THE EFFECT OF TRANSFORMATIONAL LEADERSHIP BEHAVIOUR ON ORGANIZATIONAL CULTURE IN COMMERCIAL STATE OWNED ENTERPRISES IN KENYA

1.1 Introduction

The study of leadership has been central to the literature of peoples’ management and organizational performance, culture and effectiveness for a long time now (Yukl, 1989). The discourse on leadership has attracted scholars from various disciplines (Yukl, 1989). The interest on leadership was further energized after Burns (1978) introduced the model of transformational leadership in his seminal work. Transformational leadership exist when the employees are motivated to work for transcendental goals and higher level self-actualizing needs, rather than external pay-offs and personal aggrandizement.

Transformational leadership has often been referred to as one of the most powerful factors motivating purposeful action and high employee performance in the public sector (Paarlberg and Lavigna, 2010; Park and Rainey, 2008; Trottier, Van Wart, and Wang, 2008; Wright, Moynihan and Pandey, 2012). Kenya’s public sector has come up with a policy of instituting transformational leadership in service to citizens. This has been encouraged by the wish of the government to serve Kenyans better. Some of the interventions encouraging the use of transformational leadership include performance contracting in the public sector of Kenya and the marketisation of SOEs so that they are encouraged to operate like private sector operators whose major motive is profitability (Government of Kenya, 2001).

In the past public servants were subjected to transactional leadership. This type of leadership involves an exchange between leaders and followers. Such leaders give something followers want in exchange for something the leaders want (Kuhnert and Lewis, 1987). Leadership studies have found that compared to transactional leaders, transformational leaders achieve greater improvements and are considered to be of a higher order with respect to effort, development, and performance. Transformational leaders influence followers to make self sacrifices, commit to difficult tasks, and attain performance more than expected. Since early 2000, the government of Kenya (GoK) introduced performance contracting in the public service (Government of Kenya, 2001; 2003; 2006; 2007). In order to effectively execute their performance contracts senior state officials heading ministries and CEOs of SOEs (parastatals) were required to change their leadership styles from transactional leadership to transformational leadership. A Cabinet paper that introduced the Kenya National School of Government (KNSG) makes this very clear (KNSG, 2007). Part 7 of the cabinet paper observes that “The transformative leadership development strategy is a master plan stating how the current public service leadership paradigm is to be shifted through growing and developing leaders capable of realizing the dream of the Results for Kenyans
initiative, among other public service reform efforts”. Part 7.1 of the draft Cabinet paper observes that the key goals of the transformative leadership development strategy are:

- To develop and implement an institutional and transformative leadership capacity building for results oriented management culture.
- To develop a new leadership style that supports, in a more effective way, the achievement of the Economic Recovery Strategy (ERS) and the attainment of the Millennium Development Goals (MDGs).
- To transform the nature of public service in Kenya from process oriented to a Results Based management culture.
- To grow leaders from an early age in order to use them as the engine of change in transforming the society.
- To facilitate harvesting of knowledge from knowledgeable individuals and manage such knowledge in a systematic way.
- To deliver timely and effective services leading to “Results for Kenyans”.

Part 7.2 of the Draft Cabinet paper observes that the purpose of the transformational leadership initiative is “To grow, develop and sustain transformative leadership in the Public Service in Kenya. This will require building the capacity of leaders in the public service to manage change in the implementation of reforms and in mainstreaming values and ethics in a sustainable way in public service”.

Performance contracting was expected to be managed in the context of transformational leadership. It suffices at this point therefore to put the issue of performance contracting in context. Performance contracting as part of performance management is a central element of the orthodoxy of the New Public Management (NPM), which is a global movement reflecting liberation management and market-driven management (Gianakis, 2002; Grishankar, 2001). Liberation management means that public sector managers are relieved from a plethora of cumbersome and unnecessary rules and regulations at the centre. Greiling (2005; 2006) observed that performance measurement is necessary to create a ‘bottom-line’ culture in the delivery of public services. This means having a leadership style that is participative and transformative. Performance contracting is seen as a tool for improving public budgeting, promoting a better reporting system and modernizing public management while enhancing efficiency in resource use and effectiveness in service delivery (Greiling, 2006).

