TRANSFORMATIONAL LEADERSHIP STYLE AND EMPLOYEE PERFORMANCE OF COMMERCIAL BANKS IN KENYA: A SURVEY OF COMMERCIAL BANKS IN NAIROBI CITY COUNTY

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DECLARATION

This research project is my original work and has not been presented for an award in any other academic institution

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MML/7/00072/2/2016

This research project has been submitted for examination with my approval as University Supervisor

Signature: ______________________ Date: __________________________

Dr. Emanuel Awuor

The Management University of Africa
DEDICATION

This work is dedicated to my family especially my husband, Mr. Johnstone Omamo and my children Eric Omamo and Faith Maria Omamo for giving me all the necessary support.
ACKNOWLEDGEMENT

I have a special appreciation to God for life and the good health he gave me throughout this proposal writing. Through him all things are possible. I have a special mention for my supervisor, Dr. Emanuel Awuor for the patience and advice throughout. I am greatly indebted to him for his guidance, support and the timely comments to this project. The employee and the Administration of the Management University of Africa, the teaching fraternity and the others who contributed in one way or another, your words of encouragement and pieces of advice were very crucial. I wish also to acknowledge the Management of Commercial Banks of Kenya for allowing me to collect the data from their organizations.
ABSTRACT

The employee performance of commercial banks has been deteriorating over time as per the findings of survey done by PWC (2013) that established that 97% of Kenya business leaders agree that their firms needed to retain talent by adopting good leadership styles. Leaders influence employee’s job satisfaction which eventually affects employee job performance and ultimately overall organizational performance. The study sought to determine the influence of transformational leadership style on employee performance: A case study of commercial banks in Nairobi City County. The specific objectives of the study were, to establish the effect of idealized influence, inspirational motivation, intellectual stimulation and individualized consideration on the employee performance of commercial banks in Nairobi City County. This study was guided by theory of transformational leadership, Situational and Contingency Theory and stakeholder wealth maximization theory. The target population for this study comprised of 5000 employees in commercial banks within Nairobi City County. The unit of analysis was the 43 CBK licensed banks. Random sampling was used to select 196 employees from seven commercial banks sampled purposively. Random sampling ensured that the study eliminated bias in its choice of respondents. This study used primary data. A pilot study was undertaken on 10% of the sample population. The questionnaire was subjected to overall reliability analysis of internal consistency. In addition, this study used both construct validity and content validity. The study found out that idealized influence has a positively and significant effect on employee performance ($\beta=0.125$, $p=0.017$), inspired motivation has a positively and significantly effect on employee performance ($\beta=0.130$, $p=0.004$), intellectual stimulation had a positively and significantly effect on employee performance ($\beta =0.201$, $p=0.021$). Similarly, results showed that individualized consideration had a positive and significant effect on employee performance positively and significantly related ($\beta =0.124$, $p=0.000$). The study recommends the bank leadership should value individual efforts, give personal compliments for doing outstanding work, provides rewards such as praise and acknowledgement of effort for achievement of specified goals, encourage personal attention to employees who look neglected and lonely, encourages individual risk-taking, innovation, freedom and uniqueness at work and give individualized bonuses and commissions for good performance attained. The findings from this study have implication to the theory, academia, policy formulation and industry practice. The study is significant to the banking industry sector and the service industry. The study brings out the main areas of concern in the performance of employee in service industries. It gives suggestions on how transformational leadership can be fully applied to enable the service sector to achieve its goals and objective.
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OPERATIONAL DEFINITION OF TERMS

**Idealized Influence:** Is defined as having transformational leaders who behave in ways that result in their being role models for their followers. These leaders are admired, respected and trusted. Followers identify with the leaders and want to emulate them (Abeysekera, 2011).

**Individualized Consideration:** Is the inclusion of people into the transformation process of an organization (Long, 2014).

**Inspirational Motivation:** Is the ability of transformational leadership, to inspire and motivate people to adopt the appropriate behavior. 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, 2006).

**Intellectual Stimulation:** Is defined as having a leader who encourages innovation and creativity, as well as critical thinking and problem-solving. Intellectual stimulation involves arousing followers' thoughts and imagination, as well as stimulating their ability to identify and solve problems creatively (Yang, 2010).

**Employee Performance:** Is defined as the degree of accomplishment of the task that makes up an employee’s job. According to him job performance is determined by an employee’s capacity, which relates to the extent to which an individual possesses the relevant skills, abilities, knowledge and experience to perform; availability of opportunity to perform; willingness which relates to the degree to which an employee both desires and is willing to exert effort towards attaining some level of motivation to perform (Darshan, 2011).
ABBREVIATIONS AND ACRONYMS

<table>
<thead>
<tr>
<th>Abbreviation</th>
<th>Description</th>
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<tbody>
<tr>
<td>CBK</td>
<td>Central Bank of Kenya</td>
</tr>
<tr>
<td>PLS</td>
<td>Partial Least Square</td>
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<tr>
<td>SEM</td>
<td>Structural Equation Modeling</td>
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<tr>
<td>SMEs</td>
<td>Small and Medium Enterprises</td>
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<tr>
<td>SPSS</td>
<td>Statistical Package for Social Sciences</td>
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<td>ILO</td>
<td>International Labour Organization</td>
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CHAPTER ONE
INTRODUCTION

1.0 Introduction
This chapter presented background information on the effects of transformational leadership style on employee performance of commercial banks both on a local and global perspective. The transformational leadership styles include idealized influence, inspirational motivation, intellectual stimulation and individualized consideration.

1.1 Background of the study
The idea of transformational leadership was at first presented by style master and presidential biographer Burns (2007). As indicated by Burns, transformational leadership can be seen when leaders and adherents make each other to progress to a more elevated amount of good and inspiration. Through the quality of their vision and identity, transformational leadership can move adherents to change desires, discernments, and inspirations to work towards shared objectives. Afterward, scientist Bernard M. Bass developed Burns' unique thoughts to create what is today alluded to as Bass' Transformational Leadership Theory. As per Bass, transformational leadership can be characterized in view of the effect that it has on supporters. Under transformational leadership, Bass proposed, earn trust, regard, and appreciation from their supporters.

Leadership is the capacity to motivate certainty and support among an association's kin who are expected to accomplish leadership objectives (Kim & Maubouregne, 2002). Administration is an impact relationship among leaders and adherents who plan genuine changes that mirror their common purposes (Stewart, 2006). As Leadership by Bass (2009), administration is the main dynamic constrain that persuades and facilitates the association in the achievement of its targets. Viable leadership is the significant instrument to keep the representatives persuaded and using the rare assets at most extreme. The impact of the leader is of essentialness level that can impact the social and monetary calculates specific and a general public all in all, and impact the representative conduct in an association to accomplish the set objectives (Khan, Ghouri & Awang, 2013). In this way leadership includes individuals in a relationship, impact change, a
mutual motivation behind accomplishing fancied future and assuming individual liability to get things going (Díaz-Saenz, 2011).

Since administration is a key element for enhancing the execution of many if not all associations and the achievement or disappointment of an association relies on upon the adequacy of authority at all levels. Paracha et al. (2012) Leaders assume fundamental part in achievement of objectives and lift representative's execution by fulfilling them with their employment. Authority is maybe the most altogether explored leadership variable that potentially affects worker execution (Cummings and Schwab, 1973). It is an essential issue in each association principally in light of the fact that the choices made by the leaders could prompt achievement or business disappointment. Eminently, it has been broadly acknowledged that viable associations require viable administration and that representative execution together with leadership execution will endure in guide extent to the disregard of this, Fiedler and House (1988). Besides, it is for the most part acknowledged that the adequacy of any arrangement of individuals is to a great extent subject to the nature of its administration successful leader conduct encourages the achievement of the adherent's goals, which at that point brings about compelling execution (Fiedler and House, 1988).

Avery (2004) observes that the quality of leadership directly and greatly influences employee performance and hence organization’s performance leading to increasing interest in various leadership models such as transactional, transformational, servant and situational. Yulk (2006) posits that there is a fundamental and definitional link between leadership and performance as it involves communicating to people their worth and potential. Day (2000) states that leadership enables organizations to achieve specific goals through team building by creating, and maintaining a sense of vision, culture and interpersonal relationships. The core functions of leadership include valuing, visioning, coaching, empowering, team building, promoting quality and listening to the grievances raised by the team members (Yoong, 2009).

1.1.1 Transformational Leadership Style

Transformational leadership style contains practices that are accepted to animate high inspiration in supporters which drives them to an uncommon execution, and rising above self-intrigue (Bass and Avolio, 2005). A transformational leader impacts the adherents to rise above their self-interests for the benefit of the gathering or association by raising their consciousness of the
significance and estimation of gathering results (Bass and Avolio, 2005). This kind of authority is about building a brought together regular enthusiasm amongst leaders and adherents. Transformational leaders influence devotees into doing what he needs them to do. In this manner such leaders can make critical change in both supporters and the association with which they are related (Bass, 2006). Grawford (2005) in his examination, entitled Transformational administration, positions and staff usefulness associations, found that there is huge connection between representative execution and transformational authority style. Additionally, there is a huge connection between transformational authority and hierarchical position (Ahmad, Abbas, Latif & Rasheed, 2014).

Transformational style is described by the nearness of administration qualities contained in proper transformational capacities of leaders and in specific properties which are presumptions for the utilization of leaders' aptitudes and for fruitful execution of positions of authority. Bass and Avolio (2009) exhibited a grouping of abilities of transformational leaders in what is known as the "Four I's" display. The "Four I's" show frames the premise of this investigation. The glorified impact speaks to the capacity of building trust in the leader and valuing the leader by the devotees, which frames the reason for tolerating radical change in the association. Without such trust in the leader, that is, in his thought processes and points, an endeavor to divert the association may cause awesome resistance. You can "lead" individuals on the off chance that you make them prepared to lock in. You should turn into a leader who has glorified impact and who speaks to "The Roles Model" to his devotees (Bass, 2006). The leaders with romanticized impact are regarded, acknowledged, they are believed, the supporters appreciate them, and they relate to them and attempt to impersonate them. Such leaders, which speak to the model parts to their adherents, do "the correct things", showing high good and moral conduct. They don't utilize their position and capacities to accomplish individual interests, however they utilize the possibilities of individuals to accomplish the points of associations (Bass, 2006).

Rousing inspiration is the capacity of transformational style, to move and persuade individuals to embrace the suitable conduct. In the conditions when transformational change is being directed in an association, the leader has the errand of obviously and persistently animating others to take after another thought. Transformational leaders should, in this way, carry on in such a way, which spurs and rouses individuals. Such conduct incorporates verifiably indicating energy and
confidence, empowering cooperation, calling attention to positive outcomes, points of interest, underscoring points and animating adherents (Bass, 2006).

Scholarly incitement has an imperative part in the change procedure of associations. Transformational leaders empower lasting reevaluation of the existent suspicions, fortify change in the state of mind about issues, and argue the utilization of relationship and illustration. By always scanning for new learning, transformational leaders continually instruct, delineate, additionally advance and get new and imaginative thoughts for taking care of issues from every single leadership part (Bass, 2006).

Individualized consideration is the consideration of individuals into the change procedure of an association. These emerges the need to analyze their desires, needs, qualities and capacities in the correct way. This sort of movement prompts larger amounts of trust in the leader. Thus, other than a worldwide picture, a transformational leadership must recognize what propels any of his colleagues separately. Human wishes and needs are distinctive. Some need sureness, some need energy and change; some favor cash, and some extra time. The leader, who knows about the distinction needs and wishes of individuals, has a chance to utilize every one of those diverse requests in the correct way. By their conduct, transformational leadership exhibit acknowledgment of individual contrasts and dole out the undertakings as per their own affinities. Taking after the advance in playing out the individual errands, a leader gets a photo of consistency (or abnormality) of his own activity of individualized thought (Bass and Avolio, 2009).

1.1.2 Employee Performance

According to Darshan (2011), employee performance is the degree of accomplishment of the task that makes up an employee’s job. According to him job performance is determined by an employee’s capacity, which relates to the extent to which an individual possesses the relevant skills, abilities, knowledge and experience to perform; availability of opportunity to perform; willingness which relates to the degree to which an employee both desires and is willing to exert effort towards attaining some level of motivation to perform.

According to ILO international conference report (2008) agreements on innovative human resources practices as well as implementation of people motivation policies are significant for labor productivity. Integrated investment in workers, technology and research and development
and progressive human resources and remuneration policies are key to high performance workplaces. Buford (2006) points out human resources essentials that human service managers should address. Performance management was identified as one. Here disciplining employees and informing employees of performance deficiency or skills gaps should follow a clear process since if the two are not well managed they may lead to litigations which generally has a negative impact on employee performance. The further points out that organizations success is directly linked to the effectiveness and productivity of its employees.

Employee performance and productivity is of major concern in any economy worldwide. Miroslav and Trstenjak (2012) examined the determinants of labor productivity, takes note of that Africa and south Asian nation’s execution in labor efficiency isn't extremely reassuring. Work efficiency level in 2005 in sub-Saharan Africa economies was the most minimal among all areas. The study additionally underscored the need to give careful consideration by and large training achievement level, delivering beneficial work to attract foreign direct investments. Employee transformational leadership skills have significant impact on organizations productivity.

