td>2.37</td>
<td>0.021</td>
</tr>
<tr>
<td>Idealised Influence</td>
<td>0.429</td>
<td>0.071</td>
<td>6.077</td>
<td>0.000</td>
</tr>
<tr>
<td>Inspired Motivation</td>
<td>0.217</td>
<td>0.042</td>
<td>5.130</td>
<td>0.000</td>
</tr>
<tr>
<td>Intellectual Stimulation</td>
<td>0.125</td>
<td>0.043</td>
<td>2.914</td>
<td>0.005</td>
</tr>
<tr>
<td>Individualised Consideration</td>
<td>0.118</td>
<td>0.048</td>
<td>2.464</td>
<td>0.007</td>
</tr>
</tbody>
</table>

The optimal model was hence

Performance of telecommunication Firms = **1.154 + 0.429** (Idealised Influence) + **0.217** (Inspired Motivation) + **0.125** (Intellectual Stimulation) + **0.118** (Individualised Consideration)

**Conclusions**

It was concluded that an increase in idealised influence practices such as leaders in the enterprise having high ethical and moral conduct; the business embracing ethical behaviour among its workers, employees embracing visionary leadership, company leaders having visionary attributes like brevity and Clarity, owner-manager’s risk perception and their attitude towards risk management influencing the adequacy of the enterprise’s risk management leads to a significant improvement in performance of telecommunication firms in Kenya.

The findings also led to the conclusion that when there is an increase in inspired motivation practices such as shared vision between leaders and the employees in the company, having leaders that create clear understanding of expectations and demonstrate high commitment to the company’s goals, having optimistic and enthusiastic talks from the leaders in the company, the company rewarding loyalty and commitment and also having a well-established reward strategy and systems leads to a significant improvement in performance of telecommunication firms in Kenya.

The study also recommends that when a company enhances its intellectual stimulation practices such as encouraging employees to critically think and question their own beliefs, assumptions, and values, encouraging employees to be innovative and creative, having critical thinking that is purposeful, reasoned and goal directed as well as using problem solving skills to identify the root cause of the problems and rectify them and also the company leadership encouraging employees to increase their conceptualization, comprehension, and analytical capability to problem solving leads to an increase in performance of the firms. It was also concluded that an increase in individualized consideration practices such as existence of a mentorship policy to help maximize the potential and skills of employees and mentorship policy to help build relationships,
managing firm politics and culture, the company leadership valuing employee’s individual efforts, the management leadership providing rewards and acknowledgement of effort by employees and that the company management encouraging personal attention to employees who look neglected and lonely leads to an increase in performance.

**Recommendations of the study**

In order for the firms in the telecommunication industry to improve their performance, there is a need to enhance idealized influence practices such as leaders in the enterprise having high ethical and moral conduct; the business embracing ethical behaviour among its workers, employees embracing visionary leadership, company leaders having visionary attributes like brevity and Clarity, owner-manager’s risk perception and their attitude towards risk management influencing the adequacy of the enterprise's risk management.

The study recommends that there is a need for the firms in the telecommunication industry to enhance their inspired motivation practices such as shared vision between leaders and the employees in the company, having leaders that create clear understanding of expectations and demonstrate high commitment to the company’s goals, having optimistic and enthusiastic talks from the leaders in the company, the company rewarding loyalty and commitment and also having a well-established reward strategy and systems in order to have a significant improvement in performance of telecommunication firms in Kenya.

There is also a need to improve the intellectual stimulation practices such as encouraging employees to critically think and question their own beliefs, assumptions, and values, encouraging employees to be innovative and creative, having critical thinking that is purposeful, reasoned and goal directed as well as using problem solving skills to identify the root cause of the problems and rectify them and also the company leadership encouraging employees to increase their conceptualization, comprehension, and analytical capability to problem solving by the firms in order to have a significant increase in their performance.

Firms in the telecommunication industry needs to improve their individualized consideration practices such as existence of a mentorship policy to help maximize the potential and skills of employees and mentorship policy to help build relationships, managing firm politics and culture, the company leadership valuing employee’s individual efforts, the management leadership providing rewards and acknowledgement of effort by employees and that the company management encouraging personal attention to employees who look neglected and lonely so as to have a significant increase in performance.

**Acknowledgement**

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References


