

EFFECTS OF STRATEGIC LEADERSHIP ON PERFORMANCE OF PUBLIC SECTOR IN KENYA: A CASE OF A SAMPLE OF PUBLIC ORGANIZATIONS

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Abstract: In order to understand the significant role of strategic leadership in the public institutions in Kenya, this study seeks to determine the effect of strategic leadership on performance of the public sector in Kenya. This study used descriptive research design..A sample size of 185 respondents was selected through stratified random sampling. The study utilized primary data which was collected through the use of structured questionnaires comprising of both open and closed questionnaires. The questionnaires were self-administered by the use of research assistants. Data was analyzed using statistical package for social sciences software (SPSS) version 20.0. Data was analyzed mainly by use of descriptive and inferential statistics. Descriptive statistics included frequencies, percentages, mean and standard deviation. Inferential statistical techniques like correlation and regression coefficients were used to draw a causal relationship between the various strategic leadership models and the performance. The data was then presented in form of tables, graphs and charts. This study concluded that idealized influence had a significant strong positive contribution to the organizational performance. The study further concluded that inspirational motivation has a significant and a positive influence on performance of public sector in Kenya. The study also concluded that intellectual stimulation had significant and a positive influence on performance of public sector in Kenya. Finally, the study concluded that individualized consideration had a significant and positive influence on performance of public sector in Kenya. The study recommends that leaders in the public sector should be good role model to their juniors to enhance performance of public sector in Kenya. The study further recommends, that to survive in the highly competitive business environment coupled with rapid technological changes there is need for public sector to enhance strategic leadership actions by aligning rewards and financial incentives to performance goals, innovation or creativity. The study also recommends that strategic leaders should consider developing human capital to enhance the public sector organizational performance in Kenya.Finally, the study recommends that public sector should train and enlighten their leadership and management on the importance of delegation of duties, especially in the timely implementation of project activities, which would translate to the timely completion of projects and delivery of benefits to the target beneficiaries.

Keywords: Leadership, Transformational leadership, Intellectual stimulation and Inspirational motivation.

1. INTRODUCTION

The challenges of coping with today's uncertain business environment have put many organizations on their toes to struggle for survival in the heat of competition. The driver of such strategic move towards surviving the competition is the leadership provided by managers who are expected to influence others in achieving organizational goals and also boost employee's performance. Shafie, Baghersalimi and Barghi(2013) explains the importance of strategic leadership in organizations and especially on human beings who are apparently the biggest asset of any firm. The main drivers of organizations are usually employees they give life to the organizations and provide goals (Shafie et al., 2013). It is very paramount to provide workers with direction and psychological satisfaction to get the best from them, this direction can

only come from effective leaders. In fact, the strategic form of leadership is very critical for all organizations in realizing their set objectives. Since leadership is a key factor for improving the performance of many if not all organizations and the success or failure of an organization depends on the effectiveness of strategic thinking leadership at all levels.

Statement of the problem:

Strategic leadership has been widely identified as one of the main contributors of organizational performance, which has a critical part in leading and up scaling the tone, speed, and style of strategy implementation. Effective strategic leadership activities aid organizations to effectively use strategic management processes which conclude in competitiveness and high returns (Hitt et al. 2007). William (2002) states that performance of firms is gauged in terms of output and result, profits, the firm's structures and processes, attitude of staff, and how the firm reacts to the environment. The owners and the providers of the resources to a firm are always keen on the performance of a firm. It is through performance that resource owners are able to assess whether to continue investing in the firm or not. This underscores the significance of performance in a firm's continued survival (Elmi and Mohamed, 2013)

A key area for corruption-busting reform is the public sector. When compared to similar economies, Kenya has an over-abundance of public organizations many of which are a drain on public resources; more to the point, they have been the locus of corruption that thrives in public monopolies, especially when coupled with lax oversight, management and fiduciary control procedures (Ngambi, 2011). Public sector is the vehicle for illegal and corrupt transactions, not to mention mismanagement. Furthermore, many complaints are received from the public's about the quality and timeliness of services provided by the public organizations As part of its effort to improve service delivery and enhance staff capacity, public sector has invested much on staff training and development but its leadership' public service delivery does not meet the expectations of the public (Carter & Greer, 2013).

