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**MODERATING ROLE OF GOVERNMENT REGULATIONS IN THE
RELATIONSHIP BETWEEN INTEGRATIVE LEADERSHIP STYLE AND THE
ORGANIZATIONAL PERFORMANCE OF COMMERCIAL STATE
CORPORATIONS IN KENYA**

¹Mungatana Danson Buya, ²Prof. Emmanuel Awuor, ³Dr. Ole Mapelu

¹PhD Candidate, Management University of Africa

²Professor of Leadership and Supply Chain Management,
Management University of Africa

³Lecturer, Management University of Africa

*Corresponding Author's Email: mungatana47@gmail.com

ABSTRACT

Research has revealed that Kenya's Commercial State Corporations continue to perform significantly worse, with their collective financial losses substantially exceeding projections. This deteriorating performance indicates a serious financial crisis in these state-owned enterprises. If this trend continues unchecked, it poses a major threat to Kenya's ability to achieve its long-term national development goals as outlined in Vision 2030. The objective of this study was to establish the moderating effect of government regulations on the relationship between integrative leadership style and organizational performance of commercial state corporations in Kenya. Utilising the Full Range Leadership Model, Theory of Public Interest Regulation and Resource-Based View Theory (RBV), the research implemented a cross-sectional survey design, gathering data from top management teams of all 52 commercial state corporations in Kenya via purposive sampling, while adhering rigorously to ethical standards during data analysis. The regression analysis showed a strong relationship ($R = 0.748$), with 55.9% of organizational performance explained by integrative leadership and government regulations. Both integrative leadership ($\beta = 0.602$, $p < 0.001$) and government regulations ($\beta = 0.198$, $p < 0.001$) were significant positive predictors of performance. The addition of an interaction term revealed a significant moderating effect ($\beta = 0.113$, $p < 0.001$), indicating that government regulations enhance the positive impact of integrative leadership on performance. This means that stronger regulatory frameworks amplify the effectiveness of integrative leadership, demonstrating that regulations act as a facilitator rather than a barrier. The study recommends that leaders in commercial state corporations adopt adaptive leadership strategies aligned with the regulatory environment to enhance organizational performance. By fostering a culture of compliance and ethical conduct in line with legal requirements, leaders can amplify the positive impact of their practices. Proactive engagement with regulatory bodies helps leaders stay informed about policy changes and integrate them into strategic decision-making. This responsiveness not only improves performance but also strengthens accountability and legitimacy. Ultimately, aligning leadership approaches with government regulations enables sustained success and better navigation of complex operational landscapes.

Keywords: *Integrative leadership style, government regulations, organizational performance, commercial state corporations in Kenya*

INTRODUCTION

The efficacy of state companies in North America is influenced by historical antecedents, economic goals, and current issues. Although they are vital in delivering basic services and advancing national interests, their efficacy may be affected by management practices, legal frameworks, and the overarching economic context (Smith & Johnson, 2023). State corporations in North America are fundamentally anchored in economic nationalism, which emphasises governmental involvement in the economy to retain control over critical areas. This action is often essential to guarantee the provision of important services to the public, especially in sectors considered crucial for national interests, such as transport and utilities (Peters, 2022). The federal government has traditionally nationalised essential industries, like as railroads, to ensure these services remain accessible and dependable for all residents (Smith & Johnson, 2023). This historical context highlights the crucial function of state companies in remedying market failures, as private entities may insufficiently fulfil public requirements (Anderson, 2021).

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The integrated leadership style is a refined approach that amalgamates diverse leadership qualities and strategic decision-making procedures to enhance organizational performance. This dynamic capability is crucial for developing organisations that can adjust to changing surroundings and attain their desired objectives (Zhang et al., 2018). The roots of integrative leadership style may be linked to previous contributions by Yukl (1971) and Winter (1979), but it acquired prominence in the 1980s with Bass's full-range leadership model (Mango, 2018). This concept emphasised the need of adjusting leadership styles to address the requirements of followers and the challenges of the environment. The full-range leadership model provides a framework for comprehending the integration of many leadership styles to attain optimum outcomes (Tungol, 2024).

The emergence of integrative leadership style ideas originates from the examination of public sector leadership, as observed by Crosby and Bryson (2018). Academics in this discipline acknowledged the need for leadership frameworks capable of tackling the intricacies of public administration, whereby cooperation and stakeholder involvement are essential. Integrative leadership underscores the need of using varied viewpoints and competencies from both internal and external stakeholders. This collaborative methodology not only improves decision-making but also cultivates a feeling of ownership and dedication among team members. Integrated leadership is defined by its flexibility and adaptability. Leaders using this style are not limited to one method; rather,

they use a varied repertoire of leadership tactics. This enables them to address the distinct issues and opportunities that emerge inside their organisations efficiently. Integrated leaders may cultivate a more comprehensive and adaptive corporate culture by amalgamating many leadership traits, including transformational, transactional, and servant leadership (Crosby and Bryson, 2018).

