THE ROLE OF TRANSFORMATIONAL LEADERSHIP ON ORGANIZATIONAL PERFORMANCE IN KENYA: A CASE STUDY OF NATIONAL BANK OF KENYA

BY

DEIGHA AMIN

UNITED STATES INTERNATIONAL UNIVERSITY- AFRICA

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ORGANIZATIONAL PERFORMANCE IN KENYA: A CASE STUDY
OF NATIONAL BANK OF KENYA

BY

DEIGHA AMIN

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SUMMER 2016
STUDENT’S DECLARATION

I declare that this is my original work and has not been submitted to any other university or academic institution other than United States International University in Nairobi for academic credit.

Signed: _________________________    Date: __________________________
Deigha Amin (ID 608554)

This research project has been submitted for examination with my consent as the appointed supervisor.

Signed: _________________________    Date: __________________________
Dr. Joseph N. Kamau

Signed: _________________________    Date: __________________________
Dean, Chandaria School of Business
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ABSTRACT

In the last one decade, competition in the banking industry in Kenya has increased significantly as a result of new entrants in the market and the increasing demands of the customers. This has significantly affected the performance of some commercial banks in Kenya. In the recent past, the National Bank of Kenya has recorded a decline in its profitability. The purpose of this study was to investigate on the role of transformational leadership on organizational performance in National Bank of Kenya. The study also sought to establish the influence of individualized consideration, intellectual stimulation and inspirational motivation on organizational performance in the National Bank of Kenya.

The study used a descriptive research design. The target population was all the 168 staff working at the headquarters of the National Bank of Kenya. Stratified random sampling was used to select 50% of the target population. The sample size of this study was therefore 84 staff. Primary data was used and it was collected by use of semi structured questionnaires. The questionnaire generated both qualitative and quantitative data. Qualitative data was analyzed by use of thematic content analysis and the results were presented in a prose form. Quantitative data was analyzed by use of both inferential and descriptive statistics with the help of statistical software known as Statistical Package for Social Sciences (SPSS version 22). Descriptive statistics included percentages, and frequencies, measures of central tendency (mean) and measures of dispersion (standard deviation). The results were presented using tables and figures which included bar charts and pie charts. Inferential statistics such as correlation analysis and multiple regression analysis was used to establish the relationship between the independent and the dependent variables.

The study found that inspirational motivation had the most significant influence on the performance of the National Bank of Kenya, followed by individualized consideration and intellectual stimulation. In addition, the study found that leaders at the National Bank of Kenya act as coaches and advisors to individuals, mentor the junior staff to improve personal and professional growth and support a flexible work schedule. In addition, the study found that the relationship between the staff and the leaders was considered good; employees in the organization were involved in problem solving and participated in
decision-making. The study also established that leaders in the National Bank of Kenya motivate confidence among the staff and are responsive to employee ideas and thought. In addition, leaders have articulated a clear vision for the future and exhibit a commitment to the goals that have been laid out.

The study concludes that inspirational motivation, individualized consideration and intellectual stimulation had a positive and significant influence on the organizational performance of the National Bank of Kenya. The study recommends that the management should focus on acknowledging and attending to the needs of employees. In addition, the organization should develop a coaching and mentorship program to improve the skills of the staff, which can subsequently influence their productivity and hence performance. Also, the management of the National Bank of Kenya should support innovation and creativity through consideration of the opinions and views of the staff. Lastly, the management of the National Bank of Kenya should start using incentives to increase the motivation of the employees.
ACKNOWLEDGEMENT

I take this opportunity to thank God for good health and for bringing me this far. I also want to extend special gratitude to my supervisor Dr. Joseph Kamau, for the great partnership we made. His guidance, encouragement and patience in reading, correcting, re-reading and refining this work is commendable.

I would also like to express my sincere gratitude to my family for their patience, support and encouragement throughout my studies. Further I extend my appreciation to USIU and all the faculty staff who contributed greatly for the knowledge I acquired during my studies.
DEDICATION

I dedicate this work to my family for the sacrifice they made for me to complete this project. Their love, care, concern, support, encouragement and enthusiasm inspired me to achieve this goal.
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<table>
<thead>
<tr>
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<tbody>
<tr>
<td>ATMs:</td>
<td>Automated Teller Machines</td>
</tr>
<tr>
<td>CT:</td>
<td>Critical thinking</td>
</tr>
<tr>
<td>NACOSTI:</td>
<td>National Commission for Science, Technology and Innovation</td>
</tr>
<tr>
<td>NSSF:</td>
<td>National Social Security Fund</td>
</tr>
<tr>
<td>SMART:</td>
<td>Specific, Measurable, Attainable, Relevant and Timely</td>
</tr>
<tr>
<td>SPSS:</td>
<td>Statistical Package for Social Sciences</td>
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CHAPTER ONE

1.0 INTRODUCTION

1.1 Background of the Study

The success of an organization is highly dependent on employee commitment, job satisfaction and performance in terms of achieving its goals, customer satisfaction and maximization of profits (Abasilim, 2014). In the current business environment, one of the challenges organizations are facing is to select an appropriate leadership. The necessity of the competitive and dynamic business environment requires an increased focus on the most critical organizational element, which is leadership (ElKordy, 2013).

In any organization, leaders are crucial in motivating and helping their employees to be competitive and committed to the achievement of the organizational goals and objectives by use of effective leadership styles. Consequently, the use of various leadership styles in an organization is meant to enhance standards of excellence in employee professional development. Effective leadership involves management, analytical skills, remuneration, motivation and inspiration of employees. When the effectiveness of leadership in an organization is enhanced, employee satisfaction increases, which in turn influences profitability, sales volume and customer satisfaction positively. According to Mortazavi and Partovi (2014), organizational performance can be measured in terms of organizational effectiveness, quality and cost, financial performance in terms of profit, return on assets and market share and human resource in terms of job performance and turnover rate. To improve the performance of an organization, leaders must promote innovation and creativity, improve individual employee performance and stimulate subordinates to challenge their own value systems. Raluca-Elena (2015) suggests that transformational leadership practices have a positive influence on organizational performance.

Transformational leadership was developed by James MacGregor Burns in the year 1978 and it is characterized by optimistic, trustful and positive leaders who encourage teamwork, promote innovations and set high expectations (Raluca-Elena, 2015). Transformational leaders alter and modify the culture of their organizations by inspiring a sense of purpose and mission on the significance of teamwork and stimulating new ways of problem solving and thinking. This inspires employees in an organization to perform
better. Transformational leadership has an influence on the fundamental assumptions and attitudes of members in an organization developing a common mentality to achieve the goals and objectives of an organization (Mwangi & Kwasira, 2015). According to Garcia-Morales, Llorens-Montes and Verdu-Jover (2008), this style of leadership generates higher performance than any other leadership style.

Various researchers around the world have looked at the influence of transformational leadership on organizational performance. In Canada, Hancott (2014) established that the best performing companies were significantly using transformational leadership as compared to poor performing companies. This argument is supported by Mortazavi and Partovi (2014) findings that transformational leadership has a positive and significant influence on organizational commitment, employee motivation and job satisfaction in Iran. Veiseh, Mohammadi, Pirzadian and Sharafi (2015) also found that the characteristics of transformational leadership such as inspirational motivation, hopeful influence, personal observations and intellectual encouragement influence both organizational culture and performance. In Turkey, Erkutlu (2008) indicates that transformational leadership stimulates organizational commitment, which in turn influences job satisfaction. This is achieved by leaders behaving in ways that inspire and motivate their followers, paying attention to the needs of each follower, ensuring a supportive organizational climate and encouraging a two-way communication in the organization.

In Egypt, ElKordy (2013) established that transformational leadership is significantly used in both public and private institutions. In addition, individualized consideration, charisma, intellectual stimulation and inspirational motivation were found to improve employee commitment and organizational performance. These findings are supported by Abasilim (2014) argument that transformational leadership style has a positive and significant influence on organizational performance in Nigeria. According to Hancott (2014), inspirational motivation is shown when leaders articulate appealing visions of the employees and encourage them to take up ambitious goals. Intellectual stimulation in leaders is shown when they encourage their followers to be creative, innovative, take risks and challenge stable assumptions. Individualized consideration involves leaders showing concerns with employee performance and professional development. Even though various studies show that several organizations are adopting transformational
leadership, there is little empirical evidence on the role of transformational leadership on organizational performance in the banking industry in Kenya.

The National Bank of Kenya was founded in the year 1968 by the government of Kenya, which by then had 100 percent shareholding. The bank was established to help Kenyans access credit and control the economy of the country after independence. In the year 1994 the government of Kenya reduced its shareholdings by 32 percent, which was done by selling shares to the public. Also, in the year 1996 about 45.5 percent of the shareholdings was sold to the general public. Currently, the government of Kenya owns 22.5 percent of the shareholdings, National Social Security Fund (NSSF) owns 48.06 percent and the general public owns 29.44 percent (National Bank of Kenya, 2015).

The National Bank of Kenya is a key player in the banking industry in Kenya. The bank is considered as one of the largest banks in the country making a significant contribution to various sectors in the national economy. The bank offers various services that include bank assurance, financial services as well as banking services. The National Bank of Kenya operates sections such as business banking, investor’s service, Chinese banking, Islamic banking, Corporate and Institutional banking, Retail banking as well as Banc assurance. The bank offers financial services to businesses, retail customers, institutions and corporate customers. Currently, the bank has about 75 branch outlets, electronic channels like internet and mobile banking and 140 automated teller machines (ATMs). In the last one decade, the National Bank of Kenya has made losses and experienced reduction in profitability. In the year 2015, the National Bank of Kenya registered a 21.7 percent decrease in net profits, which was attributed to re-structuring costs and high operating expenses (National Bank of Kenya, 2015).

1.2 Problem Statement

In the last one decade, competition in the banking industry in Kenya has increased significantly as a result of new entrants in the market and the increasing demands of the customers (Hancott, 2014). In addition, a combination of pressure resulting from the introduction of new regulatory framework, increased competition, international integrations and change in customer demands have necessitated the use of a leadership style that encourages adapting to changes (Raluca-Elena, 2015). The strength of commercial banks in Kenya significantly depends on the leadership style used.
After 12 years of poor financial performance, the National bank of Kenya became profitable again in the year 2010 and started to pay out annual dividends to the shareholders. However, in the year 2015, the bank recorded a 21.7 per cent net profit decline as high operating expenses and one-time restructuring costs weighed on its profitability. In order to survive in the banking industry and to ensure a continued increase in its profitability, the National Bank of Kenya must make changes to its structures, operations and in the strategies used to meet customers’ needs and demands (National Bank of Kenya, 2015).

Although transformational leadership has been shown to influence organizational performance in other countries and sectors, there is little empirical evidence on the role of transformational leadership on organizational performance in the banking industry in Kenya. Studies conducted on leadership styles on organizational performance in Kenya have been limited to specific sectors and hence their findings cannot be generalized to the banking industry. For instance, Koech and Namusonge (2012) conducted a study on the influence of leadership styles on the performance of state corporations in Kenya. This study therefore sought to investigate on the role of transformational leadership on organizational performance in National Bank of Kenya.