As indicated by the Central Bank of Kenya 2015 Banking supervision report, the Kenya saving money segment incorporates 43 business banks, including 12 remote banks. Cross-fringe linkages are an essential element; seven Kenyan banks have built up 14 backups in neighboring nations. The banking industry is a leading agency of commerce in industrial development (Nagar, Masih & Badugu, 2011). However, various banking practices and behaviours have been associated with major financial crises worldwide (Brunnermerier, 2009). The last six decades in particular have seen a number of international financial crises blamed on banking industry conduct, leading to poor performance by most world economies (Grant Thornton, 2013).

Banking sectors in Kenya have seen slow growth with some banks exiting the market; Bank of India exited the market while chase bank and Imperial Bank are under receivership (Gonnah & Ogollah, 2016). Some banks are rebranding in order to cope with the volatile business environment, K-Rep Bank rebranded to Sidian Bank while Barclays Bank is rebranding itself to Absa Group Limited. It has been asserted that these bank failures were attributable to factors such as ineffective leadership (Mwangi, 2012; Njuguna, 2013), which is largely associated with the type of leadership exercised and the competencies of leaders. Kenyan bank failures have also
been associated with deregulation, non-performing loans, lack of internal control mechanisms and liquidity problems, all of which relate to leadership incompetency (Ambutsi, 2005; Waweru & Kalani, 2009). Leadership competency denotes the knowledge, skills, expertise, beliefs, value motives and personal behaviour characteristics that distinguish a leader (Pagon, Banutai & Bizjak, 2008). According to Al-Zoubi (2012), it is the leaders’ competencies which enable them to integrate and perform set tasks while at the same time ensuring that effectiveness is attained. Burns (1978) describes transformational leadership as a situation whereby leaders and followers empower each other, resulting in higher levels of morality, motivation and leadership effectiveness. Tang, Yin and Nelson (2010) stress that transformational leadership competency forms the basis of employee competence.

1.2 Statement of the Problem

The employee performance of commercial banks has been deteriorating overtime as per the findings of survey done by PWC (2013) that established that 97% of Kenya business leaders agree that their firms needed to retain talent by adopting good leadership styles. Leaders influence employee’s job satisfaction which eventually affects employee job performance and ultimately overall organizational performance (Munir, Rahman, Ariff, Malik, & Ma’amor, 2012). Three banks that include Dubai Bank, Chase Bank and Imperial Bank have been placed under receivership by the regulator central bank of Kenya (CBK, 2017). While as many factors may have contributed, this study sought to highlight the significance of transformational leadership style in performance of employees that would have otherwise minimize this trend. The performance of satisfied employees is linked to helping organizations achieving their goals. Leaders influence employee’s job satisfaction which eventually affects employee job performance and ultimately overall organizational performance. Leaders who build up a positive association with workers take in their representatives’ qualities and shortcomings, making it less demanding for them to utilize their representatives’ abilities for the benefit of the association.

1.3 Objectives of the Study

1.3.1 General Objective

To investigate the effects of transformational leadership style on employee performance of commercial banks in Kenya: A survey of commercial banks in Nairobi City County.
1.3.2 Specific Objectives

i. To establish the effect of idealized influence on the employee performance of commercial banks in Nairobi City County

ii. To determine the effect of inspirational motivation on the employee performance of commercial banks in Nairobi City County

iii. To establish the effect of intellectual stimulation on the employee performance of commercial banks in Nairobi City County

iv. To examine the effect of individualized consideration on the employee performance of commercial banks in Nairobi City County

1.4 Research Hypotheses

The following were the hypotheses;

$H_{A1}$: There is significant relationship between idealized influence and employee performance of commercial banks in Nairobi City County.

$H_{A2}$: There is significant relationship between inspirational motivation and employee performance of commercial banks in Nairobi City County.

$H_{A3}$: There is significant relationship between intellectual stimulation and employee performance of commercial banks in Nairobi City County.

$H_{A4}$: There is significant relationship between individualized consideration and employee performance of commercial banks in Nairobi City County.

1.5 Significance of the study

This study is of great importance to the following:

Future researchers will find this study useful for it will provide insight into the influence of transformational leadership style on performance of commercial banks. The academic argument will then be able to go further than just identifying poor financial performance among commercial banks in the country, but provide insights about good leadership and its influence on performance. The researchers will therefore use the findings of this research to advance related argument in future.

Since commercial banks are identified among the main channel of development and creation of employment in Kenya, the government will find this research significant because it will dissect
one of the factors that lead to better performance among commercial banks in Kenya. Once the effect of transformational leadership style on performance of commercial banks is identified, government policy makers will utilize that information as input which will help to improve their performance.

Commercial banks management will find this study useful as they will have a channel through which they can identify the influence of transformational leadership style on financial performance. After identification of the effect, the owners and the management of commercial will then make appropriate decisions concerning leadership to improve financial performance.

1.6 Scope of the Study

This study was conducted in Nairobi City County. This study aimed at determining the effects of transformational leadership style on employee performance of commercial banks in Nairobi City County. The unit of analysis was the commercial banks. There are 43 Central Bank of Kenya (CBK) licensed banks within Nairobi City County with over 5000 employees (Bank Supervision report, 2017). The units of observation were the employees of commercial banks. The aspect of transformation leadership is critical to employees’ leadership skills. The study therefore is justified in focusing on employees as they are involved in day to day operations of a bank. The study was conducted in year 2018.

1.8 Chapter Summary

The above chapter presented background information of the study both on a local and global perspective. It presents the objectives, research questions, and the significance of the study, limitations and scope as well as explicitly showing the problem that the study intended to solve. Chapter two presents the theoretical review, empirical review, conceptualization of the variables and research gaps. Chapter three presents the research methodology while chapter four presents the results and findings. Lastly, chapter five presents summary of the findings, conclusions, recommendations and areas for further studies.
CHAPTER TWO
LITERATURE REVIEW

2.0 Introduction
This chapter presented a literature review, various theories that informed the study, empirical literature review and conceptual framework.

2.1 Theoretical Literature Review
Esper, Mentzer and Stank (2010) emphasis that a good research should be grounded in theory. This study was guided by theory of transformational leadership, Situational and Contingency Theory and stakeholder wealth maximization theory. These theories clearly explain the research in line with the topic.

2.1.1 Theory of Transformational Leadership
Hou (2001) characterized change as a connecting of leadership technique and mental angles which can lead a general hierarchical change. Bass (2009) contended that leaders can make their adherents to comprehend the qualities and the significance of their work, and can persuade the leadership objectives bridge their own advantages. Besides, leaders can lead a more elevated amount of mental needs to supporters and inspires their responsibilities regarding the association consequently (Jiang, 2002).

Bass (2009) recommended that there are three elements that decide the behavioral parts of transformational administration: allure/motivation, scholarly incitement, and individualized thought. MacKenzie, Podsakoff and Rich (2001) planned the first hypothesis of transformational authority. The study characterized transformational administration as a procedure in which "leaders and supporters raise each other to larger amounts of profound quality and inspiration". Transformational leader develops the necessities of adherents in a supporter focused way and is responsible to the devotee. To start with, Burns (2007) fought that adherents are driven by an ethical need, the need to champion a cause, or the need to take a higher good position on an issue. Also, transformational leaders enable adherents to bode well out of irregularity and strife is essential in making choices and to roll out improvement conceivable. The procedure of change is established on sympathy, comprehension, understanding, and thought; not control, control using, or pressure.
As indicated by Bass (2006) this characteristic incorporate admired impact that depends on the behavioral qualities of a leader. Bass and Avolio (2009) contend that this conduct of a leader will advance his supporters' dedication with a specific end goal to tap their maximum capacity. Persuasive inspiration property of leaders is the capacity of a leader to pick up supporter’s certainty through correspondence of his desires, vision and qualities. Another characteristics is the scholarly incitement which alludes to the capacity of a leader to invigorate his adherents to be more inquisitive and innovative in considering and critical thinking. As indicated by Bass (2006) and Bass and Avolio (2009) scholarly incitement is making an empowering domain for advancement, innovativeness and constant learning. Ultimately, individualized thought where the leader goes about as a tutor or mentor by offering help for the individual needs and improvement for representatives (Ejimofor, 2007).

All in all, the transformational leader is portrayed as one who explains a dream without bounds that can be imparted to companions and subordinates, mentally invigorates subordinates, and gives careful consideration to singular contrasts among individuals (Wang, Oh, Courtright & Colbert, 2011). This is likewise bolstered by Herzberg's two component hypothesis by Herzberg et al., (1966). This hypothesis is applicable to this investigation in that it expounds more about transformational administration. Likewise, the hypothesis plots the impact of transformational authority on execution.

This theory relates employees’ job commitment. Commitment of employees to do their work may depend on the senior management transformational leadership style. Employees are motivated by the senior management leadership style.

2.1.2 Situational and Contingency Theory

Contingency theory is a way to deal with administration in which activity suitability is managed by the joint effort between the pioneer's near and dear traits and parts of the situation. Condigency theories rely upon the assumption that the association between activity style and legitimate outcomes is coordinated by situational factors related to the earth, and thus the outcomes cannot be foreseen by organization style, unless the situational factors are known (Chan, 2002).
Three models exist in this activity approach: Fiedler's (1967) partner theory, House's (1971) way target speculation, and Heresy and Blanchard (1969) situational specialist speculation. From this approach and the three models no activity style is best in all conditions. Accomplishment depends on different components, including the pioneer's favored style, the capacities and practices of the followers, and parts of the situation.

Effective activity requires modifying one's style of organization to situational factors, and control is needy upon three components to be particular the connection between the pioneer and lovers, the level of the task structure and the pioneers' energy, position or power. Contingency theories dealing with organizational structure (so-called ‘structural contingency theories’) consider the environment, the organizational size and the strategy of the organization as contingency factors. These are the factors that an organizational structure must be adapted to. There are other contingency factors as well.

2.1.3 Transactional theory

The concept of transactional leadership was first mentioned by Max Weber in his socio-economic considerations of the organization. Twenty-seven years after his death and publishing a reprint of his book, academic and professional audience accepts his definition of leadership (Weber, 1947). Weber description of transactional leadership style and his basic facts are accepted by Bernard Bass in 1981. In his definition he identified three kinds of leaders, bureaucratic, traditional and charismatic leaders. Transactional leadership is based on classical principles of exchange with followers who are part of interactions and therefore are rewarded for meeting pre-defined standards and performance (Bass, 1985). This form of leadership is also focused on maintaining the status quo, so transactional leadership present traditional approach of leadership. First Bass's research of transactional and transformational leadership led to his conclusion that transactional leaders can be successful in a short period of time, but the leadership must focus on the changes, if they want to continue to retain a leadership position. According to Bass and Avolio (1993), transactional leadership involves motivating and directing followers, appealing to their own interests. The power of the leader comes from formal authority and responsibility in the organization. The main task of the followers is to respect the instructions of leaders. The leader provides rewards and punishments in the organization of its legitimacy. Transactional leadership is, in essence, oriented on monitoring organization,
processes and outcomes in the market. In transactional leadership, the interpersonal relationships between leaders and followers have a four dimensional approach: The possibility of reward, as a result of well-performed tasks and achieved goals that followers are expected to successfully completed the process (Bass, Avolio, Jung & Berson, 2003). Actively engaging leaders in managing, which followed the work of his followers, gives consideration to any deviation from established standards and procedures by taking corrective measures in case of errors. Passive engagement of leaders, where the leaders are involved in the process only when standards are not met, or performances are not achieved. Laissez-Faire dimension, which is a form of leadership that provides the possibility of freedom in the choice of goals and behavior of organizational participants (Dartey-Baah, 2015). There are some assumptions in transactional leadership theory: Employees are motivated leader through rewards and punishments; Followers receive a directive from the leader, which must be respected through production process; there is no self-motivation, but the followers are controlled by leader during the manufacturing process (Bass & Steidlmeier, 1999). The transactional theory builds on transformational leadership in that through motivation employees are empowered to achieve organizational goals and objectives and ultimately high employee performance.

The essence of this research is to demonstrate the influence of the three elements of transformational leadership, inspirational motivation, individualized consideration and intellectual stimulation, which are intrinsic in nature, on employee performance.

2.2 Empirical review

This section reviews previous studies done which are relevant to the objectives of this study. The empirical literature is reviewed per objective.

2.2.1 Idealized Influence

Abeysekera (2011) considered the characteristic of Idealized influence on the conduct of a sales representative in the Banking segment in Sri Lanka. Two state banks and six private banks were chosen. From these eight banks, an arbitrary example of 170 corporate clients was chosen. It was discovered that Idealized influence conduct is higher in the private banks and the salespersons in private banks had higher occupation fulfillment.
Sabir, Sohail, and Khan (2011) portray ethics as the code of good standards and qualities that direct the conduct of an individual or a gathering regarding what is correct or off-base. Wallach, Allen and Smit (2008) take note of that morals influences both people and business associations. At singular level, ethical inquiries emerge when individuals confront issues including singular obligation, for example, being straightforward, tolerating a pay off or utilizing leadership assets for individual purposes. At business level, morals identify with the standards of direct inside associations that guide basic leadership and conduct. Business morals are the principles used to judge the rightness or misleading quality of a business' relations to others. Hellriegel et al. (2008) besides noticed that business morals include how an organization incorporates center esteems, for example, genuineness, trust, regard and reasonableness into its strategies, practices, and basic leadership. Rossouw (2004) brings up that business morals is about recognizing and actualizing guidelines of lead that will guarantee that, at an insignificant level, business does not inconveniently influence the interests of its partners. Business morals in this manner includes individuals taking part in monetary exchanges and in the meantime serving their own particular and also others' interests.