Given that the Kenyan government has set policies that aim at enhancing transformational leadership in state owned enterprises, most of the state owned enterprises have failed to achieve their mandates and their performance represents a mixed bag of notable successes, failures and missed opportunities
The poor performance is attributed to poor leadership style and inefficiency among others. For instance, leadership and organizational culture play a critical role in enabling an organization achieve its mandate. However, in Kenya little is known on how transformational leadership influences organizational culture of a state corporation. Consequently, there is urgent need to thoroughly investigate the effect of transformational leadership on organizational culture of these state corporations in order to provide relevant information necessary for designing policies. To this end, this paper seeks to examine the effect of transformational leadership on organizational culture of state owned enterprises in Kenya. Specifically, the paper tests whether; idealized influence, inspirational motivation, intellectual stimulation and individualized consideration has effect on organizational culture. Examining the relationship between transformational leadership and organizational culture gives an organization an opportunity change and development.

1.2 Literature Review

Leadership is defined as a concept of influence in the direction of generality and abstraction (Bass, 1990). Leadership is defined as coping with change. Louw and Venter (2007) observe that leadership and especially transformational and visionary leadership as critical to an organization’s success. Other writers such as McKnight (2009) observe that leadership of any kind including transformational leadership thrives where there is an aligned Top Management Team (TMT) with the CEO. The TMT is our focus here. The members will report on the CEOs in terms of their leadership styles and orientations. Transformational leaders who have integrity and honor show their subordinates the true characteristics of a good leader; thus, they influence the followers to be like them. This is the essence of transformational leadership styles whereby the leaders transform the followers to be leaders and the leaders become moral agents (Bass, 1990).

According to Zenger and Folkman (2002), leaders with poor leadership skills generate poor results just as leaders with good leadership skills tend to produce good results for their organizations. Zenger and Folkman also indicated, “Good leaders are more effective over bad leaders in almost every dimension, including improving productivity, reducing turnover, enhancing customer service, and creating high levels of employee commitment.” Mutual trust is essential to team cohesion. Team members should be willing and able to acknowledge individual imperfections. The ability of a leader to admit and take responsibility for mistakes can facilitate trust relationship between the leader and followers and fortify team purpose.

1.2.1 Transformational Leadership

According to Burns (1978) and Bass (1990), the transformational leader asks followers to transcend their own self interests for the good of the group, organization, or society; to consider their long term need of
the moment; and to become more aware of what is really important. Hence, followers are converted into leaders. Mannarelli (2006) stated, “the modern definition of leadership requires individuals at many layers in the companies to demonstrate behaviors, skills, and traits that are more associated with transformational leadership” (p. 46). The various positive outcomes/results of transformational leadership can be summed up as follows: companies that were led by transformational leaders were highly effective and successful, transformational leaders had better relationship with higher ups, and followers tend to exert extra effort for transformational leaders.

Lee and Chang (2006) noted there is a positive relationship between leadership style and innovation in an organization. Their study concluded that transformational leadership style is more acceptable to the employees and that there is a correlation between innovation ability and leadership style. A transformational leader with good people skills and communication skills can slowly win the workers’ trust. Transformational leadership style leaders allow workers to participate in important projects and be in their teams, and these leaders will request team members’ inputs; management also shares visions and goals with all team members. Eventually, the workers will trust management and will slowly be transformed into followers and follow the transformational leaders’ directions to reach the organization’s goals. This ultimately influences organizational culture. Moss, Daunton and Gasper (2006) indicated that organizations with a high performance workforce as a result of “A combination of transformational leadership and the contingent reward element of transactional leadership create the culture for the method” (p. 50). There is a connection between the leadership style of the leader and the employees’ perception of their jobs. Purvanova, Bono and Dzieweczynski (2006) identified one of the fundamental ways in which leaders influence followers is by creating meaningful work as it is indicated in the transformational leadership theory. Two key contributors to the theory of transformational leadership are Burns (1978) and Bass (1990). Their works are classical and cannot be avoided in the study of transformational leadership. The two key people observe that: people will follow a person who inspires them, a person with vision and passion can achieve great things and the way to get things done is by injecting enthusiasm and energy.