1.3 Purpose of the Study
The purpose of this study was to investigate on the role of transformational leadership on organizational performance in National Bank of Kenya.

1.4 Research Questions
This study sought to address the following research questions;

1.4.1 What is the influence of individualized consideration on organizational performance in National Bank of Kenya?

1.4.2 What is the influence of intellectual stimulation on organizational performance in National Bank of Kenya?

1.4.3 How does inspirational motivation influence organizational performance in National Bank of Kenya?

1.5 Importance of the Study
This study was beneficial to the management of National Bank of Kenya, government of Kenya, policymakers and to other researchers and academicians.
1.5.1 The Management of National Bank of Kenya
To the management of National Bank of Kenya, the study provided information on how various aspects of transformational leadership like individualized consideration, intellectual stimulation and inspirational motivation influence organizational performance. This information was useful in the development of leadership strategies in relation to these aspects to improve the performance of the National Bank of Kenya.

1.5.2 The Government of Kenya
The government of Kenya owns 22.5% of the National Bank of Kenya shares. Therefore, the performance of the National Bank of Kenya is crucial to the government of Kenya. This study therefore provides information that the government of Kenya can use to improve the performance of the National Bank of Kenya by use of transformational leadership.

1.5.3 Policymakers
To the policymakers, the study provides information on the role of transformational leadership on organizational performance that can be used to formulate policies on the use of transformational leadership in enhancing organizational performance. The study also provides information that can be used to formulate policies to protect investors and customers in the National Bank of Kenya.

1.5.4 Academic Fraternity
This study adds more information to the body of knowledge on the role of transformational leadership on organizational performance. In addition, the study forms a base upon which further study can be conducted on the role of transformational leadership on organizational performance.

1.6 Scope of the Study
This study sought to investigate on the role of transformational leadership on organizational performance. Despite the many components of transformational leadership, the study only focused on three: individualized consideration, intellectual stimulation and inspirational motivation. In addition, the study only focused on the National Bank of Kenya. Further, the study was limited to the 168 staff working in the headquarters of the National Bank of Kenya. The data was collected between July 6th to July 20th 2016.
1.7 Definition of Terms

1.7.1 Individualized Consideration
This is the extent to which leaders attend to the needs of each of their followers, act as a coach or mentor to the followers, and listen to the concerns of the followers (Erkutlu, 2008).

1.7.2 Intellectual Stimulation
This is the ability of a leader to arouse the thoughts and imagination of his/her followers and stimulate their ability to be creative, innovative and think critically in problem solving (Abasilim, 2014).

1.7.3 Inspirational Motivation
This is the ability of leaders to motivate their followers and articulate a vision that is inspiring and appealing to the followers (Hancott, 2014).

1.7.4 Organizational Performance
This is the ability of an organization to achieve its set goals and objectives and fulfill its mission by use of strong governance, sound management and persistent re dedication of achieving results in terms of efficiency, profitability and customer satisfaction (Raluca-Elena, 2015).

1.7.5 Transformational Leadership
This is a leadership style that involves a leader working with the employees to pinpoint the needed change, create a vision to guide the organization through inspiration, and execute the change together with committed group members (Mortazavi & Partovi, 2014).

1.8 Chapter Summary
This chapter presents an introduction into the study. The chapter begins with the background of the study that gives an overview of organizational performance in relation to transformational leadership and overview of National Bank of Kenya. The chapter also comprises of the problem statement, purpose of the study, research questions, importance of the study, scope of the study and definition of terms. Chapter two will present a review of literature on the role of transformational leadership on organizational performance. The chapter will be arranged as per the research questions. The first section will review literature on the influence of individualized consideration on organizational performance.
The second section will review literature on the influence of intellectual stimulation on organizational performance and the third section reviews literature on the influence of inspirational motivation on organizational performance. Chapter three will present the research methodology of the study. It will specifically focus on the research design, target population, data collection methods and procedure, pilot testing of the instruments and data analysis methods. Chapter four will present data analysis and presentation of the findings as per the objectives of the study. Chapter five will discuss the results and findings in depth while giving conclusions and recommendations for practice and future research work.
CHAPTER TWO

2.0 LITERATURE REVIEW

2.1 Introduction
This chapter presents a review of literature on the role of transformational leadership on organizational performance. The chapter begins with a review of literature on the influence of individualized consideration on organizational performance, followed by the influence of inspirational motivation on organizational performance and the influence of intellectual stimulation on organizational performance.

2.2 Influence of Individualized Consideration on Organizational Performance

2.2.1 Organizational Performance
Measuring organizational performance is a multi-dimensional concept. Effectiveness and efficiency are the two fundamental dimensions of performance. This is emphasized by Abasilim (2014) in the argument that effectiveness refers to the extent to which stakeholders’ requirements are met, while efficiency is a measure of how economically the firm’s resources are utilized when providing a given level of stakeholder satisfaction. To attain superior relative-performance, an organization must achieve its expected objective with greater efficiency and effectiveness than its competitors (Abbasi & Zamani-Miandashti, 2013).

Financial measures of performance are derived from the accounts of a company or can be found in the company’s profit and loss statement or the balance sheet. In addition, financial measures are also referred to as objective measures because they can be individually measured and verified (ElKordy, 2013). However, it is essential to introduce non-financial measures of performance in conjunction with financial measures in order to fully measure performance. The non-financial measures are also known as the subjective performance measures of performance. The use of non-financial measures of performance supplements accounting measures and gives data on progress relative to customer requirements or competitors and other non-financial objectives that may be important in achieving profitability.
According to Erkutlu (2008) no one measure of performance should be taken on its own. To obtain a true measure of how a company is performing, different measures (financial and non-financial) should be used together on the basis of previous studies. Therefore, in this study, organizational performance will be measured by use of financial measures (Return on Assets (ROA), Return on Equity (ROE), sales growth, and profitability growth) and non-financial measures (employee growth, customer satisfaction, satisfaction with performance compared to competitors and overall satisfaction).

2.2.2 Individualized Consideration

Leaders who welcome change always listen to the opinion of their subjects and advise them accordingly. They also make sure those issues troubling their subjects are well tackled, hence endearing themselves more to those being led. Such leaders are keen listeners, because they understand that it is through listening, they are able to learn new ideas and also develop themselves and their followers intellectually. According to Okechukwu and Godday (2015), this aspect is a good example of leaders who give a listening ear to their followers and support them accordingly. Leaders who are champions of change also take the responsibility of teaching their followers hence helping them to come into reality with matters of importance.

2.2.3 Acknowledging and Attending to Employee Needs and Concerns

Members of any organization have different needs and demands. While some are motivated by money there are those who simply get driven by the urge to do things differently, in the same case there are those who are motivated by the fun of being in an organization. It is therefore up to the leaders to identify all these needs and demands of their employees and make sure they have been fulfilled in the best way possible (Kalkavan & Katrinli, 2014). Intelligent leaders are always keeping a close ear so as to understand what their followers are saying and things they would like done differently. For them to come up with the correct judgment, they may be required to have interactive sessions with the subject. Asking questions and getting feedback would play a key role in extending understanding (Neupane, 2015). Leaders of this nature are always ready to be challenged and to be corrected. This further helps them to develop intellectually.

It is of essence to understand that employees also have a private life which is completely unrelated to their job. Finding the perfect balance between work and their private life is of
high importance to every employee. Therefore it is important that an employer provides allowances for employees to plan their time effectively to accommodate both responsibilities where possible (Naseem & Sheikh, 2011). Such arrangements may not be applicable in all work environments, but when done they go a long way in motivating employees. However, when such arrangements are being made all employees should be considered, to make sure there is fairness during scheduling of work (Latif et al., 2013).

If leaders do not meet the needs of their subjects, it may lead to lack of motivation and fulfillment among employees, which can significantly affect the organization. Unsatisfied employees negatively affect the performance of the organization. When people lack fulfillment in their workplaces they are compelled to come up with ways to change their situation (Mafini & Pooe, 2013). The need for change during such hard times cannot be controlled, since it comes instinctively not only in condition of work but anywhere else in life. In cases where workers lack satisfaction in their job, their behaviors show a clear indication that they need to quit or change their work environment. Cases of lateness or failure to report to work may be common in such situations, which eventually leads to resignation or forced changed in management.

Naseem and Sheikh (2011) also indicate that satisfaction of workers translates to customer fulfillment which effectively leads to a profitable organization. It therefore goes without saying that when employees find fulfillment in their work, they get more satisfied, which eventually translates to customer satisfaction (ElKordy, 2013). Fulfillment of employees not only leads to increase in yield but also better quality of work or services. An organization has to ensure that employee feelings and desires are taken care of while also finding ways to improve their commitment. When the commitment of employees is elevated the business yield also increases which eventually leads to sustainable business model (Erkutlu, 2008).

2.2.4 Individual Coaching and Mentoring of Followers

Nowadays, training and counseling are considered the most important aspects of human resource management. This is mainly because they help employees to elevate their devotion thus leading to increased profits and quality of products (Abasilim, 2014). Employees being the fundamental part of the organization are in the best position to positively change the fortunes of the organization if only the right motivation is instilled
in them. Hence training and counseling are often used by the organization to help employees reach their potential. Specifically, a large body of research considers coaching and mentoring to be a key determinant of employee performance (Erkutlu, 2008; Abasilim, 2014).

Counseling and mentoring of employees helps to sharpen individual skills in a way that traditional ways of training cannot achieve. These aspects are vital in establishing the weakness of each and every employee and subsequently creating a system in which each individual can be guided to the required level of performance. This system also helps in promoting employee motivation thus improving their satisfaction levels (Thampas & Boon-Sakun, 2015). Individual input is the main reason why organizations are spending so much energy and resources in putting up programs for counseling and mentoring among employees. When the system is successful, the employees’ devotion and level of performance improves. Therefore, the organization must make sure that such a system is actively running, since the future performance and existence of the organization may depend on it. Every organization is interested in improving its yield in order to meet the customer demands and there is no better way of doing this than investing in employees input. Trmal, UmmiSalwa and Mohamed (2015) pointed to the fact that coaching and mentoring of employees is the best way to improve their input.

2.2.4.1 Coaching

Coaching has been labeled by many researchers as an instrument normally used for problem solving in executive capacity (Kalkavan & Katrinli, 2014). It is a method used to rectify the behavior of executive officials who may be out of track Naseem and Sheikh (2011). On the other hand, look at coaching on a very different angle, they define the method as one which can be successfully used to create new capabilities and also promote new awareness among employees. This method can be used to tackle physical challenges normally experienced in workplaces. Latif et al. (2013), also points out to the fact that coaching is done to help individuals improve their skills in a physical dimension. The method can be applied at an individual level where a private tutor is used or when it is in a workplace level it can be combined with counseling (Mafini & Pooe, 2013). In addition, coaching can sometimes help identify various weaknesses in an individual development as far as expertise is concerned. This can help point out a specific program which can be used to help that individual gain the necessary skills and knowledge (ElKordy, 2013).
It is important to note that coaching only works when an individual willingly agrees to the system. In this case, the learner will be able to note his/her weaknesses and work on them (Erkutlu, 2008). This method can only be achieved in face to face interaction sessions. In this case, it is important to adopt the SMART goal model so as to achieve maximum results. However, as mentioned earlier the method should always focus on the individual self-declared shortcomings rather than those imposed. Basically, this method will help to improve a specific target area of an individual over a short period (Erkutlu, 2008; Abasilim, 2014). While the tutor may suggest the achievement which an individual may work towards, the recipient must have the final say on the goals he/she wants to work on. From here the tutor may give the individual the best method to achieve the set goals. In most cases, coaching success will be physically seen when it comes to the individual performance, this is totally different from mentoring, which has more to do with intellectual change (Tharnpas & Boon-Sakun, 2015). Thus, when it comes to mentoring it has more to do with achieving actual goals under a relatively set time.