The ethical behavior of firms has turned out to be particularly chic since the current corporate bookkeeping outrages including corporate mammoths, for example, Enron and WorldCom. This has made business ethics a connecting with region in business explore. Global examinations, for example, Fatoki and Chiliya (2012), Hurst (2004), Arend, (2013), Fassin et al. (2011) concentrated on business morals and SMEs. In the South African setting, Clutterbuck and Lane (2004) led an examination on how business visionaries experience and manage moral issues in South Africa and presumed that morals is confronting challenges with regards to assorted qualities.

Christie et al. (2003) utilized the Hofstede theory and led an examination on culturally diverse correlation of ethical issues of business administrators in the middle of India, Korea and the United States. The outcomes demonstrated that culture impacts the moral mentalities of business chiefs. The suggestion is that as social orders contrast concerning these social measurements so will the different segments of their moral basic leadership vary. Scholtens and Dam (2007) completed an examination on social esteems and global contrasts in business ethics. The examination finds that there are critical contrasts among moral arrangements of firms headquartered in various nations.
Sims and Gegez (2004) observe that while basic values may exist in various societies, they may vary extraordinarily in their application to a particular issue. This can bring about contrasts in ethics crosswise over societies where national values have all the earmarks of being comparable. Ahmed et al. (2003) affirm that social contrasts affect the recognitions and states of mind of individuals towards business morals. Peterson et al. (2010) concur that the purpose behind contrasts in business ethics crosswise over countries might be very much identified with contrasts in culture since culture influences orientations such as idealism and relativism. Interestingly, an investigation by Chatelier (2011) uncovers no noteworthy contrast in impression of business ethics in connection to culture. In the examination three gatherings speaking to eleven distinct nationalities, reflected homogeneity in their recognitions.

Khademfar, Zohara, Omar, Ismail and Arabamiry (2013) researched the connection between Ethical Work Climate (EWC) and Firm Performance. The exploration directed inside Malaysian assembling organizations. Since the unit of examination was association, 200 cases were chosen haphazardly. The aftereffect of pilot test affirmed that all instruments are solid to be utilized. Information was gathered utilizing a self-controlled poll. Administrators as target respondent clarified their observation through institutionalized surveys. Past examinations demonstrate that there is insufficient recorded research on such themes in Malaysia. Along these lines, it might open another stage and build up the assortment of information around there. In view of the outcomes, the examination found a high connection and critical connection amongst EWC and Organizational Performance (OP) in Malaysian firms. It implies the impression of administrators with respect to the moral conduct and moral atmosphere is sure.

2.2.2 Inspirational Motivation

A shared vision capacity is the association's capacity to encapsulate the aggregate destinations and desires of its individuals (Bruch and Walter, 2007; Jansen, George, Van den Bosch, and Volberda, 2008). Such ability bolsters leadership learning and employee innovativeness; those organizations that have it are better ready to collect and saddle the assets and aptitudes vital for creating and receiving proactive CSR (Graafland et al., 2003; Hart, 2005). A common vision empowers a firm to produce the inward weight and energy fundamental for advancement and change (Graafland et al., 2003; Hart, 2005). Contrasted with expansive firms, the straightforward administration structures and shorter lines of correspondence for the most part normal for SMEs
gives space to sharing vision over the whole firm in this way encouraging more noteworthy contribution by all representatives (Sakiru, D'Silva, Othman, Silong & Busayo, 2013). However, SMEs (and proprietor oversaw SMEs specifically) frequently do not have the important leadership abilities and assets to work viably with workers to build up a feeling of shared responsibilities regarding accomplishing those goals (Merz and Suber, 2005).

Özer and Tinaztepe (2014) looked to grill the key organizations as far as various leadership style and test the impact of them on execution. The examination was connected to a import export organization in Turkey. The sample comprised of white-collar individuals who are working in administrative and non-administrative employment positions in various workplaces of the organization. An aggregate of 215 complete responses were utilized for examinations. As far as theory testing, the principal speculation of the examination was incompletely bolstered as just relationship-situated and transformational leadership style are fundamentally identified with firm execution. With regards to the second theory contrasted with other style style transformational leadership strongly affected firm execution. At the point when the methods for authority style were thought of it as, was evident that in three nations most basic administration style is relationship-situated.

Arham (2014) examined the effect of leaership practices on the execution of administrations SMEs in Malaysia. One hundred and ninety-three (193) proprietors and top supervisors of administrations SMEs in Malaysia participated in the study. The outcomes uncovered that: leadership behaviours and organizational performance of administrations SMEs; and transformational style contributed more fundamentally to the execution of SMEs than value-based administration conduct. The discoveries involve that authority conduct of leaders of SMEs is one of the fundamental components that impacts SMEs execution in the administrations area.

Ayub and Rafif (2011) attempted to explore the relationship between work motivation and job satisfaction. The sample of the examination comprises of 80 center chiefs (46 guys; 34 females) from various banks of Karachi, Pakistan.A Pearson Product Correlation Coefficient was computed for the connection between’s the work inspiration and employment fulfillment. With a specific end goal to discover sex contrasts t test was processed. The examination found that there was a positive connection between's work inspiration and occupation fulfillment.
Rewards is one of the imperative components to propel workers for contributing their best push to create advancement thoughts that prompt better business usefulness and further extemporize organization execution both financially and non-monetary. Beck and Cowan (2014) set that individuals don't consequently come to work, keep on working, or buckle down for an organization, they require inspiration to share and satisfy the association's vision. Without a doubt, compensate technique and frameworks are the systems that get this going. Since 1980s, many research and studies have been done on the reward viewpoint in different nations particularly in the United State and China (Gao, Shanshan, & Kan, 2011 Cummings, et al., 2010); Sarin and Mahajan, 2001).

As per Armstrong (2009), remunerate process is the approach that gives particular bearings to the organization to create and configure programs which will guarantee its rewards the execution results supporting the accomplishment of its business objectives. Whittington, Goodwin and Murray (2004) concurred that reward methodology gives particular bearing to how the organization will outline its individual reward programs. As characterized Armstrong (2009), a reward procedure is: the consider usage of the compensation framework as a fundamental coordinating component through which the endeavors of different sub-units and people are coordinated toward the accomplishment of an association's key targets.

Various studies have demonstrated positive relationship on the impact of reward structures on the strategy measure. Sarin and Mahajan (2001) thought of a couple of suggestions on how the prizes structure impact on the group strategy. The strategy measurements which are not influenced consistently by the reward structure ought to urge the specialists to reconsider some acknowledged speculations and practices. This shows reasonable reward system advancement is to be sure essential to every single organization. Lee and Wong (2006) discovered that reward has an effect on the organization's advancement execution. What's more, Bass and Riggio (2006) recommend that a reward strategy can point out the significant areas of an organization, and guiding its future orientation.

Arham (2014) focused on the hierarchical execution of SMEs in Malaysia from the point of view of the authority conduct of SME leaders and their entrepreneurial introduction. To test speculations, information was gathered from 395 Malaysian-possessed SMEs working in the assembling and administration businesses. Exploratory element examination, corroborative
component investigation and basic condition demonstrating (SEM) utilizing way examination were utilized to test three models and check all speculations on the immediate and backhanded impacts of authority conduct and entrepreneurial introduction on hierarchical execution. Nine meetings were likewise directed to give quantitative discoveries and to additionally clarify the aftereffects of this examination. This examination exhibited that administration conduct directly affects hierarchical execution, with transformational authority having the more grounded effect of the two sorts of style conduct researched. The traits of uplifting inspiration and unforeseen reward were observed to be the greatest parts of transformational and value-based administration individually, as seen by the respondents in this examination.

Belić and Koustelios (2014) gave a basic survey of the connection between transformational administration and the levels of occupation fulfillment experienced by bank representatives. Results were gotten from bibliographical and inquire about investigations completed in the managing an account segment. They found that, in the managing an account area, transformational administration has turned out to be very fitting and powerful, affecting a few angles, similar to workers' execution, work fulfillment and employment duty. At long last, transformational style is most normal in western-sort social orders and is considered to influence the representatives' inspiration, vision and strengthening and in addition the banks' aggregate capacity and prosperity. In any case, the corresponding connection between transformational style and occupation fulfillment in the managing an account area ought to be examined all the more widely, in greater scale considers, for the arrangement of intriguing outcomes. At long last, the impact of different elements, similar to statistic qualities, ought to be a protest of further addressing and examination.

2.2.3 Intellectual Stimulation

Transformational leader has an important role in the transformation process of organization. Transformational leader stimulate the efforts of their followers as regards innovativeness and creativity, stimulate permanent reexamination of the existent assumptions, stimulate change in the way of thinking about problems, plead the use of analogy and metaphor (Khan & Nawaz, 2016). It makes it is possible for employees to get creative ideas for solving problems from the followers. It also instills creativity, as well followers are encouraged to approach problems in new ways (Ndịsy, 2016).
Fasko (2003) audits about two dozen such definitions originating from the fields of training, reasoning, and brain research. Each of these fields incorporates into their rundown of significant attributes for basic deduction a somewhat extraordinary arrangement of practices, musings, and qualities, and there is a lot of contradiction in regards to the basic procedures and key prerequisites for a remark considered basic considering. John Dewey built up the principal general meaning of what we now call basic deduction when he proposed his idea of intelligent considering, which is the "dynamic, tireless, and cautious thought of any conviction or gathered type of learning in the light of the grounds that help it and the further conclusions to which it have a tendency to incorporates cognizant and intentional exertion set up conviction upon a firm premise of confirmation and levelheadedness (Renblad, 2003).

Yang (2010) expected to add to the information of leadership style and entrepreneurial introduction at little and medium undertakings and additionally their impacts on business execution. This investigation looks at how leadership style would affect be able to the advancement and usage of entrepreneurial orientation in little and medium endeavors in Taiwan. It is likewise intended to look at the impacts of leadership style and entrepreneurial orientation on business execution. Huge conclusions from this investigation are that diverse administration style may influence business strategy; that transformational leadership is essentially more corresponded to the business strategy than is value-based style and uninvolved avoidant authority; that entrepreneurial introduction is decidedly identified with execution; and that transformational leadership with higher entrepreneurial orientation can add to higher business strategy.

Problem solving are instruments that assistance organizations, for example, Small and Medium Enterprises (SMEs) occupied with assembling to distinguish the main driver of the issues and redress the issues adequately. Critical thinking helps their clients to take care of the issues that they confront every day in the working environment. A scope of Problem Solving Tools is accessible in the market each of which has been made to suit the diverse settings in which issues introduce themselves. Some of these instruments are: Six Sigma, 8 Discipline Report (8D), 5 Why Analysis, Plan Do Check Act (PDCA), House of Quality (HOQ) and Theory of Inventive Problem Solving (TRIZ). Distinctive instruments have diverse methods for handling diverse sorts of issues for instance, HOQ device causes the associations to arrange arrangements as per
the client's prerequisite and accomplish a tasteful standard of value between the clients (Quan & Baharudin, 2012).

Arzi and Farahbod (2014) while employing quantitative approach for measuring the effect of segments of transformational leadership and value-based leadership on work fulfillment in Iran. The gathered information was dissected through multiple regression analysis. Among parts of transformational leadership, scholarly incitement, vision and strong administration had the critical effect on work fulfillment. An organization's development capacity can be depicted at a few unique levels and from a few alternate points of view (Gutiérrez, Hilborn & Defeo, 2011). Akman and Yılmaz (2008) characterize inventive capacity as a critical component that encourages an imaginative leadership culture, the qualities of inner advancing exercises, and the abilities of comprehension and reacting properly to the outer condition. An association's advancement capacity can likewise be depicted as its capacity to create developments consistently as a reaction to an evolving domain (Olsson et al., 2010).

Tuominen and Hyvönen (2004) recommend that the hierarchical development ability ought to be part into two separate substances: administrative advancement and mechanical advancement. Martínez-Román et al., (2011) separate development ability into three variables: learning, association, and human components, which all have an administrative advancement perspective. Another approach is to talk about the mechanical components of development administration and the human elements of advancement administration (Prajogo and Ahmed, 2006). Human variables incorporate individuals and social practices as fixings in hierarchical achievement. Also, the expression "business advancement ability" has been utilized to portray the basic achievement elements of development forms (Perdomo-Ortiz et al., 2006). These basic variables can be deciphered as business development ability measurements; consequently, the capacity can be measured with the elements.

It has been focused on that the route toward leadership development does not have an exceptional engraving, but rather it is probably going to be a blend of astute administrative activities, immediate and aberrant laborer investment, and agreeable modern relations (Zeng, Xie & Tam, 2010).
Yasin, Nawab, Bhatti and Nazir (2014) researched the connection between scholarly incitement, developments and SMEs execution in Pakistan. Information was gathered from the 50 SMEs in Hattar (Haripur) modern territory of Pakistan. Out of 500 surveys 350 were returned and 348 were legitimate for investigation, reaction rate was 70%. Pearson connection and relapse examination was utilized for examination of this relationship. This examination found that scholarly incitement might be utilized as instrument for the advancement of developments and higher SMEs execution and this investigation additionally found a solid positive relationship of advancements to the SMEs execution.

