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MANUFACTURING COMPANIES IN COAST REGION**

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**ABSTRACT**

*The general objective of the study was to assess the effect of transformational leadership on the organizational performance of steel manufacturing companies in coast region. The study was guided by the following objectives; to establish the effect of idealized influence, inspirational motivation, individualized consideration and intellectual stimulation on the organizational performance of steel manufacturing companies. This study adopted a descriptive study design. Target population primary data was collected using semi-structured questionnaire based on the objectives of the study. The target population for this study was therefore six fully automated and eleven semi-automated steel manufacturing companies. The unit of observation was the 59 senior level managers. Purposive sampling was used to arrive at this sample. The data was edited, coded for processing using the statistical package for social sciences (SPSS v.24) and presented in tables. Descriptive and inferential statistics was used to analyze information generated from respondents. First, in regard to idealized influence, the regression coefficients of the study showed that it had a significant influence on organizational performance of steel manufacturing companies in coast region. The results indicated that there was a positive relationship between idealized influence and organizational performance of steel manufacturing companies in coast region. In addition, the researcher found the relationship to be statistically significant at 5% level. Correlation and regression results indicated that individualized consideration had a significant effect on organizational performance of steel manufacturing companies. Finally Most of the statements showed that the respondents agreed with the statement that intellectual stimulation had an effect on organizational performance of steel manufacturing companies in coast region. Regression results also showed intellectual Stimulation had a significant effect on organizational performance of steel manufacturing companies in coast region. This study recommends the leaders in corporation to go for leadership seminars to fully understand the full effect leaders have on their subjects.*

**Key terms:** Organizational Performance, Transformative Leadership, Individualized Consideration, Intellectual Stimulation, Inspirational Motivation, Idealized Influence

## INTRODUCTION

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. Thus any firm that wishes to survive in this disruptive age must look inwards and adopt the best leadership style that mirrors the firm vision and policy. One tested leadership style is transformational leadership. 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 (2015), this style of leadership generates higher performance than any other leadership style.

Performance is what is expected to be delivered by an individual or a set of individuals within a period. What is expected to be delivered could be stated in terms of results or effort, tasks and quality, with specification of conditions under which it is to be delivered Bhosle (2012). According to Goffee & Scase (2015), organizational performance encompasses three specific areas of firm outcomes: (a) financial performance (profits, return on assets, return on investment, etc.); (b) product market performance (sales, market share, etc.); and (c) shareholder return (total shareholder return, economic value added, etc. Gibson & Birkinshaw (2013) argued that organizational performance is the final achievement of an organization and contains a few things, such as the existence of certain targets to be achieved, has a period of time in achieving the targets and the realization of efficiency and effectiveness. According to Marginson, McAulay, Roush & van Zijl (2014), interactive utilization of non-financial performance measures can be particularly important for generating a positive psychological experience and (indirectly) increasing performance.

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. Veisheh, 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 (2016) 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.

In Kenya, the manufacturing sector is the third biggest industrial sector after agriculture and transport and communication (KPMG, 2014). It is the third leading sector contributing to GDP in Kenya. Although Kenya is the most industrially developed country in East Africa, the manufacturing sector constitutes merely 10 per cent of the industrial sector contribution to GDP (RoK, 2014). The growth in manufacturing industry has declined to 3.3 per cent in 2011 as compared to 4.4 per cent in the year 2010 mainly due to a challenging operating environment (KNBS, 2012). Furthermore, the manufacturing sector has high yet untapped potential to contribute to employment and GDP growth. As an important sector in the overall

economic growth, manufacturing sector requires an in-depth analysis at industry as well as firm level.

The manufacturing sector has a great potential on promoting economic growth and competitiveness in the country like Kenya. According to the World Bank (2014), sluggish growth in the manufacturing sector is pulling down economic growth in Kenya and is also losing grip on the East Africa Community market where it was dominant, due to inefficiencies and the unpredictable operating environment. The share of manufactured goods imported by EAC from Kenya declined from 9 per cent in 2009 to 7 per cent in 2013 (WB, 2014).

Steel products are majorly produced in developed countries that include China, USA, Japan, Russia, Germany, India and Korea. Globally, the level of steel consumption is considered as an indicator of the status of industrial development in any Country. Kenya is endowed with huge deposits of iron ore and limestone which have been found in large quantities in Homa Bay, Kitui, Kakamega and Taita Taveta. Recognizing the country potential in the development of steel industry, the government of Kenya embarked on a mission to lure the Korean Steel and Iron Manufacturer (POSCO) to invest US\$153 Million in steel and iron production factory in the year 2016 ACTIP (2016).

National steel demand in Kenya is estimated to be 1.8 million metric tonnes per year and expected to grow to 2.5 million metric tonnes by the year 2020 and double that number by 2030, of which about 10% was imported from South Africa. With high demand of steel and with unexploited raw materials for manufacturing of steel in the country, players in the steel industry are responding to this demand with multimillion shilling investment plans in steel plants in various parts of the country. Kenya is endowed with huge deposits of iron ore and limestone, which have been found in large quantities in Homa Bay, Kitui, Kakamega and Taita Taveta. Recognizing the country potential in the development of steel industry, the government of Kenya embarked on a mission to lure the Korean Steel and Iron Manufacturer (POSCO) to invest

US\$153 Million in steel and iron production factory in the year 2011 ACTIP (2011).

Kenyan steel manufacturing companies have been exposed to global competition with the liberalization of the East African regional markets that were key importers of the Kenyan steel products. The steel manufacturing companies from developed countries like China, Korea, Japan, USA and Russia have ensured that they compete in terms of cost, quality, technology, customer satisfaction and other competitive strategies as they pursue to achieve competitive advantage over the Kenyan steel products. These companies are also facing the challenges of high cost of raw materials, poor transport network, high taxation, price volatility and high cost of energy that hinder them to compete favorably KAM (2012). It is for this reason that this study is attempting to analyze the effect of transformational leadership on organizational performance of steel manufacturing companies in coast region.