Several related studies have been conducted locally and internationally on the area of strategic leadership. However; many of these studies have focused on private sector and other organization as opposed to public sector and have not analyzed all the indicators of performance. Additionally the past studies have gathered mixed and inconclusive results recommending for further studied to be undertaken. Serfontein (2010) performed a study the impact of strategic leadership on the operational strategy and performance of business organizations in South Africa. Serfontein (2010) did a research on the impact of strategic leadership on the operational strategy. Miring'u (2011) did an analysis of the effect of corporate governance on performance of commercial SCs in Kenya. Mwaniki (2010) did a study on the impact of Performance Contracting on the performance of commercial State Owned Enterprises. Nthini, (2011) researched on the, effect of strategic leadership on performance of commercial and financial state corporations in Kenya.

Lack of strategic leadership practices studies hurts the public organizations as well as their constituents, because most failures in these organizations will less likely be detected if there are no studies investigating the correlation between strategic leadership and organizational performance in this context. The scanty and to some extent inconclusive literature on the subject is not sufficient to interpret what takes place in the public sector when it comes to organizational performance. However, the available studies were found to have focused on private organizations leaving a gap on strategic leadership practices' application in public sector. It is against this background, that this current research sought to address the problem of organizational performance of public organizations from the context of strategic leadership. Therefore, this study seeks to determine the effect of strategic leadership on performance of the public sector in Kenya

Objectives:

- i. To establish the effect of idealized influence on performance of public sector in Kenya
- ii. To determine the effect of inspirational motivation on performance of public sector in Kenya
- iii. To establish the effect of intellectual stimulation on performance of public sector in Kenya
- iv. To determine the effect of individualized consideration on performance of public sector in Kenya

2. THEORETICAL REVIEW

Strategic leadership theory:

Strategic leadership theory is "concerned with the leadership of organizations and is marked by a concern for the evolution of the organization as a whole, including its changing aims and capabilities" (Selznick, 1984). According to Kirmi and Minja (2010), strategic leaders shape the formation of strategic intent and strategic mission and influences successful strategic actions for the formulation of strategies and implementation of strategies which yields strategic

competitiveness above average returns. Carter and Greer (2013) wonder how a strategic leader affects organizational performance! Further Ireland and Hitt (1999) observed that strategic leaders create meaning and purpose for the organization with a powerful vision and mission. It is evident from literature that organizations are set up to achieve certain strategic goals. It is the leader who has the capability to influence organizational members to contribute effectively towards the accomplishment of pre-determined goals and objectives (Obiwuru, Okwu, Akpa, & Nwankwere, 2011)

Transformational Leadership Theory:

According to Torpman (2004), transformational leadership is a form of new thinking in leadership theory and practices. It moves away from using the 'stick and carrot' to get the job done. Chen (2004) defined transformational leadership culture as one of family, purpose, and mutual respect. Subordinates are challenged to extend themselves beyond their comfort zone. With a transformational leader, achieving long-lasting goals instead of short-term ones becomes a motivating factor (Stashevsky, & Koslowsky, 2006). Transformational leaders seek to transform the organization to an environment that perpetuates the greater good over individual interests. Employees are empowered to participate in the decision-making process, as well as serve as champions for the vision. Challenging the status quo becomes a regular occurrence for the transformational leader. A key element in a transformed atmosphere is creativity (Bromley & Kirschner-Bromlye, 2007). The leader takes on a personal commitment to help develop the workforce and foster a culture of creative change and growth rather than one which maintains the status quo.

Trait Leadership Theory:

According to Bhatia (2009), trait theory postulates that there are sets of traits and characteristics that are associated with successful leaders. The prominent traits for successful leaders include physical traits, social traits and social characteristics, and task-related characteristics which are inborn and enable a leader to be successful. Empirical studies supporting trait theory have found evidence that there are traits that contribute to an organization's effectiveness and performance (Northouse, 2013). The list of leader traits, however, is huge and continues to grow as leaders emerge. Despite numerous studies on the diversity of leadership traits, certain criticisms have been leveled out on the trait leadership theory (Northouse, 2013).