In a study conducted by Kalkavan and Katrinli (2014), they argued that coaching can positively influence the employee in realizing their role in the organization, devotion to work and also their job satisfaction. In addition, it influences employee understanding, their commitment, career wise and their overall input to the organization. Career devotion can also be trigged by an individual awareness of her/his role in the organization.

2.2.4.2 Mentoring

Mentoring is when an individual with immense experience in a particular field or skills spends time with an amateur in that field and tries to develop those skills to him/her. Eventually this will lead to a better skilled and knowledgeable individual (Trmal et al., 2015). Normally, mentoring will take a long period of time, where the mentor spends time with the learner willingly, thereby teaching him/her skills or simply advising him/her. This method helps to develop important skills and moral values in an individual.

Tharnpas and Boon-Sakun (2015), describe mentoring as a kind of help where one individual assists another in gaining knowledge in form of mental or physical skills. This type of help is extended through regular contact for a particular period of time. It usually involves two people with the same interest. On the other hand, Abasilim (2014) describes mentoring as a process where the learner seeks knowledge from an expertise for a
prolonged period of time. Unlike coaching, here the learner is in control of both the method used and the achievement. The learner regularly gives his/her thoughts and using that, the mentor can respond by proving insight to the pressing issue.

2.3 Influence of Intellectual Stimulation on Organizational Performance

2.3.1 Intellectual Stimulation

Mwesigwa and Namiyingo (2014) indicate that leaders who are open-minded tend to intellectually influence their subjects. Such leaders will want to challenge the norm and make a case out of every argument; this encourages their subordinates to intellectually challenge themselves more. With more cognitive thinking, the people are able to gain more knowledge, which helps to better their lives. Transformational leaders are always in the forefront to challenge assumed information. They make sure that every bit of fact has been argued to satisfy its validity. Such leaders encourage people to think critically and make mistakes as it is the only way they are able to learn new ways of doing things (Ul Hassan, Malik, Hasnain, Faiz & Abbas, 2013). With such encouragement, employees are able to venture more into the unknown and hence discover new potential.

2.3.2 Creativity and Innovation

In the modern era there are rapid changes in terms of technology, environmental conservation measures and channels of gathering information. These aspects have improved the consumer market. Thus, for organizations to attract customers they must come up with new and innovative ways that are unique and effective (Ul Hassan et al., 2013). It is for this reason that an organization must invest more in employee skills because it is the only way to penetrate the modern market, which is very competitive. Linda (2012) emphasizes that without unique ideas innovation cannot take place. It is through these unique ideas that the organization can create a product in the market which introduces new services and products satisfactory to customer demand.

Leadership is one the most critical factors that influence creativity in any organization. Transformational leadership, in particular, has been singled out as the effective mode of management in promoting creativity. Quagraine (2010) argues that this kind of leadership motivates employees to improve their input in an organization. In addition, transformational leadership, challenges employees to aim higher and also to be ambitious.
Ojokuku and Ogbomoso (2014) argue that this type of leadership definitely promotes creativity which in turn leads to innovative minds. This in turn positively influences the performance of an organization. It is therefore recommended that leaders in an organization should embrace this kind of leadership as it leads to positive results not only in an organization capacity but also in an individual capacity.

Owolabi and Abdul-Hameed (2011) agree that transformational leadership is a leading factor in increased fulfillment among employees and improves their devotion towards the company. This eventually leads to higher and better performance by the employees. Khan, Rehman and Fatima (2009), points to the fact that it is the transformational leader that pushes the employee from focusing on self-interest, to focusing on the interests of the organization.

In the banking sector in Pakistan, Ul Hassan et al. (2013) established that the relationship between the management and employees together with internal factors such as job complication determine the level of creativity in the organization. The management should therefore come up with a model that tackles all the components of banking system, this will in turn challenge employees to be more innovative. In addition, leaders should offer moral support to the employees and create guidelines that further encourage workers to be more creative (Udoh & Agu, 2012). When the working relationship between the management and employees is enhanced then the management will put in mind the employees’ emotional needs, thereby encouraging them to put more effort to the good of the organization. It is therefore important that the management creates an open environment where employees are encouraged to work under minimal supervision as this encourages creativity in employees. Under close observation, employees tend to lose self-confidence thus they rarely venture in creativity. As stated earlier, creativity has great influence on the innovation process, this ends up promoting the performance of the organization making it an innovation driven organization (Mutahar, Rasli & Al-Ghazali, 2015).

Mwesigwa and Namiyingo (2014) also add that creativity of employees goes hand in hand with positive performance of an organization in the Ugandan banking system. Most important to note is that creativity brings about ways under which to tackle daily tasks therefore employees come up with new methods of carrying out duties which help in saving time thus cutting losses. It is through these new ideas that an organization is able
to meet the demand of the customers thus increasing their market base. In the same sense creating new ideas provides room for improvement in terms of organization operation system. This increases efficiency and ease of production (Thamrin, 2015).

Creativity in an organization improves its credential, making it more reliable and providing room for growth. Such an organization is able to venture into new markets since it has the required support to do so. However, it is important to note that creativity without implementation is of no use in an organization hence organizations must tap creative ideas and turn them into meaningful products (Li, Mitchell & Boyle, 2016). Failure to take this initiative, an organization is likely to lag behind as the market turns to more innovative strategies. Motivation should be the first step as far as tapping of ideas is concerned. Without it, employees may not fulfill their potential, which basically means that organization performance will remain stagnant. For instance, the management can use transformational leadership to motivate workers to become more creative (Pradhan & Pradhan, 2015). Transformational leadership can therefore provide a platform for creativity based initiatives to prosper.

2.3.3 Employee Problem Solving and Critical Thinking

Solving of problems can be a very complex activity which requires special skills. The fact that cognitive and mental awareness is required in this task makes the problem more complex. All cognitive aspects are involved in problem solving. Therefore, depending on the structure of the problem the level of skills required varies greatly (Abbasi & Zamani-Miandashti, 2013). Organizations face different problems which may vary within an organization. While some may be similar in contest, some will be hard to structure in the mind hence making them more complex when it comes to solving them. However, one problem can have several solutions, each of which will vary in terms of its effectiveness. It is therefore for the person solving the problem to decide which solution is best suited for adoption, although even this requires special skills (De Jong & Bruch, 2013).

Critical thinking can be described as the way a human being is able to go beyond the normal thinking without any outside interference and as a result arrive at a decision. This decision may represent his/her wishes, but it can be supported using facts (Sahin et al., 2014). Critical thinking (CT) is more complex than the normal thinking. According to Bloom's taxonomy, there is a low degree of thinking which requires simple thinking
ability. On the other hand, there are complex thinking degrees which require higher abilities of thinking. It is the combinations of these abilities that enable one to solve problems, think critically, visualize among other strengths. Critical thinking weighs heavily on complex thinking in that it requires a lot of abilities to come up with several solutions for one problem. Trmal et al. (2015) found that CT is mostly applied in complex fields such as mathematical and scientific fields. When one applies critical thinking in coming up with solutions, he/she becomes more empowered and knowledgeable.

There are three important cognitive skills which human beings use in their day to day lives. These include critical thinking, problem solving and creativity. It is through these skills that human beings remain competitive in nature. How well one is able to utilize them, determines the level at which one becomes successful in a particular situation (Choudhary, Akhtar & Zaheer, 2013). While it is one choice to extend those skills to others, when applied in a psycho pragmatic stage they influence positive performance in an organization since they help to create a psychological edge, which in turn translates to a more competitive self (Tharnpas & Boon-Sakun, 2015).

2.3.4 Followers Involvement in Decision Making

There are three categories of employee engagement in decision-making processes. These include level of influence given, direct-indirect and formal-informal category. When decision making follows a formal path, then there are usually set rules to abide to. In the case where informal approach is exercised, there are no set guidelines or rules. On the other hand, direct decision making requires physical appearance while in indirect decision making one can act in representation capacity. Choudhary et al. (2013) categorized employee participation in decision making into several levels namely informal, short term, consultative, employee ownership and work decision participation. Sahin, Çubuk and Uslu (2014) outlined consultative participation as one where employees provide their advice to the management upon which such advice is considered and an independent conclusion is arrived at by the management. In substantive participation the employees’ advice must be considered in the final decision arrived at.

Various studies show that there is a positive relationship between employee involvement in decision making and organizational performance. In Nigeria, Ojokuku and Ogbomoso (2014) found that participation of workers in decision making greatly affects the overall
performance of the company. Thus, the input of workers in the overall decision making of the organization is of great importance since it helps the workers to become more committed towards the organization. Similarly, Owolabi and Abdul-Hameed (2011) established that when employees are actively involved in decision making they become more satisfied and their morale increases, this leads to high performance at an individual level. Also, because of adopting suggestions and information from the employees the organization grows in production and also in market control. Being part of the decision-making process gives the employees a sense of ownership to the company, which basically translates to more trust and responsible behavior. The cost of learning the organization is generally lower when the employees are part of the decision making process. This is because maximum supervision is not required hence less human labor required. Also, there is a high yield in terms of the organization performance when employees are part of the decision-making process.

In Ghana, Quagraine (2010) found that a conducive environment for creativity and innovation is created when workers become part of the decision-making process. This makes the employees identify themselves with the company hence they aspire to positively influence its production. In addition, Linda (2012) found that there is more cooperation and cohesion in the organization hierarchy when workers are involved in decision making.

2.4 Influence of Inspirational Motivation on Organizational Performance

2.4.1 Inspirational Motivation

When a leader is motivated inspirationally, he or she is able to exhibit confidence, respond positively to his or her follower’s thoughts and ideas and he or she is also able to motivate the followers (De Jong & Bruch, 2013). A transformational leader comes up with a vision that is clear, meets the group expectations and is also committed to meeting the laid out group objectives. Transformational leaders have quality communication skills since they are expected to communicate in an accurate and powerful manner. Additional leadership characteristics that are important include eagerness, enthusiasm and the ability to articulate organization goals and vision (Sahin et al., 2014).

Inspirational motivation suggests that leaders need to communicate their high expectations to their followers. They should also motivate and inspire them by giving
them meaning and challenging them to come up with a shared vision for the firm. Additionally, transformational leader’s inspirational appeal encourages the followers to put in their best effort in terms of good work, harmony and charity in their tasks. According to Abbasi and Zamani-Miandashti (2013), the followers are encouraged by their leader to have a teamwork spirit which makes them eager and cheerful when articulating their firm’s goals.