Utami (2013) tried to decide if the scholarly incitement would influence be able to advancement which is intervened by information sharing, and whether development can enhance a company's execution. The model tried on the 56 owners of little and medium undertakings (SMEs) in Tegal, Indonesia. Using purposive testing procedure, with the accompanying criteria, organization has workforce 5 to 100 individuals, occupied with the metal and hardware industry, excluding to outside claimed organizations. Programming examination strategies PLS (Partial Least Square) are utilized as a part of this exploration. The last outcomes show that there are constructive outcomes on scholarly incitement, experiential sharing and express information sharing; unequivocal learning sharing positively affects item advancement and item development positively affects business execution. While experiential sharing positively affects item development, it is not noteworthy, so the speculation is rejected. This examination has essential administrative ramifications, the mental hindrances that avert workers sharing learning and experience can be upgraded through scholarly incitement of transformational leaders, for this situation the leader to be a good example that can be recreated and copied by subordinates or representatives.

2.2.4 Individualized Consideration

Long, Yusof, Kowang and Heng (2014) examined the relationship between transformational leadership style and employee job satisfaction. An exact investigation was led in a Government Linked Company in Malaysia. 378 representatives from 6 unique offices were welcome to be the respondents of this examination. The quantity of finished overviews which were returned to the analyst was 255. This speaks to an arrival rate of 67.46%. The discoveries demonstrate that just a single of the four transformational style qualities is found to have critical association with work
fulfillment. Normal for individualized thought was observed to be contributed most in work fulfillment.

Hetland and Sandal (2008) revealed another side of transformational leadership in their study in Norway to examine the connection between transformational authority and supporters rating on fulfillment, viability and work inspiration and also the connection between transformational style and identity in five private and open organizations. The outcomes yielded generous support for a solid and reliable connection between fulfillment, viability and inspiration. A positive relationship was found between transformational style and identity measures proposing that the setting in which administration happens may be a more critical determinant than the pioneers' attributes. This attracts regard for the way that the identity element of pioneers can likewise contribute in overcoming adversity. Also, the impression of the pioneer come into see as firmly identified with the part of the later which attracts consideration regarding the way that style is a dyadic procedure including the apparent and the later.

Sampe (2012) explored the current level of hierarchical learning rehearses in a SMEs setting in a creating nation, Indonesia. Alongside leadership learning results and hierarchical execution, there are five develops in a proposed theoretical model. To address the collaborations among the developments in the auxiliary model, eight theories setting relationship between the five builds were analyzed. The exploration technique for essential information accumulation was a review of proprietor/chiefs and representatives of SMEs in administration and exchange divisions. A poll was intended to gauge their assessments of hierarchical learning hones and in addition their sentiments of leadership precursors and leadership learning results. After the survey had been pretested, it was disseminated online to 1000 proprietor/chiefs and workers of SMEs in Indonesia and yielded 501 usable returned polls - a 50 for each penny reaction rate. Examination of the information was done utilizing the SPSS factual bundle programming discharge 19 and the Amos Structural Equations Modeling (SEM) bundle discharge 20 to create niggardly substantial and solid builds to gauge hierarchical learning and its forerunners – leadership culture, transformational style, and strengthening and in addition leadership learning results, hierarchical execution. The examination uncovered that in an Indonesian setting, leadership culture, transformational style and strengthening are legitimate predecessors of hierarchical learning with both of the builds having critical associations with hierarchical learning. The greater part of the
immediate relationship was observed to be critical and positive in esteem aside from the immediate way from transformational style to leadership realizing which was not noteworthy. Be that as it may, transformational style is appeared to impact hierarchical learning through both strengthening and leadership culture with the real impact being by method for leadership culture.

2.3 Research gaps

The number of previous studies in this area indicates that it is an area worthy of doing research. In a study of managers of public sector in Malaysia, Voon et al., (2010) found out that transformational leadership style has a positive relationship with job satisfaction thus implying that transformational leadership is deemed suitable for managing government organizations. In Kenya, Orute, Mutua, Musiega and Masinde (2015) in their study; Leadership style and employee job satisfaction in Kakamega County, Kenya, established that leadership style had a statistically significant positive influence on employee job satisfaction. Gathungu and Wachira, (2013) study on job satisfaction factors that influence the performance of secondary school principals in their administrative functions in Mombasa district, Kenya, it was established that work itself, interpersonal relationships and advancement among others influence job satisfaction of the principals. In a review of effects of transformational leadership on employee engagement in a survey conducted on the civil service in Kenya, Datche and Mukulu (2015) concluded that all aspects of transformational leadership, namely intellectual stimulation and individualized consideration of supervisor were found to be positive and moderately related to employee engagement. The effects of transformational leadership style on employee performance style tend to vary depending on the sector under study. It is therefore crucial in studying the effects of transformational leadership style on employee performance while focusing on commercial banks. In addition, majority of studies focused on the effect of transformational leadership style on organizational performance. Few studied if they exist focused on commercial banks hence the knowledge gap this study seeks to fill.
2.4 Conceptual Framework

**Independent Variables**

<table>
<thead>
<tr>
<th>Idealized Influence</th>
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<tbody>
<tr>
<td>- Ethical policy</td>
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<tr>
<td>- Vision articulation</td>
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</table>

<table>
<thead>
<tr>
<th>Inspirational Motivation</th>
</tr>
</thead>
<tbody>
<tr>
<td>- Shared vision and values</td>
</tr>
<tr>
<td>- Optimistic and enthusiastic talk/speeches</td>
</tr>
<tr>
<td>- Rewarding loyalty and commitment</td>
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</tbody>
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<table>
<thead>
<tr>
<th>Individualized Consideration</th>
</tr>
</thead>
<tbody>
<tr>
<td>- Coaching</td>
</tr>
<tr>
<td>- Mentoring</td>
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<tr>
<td>- Inspiring</td>
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<table>
<thead>
<tr>
<th>Intellectual Stimulation</th>
</tr>
</thead>
<tbody>
<tr>
<td>- Critical thinking</td>
</tr>
<tr>
<td>- Problem solving</td>
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<tr>
<td>- Creativity</td>
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</table>

**Dependent Variable**

- Employee Performance in Commercial Banks in Kenya
  - Increased productivity
  - Quality assurance
  - Employee effectiveness (capability)

**Figure 2.1: Conceptual Framework**

The predetermined predictors of employee performance under this study were idealized influence, inspirational motivation, intellection stimulation and individualized consideration. From the model in figure 2.1, transformational leadership as the dependent variable with its main attributes being: Creativity, team orientation, appreciation of others and responsibility and recognition as they are the variable that influence the independent variable (employee performance). When a transformed leader considers the elements and attributed of transformational leadership then the employees performance can be realized through: increased performance, quality assurance and employee effectiveness.
## 2.5 Operationalization of the Variables

<table>
<thead>
<tr>
<th>Variable</th>
<th>Indicators/ Measurement</th>
<th>Type of Analysis</th>
<th>Tool of Analysis</th>
</tr>
</thead>
<tbody>
<tr>
<td>Idealized Influence</td>
<td>• Ethical policy</td>
<td>Descriptive and inferential statistics</td>
<td>Frequencies</td>
</tr>
<tr>
<td></td>
<td>• Vision articulation</td>
<td></td>
<td>Percentages</td>
</tr>
<tr>
<td></td>
<td>• Shared vision and values</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Optimistic and enthusiastic talk/speeches</td>
<td>Descriptive and inferential statistics</td>
<td>Multiple linear regression</td>
</tr>
<tr>
<td></td>
<td>• Rewarding loyalty and commitment</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Inspirational</td>
<td>• Coaching</td>
<td>Descriptive and inferential statistics</td>
<td>Frequencies</td>
</tr>
<tr>
<td>Motivation</td>
<td>• Mentoring</td>
<td></td>
<td>Percentages</td>
</tr>
<tr>
<td></td>
<td>• Inspiring</td>
<td></td>
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<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Individualized</td>
<td>• Critical thinking</td>
<td>Descriptive and inferential statistics</td>
<td>Frequencies</td>
</tr>
<tr>
<td>Consideration</td>
<td>• Problem solving</td>
<td></td>
<td>Percentages</td>
</tr>
<tr>
<td></td>
<td>• Creativity</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Intellectual</td>
<td>• Increased productivity</td>
<td>Descriptive and inferential statistics</td>
<td>Multiple linear regression</td>
</tr>
<tr>
<td>Stimulation</td>
<td>• Quality assurance</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Employee effectiveness(capability)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Employee Performance</td>
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</tbody>
</table>
2.7 Summary of the Chapter

The above chapter reviewed the various theories that explain the independent and dependent variables. The conceptual framework is drawn up from the reviewed literature in line with the following criteria, title, scope, methodology forming the basis for the critique of literature. It is from these critiques that the research gaps both conceptual and contextual were identified. The next chapter will outline the methodology that the study will adopt in order to achieve the stated objectives.
CHAPTER THREE
RESEARCH METHODOLOGY

3.0 Introduction
The chapter presents the research design and the sample size which were derived from the population. In addition, the chapter discusses on the validity, reliability tests which were performed on the questionnaire and ethical issues relating to the study.

3.1 Research Design.
The research design that was employed in this study was descriptive research design. This design depicted the participants in an accurate way and describes employee performance in all the banks in Nairobi City County. Cooper and Schindler (2008) demonstrate that the essential features of descriptive that lies in the objectives. Mugenda (2011) indicate that descriptive research designs are conducted to establish the extent of a range of issues. They argue that in descriptive designs, variables with greater dispersion indicate disparities within the community and provide important clues regarding the issues that the investigator should focus on.

3.2 Target Population
As per Kombo and Tromp (2006) a population is a very much characterized set of individuals, administrations, components, occasions, gathering of things or family units that are being examined to sum up the outcomes. This definition expected that the population is not homogeneous. Lumley (2004) characterizes population as a bigger gathering of all subjects from where a sample is drawn. It alludes a whole gathering of people, occasions or questions having regular perceptible qualities (Mugenda, 2011).

Cooper and Schindler (2006) observe that a population is the aggregate accumulation of components about which one needs to make inference. Comparable view is additionally communicated by Kothari (2004). Target population in insights is the particular populace about which data is coveted (Gupta, 2012). Target population is that population which the researcher needs to generalize results (Mugenda & Mugenda, 2011).

The target population for this study was all the 43 commercial banks within Nairobi City County. The unit of observation was the employees of the 43 commercial banks. Transformation leadership is critical to employees’ leadership skills. The study therefore is justified in focusing
on employees as they are involved in day to day operations of a bank. As per the Central Bank Annual Bank Survey 2015, there are 43 licensed commercial banks in Nairobi City County with a population of over 5000 employees. Therefore, the target population was 43 commercial banks and 5000 employees.

3.3 Sample and Sampling Technique

3.3.1 Sample Size

Orodho and Kombo (2002) view a sample as a finite and representative number of individuals or objects in a population to be studied. Kothari (2004) portrays an example as an accumulation of units browsed the universe to represent it. Kombo and Tromp (2006) likewise characterize a sample as a limited piece of a measurable population whose properties are concentrated to pick up data about the entire or universe. By concentrate the sample one can make inferences that are generalizable to the number of inhabitants in intrigue (Mugenda & Mugenda, 2011; Kothari 2004). The fundamental thought of testing is that by choosing a portion of the components in a population, we may reach determinations about the whole populace.

A decent example ought to be really illustrative of the population, result in a little examining blunder, feasible, prudent, and efficient, whose outcomes can be connected to a universe with a sensible level of certainty (Kothari, 2004). A sample size according to (Mugenda & Mugenda, 2011) is an individual within the target population that is earmarked to provide data for the study. It is the actual number of respondents planned to provide data for the study.

The employee sample was determined using the fisher formula 1998 given as;

\[ n = \frac{Z^2 \cdot p \cdot (1-p)}{d^2} \]

The substituted values in determining the sample size for a large population are shown below, 4 cases will be added to cater for non-responsiveness.

\[ n = \frac{(1.96)^2 \cdot (0.5) \cdot (0.5)}{(0.07)^2} = 196 \]

Hence, the sample size for this study was 196.
3.3.2 Sampling procedure

Due to the nature of the study, Non-probability sampling was used to identify those commercial banks that will provide the required information. Kothari (2004) states that Non-probability sampling also known as deliberate sampling, purposive sampling and judgment sampling allows the researcher to deliberately select sample items and his choice concerning the items selected remains supreme. Non-probability sampling allowed the researcher study banks in according to the Central Bank categories, which are Tier 1, Tier 2 and Tie3 as per the Central Bank Annual Bank Survey, 2015. The study used purposive sampling to select the banks. Each bank was selected based on the size (Bank Supervision report, 2017). In Tier 1, the study chose Kenya Commercial Bank as it the largest bank in terms of asset valuation, Equity Bank has it is the largest in terms of customer numbers, Commercial Bank of Africa since it is private and most growing bank in terms of profitability and customer numbers. In Tier 2, Diamond Trust Bank was chosen having been voted as most promising bank, Family Bank was voted as a most growing bank under Tier 2 banks. Jamii Bora Banked was named a relationship building bank while Development Bank has been chosen as the oldest Bank under Tier 3 category Banks (Bank Supervision report, 2017). The 196 respondents spread across the 3 categories were distributed equally for every sample as indicated in table 3.1. Random sampling was used to select 196 employees from seven commercial banks sampled purposively. Random sampling ensured that the study eliminates bias in its choice of respondents.