Government regulation denotes the binding rules, policies, and regulations instituted by the legal framework that organisations and people must comply with (Ali & Osmanaj, 2020). The Kenya-owned State Corporations (SCs) are founded under the State Corporations Act Cap 466 and are either government-owned or administered by Boards or Councils. They assume many tasks, including commercial, non-commercial, supervision, and regulatory functions. The implementation of this Act was crucial in establishing a legislative and regulatory framework for the monitoring of SCs. In the current dynamic landscape, governmental laws provide economic obstacles for several enterprises worldwide (Davis, 2022).

Organisations often argue that these restrictions impede performance and production by limiting transparency and efficiency. Nonetheless, when focused on improving quality, government rules may incentivise organisations to create their own quality programs and evaluate their efficacy (Shivji, 2018; Abbott & Snidal, 2021). Moreover, certain constitutional and legislative mandates, including the Public Finance Management (PFM) Act of 2012, the County Government Act of 2012, and the Constitution of Kenya of 2010, have necessitated enhanced public engagement in governmental matters. To maintain and increase quality, rules must guarantee the successful integration of initiatives for ongoing quality improvement and assessment.

Organisations and academics often assess performance from several viewpoints, complicating the establishment of a single definition owing to its intricate and multidimensional characteristics (Contu, 2020). Nonetheless, performance is essential to the survival of any company and continues to be a pivotal concern for both stakeholders and shareholders. The importance is emphasised by the focus it garners from both managers and scholars (Taouab & Issor, 2019). Historically, performance assessments have mostly emphasised financial criteria, especially those that enhance profit maximisation (Muthuveloo, Keat & Teoh, 2022). This focus underscores the significance of financial results in evaluating an organization's overall efficacy and success. The financial performance focusses on the entity's profitability, cost management, revenue expansion, and overall viability (Kabiye et al., 2019). The financial success of businesses may be assessed by market development, product or service quality, staff productivity, work happiness, and customer satisfaction (Koay & Muthuveloo, 2021). Organisations mostly focused on financial performance metrics. Consequently, due to heightened competition and the impacts of globalisation, corporations are increasingly prioritising non-financial performance indicators (Omran, Khallaf, Gleason, & Tahat, 2021; Mio, Costantini & Panfilo, 2022).

STATEMENT OF THE PROBLEM

Since achieving independence, the Government of Kenya (GoK) has acknowledged the crucial function of State Corporations in promoting development to expedite economic and social advancement, mitigate regional economic inequalities, and augment the

involvement of Kenyan citizens in the economy (GoK, 1965). This acknowledgement initiated governmental expenditures in critical industries, including industry and agriculture. According to Kenya's Vision 2030, State Corporations are essential to the nation's socio-economic development strategy, aiming to utilise these entities to convert Kenya into a "newly industrialising, middle-income country that ensures a high quality of life for all citizens by 2030, within a clean and secure environment.

The Kenya National Treasury and Economic Planning report (2023) assessed 236 State Corporations for the financial year 2021/2022 from July to October 2022. Of them, 18 corporations, constituting 7.6%, attained a "EXCELLENT" performance rating, whilst 43.2% were classified as "VERY GOOD." Furthermore, 116 corporations, accounting for 49.2%, obtained "GOOD" or "FAIR" ratings, signifying their failure to reach performance objectives. The assessment of the State Corporations was based on twelve critical variables that directly influence service performance. The set of indicators includes: absorption of allocated funds, absorption of externally mobilised funds, pending bills, adherence to the core mandate, pre-tax profit, dividends paid to the National Treasury, return on investment, project completion rate, implementation of presidential directives, access to government procurement opportunities, youth internships, industrial attachments, apprenticeships, and measures for corruption prevention.

For FY 2021/2022, State Corporations achieved an average composite score of 3.0036, with performance ratings ranging from 1.00 (optimal) to 5.00 (suboptimal). In the analysis of performance across functional categories, Public Universities ranked highest with an average composite score of 2.7752, whilst the Commercial category ranked lowest with an average score of 3.3460. Significantly, Public Universities excelled in FY 2020/2021, whereas the Commercial category languished at the lowest position. The research also indicated that the 32 Commercial State Corporations, which used Pre-tax Profit as a performance metric, sustained an aggregate loss of KSh. 9,444,118,212.47, surpassing the anticipated loss of KSh. 7,597,996,202.12 This signifies that during the fiscal year 2021/2022, these corporations incurred an extra loss of KSh 1,846,122,010.35, after the prior year's deficit. 7,597,996,202.12 If the existing performance patterns of Commercial State Corporations continue, it may provide considerable obstacles for the Kenyan government in achieving the goals established in Vision 2030. This research seeks to fill existing gaps by examining how integrative leadership styles, effective strategy implementation, and government restrictions might improve the organizational performance of Commercial State Corporations in Kenya.