Li et al. (2016) notes that relating organization goals to personal goals makes it attractive to followers to achieve their organization goals so as to achieve their individual goals. The leaders see problems and threats as opportunities for both achieving individual goals and also as learning opportunities. Such leaders often use appealing symbols and words. For example, Martin Luther King’s words “I have a dream…”, John F Kennedy’s words “Ask not what your country can do for you … ask what you can do for your country” and Winston Churchill’s words “We will fight them on the beaches”. The use of such inspirational words motivates people to add in extra efforts in their work. This enables the staff of any organization to work hard to achieve not only their personal goals but also their organization goals.

2.4.2 Employee Motivation

Any firm’s or enterprise’s success depends largely on the motivation of its employees. Human resource is important for any firm to prosper, perform or be productive (Asim, 2013). Motivated employees achieve their optimal performance since they enjoy the environment they are working in. Employees are different and each one of them has different incentives that motivate them to work hard. While some prefer cash incentives, others are motivated by recognition. The employer should seek to understand and further provide incentives so as to promote employee productivity (Thamrin, 2015).

Incentive programs provided to employees motivate them. This is because they feel cared for, appreciated and that their efforts are recognized. This can help motivate the employees regardless of their different motivational preferences. Such programs are mostly individualized suiting the employee’s needs and wants. Motivation encourages workers to be more productive and more importantly shows that the firm cares for them. The most important impact that employee motivation has is that it leads to increased employee performance or productivity (Mutahar et al., 2015).
When employees are motivated, their performance increases and the workplace harmony is boosted. This is an important ingredient to the long term benefit of the firm. Motivated employees also increase retention and loyalty of staff to the firm, which leads to short term development and growth of the firm. According to Khan et al. (2009), the motivation of employees is important for the development, growth and the success of the enterprise. In the business world, employees should be the most cherished and valued resource. Employees that are motivated are not only happy, but also committed and productive in their work.

Emeka, Amaka and Ejim (2015) found that extrinsic motivation provided to any firm, greatly influences the productivity of the employees. This is in line with the equity theory that articulates fair remuneration for employees is important as it increases their performance in the workplace. Similarly, Oluyinka and Hashim (2012) found that firm performance is positively related to the workers’ productivity. When workers productivity increases, the firm performance will increase too. The analysis thus shows that the independent variable motivation and the dependent variable employee productivity have a significant relationship. The important notion in this case is that once employee motivation increases, the firms’ performance is bound to increase.

In Nigeria, Osabiya (2015) established that factors such as provision of equipment, contract work, teamwork and supervision that is as a result of transformational leadership affects employee’s motivation and productivity. Other critical factors include overtime, goal identification, communication, opportunity provided to undertake challenging tasks and a sense of being loved and belonging. Similarly, Muogbo (2013) observed that there exists a relationship between the motivation of employees and firm’s performance. He further observed that intrinsic motivation provided to the employees increases their performance. Ovidiu-Iliuta (2013) also found that there exists a positive relationship between the motivation of employees and the effectiveness of organizations. If the employees are empowered and recognized, they will be more motivated to work, which will eventually increase their accomplishments and their performance in the firm. In a similar manner, when employees are dissatisfied, due to pressure from customers or due to monotonous jobs, they can decrease their overall performance in the firm. This can further result in increased absenteeism and employees might move to other firms which
offer higher incentives and a better working environment. Employees are different and diverse strategies should be used to motivate them.

2.4.3 Vision Articulation

A leader should see more than what is seen by others. An important leadership trait is that they should be able to come up with a transformational vision. Leaders that are transformational are aware that a well-developed vision which is crafted and shared in the right manner can lead to a change in an individual, a team or to an entire society (Udoh & Agu, 2012). If a leader is able to effectively define the vision and also clearly communicate it to the followers, the followers will clearly understand the vision and also come up with ways to contribute to achieve the firm’s vision. Leaders who are transformative encourage their followers to experiment, take risks and come up with innovative ideas. Leaders are vision driven and are not satisfied with the status quo (Mutahar et al., 2015). They might successfully complete a challenge but they often will start looking at another challenge to tackle. An important role of a transforming leader is his or her ability to communicate shared ideas, vision, beliefs and values in both an enthusiastic and exciting manner. A passionate leader is able to inspire his followers, encourage them and promotes enthusiasm (ElKordy, 2013).

Workplace healthy relationships enable the leader and his followers to clearly communicate the shared vision and also support it. When the firm workforce uses shared values, then the nature of their relationship improves and makes it easier to successfully achieve the shared vision. Such relationships cultivate a shared mutual collegial and collaborative environment (Erkutlu, 2008). One characteristic of transformational leaders is that they are informal and friendly. They are supportive to their juniors, give advice, treat them as equal and give constant encouragement. In their relationship with their followers, they fully engage one another to commonly achieve the firm’s shared vision.

An organization vision is the ideal future state of the firm which is in form of mental images, descriptions and ideas. The vision is a guide to what the firm is expected to become rather than a description of what it is currently. Research on an organization vision often clarifies the differences and similarities between a firm’s vision and other almost similar concepts such as a firm’s strategy and mission. Garcia-Morales, Llorens-Montes and Verdu-Jover (2008) research on different theories and scholars show that a
vision compared to a strategy has a longer time span. Visions have also been shown to focus on change and innovations related to constructs like strategies.

Visions that are based on shared ideals and values have been shown to help leaders persuade their followers to pursue the ideal vision of an organization with increased zeal such that both the personal and organizational performance improves (Hancott, 2014). The vision of the firm has been shown to be associated with employee creativity, achievement, inspiration, the innovation of the team and these affect the performance of the firm. For example, Raluca-Elena (2015) showed a significant relationship between the firm’s performance and the following performance criteria; self-reported team creativity, externally rated team innovation and externally rated individual creativity. The firm’s vision has also been shown to be linked to different firm-level effectiveness indicators such as long term firm survival and excellence and the firm’s ability to navigate chaotic environments (Mortazavi & Partovi, 2014).

A vision that is compelling gives a sense of meaning to workers motivating them to accept and implement the goals of the firm, which enables the adaptation and success of the change in the firm (Veiseh et al., 2015). Vision inspiration can be defined as the strong positive belief in, and affective attachment to the vision of an organization. Vision inspiration is the organization members ability to see strong links between their personal concepts and their personal embodied values, involves the members of an organization seeing strong links between their self-concepts (and the values they embody) and the values and outcomes encapsulated in the organizational vision. It is an internalization of an organizational vision (Raluca-Elena, 2015).

Mwangi and Kwasira (2015) state that successful visions are persuasive. The visions likely to influence the performance of the organization are visions that followers identify with and accept. However, vision inspiration involves the actively engagement of employees beliefs, values and emotions. The vision inspiration among employees is the outcome of effective implementation of a vision. Thus, vision inspiration leads to positive outcomes such as successful change in the firm and increased firm performance (Hancott, 2014).

There is plenty of evidence on how effective firm visions and charismatic leaders are able to influence a firm’s success. There is however little evidence on how employees vision
influences the firm’s vision, firm performance and the type of leadership in the firm. Assessments on how an organization vision inspires employees are however not many (ElKordy, 2013).

2.5 Chapter Summary

This chapter presented a review of literature in relation to the objectives of the study. Specifically the chapter presented a review of literature on the influence of individualized consideration, intellectual stimulation and inspirational motivation on organizational performance. Chapter three will present the research methodology of the study. It will specifically focus on the study research design, target population, data collection methods and procedure, pilot testing of the instruments and methods of data analysis.
CHAPTER THREE

3.0 RESEARCH METHODOLOGY

3.1 Introduction
The chapter presents the plan and methods that were used to carry out the study. It contains the research design, the population and study design, data collection instruments, research procedures and methods of data analysis and the presentations of the findings.

3.2 Research Design
The study used a descriptive research design. Descriptive research involves obtaining information about a current status of a phenomenon in order to describe ‘what exists’ in relation to conditions and variables in a situation without making changes in the variables (Bryman, 2005). This design is ideal as it provides room for feasible evaluation of the results. The independent variables of the study were individualized consideration, intellectual stimulation and inspirational motivation. The dependent variable of the study was organizational performance.

3.3 Population and Sampling Design

3.3.1 Population
Greener (2008) describes population as the set of all groups of individuals, objects, items, cases, articles or things with common attributes or characteristics. According to Kothari (2004) a population consists of all items in any field of inquiry. The target population of this study was all the staff working at the headquarters of the National Bank of Kenya. According to National Bank of Kenya (2015), the National Bank of Kenya headquarters has 168 staff working in its 9 departments.
### Table 3.1: Distribution Population

<table>
<thead>
<tr>
<th>Departments</th>
<th>Target Population</th>
</tr>
</thead>
<tbody>
<tr>
<td>Corporate Institutional &amp; Business Banking</td>
<td>12</td>
</tr>
<tr>
<td>Operations</td>
<td>21</td>
</tr>
<tr>
<td>Integrated Distribution Channels</td>
<td>13</td>
</tr>
<tr>
<td>Information Technology</td>
<td>29</td>
</tr>
<tr>
<td>Marketing and Corporate Communication</td>
<td>27</td>
</tr>
<tr>
<td>Islamic Banking</td>
<td>11</td>
</tr>
<tr>
<td>Business Development</td>
<td>18</td>
</tr>
<tr>
<td>Human Resources</td>
<td>15</td>
</tr>
<tr>
<td>Internal Audit</td>
<td>22</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>168</strong></td>
</tr>
</tbody>
</table>


#### 3.3.3 Sampling Design

##### 3.3.2.1 Sampling Frame

The sampling frame describes the list of all population units from which the sample is selected (Kothari, 2004). The sampling frame of this study consisted of all the 168 staff working in Corporate Institutional & Business Banking, Operations, Integrated Distribution Channels, Information Technology, Marketing and Corporate Communication, Islamic Banking, Business Development, Human Resources and Internal Audit departments in the headquarters of the National Bank of Kenya.

##### 3.3.2.2 Sampling Technique

Stratified random sampling was used to select 50% of the target population. In stratified random sampling, a population is stratified first and then random sampling is done. Stratification is done when members of a target population are divided into homogeneous groups before sampling. After the members have been put into homogenous groups, they are randomly picked using the simple random sampling. This process is preferred because no element of the population is left out and the method gives a representative sample size (Greener, 2008).
3.3.2.3 Sample Size

According to Kothari (2004) a sample is usually drawn because it is less costly and less time consuming to survey than the population, or it may be impossible to survey the entire population. The sample size of this study was 50% of the target population. According to Greener (2008), if the target population is between 100 and 500, 50% should be selected as a sample size. The sample size of this study was therefore 84 staff.