Leadership is vitally important at all levels within the company. Leadership could be said to be the moral and intellectual ability to visualize and work for what is best for the company and its employees. Good management and effective leadership help to develop team work and the integration of individual and group goals. Leaders have to sustain current performance and growing for the future with the workers in the organization. For employees to perform better there is the need for understanding the prevailing style of leadership.

Leadership style adopted by the manager is hugely important in determining the strategic direction of a firm, and in particular, that firm's performance and longevity. According to a report released in 2016 by the KNBS (2016), from 2011 to 2015, over 400,000 MSEs, representing 46 percent of all MSEs started in that period, did not survive their second year. These findings are in line with another study carried out in the United States and Europe from 2005 to 2015 that noted that 50 percent of businesses fail by end of their second anniversary (U.S. Small Business Administration, 2015). These

figures are depressing owing to the fact that many economies in the world depend on MSEs to grow the job market. In 2014, out of all jobs created in Kenya, SMEs accounted for 80 percent (UNDP, 2015), while SMEs contribution to the Gross Domestic Product (GDP) was pegged at 44 percent (UNDP, 2015). What these figures show us is that the success of the SMEs is for the good of the nation's economy.

It has also been further noted that one of the major concerns of manufacturing, marketing and sales companies is on how to improve the worker's productivity (Borman, 2014). Greguras (2016) described job performance as the extent to which an organizational member contributes to the achievement of the objectives of the organization. Central to organizational performance is style of leadership. This is an essential part of management activities of people directing their efforts towards the goals and objectives of the organization. Leadership can be viewed in terms of the role of the leaders and their ability to achieve effective performance from others (Shadare & Hammed, 2017).

The connection between leadership style and how it impacts the long term performance of medium sized companies has not been fully understood. In spite of the acclaimed leadership role in the attainment of enterprise success, there is a dearth of research on leadership in medium sized companies in East Africa, consequently knowledge of how medium sized companies in East Africa especially the successful ones, are led is very limited and largely undocumented (Mwangi et al., 2013). Yet some research has also claimed that the success or failure of an organization solely rest on the capabilities of the leader (Ejere and Abasilim, 2013). In the running of medium enterprises, the management is faced with numerous multifaceted challenges that may hinder the effectiveness of the firm.

Asiimwe (2015) studied this relationship, but only narrowed down on how the leadership style impacts growth among the top 100 SMEs as listed

by the Business Daily. Hence, this view was narrow and cannot be applied to SMEs that are still coming up. In another study, Ismail, Mohamad, Mohamed, Rafiuddin, & Zhen (2015) noted that leadership style was very crucial in the performance of an organization, but his study narrowed down on transformational leadership style, and again took general view of organizations and did not focus on SMEs.

While agreeing that leadership style had tremendous benefit to the organizational performance, Markman (2013) and Delmar, Davidson, & Gartner (2013) only focused on the relationships between leadership style and employee performance and commitment, and did not go a step further to look at impact of leadership style on the organization. In light of the above sentiments this study seeks to dwell on the gaps that previous research has left undocumented. Thus this study sought to assess the effect of transformational leadership on organizational performance of steel manufacturing companies in coast region.

### **Research Hypotheses**

- H<sub>01</sub>: Idealized influence has no effect on the organizational performance of steel manufacturing companies in Coast region.
- H<sub>02</sub>: Inspirational motivation has no effect on the organizational performance of steel manufacturing companies in Coast region.
- H<sub>03</sub>: Individualized consideration has no effect on the organizational performance of steel manufacturing companies in Coast region
- H<sub>04</sub>: Intellectual stimulation has no effect organizational performance of steel manufacturing companies in Coast region.

### **RELATED REVIEW**

#### **Theoretical Review**

##### ***Transformational Leadership Theory***

Transformational leadership style mainly aims at inspiring employees towards better performance. The employees therefore embrace the goals and

objectives of the organization, and this gives them inherent motivation to work hard to improve overall organization performance (Kreitner & Kinicki 2015). Hence, a transformational leader must be able to articulate a very clear vision of where he wants to take the organization (Ejere & Abasilim 2013). With the vision, the leader will have to communicate it succinctly, and once understood (Kreitner & Kinicki 2015) notes that he must be able to win the trust and confidence of the employees.

The transformational leader plays a critical role in understanding the needs of employees, and motivating them to work together. According to Ejere & Abasilim, (2013), this improves the productivity of employees and the organizational climate at the work place. One the other hand, Kreitner & Kinicki (2015) associates transformational leadership style as responsible for lower turnover rates and higher organizational citizenship behavior. Therefore, Koech & Namusunge (2013) notes that transformational leadership is critical in enhancing the productivity of employees and the overall organizational productivity, and growth of organization is impacted positively. Transformational leadership style is largely responsible for the innovative problem solving. This is due to the fact that such leadership are willing to challenge the status quo, and encourage their followers to also be proactive in coming up with innovative solutions to problem.

##### ***Resource-Based View (RBV) Theory***

Resources Based View (RBV) model stresses on the internal capabilities of firms. The underpinning concept of the RBV is that no two organizations are identical because no two organizations have acquired the same set of organizational resources such as capabilities, skills, experience and even organizational cultures. Thus organizations must possess organizational resources with attributes that are rare, valuable, costly to imitate and non-substitutable, which allow them to hold the potential of sustained competitive advantage over other competitors Kong (2012). As Ludwig &

Pemberton (2013) have shown, any firm operating in today's dynamic external business environments needs to focus on competitive survival and their capabilities. Peng (2013) established the notion of core competencies, which focus attention on a critical category of resource, which is part of the firm's capabilities.