The theory they proposed holds the view that working for a Transformational Leader can be a wonderful and uplifting experience. They put passion and energy into everything. They care about you and want you to succeed. Transformational leadership starts with the development of a vision, a view of the future that will excite and convert potential followers. This vision may be developed by the leader, by the senior team or may emerge from a broad series of discussions. The important factor is the leader buys into it, hook, line and sinker (Lee and Chang, 2006; McKnight, 2009; Louw and Venter, 2007).
According to the theory the next step, which in fact never stops, is to constantly sell the vision. This takes energy and commitment, as few people will immediately buy into a radical vision, and some will join the show much more slowly than others. The transformational leader thus takes every opportunity and will use whatever works to convince others to climb on board the bandwagon. In order to create followers, the transformational leader has to be very careful in creating trust, and their personal integrity is a critical part of the package that they are selling. In effect, they are selling themselves as well as the vision (McKnight, 2009; Louw and Venter, 2007).

In parallel with the selling activity is seeking the way forward. Some transformational leaders know the way, and simply want others to follow them. Others do not have a ready strategy, but will happily lead the exploration of possible routes to the Promised Land. The route forwards may not be obvious and may not be plotted in details, but with a clear vision, the direction will always be known. Thus finding the way forward can be an ongoing process of course correction and the transformational leader will accept that there will be failures and blind canyons along the way. As long as they feel progress is being made, they will be happy.

The final stage is to remain up-front and central during the action. Transformational leaders are always visible and will stand up to be counted rather than hide behind their troops. They show by their attitudes and actions how everyone else should behave. They also make continued efforts to motivate and rally their followers, constantly doing the rounds, listening, soothing and enthusing (Bass, 1990; McKnight, 2009; Louw and Venter, 2007). One can ask a question at this point. Do the CEOs of SOEs in Kenya observe the above guidelines as they interact with their followers and do their leadership styles influence the organizational culture?

It is their unswerving commitment as much as anything else that keeps people going, particularly through the darker times when some may question whether the vision can ever be achieved. If the people do not believe that they can succeed, then their efforts will flag. In Kenya the government is pursuing the ideals of Vision 2030. Senior government officials and CEOs of SOEs have been asked and trained to practice transformational leadership (Government of Kenya, 2007). The Transformational Leader seeks to infect and reinfect their followers with a high level of commitment to the vision. One of the methods the Transformational Leader uses to sustain motivation is in the use of ceremonies, rituals and other cultural symbolism. Small changes get big hurrahs, pumping up their significance as indicators of real progress. Overall, they balance their attention between action that creates progress and the mental state of their followers. Perhaps more than other approaches, they are people-oriented and believe that success comes first and last through deep and sustained commitment (Lee and Chang, 2006). Do the Kenyan CEOs of
SOEs practice the above commitments to Vision 2030? It is the assumption of this researcher that this present study will shed light on this issue and others.

1.2.2 Components of Transformational Leadership

Whilst the Transformational Leader seeks overtly to transform the organization, there is also a tacit promise to followers that they also will be transformed in some way, perhaps to be more like this amazing leader. In some respects, then, the followers are the product of the transformation. Transformational Leaders are often charismatic, but are not as narcissistic as pure Charismatic Leaders, who succeed through a belief in themselves rather than a belief in others (Lee and Chang, 2006). Even though the focus of this study will be CEOs and senior management of SOEs and not their followers per se, interviewing the TMT members will shed light on this special group of followers.

One of the traps of Transformational Leadership is that passion and confidence can easily be mistaken for truth and reality. Whilst it is true that great things have been achieved through enthusiastic leadership, it is also true that many passionate people have led the charge right over the cliff and into a bottomless chasm. Just because someone believes they are right, it does not mean they are right. Paradoxically, the energy that gets people going can also cause them to give up. Transformational Leaders often have large amounts of enthusiasm which, if relentlessly applied, can wear out their followers. Transformational Leaders also tend to see the big picture, but not the details, where the devil often lurks. If they do not have people to take care of this level of information, then they are usually doomed to fail (McKnight, 2009; Louw and Venter, 2007).