Table 3.2: Sample Size Distribution

<table>
<thead>
<tr>
<th>Departments</th>
<th>Target Population</th>
<th>Sample Size</th>
</tr>
</thead>
<tbody>
<tr>
<td>Corporate Institutional &amp; Business Banking</td>
<td>12</td>
<td>6</td>
</tr>
<tr>
<td>Operations</td>
<td>21</td>
<td>10.5</td>
</tr>
<tr>
<td>Integrated Distribution Channels</td>
<td>13</td>
<td>6.5</td>
</tr>
<tr>
<td>Information Technology</td>
<td>29</td>
<td>14.5</td>
</tr>
<tr>
<td>Marketing and Corporate Communication</td>
<td>27</td>
<td>13.5</td>
</tr>
<tr>
<td>Islamic Banking</td>
<td>11</td>
<td>5.5</td>
</tr>
<tr>
<td>Business Development</td>
<td>18</td>
<td>9</td>
</tr>
<tr>
<td>Human Resources</td>
<td>15</td>
<td>7.5</td>
</tr>
<tr>
<td>Internal Audit</td>
<td>22</td>
<td>11</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>168</strong></td>
<td><strong>84</strong></td>
</tr>
</tbody>
</table>

3.4 Data Collection Methods

The two types of data include primary data and secondary data. This study made use of primary data. The main advantage of using primary data is that data is collected specifically for the purpose of this particular study (Bryman, 2005). Essentially, the questionnaire is tailored to obtain data that helped in meeting the objectives of the study. Primary data can be collected by use of questionnaires, interview guides, focused group discussions and observation guides. This research study used semi structured questionnaires to collect the primary data. Questionnaires were preferred in this study because they are very economical in terms of time, energy and finances. The structured questions were used as they conserve energy, money and time and facilitate an easier analysis as they are in immediate usable form. On the other hand, the unstructured questions were used as they encourage the respondent to provide an in-depth response without feeling held back in revealing of any information.
The questionnaire was divided into six sections that included demographic information and the rest covering the four independent variables and the dependent variable. The structured questions used nominal scale, ordinal scale and likert scale of 1-5 rating.

3.5 Research Procedures

The researcher applied for a research permit from the National Commission for Science, Technology and Innovation (NACOSTI) before going to the field. The researcher also wrote a letter of transmittal of data collection instruments to individual respondents. Before visiting the individual respondents, the researcher informed the management of her intentions. The researcher then booked appointments with the respondents and agreed on the timings for filling the questionnaires. The questionnaires were both hand delivered to the respondents. Follow-ups were then made every three days to monitor the progress of the respondents in filling up the questionnaires. The data collection exercise was expected to take approximately two weeks. Before data collection, a pilot study was conducted to test the validity and reliability of the research instrument. The pilot test was conducted with a randomly selected number of staff at Kenyatta Avenue Branch. The pilot group comprised of 10% of the sample size.

According to Creswell (2006) validity is the degree to which results acquired from the process of analysis of the data actually embodies the phenomenon under study. There are two types of validity: content validity and face validity. Face validity refers to probability that a question is misinterpreted or misunderstood. According to Cooper and Schindler (2006) pre-testing is a proper way to increase the possibility of face validity. On the other hand, content validity, also referred to as logical validity, refers to the degree to which a measure depicts all facets of a given social construct. In this study, the content validity was improved by seeking the opinions of experts in the field of study, particularly the supervisors. Also, the face validity of the research instrument was improved by carrying out a pilot test and changing any unclear and ambiguous question.

Reliability is the consistency of measurement, or the degree to which an instrument gives the same results each time it is used on the same subjects under the same condition. In this study reliability of the research instrument was measured by measuring the internal consistency of the responses. The Cronbach’s Alpha technique was used to measure the internal consistency technique, where alpha values range from 0 to 1, with the reliability
increasing as the alpha value increases. The commonly used coefficient in the acceptance of reliability is 0.6 to 0.7, with greater than or equal to 0.8 indicating a good reliability (Kothari, 2004). However, the data obtained from the pilot test was not included in the actual study.

3.6 Data Analysis Methods
The semi structured questionnaire generated both qualitative and quantitative data, which was analyzed differently using different methods. Qualitative data was analyzed by use of thematic content analysis and the results were presented in a prose form. Quantitative data was analyzed by use of both inferential and descriptive statistics with the help of statistical software known as Statistical Package for Social Sciences (SPSS version 22). Before analysis, the completed questionnaires were edited for completeness and consistency. Descriptive statistics included percentages, and frequencies, measures of central tendency (mean) and measures of dispersion (standard deviation). The results were presented using tables and figures which included bar charts and pie charts. Inferential statistics such as correlation analysis and multiple regression analysis were used to establish the relationship between the independent and the dependent variable. Correlation analysis was used to establish whether there is a relationship between the dependent and independent variables. On the other hand, multiple regression analysis was used to show the weight of the relationship between the dependent and independent variables.

The multiple regression analysis took the following model:

$$Y = \beta_0 + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + \varepsilon$$

Whereby:

- $Y =$ Organizational Performance
- $\beta_0 =$ Constant
- $\beta_1 - \beta_3 =$ Beta coefficients
- $X_1 =$ Individualized consideration
- $X_2 =$ Intellectual stimulation
- $X_3 =$ Inspirational motivation
- $\varepsilon =$ Error term
3.7 Chapter Summary

This chapter presented the methodology that was used in the collecting and analyzing of data. The chapter begins with the research design, followed by the population and sampling design, data collection methods, research procedures and data analysis and presentation. Chapter four presents data analysis and presentation of the findings.
CHAPTER FOUR

4.0 RESULTS AND FINDINGS

4.1 Introduction

This chapter presents the data analysis results and interpretation of the findings as per the purpose and objectives of the study. The purpose of this study was to investigate the role of transformational leadership on organizational performance in National Bank of Kenya. The study also sought to determine the influence of individualized consideration, intellectual stimulation and inspirational motivation on organizational performance in National Bank of Kenya.

4.1.1 Response Rate

The study targeted 84 staff working at the headquarters of the National Bank of Kenya. Out of the 84 questionnaires administered, 50 responded, indicating a response rate of 60% as shown in Table 4.1.

Table 4.1: Response Rate

<table>
<thead>
<tr>
<th>Response rate</th>
<th>Sample size</th>
<th>Percentage (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Returned questionnaires</td>
<td>50</td>
<td>60</td>
</tr>
<tr>
<td>Un-returned questionnaires</td>
<td>34</td>
<td>40</td>
</tr>
<tr>
<td>Total</td>
<td>84</td>
<td>100</td>
</tr>
</tbody>
</table>

4.2 Demographics

This section presents the general information of the respondents, which includes their gender, age bracket, highest level of education and length of service.

4.2.1 Gender of the Respondents

The study sought to determine the gender of the respondents. From the findings, majority of the respondents, 60%, were male while 40% of the respondents were female as indicated in figure 4.1. This shows that most of the staff working in the headquarters of The National Bank of Kenya were male.
The study also sought to determine the age bracket of the respondents. From the findings, majority of the respondents, 60%, were between the ages of 25-35 years, 26% were between the ages of 36-45 years of age, 8% were of age 46 years and above while 6% were below 25 years in age as indicated in figure 4.2. This shows that most of the staff working at the headquarters of the National Bank of Kenya were aged between 25 and 35 years.

The study sought to determine the respondents’ level of education. The study findings showed that majority of the respondents (56%) were university graduates, 36% were postgraduate holders while 8% were college graduates as indicated in figure 4.3. This clearly indicates that most of the respondents had university education as their highest level of education.
4.3.5 Respondents’ Length of service

The study sought to determine for how long the respondents have worked in the National Bank of Kenya. From the findings, majority of the respondents (44%) indicated that they had worked for the organization for 3-9 years, 26% had worked for above 12 years, 20% had worked for less than 3 years and 10% of the respondents worked for between 9-12 years as indicated in figure 4.4. This indicates that most of the respondents had worked for their organization for between 3 and 9 years.
4.3 Individual Consideration

4.3.1 Influence of Individualized Consideration on Organizational Performance

Figure 4.5 indicates that 38% of the respondents agreed that individualized consideration influences organizational performance to a great extent, 32% indicated to a moderate extent, 26% indicated to a very great extent and 4% indicated to no extent at all. This shows that individualized consideration influences organizational performance in the National Bank of Kenya to a great extent.

![Bar graph showing distribution of responses](image)

**Figure 4.5: Influence of Individualized Consideration on Organizational Performance**

4.3.2 Individualised Consideration by Organization Leadership

Table 4.2 indicates that 44% of the respondents were aware that organization leadership uses individualized consideration when dealing with employees in the organisation while 44% indicated that they were not aware. This shows that most of the staff working in the headquarters were not aware that the organization’s leadership uses individualized consideration when dealing with employees.

<table>
<thead>
<tr>
<th>Individualised Consideration</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>22</td>
<td>44.0</td>
</tr>
<tr>
<td>No</td>
<td>28</td>
<td>56.0</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>50</strong></td>
<td><strong>100.0</strong></td>
</tr>
</tbody>
</table>

Table 4.2: Individualised Consideration by Organization Leadership
4.3.3 Measurement of Individualized Consideration

The study sought to examine the respondent’s level of agreement with the statement in relation to individual consideration in the organization. From the findings in table 4.3, majority of the respondents (34%) disagreed that leaders pay close attention to the needs of followers. Thirty four percent of the respondents agreed that leaders act as coaches and advisors to individuals. Thirty two percent of the respondents were neutral that leaders acknowledge and attend to employee needs and concern. Thirty percent of the respondents were neutral that leaders in the organization listen fully to understand the perceptions of followers. Twenty six percent of the respondents agreed that leaders support a flexible work schedule. Thirty two percent of the respondents disagreed that there is a coaching program in the organization to enhance personal skills. Twenty eight percent of the respondents agreed that leaders mentor the junior staff to improve personal and professional growth.

Table 4.3: Individualized Consideration

<table>
<thead>
<tr>
<th>Individualized Consideration</th>
<th>Strongly disagree (%)</th>
<th>Disagree (%)</th>
<th>Neutral (%)</th>
<th>Agree (%)</th>
<th>Strongly agree (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Our leaders pay close attention to the needs of followers</td>
<td>10</td>
<td>34</td>
<td>26</td>
<td>28</td>
<td>2</td>
</tr>
<tr>
<td>Our leaders act as coaches and advisors to individuals</td>
<td>14</td>
<td>24</td>
<td>22</td>
<td>34</td>
<td>6</td>
</tr>
<tr>
<td>Our leaders acknowledge and attend employee needs and concern</td>
<td>16</td>
<td>22</td>
<td>32</td>
<td>26</td>
<td>4</td>
</tr>
<tr>
<td>Leaders in our organization listen fully to understand the perceptions of followers</td>
<td>22</td>
<td>24</td>
<td>30</td>
<td>20</td>
<td>4</td>
</tr>
<tr>
<td>Our leaders support a flexible work schedule</td>
<td>10</td>
<td>24</td>
<td>40</td>
<td>26</td>
<td>0</td>
</tr>
<tr>
<td>There is a coaching program in our organization to enhance personal skills</td>
<td>18</td>
<td>32</td>
<td>14</td>
<td>30</td>
<td>6</td>
</tr>
<tr>
<td>Our leaders mentor the junior staff to improve personal and professional growth</td>
<td>10</td>
<td>28</td>
<td>30</td>
<td>28</td>
<td>4</td>
</tr>
</tbody>
</table>
4.4 Intellectual Stimulation

4.4.1 Stimulation of Intellect and Imagination of Followers by Leaders

Figure 4.6 indicates that 46% of the respondents agreed to a moderate extent that leaders in the organization stimulate the intellect and imagination of the followers or subordinates, 30% agreed to a low extent, 16% indicated to a great extent, 6% indicated to no extent at all and 2% indicated to a very great extent. This shows that leaders in the organization moderately stimulate the intellect and imagination of the followers or subordinates.