Early researchers simply classified firms' resources into three categories: physical, monetary, and human. These resources can be tangible or intangible. Barney & Wright (2014) drew attention to 'all assets, capabilities, organizational processes, firm attributes and information, knowledge controlled by a firm that enable the firm to conceive of and implement strategies that improve its efficiency and effectiveness. Firms that are able to leverage resources to implement a value creating strategy not simultaneously being implemented by any current or potential competitor can achieve competitive advantage. Researchers subscribing to the RBV argue that only strategically important and useful resources and competencies should be viewed as sources of competitive advantage.

### ***The Theory of "Great Man"***

The theory of "Great Man" is the starting point of the concept of leadership which states that leaders are always born and cannot be made (Hafiz, Asad & Muzahir, 2014). Robbins (2016) also defines leadership as the ability of an individual to influence the behaviour of a group to achieve organizational goals. Ojokuku *et al* (2012) view leadership as that kind of direction, which a person can give to a group of people under him in such a way that these will influence the behaviour of another individual, or group. Ngodo (2017) also perceives leadership to be a reciprocal process of social influence, in which leaders and subordinates influence each other in order to achieve organizational goals.

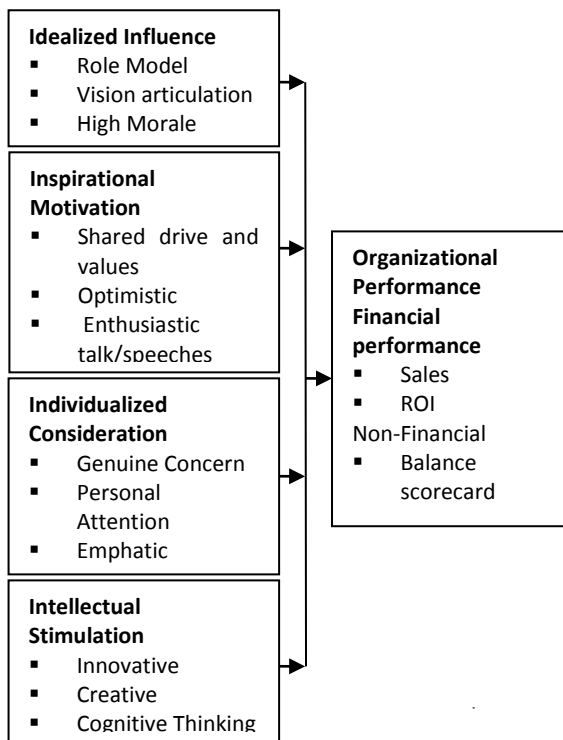
### ***Vroom Expectancy Theory***

This theory has a lot of relationship with the transformational style of leadership. It was developed by Vroom (1964) who observed that the

actions of individuals is as a result of conscious choices one make among several alternatives with an aim to maximizing their pleasure or minimizing pain. At the core of this theory is the belief that the performance of an individual is largely influenced by personal factors such as skills, personality, knowledge, experience and abilities. It is therefore the leaders' role to influence the individuals and teams to put in their best effort and help achieve organizational objectives.

According to the theory, performance is impacted by three critical things. The first is expectancy, which is the belief by the employee that increased effort will result into increased performance (Vroom, 1964). Secondly is instrumentality, which is the belief by the employee that a better performance from him or her will result into an outcome he or she values (Vroom, 1964). Lastly, is valence, which is the degree to which the individual prefers to attain better performance anticipated (Vroom, 1964). If valence is lower, the individual will not prefer achieving the set goals or putting in required effort. Transformation leader has therefore to influence the employee emotionally and psychologically so that employees value the anticipated outcomes and gets ready to give their best to achieve that outcome (Ilegbinosa & Jumbo, 2015). Unless employees are made to value it, they are not going to exert themselves. The Vroom expectancy theory as it will explain how leaders in organizations should influence their employees mentally to gain the best of their natural base talents.

## Conceptual Framework



Independent variables    Dependent variable

**Figure 1: Conceptual Framework**

Source: Author (2018)

## Literature Review

### Idealized Influence

The idealized influence represents the ability of building confidence in the leader and appreciating the leader by the followers, which forms the basis for accepting radical change in the organization. Without such confidence in the leader, that is, in his motives and aims, an attempt to redirect the organization may cause great resistance. You can "lead" people if you make them ready to engage. You will have to become a leader who possesses idealized influence and who represents "The Roles Model" to his followers (Bass, 2016). The leaders with idealized influence are honored, appreciated, they are trusted, the followers admire them, and they identify with them and try to imitate them. Such leaders, which represent the model roles to their followers, do "the right things", demonstrating

high morale and ethical behavior. They do not use their position and abilities to achieve personal interests, but they use the potentials of people to achieve the aims of organizations (Bass, 2016).

### Inspirational Motivation

Inspirational motivation is the ability of transformational leadership, to inspire and motivate people to adopt the appropriate behavior. In the conditions when transformational change is being conducted in an organization, the leader has the task of clearly and continuously stimulating others to follow a new idea. Transformational leaders should, therefore, behave in such a way, which motivates and inspires people. Such behavior includes implicitly showing enthusiasm and optimism, stimulating team work, pointing out positive results, advantages, emphasizing aims and stimulating followers (Bass, 2016).

### Individualized Consideration

Individualized consideration is the inclusion of people into the transformation process of an organization. These arises the need to diagnose their wishes, needs, values and abilities in the right way. This type of activity leads to higher levels of trust in the leader. So, besides a global picture, a transformational leader must know what motivates any of his team members individually. Human wishes and needs are different. Some want certainty, some want excitement and change; some prefer money, and some free time. The leader, who is aware of the difference needs and wishes of people, has an opportunity to use all those different demands in the right way. By their behavior, transformational leaders demonstrate acceptance of individual differences and assign the tasks in accordance with their personal affinities. Following the progress in performing the individual tasks, a leader gets a picture of regularity (or irregularity) of his own action of individualized consideration (Bass & Avolio, 2015).