Transformational Leaders, by definition, seek to transform. When the organization does not need transforming and people are happy as they are, then such a leader will be frustrated. Like wartime leaders, however, given the right situation they come into their own and can be personally responsible for saving entire companies (Bass, 1985). Bass (1990) noted that authentic transformational leadership is grounded in moral foundations that are based on four components: idealized influence, inspirational motivation, intellectual stimulation and individualized consideration. According to Bass (1990), idealized influence refers to charismatic actions of the leader that focuses on beliefs, mission and values while inspirational motivation is the capacity of a leader to act as a model to his/her subordinates. Intellectual stimulation refers to promotion of intelligence, rationality and problem solving capabilities in followers. It encourages followers to question their leaders’ values, assumptions and beliefs and also those of their own. Finally, individualized consideration refers to treating followers as individuals and not just members of a group (Bass, 1990).
1.2.3 Organizational Culture

On the other hand, organizational culture is the property of a group and its latent, powerful and unconscious set of forces that determine the behavior of an individual or a group, ways of perceiving things, thought patterns and values (Schein, 1999). Organizational culture is composed of masculinity/feminity, power distance, individualism/collectivism and uncertainty avoidance. Aydogdu (2011) recognizes that organizational culture has great impact on performance and effectiveness of an organization. This implies that transformational leaders can play a very critical role in creating the organizational culture. Employees can easily adopt values of a transformational leader especially when the transformational leader is their role model. The reverse is true; a leader with behavioral disorder will negatively affect the organizational culture. Through his/her good communication skills and leadership ability a transformational leader is able to create a stable organizational culture by helping employees adopt the culture as their own. Thus this paper examines the effect of transformational leadership on organizational culture based on the following conceptual framework.

1.2.4: Conceptual Framework

<table>
<thead>
<tr>
<th>Independent Variables</th>
<th>Dependent Variables</th>
</tr>
</thead>
<tbody>
<tr>
<td>Idealized Influence</td>
<td>Organizational Culture</td>
</tr>
<tr>
<td>Inspirational Motivation</td>
<td></td>
</tr>
<tr>
<td>Intellectual Stimulation</td>
<td></td>
</tr>
<tr>
<td>Individualized Consideration</td>
<td></td>
</tr>
</tbody>
</table>

Figure 1.1: Conceptual Framework
Source: Author (2014)

As indicated from the literature review, transformational leadership is a construct that is measured by idealized influence, inspirational motivation, intellectual stimulation and individualized consideration while organizational culture is a construct that is measured by masculinity/feminity, power distance, uncertainty avoidance and individualism/collectivism. This paper therefore examines the correlation
between transformational leadership and organizational culture with the aim of informing policy makers on how transformational leadership influences organizational culture.

1.3 Methodology

1.3.1 Research Philosophy and Design

In literature, there are three types of research philosophies namely; positivism, interpretivism and realism. Positivism research philosophy reflects the belief that reality is stable that is, reality can be observed and described from an objective viewpoint without necessarily interfering with the phenomenon itself (Levin, 1988). On the other hand, interpretivism research philosophy is based on an assumption that individuals and groups make sense of a situation based on their individual experiences, expectations and memories. Thus individual experiences are the basis in which meaning is constructed (Remenyi et al., 1998) while realism research philosophy is based on the belief that reality exists and is independent of human consciousness. Under realism, Saunders et al. (2007) argues that understanding people’s socially constructed meanings and interpretations requires broader understanding of social forces that influence people’s views and behaviors. Given these research philosophies the paper is based on positivism since it enables testing of hypothesis and generalization of the research findings (Alavi and Carlson, 1992). Further, the paper uses explanatory research design since it enables one to establish relationships between variables such as transformational leadership and organizational culture.

1.3.2 Target Population, Sample and Sampling Technique

According to Ngechu (2004), target population is a set of all members of a real or hypothetical set of people, events or subjects to which a researcher wishes to generalize his/her results. Based on this definition, the target population for this paper is all members of top management team of 34 purely commercial state corporations in Kenya. However, due to time and financial resource constraints, the researcher sought to collect data from a subset of the target population. Saunders et al. (2007) defines a sample as a subset of the target population. The researcher purposively chose four members of top management team of each purely commercial state enterprise in Kenya for inclusion in the sample. Thus the researcher came up with a total of 136 members of top management team from whom the questionnaire was administered.