### Table 3.1 Sample Size

<table>
<thead>
<tr>
<th>Commercial Bank</th>
<th>Target Population</th>
<th>Sample Size</th>
</tr>
</thead>
<tbody>
<tr>
<td>Kenya Commercial Bank</td>
<td>807</td>
<td>28</td>
</tr>
<tr>
<td>Equity Bank</td>
<td>736</td>
<td>28</td>
</tr>
<tr>
<td>Commercial Bank of Africa</td>
<td>541</td>
<td>28</td>
</tr>
<tr>
<td>Diamond Trust Bank</td>
<td>320</td>
<td>28</td>
</tr>
<tr>
<td>Family Bank</td>
<td>413</td>
<td>28</td>
</tr>
<tr>
<td>Jamii Bora Bank</td>
<td>72</td>
<td>28</td>
</tr>
<tr>
<td>Development Bank</td>
<td>102</td>
<td>28</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>2991</strong></td>
<td><strong>196</strong></td>
</tr>
</tbody>
</table>
3.4 Developing Research Instruments

A questionnaire is a pre-formulated composed arrangement of inquiries to which the respondents record the appropriate responses for the most part inside rather firmly outlined options. Essential information was gathered through the organization of the surveys. Structured questions were used so as to capture the opinion of the respondent. Likert-type questions were useful because the respondents are not restricted to a common way of answering the questions. The likert scale was coded as follows, 1=strongly disagree, 2=Disagree, 3=Neutral, 4=Disagree and 5=strongly agree.

3.5 Pilot Test

Sekaran (2006) indicates that pilot test is necessary for testing the reliability of instruments and the validity of a study. Pilot testing was tested using questionnaire duly completed by twenty (20) randomly selected respondents.

3.5.1 Validity of Instruments

This study used both construct validity and content validity. For construct validity, the questionnaire was divided into several sections to ensure that each section assessed information for a specific objective, and also ensured that the same closely tied to the conceptual framework for this study. To ensure content validity, the questionnaire was subjected to thorough examination by 5 human resource experts and the supervisor. They were asked to evaluate the statements in the questionnaire for relevance and whether they were meaningful, clear and loaded of offensive. On the basis of the evaluation, the instrument was adjusted appropriately before subjecting it to the final data collection exercise. Their review comments were used to ensure that content validity is enhanced.

3.5.2 Reliability of Instruments

A measure is viewed as reliable if a mean score on a similar test given twice is comparative. According to Hussey & Collis (2009) reliability is defined as the degree of consistency that can be achieved in an assignment of similar phrases, words or other kinds of data to the same theme or pattern by different authors of research. It can also be defined as the degree of consistency that can be assigned by a researcher for similar interpretations or observations at different time periods.
This study used the Cronbach’s Alpha for the five-point likert scale items. This helped the researcher to assess the interval consistency reliability achieved, the cut-off point being 0.7 as proposed by Oncu (1994). The results were as presented in table 3.2.

**Table 3.2: Reliability Results**

<table>
<thead>
<tr>
<th>Variable</th>
<th>No of items</th>
<th>Respondents</th>
<th>α=Alpha</th>
<th>Comment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Idealized Influence</td>
<td>5</td>
<td>20</td>
<td>0.8112</td>
<td>Reliable</td>
</tr>
<tr>
<td>Inspirational Motivation</td>
<td>6</td>
<td>20</td>
<td>0.7123</td>
<td>Reliable</td>
</tr>
<tr>
<td>Intellectual Stimulation</td>
<td>5</td>
<td>20</td>
<td>0.7962</td>
<td>Reliable</td>
</tr>
<tr>
<td>Individualized Consideration</td>
<td>6</td>
<td>20</td>
<td>0.7632</td>
<td>Reliable</td>
</tr>
<tr>
<td>Employee Performance</td>
<td>4</td>
<td>20</td>
<td>0.8521</td>
<td>Reliable</td>
</tr>
<tr>
<td>Average coefficient</td>
<td>20</td>
<td>20</td>
<td>0.787</td>
<td>Reliable</td>
</tr>
</tbody>
</table>

The findings in Table 3.2 indicate that idealized Influence, Inspirational Motivation, Intellectual Stimulation Individualized Consideration and Employee Performance had Cronbach’s alpha of 0.8112, 0.7123, 0.7962, 0.7632and 0.8521 respectively. Since they were above the set alpha coefficients cutoff point of 0.7, all the study variables were adopted. This represented high level of reliability and on this basis it was supposed that scale used in this study was reliable to capture the variables.

**3.6 Data collection procedure.**

The data was collected during the month of August, 2017. Two research assistants, who were trained on the subject matter were used to administer the refined questionnaire and also helped in data entry. The respondents were guided through illustrated answers to ensure that they had a clear understanding of the questions and thus respond appropriately. Drop and pick later method of data collection was applied to enhance the response rate. The questionnaires were administered to employees of the commercial banks.

**3.7 Data Analysis and Presentation**

In the questionnaire, the researcher asked questions that attracted both qualitative and quantitative data. For the qualitative data emanating from the dichotomous yes or no questions, simple percentages were used and these led to descriptive statistics. Responses to the “how” questions were put in thematic areas, from which descriptive statistics emerged. To be able to make inference from such responses, the researcher intended to consider the various themes
created together with the literature and develop arguments thereafter which were then used to make conclusions.

For the quantitative responses, the researcher made use of descriptive and inferential statistics. Descriptive statistics involved use of mean and standard deviation to analyze data. Inferential statistics involved correlation and multiple regression to analysis data. The multiple regression used is presented as:

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

Where:

- \( Y \) = Employee Performance
- \( X_1 \) = Idealized Influence
- \( X_2 \) = Inspirational Motivation
- \( X_3 \) = Intellectual Stimulation
- \( X_4 \) = Individualized Consideration

\( \{\beta_i; i = 1,2,3,4,5\} \) = The coefficients for the various independent variables

\( \epsilon \) is the error term which is assumed to be normally distributed with mean zero and constant variance.

Data analysis leads to production of graphs, tables, descriptive statistics and inferential statistics. The analyzed data was presented in form of tables, charts and graphs.

### 3.8 Ethical Consideration

The participants in the process of data collection have a right to refuse participation and hence their ethical rights must be respected. Therefore, in this study the researcher had the following in mind: The permission to conduct research from the relevant authorities concerned; that is from the commercial banks. The researcher informed the commercial banks management about the intended research project and their participation in the research through an official letter at the beginning of the research process.

The respondents were informed of the objective of the questionnaires and they were made to understand the purpose of the study. The nature of the research was shared with every participant
before engaging them in the study. They were assured of the confidentiality and privacy of the study by not indicating their names on the questionnaire, this is because some respondents might refuse to give information to the researcher due to fear of victimization, and thus these instruments were anonymous. Last but not least the researcher availed the results of the research to the stakeholders in the research.

3.9 Chapter Summary

The chapter highlights the methods used by the researcher to conduct the survey. Reliability and validity testing was also done so as to ensure that the questionnaire is consistent or reliable. It highlights the target population, the sample size and the methods used to analyze the findings. The methods used for analysis include descriptive and inferential. Lastly, the chapter also presented the ethical considerations.
CHAPTER FOUR
ANALYSIS, RESULTS AND DISCUSSIONS

4.0 Introduction

This chapter presents data analysis, findings and interpretation.

4.1 Response Rate

The study focused on the effects of transformational leadership style on employee performance of commercial banks: A case of commercial banks in Nairobi City County. A total of 196 employees were issued with the questionnaires which imply that the entire sample population was used for the study. The result of the analysis of the respondents is presented in Table 4.1.

Table 4.1: Response Rate

<table>
<thead>
<tr>
<th>Response</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Returned</td>
<td>161</td>
<td>82.14%</td>
</tr>
<tr>
<td>Unreturned</td>
<td>35</td>
<td>17.86%</td>
</tr>
<tr>
<td>Total</td>
<td>196</td>
<td>100%</td>
</tr>
</tbody>
</table>

Babbie (2004) stated that arrival rates of over half are worthy to examine and distribute, 60% is great and 70% or more is great. In view of these attestations from these investigations, 82.14% reaction rate is viewed as useful for the examination.

4.2 Demographic Characteristics

Each respondent’s demographic characteristics were important for the study since it helped to understand the background of the respondents before embarking on obtaining the responses which were aimed to achieve the specific objectives.

4.2.1 Gender of the respondents

The population of this study consisted of 84 men and 77 females. The numbers were arrived by inputting the data into the SPSS software, then running the descriptive frequencies to generate the gender frequencies. At the end of data collection, 52% were male while 48% were female questionnaires were received, processed and analyzed using excel software. Figure 4.1 shows the analysis of men and women who participated in the study. Women leaders employ different
leadership styles than men. Studies have shown that women are more people oriented and team oriented whereas men are more task oriented and competitive. The causes for the underrepresentation of women in leadership roles seem to include gender discrimination in the workplace (Braun, Peus, & Frey, 2012), differences in leadership self-efficacy between males and females (Schein, 1973; Schein, 1975; Burns, 2010), and sustained gender stereotypes that associate female leadership behaviors with poor performance compared to male leaders (Crites, Dickson, & Lorenz, 2015) The results agree with Kent, Blair, Rudd & Schuele (2010) who examined the differences between men and women leaders with respect to their transformational leadership behaviors and found that men and women leaders behave as leaders in the same way. It was also found that men and women do not differ in their general perceptions of others as leaders.

Figure 4.1: Gender of Respondents

4.2.2 Highest Level of Education

In question 2 of section A of the questionnaire, the respondents were requested to indicate their level of education. The aim was to find out if the level of education has an influence on response and overall results. Majority 61% of the respondents were undergraduate, 31% were diploma while 7% were graduate students. Academic qualification has been used as a basis of measuring performance in most workplaces. The results agree Goad (2002) who stated that the argument has been that employees with higher academic qualifications perform better compared to those of
lower academic qualifications. The results also imply that the respondents could answer the questionnaire and understands transformational leadership.

![Figure 4.2: Highest level of Education of Respondents](image)

### 4.2.3 Duration of being in the employment

The respondents were requested to indicate their duration of being in the employment. The aim was to find out if the duration of being in the employment has an influence on response and overall results. The results in Figure 4.3 indicate that 38.5% had worked for more than 10 years, 27.3% for less than a year, and 20.5% for 3-6 years while 13.7% for 6 to 10 years. Work experience and employee performance is perhaps one of the most commonly encountered concepts work place. However, Researchers have noted this lack of consistency in relationship between work experience and job performance (DuBois & McKee, 1994; Ford, Sego, Quinones, & Speer, 1991; Hofmann, Jacobs, & Gerras, 1992; Teachout, 1991). For example, organizational tenure is more likely to be related to organizational commitment than is task level experience. Conversely, task level experience is more likely to be related to self-efficacy than is organizational level experience.
4.3 Descriptive Statistics

This section presents the descriptive results on statements on idealized influence, inspirational motivation, intellectual stimulation and individualized consideration on the employee performance of commercial banks in Nairobi City County. Descriptive statistics were obtained through running the statements of each objective using descriptive custom table and presenting in percentages. The mean and the standard deviations were obtained through running the descriptive statistics. The highest of the mean was 5 while the lowest was 1. Therefore, a mean of 1=Strongly Disagree, 2-Disagree, 3- moderately agree, 4-Agree and 5-Strongly Agree.

4.3.1 Idealized Influence

In this study, idealized influence was measured by five questions focusing on ethical policy, and vision articulation. The respondents were asked their opinion regarding idealized influence and employee performance of commercial banks in Nairobi City County. Specifically, they were asked to rate on a scale of 1=Strongly Disagree, 2-Disagree, 3- moderately agree, 4-Agree and 5-Strongly Agree. The analysis is presented on Table 4.2.
Table 4.2: Idealized Influence

<table>
<thead>
<tr>
<th>Statements</th>
<th>Strongly Disagree</th>
<th>Disagree</th>
<th>Moderately Agree</th>
<th>Agree</th>
<th>Strongly Agree</th>
<th>Mean</th>
<th>Std. Dev</th>
</tr>
</thead>
<tbody>
<tr>
<td>My bank has a clearly articulated vision.</td>
<td>9.9%</td>
<td>9.3%</td>
<td>8.7%</td>
<td>32.3%</td>
<td>39.8%</td>
<td>3.83</td>
<td>1.32</td>
</tr>
<tr>
<td>Leaders in my bank have high ethical and moral conduct.</td>
<td>13.0%</td>
<td>7.5%</td>
<td>19.9%</td>
<td>28.6%</td>
<td>31.1%</td>
<td>3.57</td>
<td>1.35</td>
</tr>
<tr>
<td>There exists a clear vision and a sense of mission in my bank</td>
<td>19.3%</td>
<td>16.1%</td>
<td>13.7%</td>
<td>26.1%</td>
<td>24.8%</td>
<td>3.21</td>
<td>1.47</td>
</tr>
<tr>
<td>Leaders in our enterprise go beyond self-interest for the good of the employee.</td>
<td>16.1%</td>
<td>18.0%</td>
<td>18.6%</td>
<td>19.9%</td>
<td>27.3%</td>
<td>3.24</td>
<td>1.44</td>
</tr>
<tr>
<td>Jobs in our enterprise are clearly described.</td>
<td>5.6%</td>
<td>11.8%</td>
<td>7.5%</td>
<td>36.0%</td>
<td>39.1%</td>
<td>3.91</td>
<td>1.20</td>
</tr>
<tr>
<td><strong>Average</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>3.65</td>
<td>1.35</td>
<td></td>
</tr>
</tbody>
</table>

According to results in Table 4.2, majority of the respondents who represented 39.8% of the respondents strongly agreed that their bank had clear articulated vision, 32.3% agreed, 9.9% strongly disagreed, 9.3% disagreed while 8.7% moderately agreed. In general, 72.1% agreed that their bank had clear articulated vision, 59.7% agreed that leaders in their bank had high ethical and moral conduct, 50.9% of the respondents agreed that there existed a clear vision and a sense of mission in my bank, 67.2% of the respondents agreed that leaders in their enterprise went beyond self-interest for the good of the employee., while 75.1% of the respondents agreed that jobs in their enterprise were clearly described.