## Intellectual Stimulation

Intellectual stimulation has an important role in the transformation process of organizations. Transformational leaders stimulate permanent reexamination of the existent assumptions, stimulate change in the way of thinking about problems, and plead the use of analogy and metaphor. By constantly searching for new knowledge, transformational leaders constantly teach, illustrate, but also promote and get new and creative ideas for solving problems from all organizational members (Bass, 2016).

## Organizational Performance

Organizational performance can be measured through non-financial and financial means (Bagorogoza & Waal, 2010; Bakar & Ahmad, 2015). Majority of organization often prefer to use financial means to measure their performance. Average annual occupancy rate, net profit after tax, Return on Assets (ROA) and Return on Investment (ROI) are the mostly used means of measuring organization performance Tavitiyaman, Qiu, & Qu, (2012).

## METHODOLOGY

A research design is a blue print, which enables the smooth sailing of the various research operations, thus making research as efficient as possible hence yielding maximum information with minimal expenditure of time, effort and money. A research design refers to a set of methods and procedures that describe variables Creswell (2013). In addition, a descriptive design was considered appropriate since it enabled the researcher to collect enough information necessary for generalization Lavrakas (2013). The total population of the study was all the registered steel manufacturing firms in Coast region. According to the county government of Mombasa, there were 17 registered steel manufacturing firms in Coast region. The staffing level was 59. According to Kenya Association of Manufacturers. (2012) there were six fully automated and 11 semi-automated steel manufacturing firms in Coast region. In analyzing

the quantitative data, the study used descriptive statistics using Statistical Package for Social Sciences V. 21. The multiple Regression model that aided the analysis of the variable relationships was as follows:

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

Where;

Y = Organizational Performance

$\beta_0$  = Constant (Coefficient of intercept);

$X_1$  = Idealized Influence;

$X_2$  = Inspirational Motivation;

$X_3$  = Individualized Consideration

$X_4$  = Intellectual Stimulation;

$\epsilon$  = Error term for the Model

$\beta_1 \dots \beta_4$  = Regression coefficient of four variables.

The null hypothesis was that transformational leadership had no significant relationship with organizational performance of steel manufacturing companies in coast region.

The alternative hypothesis was that transformational leadership had a significant relationship with organizational performance of steel manufacturing companies in coast region.

## FINDINGS

### Idealized Influence

The first objective of the study was to investigate the influence of Idealized Influence on organizational performance of steel manufacturing companies in coast region. The respondents were also asked to comment on statements regarding influence of Idealized Influence on organizational performance of steel manufacturing companies in coast region. The result in table 1 revealed that majority of the respondent with a mean of (2.9) agreed with the statement that leaders in their firms exhibited idealized influence form of leadership characteristic. The measure of dispersion around the mean of the statements was 1.3 indicating the responses were varied. The findings revealed that majority of the respondent as indicated by a mean of (4.) agreed with the statement that Idealized influence leadership is positively related to common-source and multi-

source perceptual performance outcomes (subordinate's positive work attitude).

The Std Dev for comments for poor performance was 1.3 showing a variation. The result revealed that majority of the respondent (3.4) agreed with the statement Part of the manager's job was to inspire my employees constantly with a shared vision of the future. The results were varied as shown by a Std Dev of 1.4. Findings also showed that that majority of the respondent (3.4) agreed with the statement Part of the manager's job was to inspire my employees constantly with a shared vision of the future. The results were varied as shown by a Std Dev of 1.4 Further results indicated managers agreed to practicing integrity, sets clear goals, clearly communicates a vision, sets a good example, expects the best from employees, encourages, inspires and supports, recognizes good

work. The mean for this comment was 4.1 accompanied by a varied response of 1.1.

Final results indicated managers or team leaders provided stimulating work and helped people see beyond their self-interests and focus more on team interests and needs. The mean for this comment was 3.3 accompanied by a varied response of 1.4. The study findings mirrored those of Bass (2016) who in his study noted that the idealized influence represents the ability of building confidence in the leader and appreciating the leader by the followers, which forms the basis for accepting radical change in the organization. Without such confidence in the leader, that is, in his motives and aims, an attempt to redirect the organization may cause great resistance. You can "lead" people if you make them ready to engage.

**Table 1: Idealized Influence**

| Descriptive Statistics   |      |          |
|--|------|----------|
|  | Mean | Std. Dev |
| Leaders in your firms exhibit idealized influence form of leadership characteristic  | 2.9  | 1.3      |
| Idealized influence leadership is positively related to common-source and multi-source perceptual performance outcomes (subordinate's positive work attitude)                        | 4.0  | 1.1      |
| Part of my job is to inspire my employees constantly with a shared vision of the future.   | 3.4  | 1.4      |
| I practice integrity, sets clear goals, clearly communicates a vision, sets a good example, expects the best from employees, encourages, inspires and supports, recognizes good work | 4.1  | 1.1      |
| I provides stimulating work and helps people see beyond their self-interests and focus more on team interests and needs  | 3.3  | 1.4      |

**Inspirational Motivation**

The second objective of the study was to investigate the influence of Inspirational Motivation on organizational performance of steel manufacturing companies in coast region. The respondents were asked to comment on statements regarding Inspirational Motivation influence on organizational performance of steel manufacturing companies in coast region.