1.3.3 Data Collection Procedure and Instrument

The paper used 136 questionnaires administered to top management team of the 34 purely state corporations in Kenya. However, a pilot study was conducted before the main data collection to test for validity and reliability of the research instrument (Dillman, 2000). Thereafter, the researcher with the help of research assistants administered the questionnaires to four members of each purely commercial state
enterprise. The questionnaire was developed in such a way that it captured information on; demographics of the respondents, transformational leadership and organizational culture. The constructs of transformational leadership and organizational culture were measured by 5 items from strongly disagree to strongly agree. To test the hypothesis, the paper used factor and correlations analysis to examine the effect of transformational leadership on organizational culture of commercial state enterprises in Kenya.

1.4 Research Findings

The paper administered a total of 136 questionnaires to top management team of commercial state owned enterprises in Kenya. Out of 136 questionnaires, the researcher got 102 responses indicating a 75 percent response rate which is adequate for empirical analysis. The demographic information reveals that about 62 percent of the respondents were aged between 50 to 59 years and the rest were aged between 40 to 49 years. This indicates that the members of top management team of commercial state enterprises are relatively old. The analysis also revealed that 58 percent of the members of top management team were male and 42 percent were female.

The analysis of highest education level of members of top management team of commercial state owned enterprises showed that majority (52%) of the management team had bachelor degree as their highest level of education, 38 percent had masters degree while 9.8 percent had PhD. On the other hand, the management team had rich management experience. For instance, only 5 percent of the respondents had working experience in management level of less than five years while 88 percent of the management team had management experience of more than ten years. This finding suggests that the management team had wide knowledge on various aspects of leadership and organizational culture. However, it remains to be known whether, their transformational capability do influence organizational culture.

1.5 Reliability Analysis

The paper tested for internal reliability for transformational leadership and organizational culture constructs using Cronbach alpha. Nunnally (1978) asserts that Cronbach’s alpha values between 0.8 and 1.00 indicate a considerable reliability while values below 0.70 are considered unacceptable. The reliability results shows that the values of Cronbach alpha for the measurement constructs range from 0.807 to 0.913 indicating that the measurement constructs are reliable (table 1.1).

<table>
<thead>
<tr>
<th>Scale</th>
<th>Cronbach alpha</th>
</tr>
</thead>
<tbody>
<tr>
<td>Transformational Leadership</td>
<td>0.913</td>
</tr>
<tr>
<td>(Overall)</td>
<td></td>
</tr>
<tr>
<td>Idealized Influence</td>
<td>0.911</td>
</tr>
</tbody>
</table>

Table 1.1: Reliability Analysis
Reliability Test Results

### 1.6 Correlation Analysis

The paper used principal component analysis and varimax rotation method to reduce the items that measure idealized influence into two factors. These factors are used to generate factor scores which are later used to create an index called idealized influence. The same procedure is repeated for inspirational motivation where factor analysis identified three factors scores. These three factor scores are used to create an index named inspirational motivation. Regarding intellectual stimulation, the factor analysis identified two factors which are used to generate factor scores. The two factor scores are used to create an index called intellectual stimulation. The items that formed individualized consideration was also reduced based on principal component analysis and three factors were generated. These three factors were used to form an index called individualized consideration.

Concerning organizational culture, the items that were used to measure uncertainty avoidance were factor analyzed using the principal component analysis and varimax rotation method. Three factors were use to generate factor scores which were used to create an index named uncertainty avoidance index. The same procedure was repeated to create power distance index, masculinity/feminity index and individualism/collectivism indices. Having generated the four indices that measure organizational culture, the paper further created a composite index called organizational culture index. This was done by summing up uncertainty avoidance index, power distance index, masculinity/feminity index and individualism/collectivism index and thereafter dividing the sum by four.