Upper Echelon Leadership Theory:

The origin of upper echelon theory is traced to the research of Hambrick and Mason in 1984. According to the proponents of this theory, leaders' personal characteristics are reflected in the decisions they take in organizations. This theory was founded on the premise that organizational outcomes were directly influenced by the knowledge, experience, and expertise of the strategic leaders (Hambrick & Mason, 1984). The knowledge, experience, and skills are essential predictors of strategic leadership practice and organizational performance. Hambrick and Mason (1984) argued that organizations are a reflection of their strategic leaders. Above all, a number of scholars have proposed that strategic leaders play an instrumental role in realizing organizational performance (Henderson, Miller, & Hambrick, 2006).

3. CONCEPTUAL FRAMEWORK

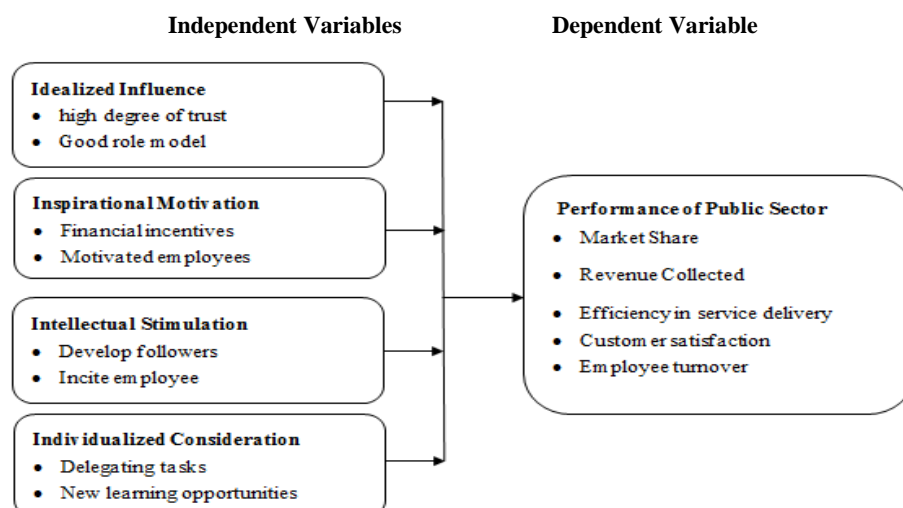


Figure 1: Conceptual framework

Research gaps:

Although most researches have explored the relationship between leadership and organizational performance (Howell & Avolio, 1993; Pillai & Williams, 2004), few studies have been done on the effects of strategic leadership on organizational performance. According to Saboe et al, (2015) past researches on transformational leadership have also been predominantly on overall transformational leadership rather than its dimensions. Most leadership studies in a wide variety of organizations have also examined the impact of transformational leaders on subjects in a variety of settings including corporations, schools and military units (Conger & Kanungo, 1998; House & Aditya, 1997; Podsakoff, McKenzie & Bommer, 1996). However no known study that has been conducted on strategic leadership on organizational performance in the public corporations and also that has focused on the dimensions of strategic leadership. This study intends to bridge this gap by analyzing the four dimensions of transformational or strategic leadership on organizational performance in NSSF.

4. RESEARCH METHODOLOGY

The research design used in this study was descriptive research design. The target population of the study comprised of a sample of 5 public organizations that included: Kenya Pipeline, Kengen, Kenya power, KETRACO and NSSF. The study focused on 2170 staff stratified into the top, middle management and lower level staff/junior staff. The study used a sample of 150 respondents. The researcher used questionnaires as research instruments to collect data to study. The statistical Package for Social Sciences (SPSS) was used for data analysis purpose.

Model:

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

Where:

Y = Organization performance

X_1 = Idealized Influence

X_2 = Inspirational Motivation

X_3 = Intellectual Stimulation

X_4 = Individualized Consideration

β_i = 1...4 measure of the sensitivity of the dependent variable (Y) to unit change in the predictor variables X_1 , X_2 , X_3 and X_4 and B_0 = the Y intercept

e = the error term which is assumed to be normally distributed with mean zero and constant variance.