The result in table 2 revealed that majority of the respondent with a mean of (3.54) agreed with the statement that Supervisor showed an interest in the

willingness of the employees to give their best. The measure of dispersion around the mean of the statements was 1.226 indicating the responses were varied. The findings revealed that majority of the respondent as indicated by a mean of (3.88.) agreed with the statement that Supervisor helped employees enjoy their work as part of self-development. The Std Dev for comments for poor performance was 1.087 showing a variation. The result revealed that majority of the respondent (4.14) agreed with the statement the supervisors took time to convince employees that they have the

ability to surpass set goal. The results were varied as shown by a Std Dev of 1.025

Findings also showed that that majority of the respondent (3.7) agreed with the statement Supervisor showed an interest in the willingness of the employees to give their best. The results were varied as shown by a Std Dev of 1.034. Further results indicated managers agreed to Supervisor help employees enjoy their work as part of self-development. The mean for this comment was 3.95 accompanied by a varied response of 1.156.

Collected opinions showed that the supervisor’s takes time to convince employees that they have the ability to surpass set goal. The mean for this comment was 3.88 accompanied by a varied response of 1.297. The results for the objective on inspirational struck a note with majority of reviewed studies. For instance it was a reflection Bass, (2016) who opines that Inspirational motivation is the ability of transformational leadership, to inspire and motivate people to adopt

**Table 2: Inspirational Motivation**

|   | <b>N</b> | <b>Mean</b> | <b>Std. Dev</b> |
|---|----------|-------------|-----------------|
| Supervisor shows an interest in the willingness of the employees to give their best             | 57       | 3.54        | 1.226           |
| Supervisor help employees enjoy their work as part of self-development                          | 57       | 3.88        | 1.087           |
| My supervisors takes time to convince employees that they have the ability to surpass set goals | 57       | 4.14        | 1.025           |
| Supervisor shows an interest in the willingness of the employees to give their best             | 57       | 3.7         | 1.034           |
| Supervisor help employees enjoy their work as part of self-development                          | 57       | 3.95        | 1.156           |
| My supervisors takes time to convince employees that they have the ability to surpass set goals | 57       | 3.88        | 1.297           |

**Individualized Consideration**

There was also need to establish how Individualized Consideration influenced organizational performance of steel manufacturing companies in coast region as the third objective.

The result in table 3 revealed that majority of the managers with a mean of (3.44) agreed with the statement that Collaboration with employees is done in consideration to their individual’s strengths

the appropriate behavior. In the conditions when transformational change is being conducted in an organization, the leader has the task of clearly and continuously stimulating others to follow a new idea.

Transformational leaders should, therefore, behave in such a way, which motivates and inspires people. Such behavior includes implicitly showing enthusiasm and optimism, stimulating team work, pointing out positive results, advantages, emphasizing aims and stimulating followers. Also this mood can be captured by Femi (2014) who examined the significant relationship between communication as a way of inspiration and worker’s performance in some selected organizations in Lagos State, Nigeria. Data for the study was collected through questionnaire with sample population of 120 respondents. The result of the study revealed that a relationship exists between effective communication and worker’s performance, productivity and commitment.

and weaknesses. The measure of dispersion around the mean of the statements was 1.389 indicating the responses were varied.

The findings revealed that majority of the respondent as indicated by a mean of (3.86.) agreed with the statement that Supervisor is willing to sacrifice his time and again so as to empower staff. The Std Dev for comments for poor performance was 1.093 showing a variation.

The result revealed that majority of the respondent (3.88) agreed with the statement the Supervisor was keen to create a sense of joint mission and ownership of organizational goals and objectives. The results were varied as shown by a Std Dev of 0.803. Literature agrees with our results as updated by the fact that Individualized consideration constitutes developing followers through coaching, mentoring and teaching are the central indicator of the factor (Kirkbride, 2016). Individualized consideration is the first factor of transformational leadership style.

The individualized consideration leader demonstrates high concern for their followers, treats them as individuals, and gets to know well about them and listens to both their concerns and ideas (Kirkbride 2016). Individualized consideration deals with fundamental transformational leadership behaviours of treating individuals as important contributors to the organization. Leaders who use this style of leadership give due consideration for their employee needs and coach them to bring sustainable development (Sarros & Santora, 2013).

**Table 3: Individualized Consideration**

| <b>Descriptive Statistics</b>   |    |      |          |
|---|----|------|----------|
|   | N  | Mean | Std. Dev |
| Collaboration with employees is done in consideration to their individuals strengths and weaknesses         | 57 | 3.44 | 1.389    |
| Supervisor is willing to sacrifice his time and again so as to empower staff                                | 57 | 3.86 | 1.093    |
| Supervisor is keen to create a sense of joint mission and ownership of organizational goals and objectives. | 57 | 3.88 | 0.803    |

**Intellectual Stimulation**

There was also need to establish how Intellectual Stimulation influences organizational performance of steel manufacturing companies in coast region.

The findings revealed that majority of the respondent as indicated by a mean of (3.46.) agreed with the statement they were open-minded and tend intellectually influence their subjects. The Standard deviation for comments for poor performance was 1.513 showing a variation.

The result revealed that majority of the respondent (2.58) agreed with the statement. With more cognitive thinking, the employees were able to gain more knowledge, which helps to better their lives. The results were varied as shown by a standard deviation of 1.051.

Findings also showed that that majority of the respondent (3.65) agreed with the statement they encouraged employees to think critically and make mistakes as it is the only way they were able to learn new ways of doing things. The results were varied as shown by a standard deviation of 1.382.