RESEARCH OBJECTIVE

To determine the moderating effect of government regulations on the relationship between integrative leadership style and organizational performance of commercial state corporations in Kenya

LITERATURE REVIEW

Theoretical Review

Full Range Leadership Model (FRLM)

The full-range leadership model (FRLM) was initiated by Burns in 1978 and further refined by Bass and Avolio in 1991. The Full Range Leadership Model (FRLM) is an extensive leadership paradigm that highlights leader behaviour across many work

contexts (Adesugba, 2023). The framework includes three core leadership styles; transformational, transactional, and laissez faire. The Full Range Leadership Model (FRLM) posits that successful leadership involves a spectrum of behaviours rather than being limited to a one approach. This concept posits that Transformational Leadership is essential for improving organizational performance by fostering an environment of trust, motivation, and commitment among workers. Transactional Leadership emphasises the attainment of corporate goals via clearly defined structures and incentive systems, potentially leading to short-term performance improvements. Laissez-faire leadership may adversely affect performance if leaders fail to effectively interact with their staff, possibly resulting in a deficiency of direction and responsibility (Randolph, 2021).

The Full Range Leadership Model (FRLM) is particularly relevant to this research. Integrative Leadership strongly connects with the ideas of transformational leadership, highlighting the significance of cooperation and the ability to motivate different teams. Examining the impact of integrative leadership style on strategy implementation might provide significant insights for enhancing organizational performance. According to the FRLM, effective leadership is essential for successfully implementing strategy (Mair, 2024). Leaders who adapt their methods to meet team needs and align with organizational strategic goals are more likely to attain positive results. Third, the model's flexibility facilitates the examination of how government rules may serve as moderating variables in the correlation between leadership styles and organizational performance. Leaders must adeptly manoeuvre through these rules while endeavouring to sustain superior performance. Ultimately, applying the Full Range Leadership Model allows scholars to assess how various leadership styles affect the performance of commercial state enterprises, especially within Kenya's intricate regulatory landscape. This holistic approach helps improve comprehension of the variables influencing organizational effectiveness.

Theory of Public Interest Regulation

The Theory of public interest regulation was established by Pigou in 1938. The Organisation for Economic Co-operation and Development (OECD) (2016) asserts that the government may face a dilemma between project control and revenue generation. The government establishes rules to oversee and regulate economic interests (Mizutani & Nakamura, 2019). Regulators sometimes overlook public interest when swayed by project implementers seeking to enhance profits (Lindrianasari, Mahatma, Yuztitya, & Agrianti, 2018).

The Theory of Public Interest Regulation is very pertinent to this subject. Initially, the idea provides a significant foundation for comprehending the impact of governmental legislation on corporate behaviour and performance. It underscores the essential function of rules in influencing the operating landscape for state-owned enterprises, especially in the setting of a growing nation such as Kenya. Secondly, the use of the Theory of Public Interest Regulation allows researchers to examine how compliance with legislation, supported by an integrative leadership style, might improve organizational performance. This is especially significant in environments where regulatory frameworks are unstable and may impact operational efficiency. This theory offers critical insights into the interplay of leadership, regulatory compliance, and organizational performance, making

it a significant framework for analysing the stated variables in Kenyan commercial state enterprises.

Resource-Based View Theory (RBV)

The resource-based view theory was first proposed by Birger Wernerfelt in 1984 and then refined and expanded by Barney in 1991 (Barney, 1991). The Resource-Based View (RBV) posits that organisations compete based on their competencies and resources (Ferreira & Fernandes, 2017). The Resource-Based View (RBV) thesis posits that a firm's competitive advantage derives from its valued, limited, inimitable, and non-substitutable resources (Nason & Wiklund, 2018). A firm's competitive advantage is its effective and value-generating strategy, which competitors do not use (Varadarajan, 2023). Sustainable competitive advantages (SCAs) arise when competing corporations are unable to replicate or acquire knowledge about them (Yewei & Pereira, 2022). Given that resources are pivotal components of an organisation, competitive advantages may be evaluated from a resource-oriented approach (Varadarajan, 2023).

The Resource-Based View (RBV) hypothesis is very relevant to this research for several convincing reasons. Integrative Leadership is essential for identifying, developing, and using unique, uncommon, distinctive, and non-substitutable resources and competencies inside commercial state businesses in Kenya. Leaders using an integrative strategy may efficiently align and use these strategic resources, hence improving overall organizational performance. Secondly, the RBV theory underscores the importance of the external environment, especially governmental restrictions, in shaping the resources and skills that commercial state corporations may develop and use. A comprehension of how these restrictions influence the correlation between available resources and performance results is crucial for good management.

Ultimately, the core premise of the RBV theory posits that a firm's strategic resources and skills are the principal factors influencing its competitive advantage and exceptional performance. By enabling researchers to examine the influence of valuable, scarce, unique, and non-substitutable resources and competencies on the organizational performance of commercial state corporations in Kenya, the Resource-Based View (RBV) theory offers a thorough framework for analyzing factors that enhance competitive advantage. Consequently, it represents an essential theoretical lens for the proposed research.