5. RESULTS AND DISCUSSION**Regression Results:****Table 1: Significance of Independent Variables**

Variables	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
(Constant)	2.625	.545		4.785	.000
idealized influence	.850	.200	.665	4.810	.000
inspirational motivation	.765	.242	.445	1.708	.000
intellectual stimulation	.575	.155	.370	1.671	.001
individualized consideration	.480	.160	.355	2.086	.002

The results in Table 1 indicate that idealized influence significantly and positively influenced performance of public sector in Kenya ($\beta = 0.810$; $t = 4.810$; $p < 0.05$). This indicates that high degree of trust as well as good role model is a significant contributor in improving the organizational performance of public sector in Kenya. According to the findings, idealized influence had a significant strong positive contribution to the organizational performance. The results from the

study show that enhancing high degree of trust in the public sector as well as encouraging leaders to be good role model to the employees is a critical variable in strategic leadership practices and has a positive significant contribution to the organizational performance of public sector in Kenya.

Further, inspirational motivation has a significant and a positive influence on performance of public sector in Kenya ($\beta = 0.765$; $t = 1.708$; $p < 0.05$). This result indicates that those employees of public sector place great value on different rewards given to them and this promote their level of commitment. This implies that workers place great value on the financial reward given to them by their employers. Hence, when these rewards are not given, workers tend to express displeasure through non-commitment to their jobs which in turn affect the performance of the organization. Inspirational motivation on the other hand is required to give a long-term motivational effect. Creative use of personalized financial incentives reinforces positive behaviors and improves employee performance which in turn enhances the performance of the entire organization.

Intellectual stimulation had significant and a positive influence on performance of public sector in Kenya ($\beta = 0.575$; $t = 1.671$; $p < 0.05$). These results indicate that the developing human capital is a significant and strong contributor to the organizational performance of public sector in Kenya. According to the study findings, intellectual stimulation had a significant strong positive contribution to the relationship on organizational performance. Therefore; developing human capital is a statistically significant contributor to strategic leadership practices in the public sector in Kenya.

Individualized consideration had a significant and positive influence on performance of public sector in Kenya ($\beta = 0.480$; $t = 2.086$; $p < 0.05$). This indicates that individualized consideration was effective in influencing performance of public sector in Kenya. Through delegation of tasks, employees become skilled in a wide range of skills, making them competitive at the work place which in turn influences the performance of the entire organization. Through delegation of tasks, managers and leaders become better coaches and trainers, thus creating a pool of leadership and managerial skills from which the entire organization will benefit. Delegation also boosts workers' morale and confidence, thereby contributing to their personal and professional growth and development. New learning opportunities also contribute to the successful performance of the public sector by contributing to performance outcomes and sustainability since workforce acquires skills that might be of use in the long run.

6. CONCLUSION

This study concluded that high degree of trust as well as good role model is a significant contributor in improving the organizational performance of public sector in Kenya. The study also concluded that inspirational motivation has a significant and a positive influence on performance of public sector in Kenya. The study further concluded that intellectual stimulation had significant and a positive influence on performance of public sector in Kenya. The study finally concluded that individualized consideration had a significant and positive influence on performance of public sector in Kenya.

7. RECOMMENDATION

The study recommends that leaders in the public sector should be good role model to their juniors to enhance performance of public sector in Kenya. The study recommends, that to survive in the highly competitive business environment coupled with rapid technological changes there is need for public sector to enhance strategic leadership actions by aligning rewards and financial incentives to performance goals, innovation or creativity. The study recommends that strategic leaders should consider developing human capital to enhance the public sector organizational performance in Kenya. The study recommends that public sector should trains and enlighten their leadership and management on the importance of delegation of duties, especially in the timely implementation of project activities, which would translate to the timely completion of projects and delivery of benefits to the target beneficiaries.

Suggestions for Further Research:

Although this study provides insight into strategic leadership practices and their effect on the performance of public sector in Kenya, it also points several areas that require further research. This study employed a descriptive research design with a sample size of 180 respondents. Future studies could employ a different research design with a bigger sample size. Further a research can be conducted on the effect of strategic leadership on performance of the county governments. The study also recommends the need to establish the effect of strategic leadership in non-financial firms so as to get a comprehensive understanding on the effects of strategic leadership on performance of organizations

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