Further results indicated managers agreed to challenge the norm and make a case out of every argument; this encourages their subordinates to intellectually challenge themselves more. The mean for this comment was 3.14 accompanied by a varied response of 1.315. Further final results indicated managers agreed to provide ding solutions to their employees indirectly by tapping to their creative thinking. The mean for this comment was 4 accompanied by a varied response of 0.845

**Table 4: Intellectual Stimulation**

| <b>Statement</b>   |    | Mean | Std.dev |
|--|----|------|---------|
| I am open-minded and tend intellectually influence their subjects.   | 57 | 3.46 | 1.513   |
| With more cognitive thinking, the employees are able to gain more knowledge, which helps to better their lives | 57 | 2.58 | 1.051   |
| I encourage employees to think critically and make mistakes as it is   | 57 | 3.65 | 1.382   |

the only way they are able to learn new ways of doing things

I challenge the norm and make a case out of every argument; this encourages the subordinates to intellectually challenge themselves more

57 3.14 1.315

I provide solutions to my employees indirectly by tapping to their creative thinking.

57 4 0.845

**Correlation Analysis**

Correlation analysis was used to determine both the significance and degree of association of the variables and also predict the level of variation in the dependent variable caused by the independent variables. The correlation summary shown in Table 5 indicated that the associations between each of the independent variables and the dependent variable were all significant at the 95% confidence level.

The correlation analysis to determine the association between Idealized Influence and organizational performance of steel manufacturing companies in coast region, Pearson correlation coefficient computed and tested at 5% significance level. The results indicate that there was a positive relationship ( $r=0.071$ ) between Idealized Influence and organizational performance of steel manufacturing companies in coast region. In addition, the researcher found the relationship to be statistically significant at 5% level ( $p=0.000, <0.05$ ).

The correlation analysis to determine the association between Inspiration Influence and organizational performance of steel manufacturing companies in coast region, Pearson correlation coefficient computed and tested at 5% significance level. The results indicate that there was a positive relationship ( $r=0.078$ ) between Inspiration Influence and organizational performance of steel manufacturing companies in coast region. In addition, the researcher found the relationship to be statistically significant at 5% level ( $p=0.0465, <0.05$ ).

The correlation analysis to determine the association between Individualized consideration

and organizational performance of steel manufacturing companies in coast region, Pearson correlation coefficient computed and tested at 5% significance level. The results indicate that there was a positive relationship ( $r=0.164$ ) between Individualized consideration and organizational performance of steel manufacturing companies in coast region. In addition, the researcher found the relationship to be statistically significant at 5% level ( $p=0.0223, <0.05$ ).

The correlation analysis to determine the association between intellectual stimulation and organizational performance of steel manufacturing companies in coast region, Pearson correlation coefficient computed and tested at 5% significance level. The results indicate that there was a positive relationship ( $r=.266$ ) between intellectual stimulation and organizational performance of steel manufacturing companies in coast region. In addition, the researcher found the relationship to be statistically significant at 5% level ( $p=0.045, <0.05$ ). Hence, it was evident that all the independent variables could explain the changes in the performance of steel manufacturing companies in coast region on the basis of the correlation analysis.

Intellectual stimulation has an important role in the transformation process of organizations. Transformational leaders stimulate permanent reexamination of the existent assumptions, stimulate change in the way of thinking about problems, and plead the use of analogy and metaphor. By constantly searching for new knowledge, transformational leaders constantly teach, illustrate, but also promote and get new and creative ideas for solving problems from all organizational members (Bass, 2016).

**Table 5: Summary of Pearson’s Correlations**

| Correlations                   |                     | Idealized Influence | Inspirational Motivation | Individualized Consideration e | Intellectual Stimulation | Organizational performance. |
|--------------------------------|---------------------|---------------------|--------------------------|--------------------------------|--------------------------|-----------------------------|
| Idealized Influence            | Pearson Correlation | 1                   |                          |                                |                          |                             |
|                                | Sig. (2-tailed)     |                     |                          |                                |                          |                             |
|                                | N                   | 57                  |                          |                                |                          |                             |
| Inspirational Motivation       | Pearson Correlation | .417**              | 1                        |                                |                          |                             |
|                                | Sig. (2-tailed)     | 0.001               |                          |                                |                          |                             |
|                                | N                   | 57                  | 57                       |                                |                          |                             |
| Individualized Consideration e | Pearson Correlation | 0.119               | 0.049                    | 1                              |                          |                             |
|                                | Sig. (2-tailed)     | 0.377               | 0.715                    |                                |                          |                             |
|                                | N                   | 57                  | 57                       | 57                             |                          |                             |
| Intellectual Stimulation       | Pearson Correlation | 0.216               | 0.002                    | .668**                         | 1                        |                             |
|                                | Sig. (2-tailed)     | 0.107               | 0.99                     | 0                              |                          |                             |
|                                | N                   | 57                  | 57                       | 57                             | 57                       |                             |
| Organizational performance.    | Pearson Correlation | 0.071*              | 0.078*                   | 0.164*                         | .266*                    | 1                           |
|                                | Sig. (2-tailed)     | 0.0                 | 0.0465                   | 0.0223                         | 0.045                    |                             |
|                                | N                   | 57                  | 57                       | 57                             | 57                       | 57                          |

\* Correlation is significant at the 0.05 level (2-tailed).

**Regression Analysis**

The results of regression analysis revealed there was a significant positive relationship between dependent variable and the independent variable.

The independent variables reported R value of .915 indicating that there was perfect relationship between dependent variable and independent variables. R-Square is a commonly used statistic to evaluate model fit. R-square is 1 minus the ratio of residual variability. The adjusted R2, also called the

coefficient of multiple determinations, is the percentage of the variance in the dependent explained uniquely or jointly by the independent variables.

The coefficient of determination also called the R2 was 0.83. R square value of 0.837 means that 83.7% of the corresponding variation in organizational performance of steel manufacturing companies in coast region) can be explained or predicted by (Idealized Influence, Inspirational Motivation, Individualized Consideration Intellectual

Stimulation) which indicated that the model fitted the study data. The remaining 16.3% can be explained using other determinants not included in our model.