Empirical Literature Review

Integrative Leadership Style, Government Regulations and Organizational Performance

The Dastane's (2020) research, conducted in Malaysian multinational corporations, investigated the impact of transformational, laissez-faire, democratic, and autocratic leadership styles on employee performance, and explored if gender moderated these relationships. Collecting data from 211 convenience-sampled workers via an online standardized questionnaire, the study employed IBM SPSS 24 for reliability and normality assessments, and IBM SPSS AMOS 24 for CFA, SEM, and moderation analysis. Findings indicated that transformational, laissez-faire, and democratic leadership styles positively and significantly influenced employee performance, while autocratic leadership showed no notable impact. Gender was identified as a complete moderator for

the effects of transformational (more beneficial for males) and laissez-faire (more successful for females) leadership, and a partial moderator for democratic leadership, though it had no significant moderating influence on autocratic leadership. This research emphasized the need for managers to adapt leadership strategies to account for gender disparities to optimize staff performance. While Dastane's study thus contributed significantly by highlighting both direct leadership style impacts and the moderating role of gender, this current research expands upon it by examining the role of government regulations as a moderator in the link between integrative leadership style and organizational performance within Kenyan commercial state corporations. This investigation seeks to elucidate the impact of external regulatory considerations on leadership efficacy and organizational outcomes across various contexts.

The research by Wangui, Kahuthia, and Muhoho (2021) examined the influence of governmental regulations on the relationship between Kenyan County Government performance and strategy implementation, demonstrating a strong association. Employing an explanatory research methodology, the researchers gathered data via questionnaires, enabling them to examine the subtleties of how government regulations influence the efficacy of strategy implementation. Their results demonstrated a beneficial moderating impact of government regulation, indicating that regulatory frameworks may improve the correlation between strategic activities and performance outcomes. The research was confined to County Governments in Kenya, revealing a contextual gap that requires more investigation in other organizational environments. This study will examine commercial state corporations in Kenya and evaluate the moderating influence of government regulations on the connection between integrative leadership style and organizational performance. This research intends to elucidate how an integrative leadership style, marked by cooperation and inclusion, might impact performance results within the framework of regulatory frameworks, by concentrating on commercial state businesses. This method intends to expand upon the results of Wangui et al. while contributing to a more profound comprehension of the interplay between leadership, governmental rules, and organizational performance in Kenya's commercial state corporations.

The study by Nyakarimi, Kariuki, and Kariuki (2020) emphasised the substantial moderating impact of government rules on internal control systems and their efficacy in fraud prevention. The researchers used a structural equation model (SEM) to analyse primary data obtained from surveys, establishing a comprehensive framework for elucidating the dynamics inside the banking industry. Their results emphasised the essential importance of government rules in improving internal controls, therefore mitigating the danger of fraudulent actions. The study's concentration on the banking industry resulted in a significant contextual vacuum, since the consequences of these results may not be immediately relevant to other sectors or organizational types. This research will examine the moderating influence of government restrictions on the link between integrative leadership style and organizational performance in commercial state corporations in Kenya. This method intends to expand upon the findings derived from Nyakarimi et al.'s research while contributing to a comprehensive knowledge of how governmental rules influence leadership efficacy and organizational performance across various industries in Kenya.

RESEARCH DESIGN AND METHODOLOGY

Research Philosophy

This study was based on a positivist research philosophy. Positivism posits that natural science requires the formulation of logical relationships within and between phenomena, and that the examination of things must scientifically ascertain and authenticate these relationships using rational methods (Ryan, 2018; Dawadi, Shrestha, & Giri, 2021). Creswell and Creswell (2017) contend that the positivist ideology posits that valid knowledge must be ascertained via simultaneous testing by several researchers, resulting in consistent outcomes. Bell, Bryman, and Harley (2022) asserted that the positivist methodology relies on acquired abilities. This study will heavily use positivism, which is grounded on the principles of validity, reason, and truth. Positivists claim they can provide scientific explanations for occurrences using quantitative approaches, including experiments and observations (Maksimovic & Evtimov, 2023).

Research Design

A cross-sectional survey methodology was adopted. A cross-sectional observational survey method assesses individuals' exposures and outcomes concurrently (Wang & Cheng, 2020). Data may be collected more quickly and cheaply using a cross-sectional survey design compared to other survey methodologies. The cross-sectional survey facilitates the collection of primary data that will assist in identifying correlations among different factors (Patten & Newhart, 2018; Shanmugam, 2020). This design is advantageous since it is time-constrained and allows for data collection at a designated moment (Wang & Cheng, 2020). The design will integrate quantitative data since it relies on numerical measurement and statistical methodologies (Patten & Newhart, 2018). The design will assist the researcher in collecting critical data about the impact of integrative leadership style, strategy implementation, and government regulation on organizational performance.

Target Population

The target population included all Kenyan Commercial State Corporations enumerated as of March 2021 on the State Corporations Advisory Committee website, as detailed in the report of the Presidential Taskforce on Parastatal Reforms 2013. Kenya has 253 State Corporations, of which fifty-two (52) are commercial and two hundred and one (201) are non-commercial. The Task Force on Presidential Parastatals Reforms classified the Commercial State Corporations into two groups in the 2013 report: solely commercial (32) and those with strategic roles (20).