Having created a composite index that measures organizational culture, the paper then calculates Pearson Chi Square to examine the relationship between various constructs of transformational leadership and organizational culture in commercial state owned enterprises in Kenya. The correlation coefficients are summarized in table 1.2, 1.3, 1.4, 1.5 and 1.6.

<table>
<thead>
<tr>
<th>Dimension</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Inspirational Motivation</td>
<td>0.891</td>
</tr>
<tr>
<td>Intellectual Stimulation</td>
<td>0.867</td>
</tr>
<tr>
<td>Individualized Consideration</td>
<td>0.889</td>
</tr>
<tr>
<td><strong>Organizational Culture (Overall)</strong></td>
<td>0.807</td>
</tr>
<tr>
<td>Uncertainty Avoidance</td>
<td>0.812</td>
</tr>
<tr>
<td>Power Distance</td>
<td>0.902</td>
</tr>
<tr>
<td>Masculinity/ Feminity</td>
<td>0.893</td>
</tr>
<tr>
<td>Individualism/ Collectivism</td>
<td>0.872</td>
</tr>
</tbody>
</table>
1.6.1 Correlation Analysis between Idealized Influence and Organizational Culture

The paper tested for the relationship between idealized influence and organizational culture using the generated indices for idealized influence and organizational culture. The result in table 1.2 shows that there is a significant positive correlation between idealized influence and organizational culture. The value of Pearson chi square and likelihood ratio tests are 0.0306 and 144.997 with 90 degrees of freedom respectively and are all significant at 1 percent. This finding suggests that idealized influence positively influences organizational culture.

Table 1.2: Correlation Analysis between idealized Influence and Organizational Culture

<table>
<thead>
<tr>
<th>Test Statistic</th>
<th>Chi-Square Value</th>
<th>Degree of Freedom</th>
<th>P value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pearson Chi Square</td>
<td>0.0306</td>
<td>90</td>
<td>0.000</td>
</tr>
<tr>
<td>Likelihood Ratio</td>
<td>144.997</td>
<td>90</td>
<td>0.000</td>
</tr>
</tbody>
</table>

1.6.2 Correlation Analysis between Inspirational Motivation and Organizational Culture

The relationship between inspirational motivation and organizational culture was tested using Pearson and likelihood ratio test as shown in table 1.3. The results indicate that the value of Pearson chi square is 0.031 with 90 degrees of freedom and the value of likelihood ratio test is 145 with 90 degrees of freedom. Both the Pearson and likelihood test have p values that are less than 0.01 indicating that inspirational motivation positively influences organizational culture.

Table 1.3: Correlation Analysis between Inspiration Motivation and Organizational Culture

<table>
<thead>
<tr>
<th>Test Statistic</th>
<th>Chi-Square Value</th>
<th>Degree of Freedom</th>
<th>P value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pearson Chi Square</td>
<td>0.031</td>
<td>90</td>
<td>0.000</td>
</tr>
<tr>
<td>Likelihood Ratio</td>
<td>145</td>
<td>90</td>
<td>0.000</td>
</tr>
</tbody>
</table>

1.6.3 Correlation Analysis between Intellectual Stimulation and Organizational Culture

The relationship between intellectual stimulation and organizational culture is positive and statistically significant. The results in table 1.4 indicates that the value of Pearson chi square is 0.024 with 72 degrees of freedom and the value of likelihood ratio test is 120.367 with 72 degrees of freedom. Both of these test statistics are significant since their p values are less than significance level of 0.01. This finding suggests that intellectual stimulation positively impacts organizational culture.

Table 1.4: Correlation Analysis between Intellectual Stimulation and Organizational Culture

<table>
<thead>
<tr>
<th>Test Statistic</th>
<th>Chi-Square Value</th>
<th>Degree of Freedom</th>
<th>P value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pearson Chi Square</td>
<td>0.024</td>
<td>72</td>
<td>0.000</td>
</tr>
<tr>
<td>Likelihood Ratio</td>
<td>120.367</td>
<td>72</td>
<td>0.000</td>
</tr>
</tbody>
</table>
Correlation Analysis between Intellectual Stimulation and Organizational Culture

1.6.4 Correlation Analysis between Individualized Consideration and Organizational Culture

The results presented in table 1.5 show that the relationship between individualized consideration and organizational culture is positive and statistically significant. The value of the Pearson chi square and likelihood ratio test are 0.018 and 93.33 with 56 degrees of freedom respectively. Both Pearson and likelihood chi squares have P value that is less than 0.01 indicating that individualized consideration is statistically significant. This finding suggests that individualized consideration influences creation of the organizational culture.