On a five-point scale, the average mean of the responses was 3.65 which mean that majority of the respondents agreed with most of the statements; however, the answers were varied as shown by a standard deviation of 1.35. The highest of the mean was 5 while the lowest was 1. Therefore, average mean of the responses was 3.65 mean that majority of the respondents agreed with most of the statements. Idealized leadership represents the highest levels of moral reasoning and perspective-taking capacity. Leaders with idealized influence are willing to sacrifice their own gain for the good of their work group and organization. They set high standards for work conduct and are a role model for those standards. They build trust in people because those who work for them know they are working toward the common good, and their sacrifices along the
way are evidence of their consistency for their actions and values. They also are people who see the good in others first and when it is not obvious they work to build it out with concern for people. Leaders with idealized characteristics can walk first on the way they talk. In commercial banks, such leaders would therefore improve bank’s performance by creating trust, admiration and respect of their subordinates. Such leaders are also likely to act as role models and thus enhance a sustainable work culture within the organizations workforce.

4.3.2 Inspirational Motivation

In this section, inspirational motivation was measured by six questions focusing on shared vision and values, optimistic and enthusiastic talk/speeches, rewarding loyalty and commitment. The respondents were asked their opinion regarding their influence on employee performance of commercial banks in Nairobi City County. Specifically, they were asked to rate on a scale of 1=Strongly Disagree, 2=Disagree, 3=moderately agree, 4=Agree and 5=Strongly Agree. The analysis is presented on Table 4.3.

**Table 4.3: Inspirational Motivation**

<table>
<thead>
<tr>
<th>Statements</th>
<th>Strongly disagree</th>
<th>Disagree</th>
<th>Moderately agree</th>
<th>Agree</th>
<th>Strongly agree</th>
<th>Mean</th>
<th>Std. Dev</th>
</tr>
</thead>
<tbody>
<tr>
<td>There is shared vision between leaders and the employees in my bank.</td>
<td>13.0%</td>
<td>21.7%</td>
<td>9.3%</td>
<td>31.1%</td>
<td>24.8%</td>
<td>3.33</td>
<td>1.40</td>
</tr>
<tr>
<td>There exist high standards of performance in my bank.</td>
<td>7.5%</td>
<td>5.0%</td>
<td>5.6%</td>
<td>45.3%</td>
<td>36.6%</td>
<td>3.99</td>
<td>1.14</td>
</tr>
<tr>
<td>There exist inspiration appeals of faith and trust from the bank leadership</td>
<td>4.3%</td>
<td>6.2%</td>
<td>12.4%</td>
<td>44.1%</td>
<td>32.9%</td>
<td>3.95</td>
<td>1.05</td>
</tr>
<tr>
<td>There exists inspiration of loyalty and commitment to work from the leadership in my bank</td>
<td>7.5%</td>
<td>3.1%</td>
<td>9.3%</td>
<td>49.7%</td>
<td>30.4%</td>
<td>3.93</td>
<td>1.09</td>
</tr>
<tr>
<td>There exists a display of optimism and enthusiasm from the bank leadership.</td>
<td>8.1%</td>
<td>6.2%</td>
<td>10.6%</td>
<td>41.0%</td>
<td>34.2%</td>
<td>3.87</td>
<td>1.19</td>
</tr>
<tr>
<td>My bank leadership emphasis on collective team building.</td>
<td>3.1%</td>
<td>8.7%</td>
<td>9.9%</td>
<td>44.1%</td>
<td>34.2%</td>
<td>3.98</td>
<td>1.04</td>
</tr>
<tr>
<td>Average</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>3.84</td>
<td>1.15</td>
</tr>
</tbody>
</table>
According to results in Table 4.3, majority of the respondents who represented 55.9% agreed that there was a shared vision between leaders and the employees in my bank, 81.9% agreed that there existed high standards of performance in their bank, 77.0% of the respondents agreed that there exist inspiration appeals of faith and trust from the bank leadership, 80.1% agreed that there existed inspiration of loyalty and commitment to work from the leadership in their bank, 75.2 of the respondents agreed that there existed a display of optimism and enthusiasm from the bank leadership, while 78.3% of the respondents agreed that their bank leadership emphasized on collective team building.

On a five-point scale, the average mean of the responses was 3.84 which mean that majority of the respondents agreed with most of the statements; however, the answers were varied as shown by a standard deviation of 1.15. The highest of the mean was 5 while the lowest was 1. Therefore, average mean of the responses was 3.84 mean that majority of the respondents agreed with most of the statements. Inspirational motivation is about encouragement to raise the consciousness of workers about the organization’s mission, vision, and committing to the vision is a key theme of this factor. The key indicators of inspirational motivation include organizational vision, communication, challenging to workers encouragement, working with workers, and giving autonomy are the core values of inspirational motivation. The commercial bank’s employee must therefore aspire have leadership that clearly articulates and fluently disseminates its vision, encourages its employees and gives greater autonomy to enhance employee commitment, a key ingredient for firm performance.

4.3.3 Intellectual Stimulation

In this section, intellectual stimulation was measured by six questions focusing on critical thinking, problem solving and creativity. The respondents were asked to give their opinion regarding the influence on employee performance of commercial banks in Nairobi City County. Specifically, they were asked to rate on a scale of 1=Strongly Disagree, 2=Disagree, 3=moderately agree, 4=Agree and 5=Strongly Agree. The analysis is presented on Table 4.5.
According to results in Table 4.4, majority of the respondents who represented 80.1% agreed that the bank leadership valued their individual efforts, 64.0% agreed that the bank leadership give personal compliments for doing outstanding work, 59.9% of the respondents agreed that the bank leadership provided rewards such as praise and acknowledgement of effort for achievement of specified goals, 57.1% agreed that the leadership encouraged personal attention to employees who look neglected and lonely, 65.5% agreed that the leadership encouraged individual risk-taking, innovation, freedom and uniqueness at work while 52.8% of the respondents agreed that the leadership give individualized bonuses and commissions.

On a five-point scale, the average mean of the responses was 3.66 which mean that majority of the respondents agreed with most of the statements; however, the answers were varied as shown by a standard deviation of 1.28. The highest of the mean was 5 while the lowest was 1. Therefore, average mean of the responses was 3.84 mean that majority of the respondents agreed
with most of the statements. Innovation and creativity is in the heart of intellectual simulation factor. Employees, 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.

4.3.4 Individualized Consideration

In this section, individualized consideration was measured by five questions focusing on coaching, mentoring and inspiring. The respondents were asked give their opinion regarding their influence on employee performance of commercial banks in Nairobi City County. Specifically, they were asked to rate on a scale of 1=Strongly Disagree, 2=Disagree, 3-moderately agree, 4=Agree and 5=Strongly Agree. The analysis is presented on Table 4.5.

**Table 4.5: Individualized Consideration**

<table>
<thead>
<tr>
<th>Statements</th>
<th>Strongly disagree</th>
<th>Disagree</th>
<th>Moderately agree</th>
<th>Agree</th>
<th>Strongly agree</th>
<th>Mean</th>
<th>Std. Dev</th>
</tr>
</thead>
<tbody>
<tr>
<td>The bank leadership encourages the employees to rethink some of the basic assumptions about their work.</td>
<td>6.2%</td>
<td>6.2%</td>
<td>4.3%</td>
<td>43.5%</td>
<td>39.8%</td>
<td>4.04</td>
<td>1.12</td>
</tr>
<tr>
<td>The bank leadership stimulates thinking of employees to enhance generation of solutions to problems.</td>
<td>2.5%</td>
<td>7.5%</td>
<td>7.5%</td>
<td>42.9%</td>
<td>39.8%</td>
<td>4.10</td>
<td>1.00</td>
</tr>
<tr>
<td>The bank acknowledges improved quality of solutions generated by employees.</td>
<td>3.1%</td>
<td>4.3%</td>
<td>8.7%</td>
<td>40.4%</td>
<td>43.5%</td>
<td>4.17</td>
<td>0.98</td>
</tr>
<tr>
<td>The bank leadership encourages employees to increase their conceptualization, comprehension, and analytical capability to problem-solving.</td>
<td>3.1%</td>
<td>5.0%</td>
<td>6.2%</td>
<td>52.2%</td>
<td>33.5%</td>
<td>4.08</td>
<td>0.94</td>
</tr>
<tr>
<td>The bank leadership encourages knowledge transfer between senior and junior employees</td>
<td>5.0%</td>
<td>6.2%</td>
<td>6.8%</td>
<td>39.8%</td>
<td>42.2%</td>
<td>4.08</td>
<td>1.09</td>
</tr>
<tr>
<td><strong>Average</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td><strong>4.09</strong></td>
<td><strong>1.02</strong></td>
</tr>
</tbody>
</table>
According to results in Table 4.5, majority of the respondents who represented 83.3% agreed that the bank leadership encourages the employees to rethink some of the basic assumptions about their work, 82.7% agreed that the bank leadership stimulates thinking of employees to enhance generation of solutions to problems, 83.9% of the respondents agreed that they acknowledged improved quality of solutions generated by employees, 85.7% agreed that the bank leadership encouraged employees to increase their conceptualization, comprehension, and analytical capability to problem-solving, while 82.0% of the respondents agreed that their bank leadership emphasized on collective team building.

On a five-point scale, the average mean of the responses was 4.08 which mean that majority of the respondents agreed with most of the statements; however, the answers were varied as shown by a standard deviation of 1.02. The highest of the mean was 5 while the lowest was 1. Therefore, average mean of the responses was 3.84 mean that majority of the respondents agreed with most of the statements. Individualized consideration constitutes developing followers through coaching, mentoring and teaching are the central indicator of the factor. Employees with the aspect of 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. Leaders who use this style of leadership give due consideration for their employee needs and coach them to bring sustainable development.

4.3.3 Employee Performance

In this section, employee performance was measured by four questions focusing on increased productivity, quality assurance and employee effectiveness (capability). The respondents were asked give their opinion on employee performance of commercial banks in Nairobi City County. Specifically, they were asked to rate on a scale of 1=Strongly Disagree, 2=Disagree, 3=moderately agree, 4=Agree and 5=Strongly Agree. The analysis is presented on Table 4.6.
According to results in Table 4.6, majority of the respondents who represented 60.9% agreed that idealized influence affects employee performance of commercial banks., 77.6% agreed that inspired motivation affects employee performance of commercial banks, 78.9% of the respondents agreed that intellectual stimulation affects employee performance of commercial banks, while 77.7% of the respondents agreed that individualized consideration affects employee performance of commercial banks.

On a five-point scale, the average mean of the responses was 3.78 which mean that majority of the respondents agreed with most of the statements; however, the answers were varied as shown by a standard deviation of 1.10. The highest of the mean was 5 while the lowest was 1. Therefore, average mean of the responses was 3.84 mean that majority of the respondents agreed with most of the statements.

<table>
<thead>
<tr>
<th>Statements</th>
<th>Strongly Disagree</th>
<th>Disagree</th>
<th>Moderate ly Agree</th>
<th>Agree</th>
<th>Strongly Agree</th>
<th>Mean</th>
<th>Std. Dev</th>
</tr>
</thead>
<tbody>
<tr>
<td>Idealized influence affects employee performance of commercial banks.</td>
<td>9.3%</td>
<td>12.4%</td>
<td>17.4%</td>
<td>32.3%</td>
<td>28.6%</td>
<td>3.58</td>
<td>1.28</td>
</tr>
<tr>
<td>Inspired motivation affects employee performance of commercial banks.</td>
<td>3.7%</td>
<td>8.1%</td>
<td>10.6%</td>
<td>53.4%</td>
<td>24.2%</td>
<td>3.86</td>
<td>1.00</td>
</tr>
<tr>
<td>Intellectual stimulation affects employee performance of commercial banks.</td>
<td>9.3%</td>
<td>2.5%</td>
<td>9.3%</td>
<td>55.9%</td>
<td>23.0%</td>
<td>3.81</td>
<td>1.11</td>
</tr>
<tr>
<td>Individualized consideration affects employee performance of commercial banks.</td>
<td>5.0%</td>
<td>5.6%</td>
<td>11.8%</td>
<td>54.7%</td>
<td>23.0%</td>
<td>3.85</td>
<td>1.00</td>
</tr>
<tr>
<td><strong>Average</strong></td>
<td><strong>5.0%</strong></td>
<td><strong>5.6%</strong></td>
<td><strong>11.8%</strong></td>
<td><strong>54.7%</strong></td>
<td><strong>23.0%</strong></td>
<td><strong>3.85</strong></td>
<td><strong>1.00</strong></td>
</tr>
</tbody>
</table>
4.4 Inter-variable relationships

Inferential analysis was conducted to generate correlation results, model of fitness, and analysis of the variance and regression coefficients. Pearson Product Moments correlation was used to test the association between key variables (idealized influence, inspirational motivation, individualized consideration and intellectual stimulation) and employee performance of commercial banks in Nairobi City County and results presented in form of Pearson statistic, having been worked out at the significance level set at 0.05.