Adjusted R square in table 6 was called the coefficient of determination which indicated how organizational performance of steel manufacturing companies in coast region varied with variation in

**Table 6: Model Summary**

| Model Summary |       |          |                   |                            |
|---------------|-------|----------|-------------------|----------------------------|
| Model         | R     | R Square | Adjusted R Square | Std. Error of the Estimate |
| 1             | .915a | 0.837    | 0.825             | 0.0895667                  |

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

The significance value was 0.000 which was less than 0.05 thus the model was statistically significance in predicting how Idealized Influence, Inspirational Motivation, Individualized

effects of factors which includes; Idealized Influence, Inspirational Motivation, Individualized Consideration Intellectual Stimulation. The results of regression analysis revealed that there was a significant positive relationship between dependent variable and independent variable at ( $\beta = 0.935$ ),  $p=0.000 < 0.05$ ).

Consideration Intellectual Stimulation influence organizational performance of steel manufacturing companies in coast region. The F critical at 5% level of significance was 66.956

**Table 7: ANOVA**

| ANOVAa |            |                |    |             |        |       |
|--------|------------|----------------|----|-------------|--------|-------|
| Model  |            | Sum of Squares | df | Mean Square | F      | Sig.  |
| 1      | Regression | 2.149          | 4  | 0.537       | 66.956 | .000b |
|        | Residual   | 0.417          | 52 | 0.008       |        |       |
|        | Total      | 2.566          | 56 |             |        |       |

a Dependent Variable: organizational performance .

b Predictors: (Constant), Intellectual Stimulation, Individualized Consideration e , Idealized Influence , Inspirational Motivation

The research used a multiple regression model

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

The regression equation was;

$$Y = 0.979 + 0.486X_1 + 0.268X_2 + 0.19X_3 + 0.257X_4$$

The regression equation above established that taking all factors into account (Idealized Influence, Inspirational Motivation, Individualized Consideration Intellectual Stimulation) constant at zero, organizational performance of steel manufacturing companies in coast region will be an index of 0.979.

The findings presented also showed that taking all other independent variables at zero, a unit increase in Idealized Influence would lead to a 0.486 increase in organizational performance of steel

manufacturing companies in coast region .The P-value was 0.000 which is less 0.05 and thus the relationship was significant.

The findings presented also showed that taking all other independent variables at zero, a unit increase in Inspiration motivation will lead to a 0.268 increase in organizational performance of steel manufacturing companies in coast region. The P-value was 0.001 which is less 0.05 and thus the relationship was significant.

The findings presented also shows that taking all other independent variables at zero, a unit increase in Individualized consideration will lead to a 0.19 increase in organizational performance of steel manufacturing companies in coast region .The P-

value was 0.000 which is less 0.05 and thus the relationship was significant.

The findings presented also showed that taking all other independent variables at zero, a unit increase in Intellectual stimulation will lead to a 0.257 in organizational performance of steel manufacturing companies in coast region .The P-value was 0.012 which is less 0.05 and thus the relationship was significant.

Intellectual stimulation has an important role in the transformation process of organizations. Transformational leaders stimulate permanent reexamination of the existent assumptions, stimulate change in the way of thinking about problems, and plead the use of analogy and metaphor. By constantly searching for new knowledge, transformational leaders constantly teach, illustrate, but also promote and get new and creative ideas for solving problems from all organizational members (Bass, 2016).

**Table 8: Coefficients Table**

| Coefficients a |                              |                |            |        |       |
|----------------|------------------------------|----------------|------------|--------|-------|
| Model          |                              | Unstandardized |            | t      | Sig.  |
|                |                              | Coefficients   |            |        |       |
|                |                              | B              | Std. Error |        |       |
| 1              | (Constant)                   | 0.979          | 0.427      | -2.295 | 0.026 |
|                | Idealized Influence          | 0.486          | 0.091      | 5.328  | 0.000 |
|                | Inspirational Motivation     | 0.268          | 0.074      | 3.63   | 0.001 |
|                | Individualized Consideration | 0.19           | 0.044      | 4.279  | 0.000 |
|                | Intellectual Stimulation     | 0.257          | 0.063      | 4.112  | 0.000 |

a Dependent Variable: organizational performance .

$$Y=0.979+ 0.486X1 + 0.268X2 + 0.19X3 + 0.257X4$$

### Discussion of Key Findings

*H0: Idealized influence does not influence the organizational performance of steel manufacturing companies in Coast region.*

The results of the regression model between Idealized influence and organizational performance of steel manufacturing companies in Coast region were used to test the null hypothesis. The rejection criterion was based on the P-value of the regression model. A p-value less than 5% level of significance led to rejection of the null hypothesis while a p-value greater than 5% level of significance led to failure in rejection of the null hypothesis. Based on the findings, the study rejected the null hypothesis that Idealized influence does not influence the organizational performance of steel manufacturing companies in Coast region. This is because the probability value (p-value = 0.000) was less than the

critical value of 0.05 hence the study concluded that Idealized influence influenced the organizational performance of steel manufacturing companies in Coast region.