Figure 4.6: Stimulation of Intellect and Imagination of Followers

4.4.2 Measurement of Intellectual Stimulation

The study sought to examine the respondent’s level of agreement with the statement in relation to intellectual stimulation in the organization. From the findings in table 4.4, majority of the respondents (32%) agreed that leaders encourage imagination and creativity. Thirty eight percent of the respondents agreed that the relationship with leaders is good. Twenty six percent of the respondents disagreed that leaders appreciate creativity and innovation. Twenty percent disagreed that there is supportive supervision of employees in the organization that enhances creativity and innovation. Thirty two percent of the respondents disagreed that their organization provides creativity-relevant activities. Twenty six percent of the respondents disagreed that leaders support critical thinking. Thirty percent agreed that employees in their organization are involved in problem
solving. Twenty six percent of the respondents agreed that employees in their organization participate in decision-making.

**Table 4.3: Intellectual Stimulation**

<table>
<thead>
<tr>
<th>Intellectual Stimulation</th>
<th>Strongly disagree (%)</th>
<th>Disagree (%)</th>
<th>Neutral (%)</th>
<th>Agree (%)</th>
<th>Strongly agree (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Our leaders encourage imagination and creativity</td>
<td>12</td>
<td>28</td>
<td>28</td>
<td>32</td>
<td>0</td>
</tr>
<tr>
<td>The relationship with our leaders is good</td>
<td>10</td>
<td>18</td>
<td>34</td>
<td>38</td>
<td>0</td>
</tr>
<tr>
<td>Our leaders appreciate creativity and innovation</td>
<td>4</td>
<td>26</td>
<td>48</td>
<td>22</td>
<td>0</td>
</tr>
<tr>
<td>There is supportive supervision of employees in the organization that enhances creativity and innovation</td>
<td>10</td>
<td>20</td>
<td>48</td>
<td>18</td>
<td>4</td>
</tr>
<tr>
<td>Our organization provides creativity-relevant activities</td>
<td>14</td>
<td>32</td>
<td>28</td>
<td>26</td>
<td>0</td>
</tr>
<tr>
<td>Our leaders support critical thinking</td>
<td>10</td>
<td>26</td>
<td>38</td>
<td>24</td>
<td>2</td>
</tr>
<tr>
<td>Employees in our organization are involved in problem solving</td>
<td>10</td>
<td>22</td>
<td>38</td>
<td>30</td>
<td>0</td>
</tr>
<tr>
<td>Employees in our organization participate in decision-making</td>
<td>18</td>
<td>26</td>
<td>30</td>
<td>26</td>
<td>0</td>
</tr>
</tbody>
</table>

**4.5 Inspirational Motivation**

**4.5.1 Influence of Inspirational Motivation on Organizational Performance**

Figure 4.7 indicates that 34% of the respondents agreed to a moderate extent that inspirational motivation influences organizational performance in the organization.
4.5.2 Measurement of Inspirational Motivation

The study sought to examine the respondent’s level of agreement with the statement in relation to inspirational motivation in the organization. From the findings in table 4.5, 28% of the respondents (28%) agreed that leaders motivate confidence among the staff. Twenty four percent of the respondents agreed that leaders in the organization are responsive to employee ideas and thoughts. Forty percent of the respondents agreed that the leaders have articulated a clear vision for the future. Thirty two percent of the respondents agreed that leaders in the organization exhibit a commitment to the goals that have been laid out. Twenty six percent of the respondents agreed that the leaders develop team spirit in employees. Twenty two percent of the respondents agreed that the leaders align individual and organizational goals. Twenty eight percent of the respondents disagreed that employees in the organizational are motivated through incentives while 18% of the respondents agreed that employee motivation in the organization promotes workplace harmony.
Table 4.4: Inspirational Motivation

<table>
<thead>
<tr>
<th>Inspirational Motivation</th>
<th>Strongly disagree (%)</th>
<th>Disagree (%)</th>
<th>Neutral (%)</th>
<th>Agree (%)</th>
<th>Strongly agree (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Our leaders motivate confidence among the staff</td>
<td>14</td>
<td>26</td>
<td>32</td>
<td>28</td>
<td>0</td>
</tr>
<tr>
<td>Leaders in our organization are responsive to employee ideas and thoughts</td>
<td>8</td>
<td>26</td>
<td>42</td>
<td>24</td>
<td>0</td>
</tr>
<tr>
<td>Our leaders have articulated a clear vision for the future</td>
<td>8</td>
<td>24</td>
<td>26</td>
<td>40</td>
<td>2</td>
</tr>
<tr>
<td>Leaders in the organization exhibit a commitment to the goals that have been laid out</td>
<td>6</td>
<td>24</td>
<td>38</td>
<td>32</td>
<td>0</td>
</tr>
<tr>
<td>Our leaders develop team spirit in employees</td>
<td>20</td>
<td>20</td>
<td>34</td>
<td>26</td>
<td>0</td>
</tr>
<tr>
<td>Our leaders align individual and organizational goals</td>
<td>14</td>
<td>22</td>
<td>42</td>
<td>22</td>
<td>0</td>
</tr>
<tr>
<td>Employees in our organizational are motivated through incentives</td>
<td>18</td>
<td>28</td>
<td>34</td>
<td>18</td>
<td>2</td>
</tr>
<tr>
<td>Employee motivation in our organization promotes workplace harmony</td>
<td>18</td>
<td>18</td>
<td>44</td>
<td>16</td>
<td>4</td>
</tr>
</tbody>
</table>

4.6 Organization Performance

4.6.1 Financial Performance

The study sought to examine respondents level of extent to which their bank has realized improved performance over the last five years from 2010-2015. From the findings in table 4.6, majority of the respondents 44% agreed that the bank's growth in market share is average. Forty six percent of the respondents agreed that the bank's growth in sales is slightly above average. Forty percent of the respondents agreed that profitability growth is slightly above average. Forty four percent of the respondents agreed that the firms
return on sales growth, firms return on assets growth and firms return on equity are slightly above average.

**Table 4.5: Financial Performance (2010-2015)**

<table>
<thead>
<tr>
<th>Financial Performance (2010-2015)</th>
<th>Far above average (%)</th>
<th>Slightly above average (%)</th>
<th>Average (%)</th>
<th>Slightly below average (%)</th>
<th>Far below average (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Your bank's growth in market share</td>
<td>14</td>
<td>40</td>
<td>44</td>
<td>2</td>
<td>0</td>
</tr>
<tr>
<td>Your bank's growth in sales</td>
<td>8</td>
<td>46</td>
<td>44</td>
<td>2</td>
<td>0</td>
</tr>
<tr>
<td>Profitability growth</td>
<td>32</td>
<td>40</td>
<td>26</td>
<td>2</td>
<td>0</td>
</tr>
<tr>
<td>Firms return on sales growth</td>
<td>18</td>
<td>44</td>
<td>36</td>
<td>2</td>
<td>0</td>
</tr>
<tr>
<td>Firms return on assets growth</td>
<td>26</td>
<td>44</td>
<td>28</td>
<td>2</td>
<td>0</td>
</tr>
<tr>
<td>Firms return on equity</td>
<td>26</td>
<td>44</td>
<td>28</td>
<td>2</td>
<td>0</td>
</tr>
</tbody>
</table>

**4.6.2 Overall Performance**

The study sought to examine respondents’ level of extent on overall financial performance of their bank by ticking the number that most accurately reflects their bank performance. From the findings in table 4.7, majority of the respondent’s 66% agreed that the overall performance of the bank last year was far below average. Seventy two percent of the respondents agreed that the overall performance of the bank relative to major competitors last year was far below average. Fifty six percent of the respondents agreed that the overall sales growth of the bank relative to major competitors was far below average.
### Table 4.6: Overall Performance

<table>
<thead>
<tr>
<th>Financial Performance (2010-2015)</th>
<th>Far above average (%)</th>
<th>Slightly above average (%)</th>
<th>Average (%)</th>
<th>Slightly below average (%)</th>
<th>Far below average (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>The overall performance of the bank last year was</td>
<td>2</td>
<td>2</td>
<td>6</td>
<td>24</td>
<td>66</td>
</tr>
<tr>
<td>The overall performance of the bank relative to major competitors last year was</td>
<td>2</td>
<td>0</td>
<td>12</td>
<td>14</td>
<td>72</td>
</tr>
<tr>
<td>The overall sales growth of the bank relative to major competitors was</td>
<td>0</td>
<td>2</td>
<td>30</td>
<td>12</td>
<td>56</td>
</tr>
</tbody>
</table>

### 4.7 Inferential Statistics

#### 4.7.1 Reliability Analysis

The reliability for the items of Individual consideration, Inspirational motivation, Intellectual stimulation and Organisational performance was assessed by computing the overall Cronbach’s alpha reliability coefficient. The reliability for each construct was demonstrated since the overall Cronbach’s alpha statistic were 0.933, 0.904, 0.905 and 0.858 respectively which is greater than the threshold of 0.7 as indicated in table 4.8.

### Table 4.7: Reliability of the Constructs

<table>
<thead>
<tr>
<th>Constructs</th>
<th>Cronbach’s Alpha</th>
</tr>
</thead>
<tbody>
<tr>
<td>Individualized Consideration</td>
<td>0.933</td>
</tr>
<tr>
<td>Inspirational Motivation</td>
<td>0.904</td>
</tr>
<tr>
<td>Intellectual Stimulation</td>
<td>0.905</td>
</tr>
<tr>
<td>Organizational Performance</td>
<td>0.858</td>
</tr>
</tbody>
</table>

#### 4.7.2 Correlation Analysis

Individualized consideration was found to be positively and significantly related to organizational performance in National Bank of Kenya. (\(r =0.378, p\)-value = 0.001<0.05)
level of significance). Intellectual stimulation was found to be positively and significantly related to organizational performance in National Bank of Kenya (r =0.508, p-value = 0.013<0.05 level of significance). Inspirational motivation was found to be positively and significantly related to organizational performance in National Bank of Kenya (r =0.753, p-value = 0.000<0.05 level of significance) as indicated in table 4.8.

**Table 4.8: Correlations**

<table>
<thead>
<tr>
<th></th>
<th>Individualized Consideration</th>
<th>Intellectual Stimulation</th>
<th>Inspirational Motivation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Organizational Performance</td>
<td>Pearson Correlation</td>
<td>.378*</td>
<td>.508**</td>
</tr>
<tr>
<td></td>
<td>Sig. (2-tailed)</td>
<td>.013</td>
<td>.001</td>
</tr>
<tr>
<td></td>
<td>N</td>
<td>43</td>
<td>43</td>
</tr>
</tbody>
</table>

**4.7.3 Regression**

The R square value as indicated in table 4.9 is 0.616 which clearly suggests that there is a strong relationship between individual consideration, inspirational motivation, and intellectual stimulation and Organisation performance in National Bank of Kenya. This indicates that individual consideration, inspirational motivation, and intellectual stimulation explain 61.6% of the organisation performance in National Bank of Kenya.