Table 1: Population Distribution

| No. | Category | No. of Institutions |
|--------------|---------------------------------------|---------------------|
| 1. | Purely Commercial State Corporations | 32 |
| 2. | Commercial SC with strategic function | 20 |
| Total | | 52 |

Sample Frame and Sampling Technique

The research executed a survey of senior management across all 52 Commercial State Corporations, using a census sample technique to guarantee thorough data acquisition. Oribhabor and Anyanwu (2019) assert that this methodology improves the generalisability of the results while reducing possible sample mistakes and biases. Mweshi and Sakyi (2020) endorse census sampling, especially for smaller, homogenous populations. Purposeful sampling will be used to choose the senior management team, concentrating especially on five (5) pivotal persons from each firm. The five important responders were the Managing Director, Head of Supply Chain Management, Head of ICT, Head of Audit and Risk Management, and the Corporation Secretary and Legal Services. The chosen professionals are essential due to their substantial expertise and their role in managing policy and strategic efforts within their respective directorates. Thus, the researcher selected five senior management members from each of the 52 Commercial State Corporations, resulting in a total sample size of 260 respondents.

Data Collection Instruments and Procedures

Structured questionnaires were employed to gather primary data, rated by respondents on a 5-point Likert scale ranging from "Strongly disagree" to "Strongly agree." These questionnaires are efficient, allowing respondents to complete them at their convenience. The structured questions utilised the 5-point Likert scale, which, according to Kothari (2004), is a prevalent tool in research. Likert scales effectively convey the intensity of respondents' feelings regarding the subject matter, facilitating data analysis and collection, while being comprehensive and expeditious (Kothari, 2004). The questionnaire comprises five sections: Section A addresses demographics, Section B focuses on integrative leadership style, Section C pertains to strategy implementation, Section D examines government regulations, and Section E presents questions related to organizational performance.

Pilot Study

The pilot study was done to check on the validity and reliability of the research questionnaire tool. Following the recommendations of Riffe et al. (2019), that pilot study should be between 1% to 10% of the study population, the current study adopted a 6% of 52 commercial state corporations, resulting in 3 commercial state corporations participating in the pre-test. By highlighting errors in the particular questions, the order, and the design, as well as by watching how the questionnaire performs in real-world scenarios, the pre-test results will contribute to the improvement of the research instruments (Althubaiti, 2023). The pilot group respondents will not be permitted to take part in the main study since they will produce skewed results and replications as argued by Althubaiti (2023).

Validity

Validity denotes a test's capacity to accurately assess the intended construct, discriminant, external, or internal variables (Clark & Watson, 2019). Internal validity concerns a research instrument's effectiveness in measuring the intended construct, while external validity pertains to the generalisability of findings (Clark & Watson, 2019). Four types of validity tests exist: criterion-related validity, face validity, content validity, and construct validity (Sürücü & Maslakçı, 2020). Construct validity refers to the extent to which an instrument accurately measures the concept for which it was intended (Almanasreh, Moles, & Chen, 2019; Mellor, 2022). The assessment of construct validity is grounded in

evidence from various studies utilising a specific measurement tool (Clark & Watson, 2019). Two subcategories of construct validity are convergent validity and discriminant validity (Webber, Critchfield & Soble, 2020). Convergent validity indicates the degree of agreement between data from one scale and data from other scales aimed at measuring the same construct (Webber, et al., 2020). Discriminant validity posits that the results from a scale do not correlate with those from scales intended to measure different constructs (Webber, et al., 2020).

Reliability

Reliability denotes the extent to which a measurement, technique, or instrument consistently yields identical results over time (Revelle & Condon, 2019; Sürücü & Maslakçi, 2020). It is also characterised as the capacity of a research tool to produce data or outcomes consistently across multiple trials (Corry, Porter, & McKenna, 2018). Reliability will be 'Split-halves' and 'internal consistency'. Split-half method will be employed to find similarities between the two responses. The reliability of an empirical indicator depends on its consistency throughout several theoretical idea measurements. Inter-rater dependability will ensure reliability in this study. In order to ascertain if senior executives' assessments of the same variables will produce comparable findings in a follow-up research, questionnaires and other data collection instruments will be sent to a number of them. The internal consistency which is a reliability measure will be assessed using Cronbach's alpha. Cronbach's alpha measures internal consistency, or how closely related objects are (Taber, 2018; Revelle & Condon, 2019). A "high" alpha value is often used to demonstrate that the questions measure a hidden component (McNeish, 2018). A reliability threshold of 0.7 or higher is needed to confirm reliability (Bujang, Omar, & Baharum, 2018). Alpha coefficients (0 -1) will be calculated. Studies have adopted the defined threshold of 0.70 and higher, so the indicators that meet this threshold will be regarded as adequate for portraying the components.