*H0: Inspiration motivation does not influence the organizational performance of steel manufacturing companies in Coast region.*

The results of the regression model between Inspiration motivation and organizational performance of steel manufacturing companies in Coast region were used to test the null hypothesis. The rejection criterion was based on the P-value of the regression model. A p-value less than 5% level of significance led to rejection of the null hypothesis while a p-value greater than 5% level of significance led to failure in rejection of the null hypothesis. Based on the findings, the study rejected the null hypothesis that Inspiration motivation does not



influence the organizational performance of steel manufacturing companies in Coast region. This is because the probability value (p-value = 0.000) was less than the critical value of 0.05 hence the study concluded that Inspiration motivation influenced the organizational performance of steel manufacturing companies in Coast region

*H0: Individualized consideration does not influence the organizational performance of steel manufacturing companies in Coast region.*

The results of the regression model between Individualized consideration and organizational performance of steel manufacturing companies in Coast region were used to test the null hypothesis. The rejection criterion was based on the P-value of the regression model. A p-value less than 5% level of significance led to rejection of the null hypothesis while a p-value greater than 5% level of significance led to failure in rejection of the null hypothesis. Based on the findings, the study rejected the null hypothesis that Individualized consideration does not influence the organizational performance of steel manufacturing companies in Coast region. This is because the probability value (p-value = 0.000) was less than the critical value of 0.05 hence the study concluded that Individualized consideration influenced the organizational performance of steel manufacturing companies in Coast region

*H0: Intellectual simulation does not influence the organizational performance of steel manufacturing companies in Coast region*

The results of the regression model between Intellectual simulation and organizational performance of steel manufacturing companies in Coast region were used to test the null hypothesis. The rejection criterion was based on the P-value of the regression model. A p-value less than 5% level of significance led to rejection of the null hypothesis while a p-value greater than 5% level of significance led to failure in rejection of the null hypothesis. Based on the findings, the study rejected the null hypothesis that Intellectual simulation does not

influence the organizational performance of steel manufacturing companies in Coast region. This is because the probability value (p-value = 0.001) was less than the critical value of 0.05 hence the study concluded that Intellectual simulation influenced the organizational performance of steel manufacturing companies in Coast region

## **CONCLUSION**

Based on the study findings, the study concludes that organizational performance of steel manufacturing companies in coast region can be improved by Idealized Influence, Inspirational Motivation, and Individualized Consideration Intellectual Stimulation by the leader on his subordinates.

- First, in regard to Idealized Influence, the regression coefficients of the study show that it has a significant influence on organizational performance of steel manufacturing companies in coast region. This implies that increasing levels of Idealized Influence by a unit would increase the levels of organizational performance of steel manufacturing companies in coast region This shows that Idealized Influence has a positive influence on organizational performance of steel manufacturing companies in coast region.
- Second in regard to Inspirational Motivation, the regression coefficients of the study show that it had a significant influence on organizational performance of steel manufacturing companies in coast region This implies that increasing levels of Inspirational Motivation by a unit would increase the levels organizational performance of steel manufacturing companies in coast region. This shows that Inspirational Motivation has a positive influence on organizational performance of steel manufacturing companies in coast region
- With regard to the third objective, the regression coefficients of the study show that Individualized Consideration has a significant

influence on organizational performance of steel manufacturing companies in coast region. This implies that increasing levels of Individualized Consideration by a unit would increase the levels of organizational performance of steel manufacturing companies in coast region. This shows that Individualized Consideration has a positive influence on organizational performance of steel manufacturing companies in coast region.

- Lastly, in regard to the fourth objective, the regression coefficients of the study show that Intellectual Stimulation has a significant positive influence on organizational performance of steel manufacturing companies in coast region.. This implies that increasing levels of Intellectual Stimulation by a unit would increase the levels of organizational performance.

## RECOMMENDATIONS

The leader has the responsibility of charting the path to be followed, but this responsibility extends to getting the employees to embrace that path and dedicate themselves to working towards realization of the vision put forth by the leader. If the leader is unable to elicit requisite effort from the employees, then however good the strategy and vision are, performance of the firm will be negligible, and the business may even fail.

- The idealized influence represents the ability of building confidence in the leader and appreciating the leader by the followers, which forms the basis for accepting radical change in the organization. Without such confidence in the leader, that is, in his motives and aims, an attempt to redirect the organization may cause great resistance.
- Inspirational motivation is the ability of transformational leadership, to inspire and motivate people to adopt the appropriate behavior. In the conditions when transformational change is being conducted in an organization, the leader has the task of clearly and continuously stimulating others to

follow a new idea. Transformational leaders should, therefore, behave in such a way, which motivates and inspires people. Such behavior includes implicitly showing enthusiasm and optimism, stimulating team work, pointing out positive results, advantages, emphasizing aims and stimulating followers.

- Individualized consideration is the inclusion of people into the transformation process of an organization. These arises the need to diagnose their wishes, needs, values and abilities in the right way. This type of activity leads to higher levels of trust in the leader. So, besides a global picture, a transformational leader must know what motivates any of his team members individually. Human wishes and needs are different. Some want certainty, some want excitement and change; some prefer money, and some free time. The leader, who is aware of the difference needs and wishes of people, has an opportunity to use all those different demands in the right way. By their behavior, transformational leaders demonstrate acceptance of individual differences and assign the tasks in accordance with their personal affinities. Following the progress in performing the individual tasks, a leader gets a picture of regularity (or irregularity) of his own action of individualized consideration,
- Intellectual stimulation has an important role in the transformation process of organizations. Transformational leaders stimulate permanent reexamination of the existent assumptions, stimulate change in the way of thinking about problems, and plead the use of analogy and metaphor. By constantly searching for new knowledge, transformational leaders constantly teach, illustrate, but also promote and get new and creative ideas for solving problems from all organizational members

## Areas for further Research

The main aim of the study was to establish effect of transformational leadership on organizational

performance of steel manufacturing companies in coast region

The independent variables reported R value of 0.519 indicating that there was perfect relationship between dependent variable and independent variables. R square value of 0.519 means that 51.9% of the corresponding variation in organizational

performance of steel manufacturing companies in coast region can be explained or predicted by (Idealized Influence, Inspirational Motivation, Individualized Consideration Intellectual Stimulation) which indicated that the model fitted the study data. However other studies can seek to assess the influence of leadership styles on organizational performance of public parastatals.

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