**Table 4.9: Model Summary**

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>.785a</td>
<td>.616</td>
<td>.586</td>
<td>.56959</td>
</tr>
</tbody>
</table>

a. Predictors: (Constant), Inspirational Motivation, Individualized Consideration, Intellectual Stimulation
b. Dependent Variable: Organizational Performance

The F value in the ANOVA table 4.11 indicates that the overall model was a good fit since the p-value was less than the significance level (p-value=0.000<0.05). In addition, the F-calculated was greater than the F-critical (F-calculated=20.820>F-critical=2.84).
Table 4.10: Analysis of Variance

<table>
<thead>
<tr>
<th>Model</th>
<th>Sum of Squares</th>
<th>Df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regression</td>
<td>20.265</td>
<td>3</td>
<td>6.755</td>
<td>24.5578</td>
<td>.000b</td>
</tr>
<tr>
<td>Residual</td>
<td>12.653</td>
<td>46</td>
<td>0.27506522</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>32.918</td>
<td>49</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

a. Dependent Variable: Organizational Performance
b. Predictors: (Constant), Inspirational Motivation, Individualized Consideration, Intellectual Stimulation

Table 4.11: Regression Coefficients

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
</tr>
<tr>
<td>(Constant)</td>
<td>.232</td>
<td>.087</td>
</tr>
<tr>
<td>Individualized Consideration</td>
<td>.339</td>
<td>.104</td>
</tr>
<tr>
<td>Intellectual Stimulation</td>
<td>.295</td>
<td>.080</td>
</tr>
<tr>
<td>Inspirational Motivation</td>
<td>.645</td>
<td>.157</td>
</tr>
</tbody>
</table>

a. Dependent Variable: Organizational Performance

Individualized consideration was found to have a positively linearly significant influence on organisation performance in National Bank of Kenya ($\beta=0.339$, $p=0.002<0.05$). Here one unit change in individualized consideration results in 0.339 unit increase in organisation performance in National Bank of Kenya. Intellectual stimulation was found to have a positively linearly significant influence on organisation performance in National Bank of Kenya ($\beta=0.295$, $p=0.001<0.05$). This shows that one unit change in Intellectual stimulation would lead to a 0.295 increase in organisation performance in National Bank of Kenya. Inspirational motivation was found to have a positive and significant influence on organisation performance in National Bank of Kenya ($\beta=0.645$, $p=0.000<0.05$). This shows that one unit change in inspirational motivation results in 0.645 unit increase in organisation performance in National Bank of Kenya.
The most influential role of transformational leadership is inspirational motivation (Beta = 0.744) then followed by individualized consideration (Beta = 0.375) and the least influential is intellectual stimulation (Beta = 0.323) as indicated in table 4.10.

4.8 Chapter Summary

Chapter four presented the results and findings of the analysis of the study which were based on the specific objectives outlined in chapter one. The findings were presented in the form of tables, pie chart and bar charts. The next chapter discusses the results and findings in depth while giving conclusions and recommendations for practice and future research work.
CHAPTER FIVE

5.0 DISCUSSION, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

This chapter presents the discussion of the findings as per the objectives of the study. The chapter also presents conclusions drawn from the findings and for practice and policy. The conclusions and recommendations focused on addressing the purpose and objectives of the study.

5.2 Summary

The purpose of this study was to investigate on the role of transformational leadership on organizational performance in National Bank of Kenya. The study also sought to investigate the influence of individualized consideration, intellectual stimulation and inspirational motivation influence organizational performance in National Bank of Kenya.

The study used a descriptive research design. The target population was 168 staff working at the headquarters of the National Bank of Kenya. Stratified random sampling was used to select 50% of the target population. The sample size of this study was therefore 84 staff, out of which 50 responses were obtained giving a response rate of 60%. Primary data was used and it was collected by use of semi structured questionnaires. The questionnaire generated both qualitative and quantitative data. Qualitative data was analyzed by use of thematic content analysis and the results were presented in a prose form. Quantitative data was analyzed by use of both inferential and descriptive statistics with the help of statistical software known as Statistical Package for Social Sciences (SPSS version 22). Descriptive statistics included percentages, and frequencies, measures of central tendency (mean) and measures of dispersion (standard deviation). The results were presented using tables and figures which included bar charts and pie charts. Inferential statistics such as correlation analysis and multiple regression analysis was used to establish the relationship between the independent and the dependent variable.

The study found that individualized consideration influences organizational performance in the National Bank of Kenya to a great extent. However, most of the staff working in the headquarters were not aware that the organization’s leadership uses individualized consideration when dealing with employees. The study found that leaders act as coaches and advisors to individuals. In addition, leaders mentor the junior staff to improve
personal and professional growth. Also the study found that leaders support a flexible work schedule. The study established that leaders were not keen to acknowledge and attend to employee needs and concern. In addition, leaders in the organization do not listen fully to understand the perceptions of followers. However, the study revealed that leaders do not pay close attention to the needs of followers. In addition, the study revealed that there was no coaching program in the organization to enhance personal skills.

The study found that leaders in the organization moderately stimulate the intellect and imagination of the followers or subordinates. In addition, the study found that leaders in the National Bank of Kenya encourage imagination and creativity. Further, the relationship between the staff and the leaders was considered good; employees in the organization were involved in problem solving and participated in decision-making. However, the study also found that the organization does not provide creativity-relevant activities, leaders do not support critical thinking and leaders do not appreciate creativity and innovation. Also, the study found that there was no supportive supervision of employees in the organization that enhance creativity and innovation.

The study found that inspirational motivation influences organizational performance in the organization to a moderate extent. The study also found that leaders motivate confidence among the staff and were responsive to employee ideas and thought. In addition, leaders have articulated a clear vision for the future and exhibit a commitment to the goals that have been laid out. Also, the study found that the leaders develop team spirit in employees and align individual and organizational goals. However, the study found that the employees in the organization were not motivated through incentives and hence employee motivation in the organization did not promote workplace harmony.

5.3 Discussion

5.3.1 Influence of Individual Consideration on Organizational Performance

The study found that individual consideration has a positive and significant influence on organizational performance in the National Bank of Kenya. These findings agree with Okechukwu and Godday (2015) argument that individual consideration is a good example of leaders who give a listening ear to their followers and support them accordingly. They also make sure those issues troubling their subjects are well tackled, hence endearing
themselves more to those being led. Such leaders are keen listeners, because they understand that it is through listening, they are able to learn new ideas and also develop themselves and their followers intellectually. However, the study found that most of the staff working in the headquarters of the National Bank of Kenya were not aware that the organization’s leadership uses individualized consideration when dealing with employees.

The study also found that leaders in the National Bank of Kenya support a flexible work schedule. This is in agreement with Naseem and Sheikh (2011) findings that finding the perfect balance between work and their private life is of high importance to every employee. Therefore it is important that an employer provides allowances for employees to plan their time effectively to accommodate both responsibilities where possible. The study established that leaders were not keen to acknowledge and attend to employee needs and concern. These findings concur with Kalkavan and Katrinli (2014) findings that it is up to the leaders to identify all these needs and demands of their employees and make sure they have been fulfilled in the best way possible.

The study revealed that leaders do not pay close attention to the needs of followers. In addition, leaders in the organization do not listen fully to understand the perceptions of followers. These findings are contrary to Neupane (2015) argument that intelligent leaders are always keeping a close ear so as to understand what their followers are saying and things they would like done differently. Similarly, Neupane (2015) argues that for them to come up with the correct judgment, leaders may be required to have interactive sessions with the subject. If leaders do not meet the needs of their subjects, it may lead to lack of motivation and fulfillment among employees, which can significantly affect the organization. Unsatisfied employees negatively affect the performance of the organization. When people lack fulfillment in their workplaces they are compelled to come up with ways to change their situation. However, according to Naseem and Sheikh (2011) satisfaction of workers translates to customer fulfillment which effectively leads to a profitable organization.

According to Erkutlu (2008), counseling and mentoring of employees helps to sharpen individual skills in a way that traditional ways of training cannot achieve. These aspects are vital in establishing the weakness of each and every employee and subsequently creating a system in which each individual can be guided to the required level of performance. The study found that leaders in the National Bank of Kenya act as coaches
and advisors to individuals. These findings agree with Kalkavan and Katrinli (2014) argument that coaching can positively influence the employee in realizing their role in the organization, devotion to work and also their job satisfaction. However, the study found that there was no formal coaching program in the organization to enhance personal skills. In addition, the study established that leaders mentor the junior staff to improve personal and professional growth. These findings concur with organizations which were adopting mentoring programs to improve physical skills, professional growth and personal growth of the employees.

5.3.2 Influence of Intellectual Stimulation on Organizational Performance

The study found that intellectual stimulation has a positive and significant influence on organizational performance in the National Bank of Kenya. The study also found that leaders in the organization moderately stimulate the intellect and imagination of the followers or subordinates. These findings concur with Mwesigwa and Namiyingo (2014) argument that leaders who are open-minded tend to intellectually influence their subjects, which subsequently influences their performance. Such leaders will want to challenge the norm and make a case out of every argument; this encourages their subordinates to intellectually challenge themselves more.

In addition, the study found that leaders in the National Bank of Kenya encourage imagination and creativity. According to Linda (2012) without unique ideas, innovation cannot take place. It is through these unique ideas that the organization can create a product in the market which introduces new services and products satisfactory to customer demand.

Further, the relationship between the staff and the leaders was considered good. According to Ul Hassan et al. (2013), the relationship between the management and employees together with internal factors such as job complication determine the level of creativity in the organization. The management should therefore come up with a model that tackles all the components of banking system, this will in turn challenge employees to be more innovative. In addition, leaders should offer moral support to the employees and create guidelines that further encourage workers to be more creative.

The study also found that employees in the organization were involved in problem solving. These findings concur with Choudhary et al. (2013) argument that employees
should be involved in organization’s problem solving so as to ensure that there will be no resistance to change. When one applies critical thinking in coming up with solutions, he/she becomes more empowered and knowledgeable.

The study further revealed that employees in the organization participated in decision-making. These findings agree Sahin et al. (2014) who highlight the importance of employee involvement in decision making. The findings also agree with Ojokuku and Ogbomoso (2014) argument that participation of workers in decision making greatly affects the overall performance of the company.

Choudhary et al. (2013) categorized employee participation in decision making into several levels namely informal, short term, consultative, employee ownership and work decision participation. However, the study also found that the leaders in the organization do not provide creativity-relevant activities. These findings are contrary to Quagraine (2010) findings that leadership is one of the most critical factors that influence creativity in any organization. Transformational leadership, in particular, has been singled out as the effective mode of management in promoting creativity.