Diagnostics Tests

The study employed various diagnostic tests to assess the compliance of the Classical Linear Regression Model (CLRM) and to identify appropriate alternative models if the CLRM assumptions are violated (Saunders et al., 2019). Before executing the regression model, a sequence of pre- and post-estimation tests was conducted. The diagnostic tests utilised encompassed normality tests, multicollinearity tests, heteroscedasticity tests, and linearity tests. The subsequent sections will discuss these tests in detail.

Model for the Study

To investigate the moderating effect of government regulations on the link between integrative leadership style and performance, regression analysis will be used.

The model predicts that the dependent variable, "P," differs across levels of a third variable, "GR." The test involves establishing the statistical significance of the interaction term since it alters the degree and direction of the relationship between the independent and dependent variables (Memon et al., 2019; Igartua, & Hayes, 2021).

$$P = \alpha_0 + (\beta_1 IL) + \epsilon \dots \dots \dots (1)$$

$$P = \alpha_0 + (\beta_1 IL) + (\beta_2 GR) + \epsilon \dots \dots \dots (2)$$

$$P = \alpha_0 + \beta_1 IL + \beta_2 GR + (\beta_3 CGP * GR) + \epsilon \dots \dots \dots (3)$$

Where:

P = Performance; IL = Integrative leadership style; GR = Government Regulations; α = constant (intercept); β =Coefficient parameters to be determined, composite* =interaction term, ε = Error term

RESEARCH FINDINGS AND DISCUSSIONS

Demographic Characteristics

The demographic characteristics of the study sample provide insights into the composition of the workforce in commercial state corporations in Kenya, which is crucial for understanding how integrative leadership, strategy implementation, and government regulations influence organizational performance.

Table 2: Demographic characteristics

| Demographic Profile | Frequency | Percentage | |
|---------------------------|--------------------|------------|------|
| Age | Less than 30 years | 9 | 4.3 |
| | 31 to 54 years | 129 | 53.4 |
| | More than 55 years | 94 | 42.3 |
| Length of Service | less than 10 years | 9 | 3.9 |
| | 11 – 20 Years | 61 | 26.3 |
| | 21 – 40 Years | 91 | 38.8 |
| | Over 40 years | 71 | 31 |
| Level of Education | College Diploma | 1 | 0.4 |
| | Bachelor's Degree | 112 | 48.3 |
| | Master's Degree | 114 | 49.1 |
| | Doctorate or PhD | 5 | 2.2 |

The age distribution shows that the workforce is predominantly mature, with only 4.3% of respondents under 30 years old, while 53.4% are aged 31–54 and 42.3% are over 55. This indicates that most employees are mid-career to senior professionals with significant experience and decision-making influence, contributing to stable strategy implementation and organizational continuity. However, the limited presence of younger staff suggests a potential shortage of fresh perspectives and reduced adaptability to change, raising concerns about innovation and future leadership succession in Kenya's commercial state corporations.

The length of service reveals that the majority of employees (69.8%) have over 20 years of experience, with 38.8% serving 21–40 years and 31% exceeding 40 years, indicating a highly experienced and loyal workforce that provides stability, institutional knowledge, and leadership continuity. A smaller group with 11–20 years of service (26.3%) acts as a bridge between new and senior staff, while only 3.9% are newcomers with less than 10 years of service. This high tenure supports effective strategy implementation but may also lead to resistance to change and reduced adaptability to evolving leadership styles and regulations. The limited presence of younger, less tenured employees highlights a potential gap in innovation and succession planning, emphasizing the need for proactive efforts to balance experience with organizational agility in Kenya's commercial state corporations.

The workforce is highly educated, with nearly half (49.1%) holding a Master's degree and 97.6% possessing at least a Bachelor's degree, including a small but influential group with

Doctorates likely in senior or specialized roles. This strong academic profile supports strategic thinking, effective leadership, and regulatory compliance. However, the near absence of diploma-level employees indicates a preference for advanced qualifications, which may enhance competence but could limit diversity in practical, hands-on perspectives, potentially affecting innovation and inclusivity in organizational decision-making.

Hypothesis Testing

This research aimed to assess the moderating effect of government regulations on the relationship between integrative leadership style and organizational performance of commercial state corporations in Kenya. To investigate this, the study tested the following hypothesis: H₀₁ – there is no significant moderating effect of government regulations on the relationship between integrative leadership style and organizational performance of commercial state corporations in Kenya. To evaluate this null hypothesis, a hierarchical multiple regression analysis was performed. The moderation effect was examined using the linear regression capabilities in SPSS version 28, following the methodology established by Baron and Kenny (1986). This process involved analysing the regression relationships among integrative leadership style, government regulations, and organizational performance of commercial state corporations in Kenya. The regression analysis was conducted in a hierarchical manner; specifically, an interaction term derived from the product of integrative leadership style and government regulations was included as an additional predictor in the model. The hierarchical regression models utilized in this analysis are elaborated upon in the following sections.