4.4.1 Correlation Analysis

**Table 4.7: Correlation Matrix**

<table>
<thead>
<tr>
<th></th>
<th>Employee Performance</th>
<th>Idealized Influence</th>
<th>Inspired Motivation</th>
<th>Intellectual Stimulation</th>
<th>Individualized Consideration</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Employee Performance</strong></td>
<td>Pearson Correlation</td>
<td>1.000</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Idealized Influence</strong></td>
<td>Pearson Correlation</td>
<td>0.634</td>
<td>1.000</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Sig. (2-tailed)</td>
<td>0.009</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Inspired Motivation</strong></td>
<td>Pearson Correlation</td>
<td>0.656</td>
<td>.488**</td>
<td>1.000</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Sig. (2-tailed)</td>
<td>0.008</td>
<td>0.000</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Intellectual Stimulation</strong></td>
<td>Pearson Correlation</td>
<td>0.626</td>
<td>0.071</td>
<td>.261**</td>
<td>1.000</td>
</tr>
<tr>
<td></td>
<td>Sig. (2-tailed)</td>
<td>0.026</td>
<td>0.373</td>
<td>0.001</td>
<td></td>
</tr>
<tr>
<td><strong>Individualized Consideration</strong></td>
<td>Pearson Correlation</td>
<td>0.792**</td>
<td>.293**</td>
<td>0.078</td>
<td>-0.077</td>
</tr>
<tr>
<td></td>
<td>Sig. (2-tailed)</td>
<td>0.000</td>
<td>0.000</td>
<td>0.328</td>
<td>0.330</td>
</tr>
</tbody>
</table>

**Correlation is significant at the 0.01 level (2-tailed).**

Results in Table 4.7 present the results of the correlation analysis. The results revealed that idealized influence and employee performance are positively and significant related (r=0.634, p=0.009). The results imply that idealized influence and employee performance move in the same direction. This is in agreement with Ngaithe, K’Aol, Lewa and Ndwiga (2016) that idealized influence was positively and significantly correlated with staff performance. The results further indicate that inspired motivation and employee performance are positively and employee performance (r=0.656, p=0.008). The results imply that inspired motivation and employee...
performance move in the same direction. The results are in agreement with Nyokabi, K’Aol and Njenga (2017) that inspirational motivation of the CEO significantly predicted the performance of senior managers. It was further established that intellectual stimulation and employee performance were positively and significantly related ($r=0.626$, $p=0.028$). The results imply that intellectual stimulation and employee performance move in the same direction. The results are in agreement with Ogola, Sikalieh and Linge (2017) that intellectual stimulation leadership behavior is a strong predictor of employee performance. Similarly, results showed that individualized consideration and employee performance were positively and significantly related ($r=0.792$, $p=0.000$). The results imply that individualized consideration and employee performance move in the same direction. The results conger with Jerobon (2016) that there is a significant effect of idealized influence on employee performance.

### 4.4.2 Hypothesis Testing

Regression analysis was performed by using the composites of the key variables. The data was input to the SPSS software. Results were then presented in Tables 4.8, 4.9 and 4.10.

**Table 4.8: Model Fitness for the Regression**

<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>0.861</td>
<td>0.742</td>
<td>0.723</td>
<td>0.27745</td>
</tr>
</tbody>
</table>

Predictors: (Constant), Individualized Consideration, Intellectual Stimulation, Inspired Motivation, Idealized Influence

The results presented in Table 4.8 present the fitness of model used in the regression model in explaining the study phenomena. Idealized influence, inspirational motivation, individualized consideration and intellectual stimulation were found to be satisfactory variables in explaining employee performance. This was supported by coefficient of determination also known as the R square of 0.742. This means that idealized influence, inspirational motivation, individualized consideration and intellectual stimulation explain 74.2% of the variations in the dependent variable which is employee performance of commercial banks in Nairobi City County. This results further means that the model applied to link the relationship of the variables was satisfactory.
Table 4.9: Analysis of Variance

<table>
<thead>
<tr>
<th></th>
<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>22.91</td>
<td>4</td>
<td>5.728</td>
<td>12.48</td>
<td>.000</td>
</tr>
<tr>
<td>Residual</td>
<td>71.594</td>
<td>156</td>
<td>0.459</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>94.504</td>
<td>160</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Dependent Variable: Employee Performance
Predictors: (Constant), Individualized Consideration, Intellectual Stimulation, Inspired Motivation, Idealized Influence

Table 4.9 provides the results on the analysis of the variance (ANOVA). The results indicate that the overall model was statistically significant. Further, the results imply that the independent variables are good predictors of employee performance of commercial banks in Nairobi City County. This was supported by an F statistic of 12.48 and the reported p=0.000 which was less than the conventional probability of 0.05 significance level.

Regression of coefficients results in Table 4.10 shows that idealized influence has a positively and significant effect on employee performance ($\beta=0.125$, $p=0.017$). The results imply that a unit improvement of leadership style in terms of idealized influence leads to a subsequent unit increase in employee performance by 0.125 units. With idealized influence, transformational leaders act in a way that allows them to serve as role models to their subordinates. Transformational leaders are admired, respected, and trusted. Their subordinates identify them with charismatic personality and attracted to emulate them. Besides, these leaders are endowed by their followers as having extraordinary capabilities, persistence, and determination. Idealized influence behaviour focuses on the employees’ ability not only to have a vision and mission for the organisation and its members but also to demonstrate the appropriate behaviour desired for effective performance. The results are in agreement with Jerobon, Kimutai and Kibet (2016) that there is a positive relationship between idealized influence and employee performance implying that enhancement of idealized influence leads to better performance. However, the results contrast Orabi (2016) that idealized influence was not a significant factor contributing to this outcome.
Table 4.10: Regression of Coefficients

<table>
<thead>
<tr>
<th></th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>t</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
<td></td>
</tr>
<tr>
<td>(Constant)</td>
<td>1.821</td>
<td>0.524</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Idealized Influence</td>
<td>0.125</td>
<td>0.083</td>
<td>0.025</td>
<td>3.475</td>
</tr>
<tr>
<td>Inspired Motivation</td>
<td>0.130</td>
<td>0.088</td>
<td>0.028</td>
<td>2.304</td>
</tr>
<tr>
<td>Intellectual Stimulation</td>
<td>0.201</td>
<td>0.102</td>
<td>0.007</td>
<td>4.340</td>
</tr>
<tr>
<td>Individualized Consideration</td>
<td>0.534</td>
<td>0.079</td>
<td>0.497</td>
<td>2.099</td>
</tr>
</tbody>
</table>

Dependent Variable: Employee Performance

Thus, the optimal model of the study is:

\[ Y = 1.821 + 0.534X_1 + 0.201X_2 + 0.1308X_3 + 0.125X_4 \]

Where

\[ Y = \text{Employee Performance} \]
\[ X_1 = \text{Individualized Consideration} \]
\[ X_2 = \text{Intellectual Stimulation} \]
\[ X_3 = \text{Inspired Motivation} \]
\[ X_4 = \text{Idealized Influence} \]

Table 4.9 further indicated that inspired motivation has a positively and significantly effect on employee performance \((\beta=0.130, p=0.004)\). The results imply that a unit improvement of leadership style in terms of inspired motivation leads to a subsequent unit increase in employee performance by 0.130 units. Employees with inspirational motivation attract people toward the vision of the organization with their effective communicating personality. Inspirational leadership is communicating a vision with fluency and confidence, increasing optimism and enthusiasm, and giving interesting talks that energize others. Inspirational motivation make employees 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. The results are in agreement with Orabi (2016) that inspired motivation is a contributing factor in organizational performance.
It was further established that intellectual stimulation had a positively and significantly effect on employee performance ($\beta =0.201$, $p=0.021$). The results imply that a unit improvement of leadership style in terms of intellectual stimulation leads to a subsequent unit increase in employee performance by 0.201 units. Intellectual stimulation emphasizes a leader’s ability to be creative and innovative, in encouraging their followers to be creative by providing a serene working environment to test and develop new ideas. In the banking sector, this enables employees to courageously think independently of ways to improve their performance and creative ability, thereby providing solutions to critical organizational problems and challenges. The results are in agreement with Sharma (2016) that intellectual stimulation enhances creativity and innovation in organization. This study shows a clear and positive relation between Intellectual Stimulation and creativity of employees.

Similarly, results showed that individualized consideration had a positive and significant effect on employee performance positively and significantly related ($\beta =0.124$, $p=0.000$). The results imply that a unit improvement of leadership style in terms of individualized consideration leads to a subsequent unit increase in employee performance by 0.124 units. With individual consideration, an employee has the ability to assess, diagnose and evaluate employees’ individual needs rather than treating them as a group. This approach ensures that the needs of individuals are identified, addressed and mentorship provided to equip employees with skills to deal with challenging opportunities or positions. The results concur with Jerobon (2016) that there is a significant effect of idealized influence on employee performance.
CHAPTER FIVE
SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.0 Introduction

Summary, conclusions and recommendations were done in line with the objectives of the study. The objectives of the study were, to establish the effect of idealized influence on the employee performance of commercial banks in Nairobi City County, to determine the effect of inspirational motivation on the employee performance of commercial banks in Nairobi City County, to establish the effect of intellectual stimulation on the employee performance of commercial banks in Nairobi City County and lastly to investigate the effect of individualized consideration on the employee performance of commercial banks in Nairobi City County.

5.1 Summary of Findings

5.1.1 Idealized influence on the employee performance

The first objective of the study was to establish the effect of idealized influence on the employee performance of commercial banks in Nairobi City County. Regression results reveal that idealized influence had a positive and significant relationship with employee performance of commercial banks in Nairobi City County. This means that an improvement in idealized influence lead to a positive variation in employee performance of commercial banks.

According Avolio, (2005) idealized influence at its center speaks to the most elevated amounts of good thinking and point of view taking limit. Such leaders will relinquish their own pick up for the benefit of their work gathering, association, and group. They set elevated expectations for work direct and are a good example for those models. They construct confide in individuals in light of the fact that the individuals who work with them know they are focused on the benefit of everyone and their penances enroot confirm the consistency of their activities with their qualities.

5.1.2 Inspirational motivation and employee performance

The second objective of the study was to determine the effect of inspirational motivation on the employee performance of commercial banks in Nairobi City County. Regression results revealed that inspirational motivation has a positive and significant relationship on employee performance of commercial banks. This means that an improvement in inspirational motivation leads to an
improvement in employee performance. This is also supported by the responses in the statements in the questionnaire.

According to Bass and Riggio, (2006) transformational leadership act in ways that persuade and rouse individuals around them by giving importance and test to their adherents' work. Camaraderie is stimulated. Leaders get supporters required in imagining appealing future states; they make plainly imparted desires that adherents need to meet and furthermore exhibit responsibility regarding objectives and the mutual vision. The key markers of rousing inspiration are setting hierarchical vision, conveying this vision, testing laborers, giving persistent support, and applying the standards of shared power (Sarros & Santora, 2001).

5.1.3 Intellectual Stimulation and Employee Performance

The third objective of the study was to establish the effect of intellectual stimulation on the employee performance of commercial banks in Nairobi City County. Regression results revealed that intellectual stimulation had a positive and significant effect on employee performance of commercial banks in Nairobi City County. This means that improvement in intellectual stimulation leads to an improvement in employee performance. This is also supported by the responses in the statements in the questionnaire.

According to Sarros and Santora (2001), innovation and creativity is in the heart of intellectual simulation factor leaders, who propel imagination and test the old methods for doing as a major aspect of their standard occupation are practicing mentally empower some portion of transformational style. These leaders develop similar aptitudes in their laborers. "Mentally empowering leaders work through troubles, and utilize their critical thinking strategies for achieving choices that mirror a common agreement amongst leaders and representatives.

According to Ahanger (2009), transformational leaders who utilize scholarly reenactment would challenge be able to existing conditions and animate their adherents' push to be imaginative. Supporters are emphatically urged to attempt new methodologies. The thoughts of subordinates are not undermined notwithstanding when they reflect distinctive stands. Or maybe a bottoms-up kind of impact is created with two-way correspondence. Both leaders and supporters build up their own particular capacities to perceive, comprehend and in the long run tackle future issues.
5.1.4 Individualized Consideration and Employee Performance

The forth and the last objective of the study was to investigate the effect of individualized consideration on the employee performance of commercial banks in Nairobi City County. Regression results revealed that individualized consideration and employee performance of commercial banks have a positive and significant effect on integration. This means that improvement in individualized consideration leads to an improvement in employee performance. This is also supported by the responses in the statements in the questionnaire.

Individualized consideration constitutes creating devotees through training, coaching and instructing are the focal pointer of the variable. Individualized thought is the principal element of transformational style. The individualized thought leader shows high worry for their adherents, regards them as people, and becomes acquainted with well about them and tunes in to both their worries and thoughts (Kirkbride 2006). Individualized thought manages basic transformational authority practices of regarding people as essential supporters of the association. The results conger with Jerobon (2016) that there is a significant effect of idealized influence on employee performance.

5.3.2 Inspirational motivation

The study concludes that inspirational motivation is one of the imperative components that propel workers for contributing their best push to create advancement thoughts that prompt better business usefulness and further extemporize organization execution both financially and non-monetarily. It is a set that individuals don't consequently come to work, keep on working, or buckle down for an organization, they require inspiration to share and satisfy the association's vision.