Table 1.5: Correlation analysis between Individualized Consideration and Organizational Culture

<table>
<thead>
<tr>
<th>Test Statistic</th>
<th>Chi- Square Value</th>
<th>Degree of Freedom</th>
<th>P value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pearson Chi Square</td>
<td>0.018</td>
<td>56</td>
<td>0.000</td>
</tr>
<tr>
<td>Likelihood Ratio</td>
<td>93.33</td>
<td>56</td>
<td>0.001</td>
</tr>
</tbody>
</table>

Correlation Analysis between Individualized Consideration and Organizational Culture

Finally, the study created a composite index of transformational leadership behavior using the four indices namely; idealized influence, inspirational motivation, intellectual stimulation and individualized consideration. Further, the study estimated the Pearson and likelihood ration test of transformational leadership and organization culture. The results presented in table 1.6 show that transformational leadership positively influences organizational culture. The values of the Pearson chi square and likelihood ratio test are 0.0175 and 93.33 with 56 degrees of freedom respectively. Both the statistics are statistically significant at 1 percent significance level. This finding therefore implies that top management of commercial state owned enterprises should enhance their transformational leadership ability in order to positively influence creation of organizational culture that is an ingredient for increasing effectiveness and profitability of the firms. Thus the government and individual managers should endeavor to increase their leadership ability by acquiring more education on leadership especially attending training that focus on transformational leadership.

Table 1.6: Correlation Analysis between Transformational Leadership and Organizational Culture

<table>
<thead>
<tr>
<th>Test Statistic</th>
<th>Chi- Square Value</th>
<th>Degree of Freedom</th>
<th>P value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pearson Chi Square</td>
<td>0.0175</td>
<td>56</td>
<td>0.000</td>
</tr>
<tr>
<td>Likelihood Ratio</td>
<td>93.33</td>
<td>56</td>
<td>0.001</td>
</tr>
</tbody>
</table>

Correlation Analysis between Transformational Leadership and Organizational Culture

1.7 Conclusion

Existing literature has studied the effect of transformational leadership on organization culture in different settings. The results from the previous literature on the association between transformational leadership
and organizational culture are mixed. However, there is scanty literature that focus on how transformational leadership influences organizational culture in developing countries such as Kenya. Moreover, the association between transformational leadership and organizational culture in commercial owned enterprise has not been studied. This paper sought to investigate the effect of transformational leadership on organizational culture in commercial state owned enterprises in Kenya. The findings of this paper provides relevant information on about how transformational leadership interact with organizational culture in Kenya thus it paper provide a significant contribution to existing literature.

Using descriptive analysis, the paper found that idealized influence, inspirational motivation, intellectual stimulation and individualized consideration positively influences organization culture in commercial state owned enterprises. In sum, transformational leadership is a significant determinant of organizational culture. The government should recruit leaders who are good at inspiring their employees, who can listen to employees needs and who can be a good role model for the employees. A good leader is a source of intellectual stimulation and is able to create an organizational culture that is committed to achieving the organization goals and objectives. The paper recommended that training focused on enhancing the capability of managers of commercial state enterprises should be encouraged.

1.8 Acknowledgement

I give my sincere gratitude to the Almighty God for granting me the opportunity and ability to write this paper. I would like to sincerely thank top management team of various commercial state enterprises that I visited for their support and cooperation on the questionnaire. Special thanks goes to my very able assistant for the tireless effort in ensuring that the paper is well edited. My heartfelt appreciation goes to my beloved wife and children for their encouragement, support and prayers which gave me courage to finish this paper. Last and certainly not least, a big thank you to my professors/ supervisors for steering and urging me on in this scholarly journey.
Reference