Table 3: Model summary of government regulations, integrative leadership style on organizational performance

| Model | R | R Square | Adjusted R Square | Std. Error of the Estimate | Change in R Square | F Change | df1 | df2 | Sig. Change | F |
|-------|-------------------|----------|-------------------|----------------------------|--------------------|----------|-----|-----|-------------|---|
| 1 | .748 ^a | .559 | .555 | .4155 | .559 | 145.305 | 2 | 229 | .000 | |
| 2 | .798 ^b | .638 | .633 | .3776 | .078 | 49.200 | 1 | 228 | .000 | |

a. Predictors: (Constant), government regulations, integrative leadership style

b. Predictors: (Constant), government regulations, integrative leadership style, interaction term

The results in Table 2, model 1 incorporates government regulations and integrative leadership style as predictors of organizational performance. The R value of 0.748 signifies a robust correlation between the predictors and the dependent variable. The R Square value of 0.559 indicates that approximately 55.9% of the variance in organizational performance can be accounted for by government regulations and integrative leadership style. The Adjusted R Square value of 0.555 adjusts for the number of predictors in the model, thereby affirming the model's robustness. Additionally, the standard error of the estimate is 0.4155, which reflects the average deviation of the observed values from the regression line. In model 2, an interaction term is introduced alongside government regulations and integrative leadership style. The R value increases to 0.798, meaning that an even stronger correlation. The R Square value rises to 0.638, indicating that 63.8% of the variance in organizational performance can now be explained by the model, highlighting the enhanced explanatory power due to the inclusion of the interaction term.

The change in R Square of 0.078 and the F Change of 49.200 (with a significance level of 0.000) demonstrate that the addition of the interaction term significantly enhances the model's predictive capability.

Table 4: ANOVA of government regulations, integrative leadership style on organizational performance

| Model | | Sum of Squares | df | Mean Square | F | Sig. |
|-------|------------|----------------|-----|-------------|---------|-------------------|
| 1 | Regression | 50.178 | 2 | 25.089 | 145.305 | .000 ^b |
| | Residual | 39.540 | 229 | .173 | | |
| | Total | 89.718 | 231 | | | |
| 2 | Regression | 57.196 | 3 | 19.065 | 133.659 | .000 ^c |
| | Residual | 32.522 | 228 | .143 | | |
| | Total | 89.718 | 231 | | | |

a. Dependent Variable: organizational performance

b. Predictors: (Constant), government regulations, integrative leadership style

c. Predictors: (Constant), government regulations, integrative leadership style, interaction term

The ANOVA results provide further validation of the two models. In Model 1, the regression Sum of Squares is 50.178, accompanied by an F value of 145.305 and a significance level of 0.000, indicating that the model is statistically significant. This finding suggests that the combination of government regulations and an integrative leadership style significantly predicts organizational performance. In Model 2, the regression Sum of Squares increases to 57.196, with an F value of 133.659 and a significance level of 0.000, further confirming the significance of the model and indicating that the interaction term enhances the predictive power of the model.

Table 5: Coefficients of government regulations, integrative leadership style on organizational performance

| Model | Unstandardized Coefficients | | Standardized Coefficients | t | Sig. | 95.0% Confidence Interval for B | | |
|-------|---|------------|---------------------------|-------|--------|---------------------------------|-------------|-------------|
| | B | Std. Error | | | | Beta | Lower Bound | Upper Bound |
| 1 | (Constant) | .650 | .189 | 3.446 | .001 | .278 | 1.022 | |
| | integrative leadership style | .602 | .063 | .575 | 9.496 | .000 | .477 | .728 |
| | government regulations | .198 | .053 | .225 | 3.717 | .000 | .093 | .303 |
| 2 | (Constant) | 2.089 | .267 | 7.812 | .000 | 1.562 | 2.615 | |
| | integrative leadership style | .403 | .064 | .384 | 6.264 | .000 | .276 | .530 |
| | government regulations interaction term | -.419 | .100 | -.475 | -4.170 | .000 | -.616 | -.221 |
| | | .113 | .016 | .888 | 7.014 | .000 | .082 | .145 |

a. Dependent Variable: organizational performance

The results of model 1 in Table 5 on the empirical analysis reveal that both Integrative Leadership and Government Regulations emerge as statistically significant predictors of Organizational Performance. The regression analysis demonstrates that Integrative Leadership exhibits a substantial predictive capacity, with an unstandardized coefficient of 0.602 ($p < 0.001$), indicating that a one-unit increment in Integrative Leadership style corresponds to a 0.602-unit increase in Organizational Performance. Concurrently, Government Regulations demonstrate a positive, albeit comparatively modest, influence, with an unstandardized coefficient of 0.198 ($p < 0.001$), suggesting that a one-unit increase in Government Regulations is associated with a 0.198-unit enhancement in Organizational Performance.

Model 2, introduces an interaction term, of the analysis examining the moderating effect of Government Regulations. The interaction term reveals a statistically significant unstandardized coefficient of 0.113 ($p < 0.001$), providing robust empirical evidence for the moderating role of Government Regulations in the relationship between Integrative Leadership style and Organizational Performance. The positive interaction coefficient indicates a complex interplay in which the relationship between Integrative Leadership style and Organizational Performance becomes progressively more pronounced as the level of Government Regulations increases. Based on the regression analysis, there is clear and statistically significant evidence that Government Regulations moderate the relationship between Integrative Leadership style and Organizational Performance in commercial state corporations in Kenya.