The study established that leaders in the National Bank of Kenya do not support critical thinking. These findings disagree with Ojokuku and Ogbomoso (2014) argument that transformational leadership definitely promotes creativity which in turn leads to innovative minds. The study further revealed that leaders do not appreciate creativity and innovation. These findings are contrary to Ul Hassan et al. (2013) findings that the leadership of the banking sector players in Pakistan was appreciating creativity and innovation by the staff members. Also, the study found that there was no supportive supervision of employees in the organization that enhances creativity and innovation. These findings are contrary to Udoh and Agu (2012) argument that the management creates an open environment where employees are encouraged to work under minimal supervision that encourages and enhances creativity in employees.

5.3.3 Influence of Inspirational Motivation on Organizational Performance

The study established that there is a positive and significant relationship between inspirational motivation and organizational performance in the National Bank of Kenya. These findings agree with Ovidiu-Illiuta (2013) argument that there exists a positive relationship between the inspirational motivation of employees and the effectiveness and
performance of the organization. The study also found that leaders motivate confidence among the staff in the National Bank of Kenya. These findings concur with Oluyinka and Hashim (2012) argument that leaders play a major role in motivating their employees. The study also found that the leaders in the National Bank of Kenya were responsive to employee ideas and thought. These findings agree with Ovidiu-Iliuta (2013) argument that one way of motivating employees is by being responsive to their ideas and thoughts.

In addition, the study found that the leaders have articulated a clear vision for the future. These findings agree with De Jong and Bruch (2013) argument that a transformational leader comes up with a vision that is clear, meets the group expectations and is also committed to meeting the laid out group objectives. Further, the study established that leaders exhibit a commitment to the goals that have been laid out. These findings agree with Mutahar et al. (2015) argument that transformational leaders exhibit a commitment to the goals that have been laid out. Also, the study found that the leaders in the National Bank of Kenya develop team spirit in employees and align individual and organizational goals. According to Abbasi and Zamani-Miandashti (2013), the followers are encouraged by their leader to have a teamwork spirit which makes them eager and cheerful when articulating their firm’s goals.

The study also found that the employees in the organization were not motivated through incentives. These findings differ with Asim (2013) argument that any firm’s or enterprise’s success depends largely on the motivation of its employees. Motivated employees achieve their optimal performance since they enjoy the environment they are working in. Employees are different and each one of them has different incentives that motivate them to work hard. While some prefer cash incentives, others are motivated by recognition. The employer should seek to understand and further provide incentives so as to promote employee productivity.

It was also established that employee motivation in the organization did not promote workplace harmony. These findings differ with Sahin et al. (2014) findings that transformational leader’s inspirational appeal encourages the followers to put in their best effort in terms of good work, harmony and charity in their tasks. When employees are motivated, their performance increases and the workplace harmony is boosted.
5.4 Conclusion

5.4.1 Influence of Individual Consideration on Organizational Performance

The study concludes that individual consideration has a positive and significant influence on organizational performance in the National Bank of Kenya. In addition, the study found that leaders at the National Bank of Kenya act as coaches and advisors to individuals, mentor the junior staff to improve personal and professional growth and support a flexible work schedule. However, the leaders were not keen to acknowledge and attend to employee needs and concern. In addition, leaders in the organization do not listen fully to understand the perceptions of followers. Also the study found that there was no coaching program in the organization to enhance personal skills.

5.4.2 Influence of Intellectual Stimulation on Organizational Performance

The study concludes that intellectual stimulation has a positive and significant influence on organizational performance in the National Bank of Kenya. The study found that leaders in the National Bank of Kenya moderately stimulate the intellect and imagination of the followers or subordinates. In addition, the study found that leaders in the organization encourage imagination and creativity. Further, the relationship between the staff and the leaders was considered good; employees in the organization were involved in problem solving and participated in decision-making. However, the study also found that the organization does not provide creativity-relevant activities, leaders do not support critical thinking and leaders do not appreciate creativity and innovation.

5.4.3 Influence of Inspirational Motivation on Organizational Performance

The study concludes that inspirational motivation has a positive and significant influence on organizational performance in the National Bank of Kenya. The study established that leaders in the National Bank of Kenya motivate confidence among the staff and are responsive to employee ideas and thought. In addition, leaders have articulated a clear vision for the future and exhibit a commitment to the goals that have been laid out. Also, the study found that the leaders develop team spirit in employees and align individual and organizational goals. However, the study found that the employees in the organization were not motivated through incentives and hence employee motivation in the organization did not promote workplace harmony.
5.5 Recommendations

5.5.1 Recommendations for Improvement

5.5.1.1 Influence of Individual Consideration on Organizational Performance

The study found that the leaders in the National Bank of Kenya were not keen to acknowledge and attend to employee needs and concern. Acknowledging and attending to employee needs significantly influences their motivation and productivity and hence organizational performance. This study therefore recommends that the management should focus on acknowledging and attending to the needs of employees. The study also found that the National Bank of Kenya had no coaching to enhance personal skills. This study therefore recommends that the organization should develop a coaching and mentorship program to improve the skills of the staff, which can subsequently influence their productivity and hence performance.

5.5.1.2 Influence of Intellectual Stimulation on Organizational Performance

The study established that the leaders of the National Bank of Kenya do not provide creativity-relevant activities, do not support critical thinking and do not appreciate creativity and innovation. In the current competitive and turbulent business environment in the banking industry in Kenya, the players need to be creative and innovative. This study therefore recommends that the management of the National Bank of Kenya should support innovation and creativity through consideration of the opinions and views of the staff. In addition, the management of the organization should develop a working environment that supports creativity and innovation.

5.5.1.3 Influence of Inspirational Motivation on Organizational Performance

The study established that the employees in the National Bank of Kenya were not motivated through incentives and hence employee motivation in the organization did not promote workplace harmony. Incentives are known to improve the motivation and hence the productivity of employees. Therefore, this study recommends that the management of the National Bank of Kenya should start using incentives to increase the motivation of the employees.
5.5.2 Recommendation for Further Studies

This research study was limited to the National Bank of Kenya and hence its findings cannot be generalized to other commercial banks in Kenya. This study therefore suggests that further studies should be conducted on the role of transformational leadership on the performance of commercial banks in Kenya. This will enhance the generalizability of the findings to the banking industry in Kenya. The study was also limited to one leadership style, that is, transformational leadership. The banking sector adopts various leadership styles like authoritarian, democratic, laissez-faire and transactional. Therefore, the study suggests further studies on the role of leadership styles on the performance of commercial banks in Kenya.
REFERENCES


APPENDICES

APPENDIX I: LETTER OF INTRODUCTION

Dear Respondent,

RE: Support on MBA Thesis

I am an MBA student at the United States International University in Nairobi and in my final year of study. As part of the requirement for graduation, I am undertaking a research to investigate on the role of transformational leadership on organizational performance in National Bank of Kenya.

In this regard, I am kindly requesting for your support in terms of time, and by responding to the attached questionnaire. Your accuracy and candid response will be critical in ensuring an objective research.

It will not be necessary to write your name on this questionnaire and for your comfort, all information received will be treated in strict confidence. In addition, the findings of the study will be used for academic research purposes and to enhance knowledge in the field of strategic management. If need be the research report may be presented to your organization for information and record.

Thank you for your valuable time on this.

Yours sincerely,
Deigha Amin
APPENDIX II: QUESTIONNAIRE

Please answer the questions below as precisely and truthfully as possible. Any information provided will be held with strict confidentiality and anonymity. In addition, your answers will only be used for academic purposes only. Kindly tick your responses against each question in the spaces provided.

A. General Information

A1) Gender
1. Female [ ]
2. Male [ ]

A2) Age Bracket
1. Below 25 Years [ ]
2. 25 to 35 Years [ ]
3. 36 to 45 Years [ ]
4. 46 years and above [ ]

A3) State your highest level of education
1. Secondary School [ ]
2. College [ ]
3. University [ ]
4. Postgraduate [ ]

A4) For how long have you been working in National Bank of Kenya?
1. Less than 3 years [ ]
2. 3 to 9 years [ ]
3. 9 to 12 years [ ]
4. Above 12 years [ ]
B. Individualized Consideration

B1. To what extent does individualized consideration influence organizational performance?

1. Very great extent [ ]
2. Great extent [ ]
3. Moderate extent [ ]
4. Low extent [ ]
5. No extent at all [ ]

B2. How does individualized consideration influence organizational performance?

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B3. Does your organization leadership use individualized consideration when dealing with employees?

Yes [ ] No [ ]

B4. To what extent do you agree with the following statements in relation to the individual consideration in your organization? Using a scale of 1 to 5 please tick the number corresponding to your opinion for each question.
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<tr>
<td>1. Our leaders pay close attention to the needs of followers</td>
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<td>2. Our leaders act as coaches and advisors to individuals</td>
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<td>3. Our leaders acknowledge and attend to employee needs and concerns</td>
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<td>4. Leaders in our organization listen fully to understand the perceptions of followers,</td>
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<td>5. Our leaders support a flexible work schedule</td>
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<td>6. There is a coaching program in our organization to enhance personal skills</td>
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<td>7. Our leaders mentor the junior staff to improve personal and professional growth</td>
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C. Intellectual Stimulation

C1) To what extent do leaders in your organization stimulate the intellect and imagination of the followers or subordinates?

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<th>Very great extent</th>
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<th>Moderate extent</th>
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C2) How does intellectual stimulation influence the performance of your organization?

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C3) To what extent do you agree with the following statements in relation to the intellectual stimulation in your organization? Using a scale of 1 to 5 please tick the number corresponding to your opinion for each question.
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<td>1. Our leaders encourage imagination and creativity</td>
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<td>2. The relationship with our leaders is good</td>
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<td>3. Our leaders appreciate creativity and innovation</td>
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<td>4. There is supportive supervision of employees in the organization that</td>
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<td>enhances creativity and innovation</td>
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<td>5. Our organization provides creativity-relevant activities</td>
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<td>6. Our leaders support critical thinking</td>
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<td>7. Employees in our organization are involved in problem solving</td>
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<td>8. Employees in our organization participate in decision-making</td>
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D. Inspirational Motivation

D1). To what extent does inspirational motivation influence organizational performance in your organization?

- Very great extent [ ]
- Great extent [ ]
- Moderate extent [ ]
- Low extent [ ]
- No extent at all [ ]

D2). How does inspirational motivation influence organizational performance?

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D3). To what extent do you agree with the following statements in relation to the intellectual stimulation in your organization? Using a scale of 1 to 5 please tick the number corresponding to your opinion for each question.

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<td>1. Our leaders motivate confidence among the staff</td>
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<td>2. Leaders in our organization are responsive to employee ideas and thoughts</td>
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<td>3. Our leaders have articulated a clear vision for the future</td>
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<td>4. Leaders in our organization exhibit a commitment to the goals that have been laid out</td>
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<td>5. Our leaders develop team spirit in employees</td>
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<td>6. Our leaders align individual and organizational goals</td>
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<td>7. Employees in our organization are motivated through incentives</td>
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<td>8. Employee motivation in our organization promotes workplace harmony</td>
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THANK YOU VERY MUCH FOR TAKING YOUR TIME TO COMPLETE THIS QUESTIONNAIRE