5.3 Conclusions

Based on the findings above the study concluded that idealized influence, inspirational motivation, Intellectual stimulation and individualized consideration positively influence employee performance of commercial banks in Nairobi City County.

The study concludes that idealized influence is an essential foundation for employee performance of commercial banks. It is important to consider the visionary instruments that the leader utilizes, as opposed to a perhaps irrelevant hypothetical definition. The study concludes
that concludes that idealized influence increases the efficiency, effectiveness, self-reliance, coverage and sustainability of employees. Idealized influence competencies relate to a leader’s ability to capture and communicate a vision and mission, successfully showing respect, building confidence and trust among followers or employees while at the same time encouraging them to pursue individual or collective goals. The leader also exhibits role model behaviour and is inspirational, considerate and able to stimulate self and others in terms of creativity and innovativeness.

Inspirational motivation denotes a leader’s ability to inspire and mentor others, a task achieved through good communication skills and mentoring, visioning, corrective action and risk-taking. Furthermore, the leader is a hard worker with confidence that inspires optimism among employees, especially during crises. These leaders also encourage individual championship and team spirit in order to attain set goals and realise high performance in terms of revenues and growth.

The study concluded that intellectual stimulation are instruments that assistance organizations in critical thinking and problem solving. Critical thinking helps the clients to take care of the issues that they confront every day in the working environment. A scope of problem solving tools makes it suitable for diverse settings in which issues introduce themselves.

The study concludes that individual consideration influences employee performance to very great extent. Knowledge sharing and teamwork should be encouraged by bank management, while being cautious about personal life of employees hence encouraging work-life balance. In addition, team leaders should listen and adopts employees’ ideas and inputs, leaders communicate the plan numbers clearly and finally, leaders should keep employees updated on how their actual performance is tracking against plan and targets.

Lastly, the study concludes that leaders who utilize this style of authority give due thought for their worker needs and mentor employees to bring maintainable advancement. A leader who gives individual thoughtfulness regarding subordinates, mirror the conduct of regarding every worker as an individual and start an enthusiasm for the long haul advancement of every representative.
5.4 Implication of the study findings

The findings from this study have implication to the theory and academia, policy formulation and industry and practice. The study will be important to the banking industry sector. The study will bring out the main areas of concern in the performance of employee in banking industry. It will give suggestions on how transformational leadership can be fully applied to enable the service sector to achieve its goals and objective. The study has added valuable knowledge to the field of transformational leadership and employee performance of commercial banks in Kenya. The findings therefore indicate that bank leadership cannot ignore transformational leadership competencies as essential to their success if they have to be effective in their leadership endeavours.

The result of the study can also be of benefit to the policy makers in formulating a strategy of leadership and performance. In a similar vein, results of this study can be used to enlighten all stakeholders on how to achieve the objectives highlighted in human leadership and production. The discoveries of this examination will advance existing learning by adding to the pool of data accessible as to the subject under investigation. Thus, it will hold any importance with the two specialists and academicians who try to investigate and complete further examinations.

5.5 Recommendations and suggestions for Further Study

5.5.1 Recommendation for policy

The study recommends to organization to incorporate center esteems, genuineness, trust, regard and reasonableness into its strategies, practices, and basic leadership, recognizing and actualizing guidelines of lead that will guarantee that employees fell acknowledged. The banks should have clearly articulated vision, high ethical and moral conduct, a clear vision and a sense of mission in the bank.

Based on the findings and conclusions, the study recommends that there should be a shared vision between leaders and the employees in the bank, there exist inspiration appeals of faith and trust from the bank leadership, inspiration of loyalty and commitment to work, optimism and enthusiasm and emphasis on collective team building.

The study also recommends that the bank leadership encourages the employees to rethink some of the basic assumptions about their work by stimulates thinking of employees to enhance
generation of solutions to problems. To acknowledge improved quality of solutions generated by employees and encourages employees to increase their conceptualization, comprehension, and analytical capability to problem solving.

Lastly, the study recommends the bank leadership should value individual efforts, give personal compliments for doing outstanding work, provides rewards such as praise and acknowledgement of effort for achievement of specified goals, encourage personal attention to employees who look neglected and lonely, encourages individual risk-taking, innovation, freedom and uniqueness at work and give individualized bonuses and commissions for good performance attained.

5.5.2 Recommendation for Practice

Transformational leadership should be taught to all people at all levels of organization to have a positive impact on the overall performance. It is recommended that recommended that employees should be trained to use both styles of leadership and along with the increasing need for new skills and competencies of leadership as a result of changes in community, leadership training program is more important than ever. Proper methods of training and development should be devised to promote employees career growth. Employees motivation should be boosted at all cost to promote productivity. In case of reward or punishment, this should be done in a fair manner to all employees.

5.5.3 Contribution to theory

The study established that transformation leadership style is a strong predictor of employee performance. The study results makes a contribution to transactional theory builds on transformational leadership in that through motivation employees are empowered to achieve organizational goals and objectives and ultimately high employee performance. The study results also make a contribution to Transformational leadership theory. Transformational leadership theory states that a transformational leader transforms the followers thinking in such a way that they adopt the vision of the organization as if that vision was their own. This transformation motivates employees to overcome their own interests and strive for the collective goals.
5.5.4 Recommendation for areas for further study

The study sought to find the effects of idealized influence, inspirational motivation, intellectual stimulation and individualized consideration on employee performance of commercial banks in Nairobi City County. This called for the analysis of Nairobi City County only, thus area for further studies could consider other county Governments for purpose of making a comparison of the findings with those of the current study.

5.6 Limitation of the study

Considering the sensitivity of the matters regarding commercial banks, most departments keep their records as a secret. In most organizations, departments have instituted policies to treat with strict confidentiality access of such information. The researcher therefore encountered challenges in securing this vital information from the commercial Banks.

Also, the researcher was constrained by the fact that the response depended on the current employees instead of using facts of the employees who have left the institutions in the past. Also, due to the fear of victimization, the respondents were not willing to share very important information regarding the study. The researcher assured anonymity to encourage the respondents to share their records for research purposes only. The study only focused on commercial banks. Other financial institutions like microfinance are not included in the study. We cannot therefore generalize the findings to these institutions.
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South-Western, Cengage Learning


Appendix 1: Letter of Introduction

Dear Respondent,

**RE: REQUEST TO COLLECT DATA FOR ACADEMIC THESIS RESEARCH PROJECT**

I am a post graduate student at The Management University of Africa (MUA). I am doing a research project titled “*The Effects of Transformational Leadership Style on Employee Performance of Commercial Banks in Kenya: A Survey of Commercial Banks in Nairobi City County*”. I have chosen your bank to be part of my sample population. Attached is a questionnaire, please answer all the questions with your own true agreement to each. There are no wrong responses for any of these statements. All information given in the questionnaire will be treated with strict confidentiality and used for the purpose of this research only.

Thank you for taking your time to fill in the questionnaire.

Thank you in advance,

Yours sincerely,

Dorothy Omamo
Appendix II: Questionnaire

This questionnaire has statements regarding The Effects of Transformational Leadership Style on Employee Performance of Commercial Banks in Kenya: A Survey of Commercial Banks in Nairobi City County. Kindly take about 10 to 15 minutes to complete the questionnaire as guided. Your responses will be handled confidentially and ethically.

Thank you for agreeing to participate in this academic study.

SECTION A: GENERAL /DEMOGRAPHIC DATA

1. Kindly indicate your gender
   
   a) Male
   b) Female

SECTION B: IDEALIZED INFLUENCE AND EMPLOYEE PERFORMANCE OF COMMERCIAL BANKS

This section seeks to examine the effect of idealized influence on employee Performance of Commercial Banks. Please tick the answer that reflects your opinion in the following statements.

<table>
<thead>
<tr>
<th>No</th>
<th>Statement</th>
<th>Strongly disagree</th>
<th>Disagree</th>
<th>Moderately Agree</th>
<th>Agree</th>
<th>Strongly agree</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>My bank has a clearly articulated vision.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>Leaders in my bank have high ethical and moral conduct.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>There exists a clear vision and a sense of mission in my bank</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>Leaders in our enterprise go beyond self-interest for the good of the employees.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5</td>
<td>Jobs in our enterprise are clearly described.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
### SECTION C: INSPIRED MOTIVATION AND EMPLOYEE PERFORMANCE OF COMMERCIAL BANKS

This section seeks to examine the effect of inspired motivation on the Employee Performance of Commercial Banks. Please tick the answer that reflects your opinion in the following statements.

<table>
<thead>
<tr>
<th>No</th>
<th>Statement</th>
<th>Strongly disagree</th>
<th>Disagree</th>
<th>Moderately Agree</th>
<th>Agree</th>
<th>Strongly agree</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>There is shared vision between leaders and the employees in my bank.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>There exist high standards of performance in my bank.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>There exist inspiration appeals of faith and trust from the bank leadership.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>There exists inspiration of loyalty and commitment to work from the leadership in my bank</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5</td>
<td>There exists a display of optimism and enthusiasm from the bank leadership.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>6</td>
<td>My bank leadership emphasis on collective team building.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
**SECTION D: INTELLECTUAL STIMULATION AND EMPLOYEE PERFORMANCE OF COMMERCIAL BANKS**

This section seeks to examine the effect of intellectual stimulation on employee Performance of Commercial Banks. Please tick the answer that reflects your opinion in the following statements.

<table>
<thead>
<tr>
<th>No</th>
<th>Statement</th>
<th>Strongly disagree</th>
<th>Disagree</th>
<th>Moderately Agree</th>
<th>Agree</th>
<th>Strongly agree</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>The bank leadership encourages the employees to rethink some of the basic assumptions about their work.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>The bank leadership stimulates thinking of employees to enhance generation of solutions to problems.</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>3</td>
<td>The bank leadership encourages employees to increase their conceptualization, comprehension, and analytical capability to problem solving.</td>
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<tr>
<td>4</td>
<td>The bank leadership encourages knowledge transfer between senior and junior employees.</td>
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70
SECTION E: INDIVIDUALIZED CONSIDERATION AND EMPLOYEE PERFORMANCE OF COMMERCIAL BANKS

This section seeks to examine the effect of individualized consideration on Employee Performance of Commercial Banks. Please tick the answer that reflects your opinion in the following statements.

<table>
<thead>
<tr>
<th>No</th>
<th>Statement</th>
<th>Strongly disagree</th>
<th>Disagree</th>
<th>Moderately Agree</th>
<th>Agree</th>
<th>Strongly agree</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>The bank leadership values my individual efforts.</td>
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<tr>
<td>2</td>
<td>The bank leadership gives personally compliments doing outstanding work.</td>
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<tr>
<td>3</td>
<td>The bank leadership provides rewards such as praise and acknowledgement of effort for achievement of specified goals.</td>
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<td>4</td>
<td>The leadership encourages personal attention to employees who look neglected and lonely.</td>
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<tr>
<td>5</td>
<td>The leadership encourages individual risk-taking, innovation, freedom and uniqueness at work.</td>
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<tr>
<td>6</td>
<td>The leadership gives individualized bonuses and commissions.</td>
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SECTION F: EMPLOYEE PERFORMANCE OF COMMERCIAL BANKS

This section seeks to examine the effect of transformational leadership style on Employee Performance of Commercial Banks.

<table>
<thead>
<tr>
<th>No</th>
<th>Statement</th>
<th>Strongly disagree</th>
<th>Disagree</th>
<th>Moderately Agree</th>
<th>Agree</th>
<th>Strongly agree</th>
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</thead>
<tbody>
<tr>
<td>1</td>
<td>Idealized influence affects employee performance of commercial banks.</td>
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<tr>
<td>2</td>
<td>Inspired motivation affects employee performance of commercial banks.</td>
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<tr>
<td>3</td>
<td>Intellectual stimulation affects employee performance of commercial banks.</td>
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<td>4</td>
<td>Individualized consideration affects employee performance of commercial banks.</td>
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## Appendix III: Licensed Commercial Banks in Nairobi City County

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<tr>
<th>NO.</th>
<th>The Tier System of Classification</th>
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<tbody>
<tr>
<td></td>
<td><strong>Tier 1</strong></td>
</tr>
<tr>
<td>1</td>
<td>Co-operative Bank of Kenya</td>
</tr>
<tr>
<td>2</td>
<td>Kenya Commercial Bank (KCB)</td>
</tr>
<tr>
<td>3</td>
<td>Equity Bank</td>
</tr>
<tr>
<td>4</td>
<td>Barclays Bank</td>
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<tr>
<td>5</td>
<td>Commercial Bank of Africa (CBA)</td>
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<td>Standard Chartered Bank</td>
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<td><strong>Tier 2</strong></td>
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<tr>
<td>1</td>
<td>Family Bank</td>
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<td>I&amp;M Bank</td>
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<td>NIC Bank</td>
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<td>Guaranty Trust Bank</td>
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<td>National Bank</td>
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<td>Bank of India</td>
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<td><strong>Tier 3</strong></td>
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<td>ABC Bank</td>
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<td>Credit Bank</td>
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<td>Guardian Bank</td>
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<td>Middle East Bank</td>
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<td>Trans-National Bank</td>
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<td>Sidian Bank</td>
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<td>UBA Bank</td>
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<td>22</td>
<td>Development Bank</td>
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