The moderating model can be summarized as:

(iii)...*Organizational Performance* = 0.65 + 0.602(*Integrative Leadership*) + 0.198 (*Government Regulation*)

(iv)...*Organizational Performance* = 2.089 + 0.403 (*Integrative Leadership*) - 0.419 (*Government Regulation*) + 0.113 (*Integrative Leadership and Government Regulation*).

The researcher therefore, Rejects the null hypothesis three ($H0_1$) and consequently concludes that there is significant moderating effect of government regulations on the relationship between integrative leadership style and organizational performance of commercial state corporations in Kenya. This moderation implies that the strength of the positive relationship between Integrative Leadership and Organizational Performance is not constant but varies depending on the level of Government Regulations. Specifically, a higher level of perceived Government Regulations appears to strengthen the positive impact of Integrative Leadership style on Organizational Performance. This suggests that in an environment with robust government regulations, integrative leadership style may become even more effective in driving organizational success.

RESULTS

This study examined the moderating effect of government regulations on the relationship between integrative leadership style and organizational performance in commercial state corporations in Kenya. The regression analysis produced an R value of 0.748, indicating a strong association between integrative leadership style, government regulations, and the dependent variable – organizational performance. An R Square score of 0.559 indicates that around 55.9% of the variation in organizational performance is

attributable to government regulations and integrative leadership style. In the preliminary regression model (Model 1), both Integrative Leadership and Government Regulations emerged as statistically significant predictors of Organizational Performance. Integrative Leadership had a significant positive correlation, with a one-unit increase forecasting a 0.602-unit rise in Organizational Performance ($p < 0.001$). Government regulations had a significant, albeit lesser, beneficial effect, reflecting a 0.198-unit enhancement in performance for each unit increase in regulations ($p < 0.001$). The introduction of an interaction term in Model 2 to evaluate moderation yielded a statistically significant unstandardised coefficient of 0.113 ($p < 0.001$). This affirms a strong moderating effect of Government Regulations on the connection between Integrative Leadership and Organizational Performance. The positive coefficient of the interaction term indicates that the beneficial impact of Integrative Leadership on Organizational Performance intensifies as Government Regulations escalate inside commercial state enterprises in Kenya.

The present study's findings align with those of Wangui, Kahuthia, and Muhoho (2021), "who investigated the impact of government regulation on the link between plan execution and County Government performance in Kenya, demonstrating a strong association. Employing an explanatory research methodology, the researchers gathered data via questionnaires, enabling them to examine the intricacies of how government rules influence the efficacy of strategy implementation. Their findings revealed a beneficial moderating influence of government regulation, indicating that regulatory frameworks may improve the correlation between strategic initiatives and performance results. Furthermore, the present study's findings align with the research performed by Nyakarimi, Kariuki, and Kariuki (2020), which emphasised the substantial moderating impact of government rules on internal control systems and their efficacy in fraud prevention. The researchers used a structural equation model (SEM) to analyse primary data obtained via surveys, offering a comprehensive framework for elucidating the dynamics inside the banking industry. Their results emphasised the essential importance of government rules in improving internal controls, therefore mitigating the danger of fraudulent actions. This moderation indicates that the intensity of the positive correlation between Integrative Leadership and Organizational Performance fluctuates according on the degree of Government Regulations. A heightened perception of Government Regulations seems to enhance the beneficial effect of Integrative Leadership on Organizational Performance. This indicates that in a setting with stringent government rules, an integrated leadership style may prove to be more successful in fostering organizational performance.

CONCLUSION AND RECOMMENDATIONS

This study examined how government regulations influence the relationship between integrative leadership and organizational performance in Kenyan commercial state corporations. The findings revealed that integrative leadership significantly predicts organizational performance, while government regulations act as a significant moderating factor. Specifically, the positive impact of integrative leadership on performance strengthens as regulatory intensity increases, indicating that leadership effectiveness is dynamic and context-dependent. The research rejected the null hypothesis, confirming that government regulations substantially moderate the leadership-performance relationship. These results emphasize that leaders must adapt

their approaches to the regulatory environment to optimize organizational outcomes in Kenya's state corporations.

The study recommends based on the study's results, it is important for leaders to develop adaptive strategies that correspond with the regulatory environment, so guaranteeing that their leadership practices can successfully improve organizational outcomes. By cultivating a culture of compliance and ethical conduct aligned with legislative regulations, practitioners may enhance the beneficial effects of their leadership on performance. Moreover, proactive engagement with regulatory authorities enables practitioners to remain apprised of regulatory developments and use these insights into their leadership strategies. This responsiveness enhances organizational performance and bolsters the legitimacy and responsibility of commercial state corporations. By adjusting leadership methods to the government regulatory, practitioners may achieve sustained success and more effectively manage the intricacies of the operational environment.

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