TRANSFORMATIONAL LEADERSHIP, EMPLOYEE OUTCOMES, AND PERFORMANCE OF UNIVERSITIES IN KENYA

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ABSTRACT University education in Kenya has undergone major reforms in the last ten years that pose challenges to both employees and universities. To address these challenges, universities need proactive leadership and a motivated workforce which transformational leadership can provide as it has the ability to motivate and empower employees to better organizational performance. This study sought to determine the factors that influence the relationship between transformational leadership and performance and if this relationship is direct or it is mediated by other factors. The study employed a positivist approach to research and used a descriptive survey research design. Data was collected from the top leadership of the 52 fully-fledged universities in Kenya using a questionnaire. A response rate of 73% was realized. Descriptive statistics were used to obtain a general understanding of the universities while different statistical techniques such as regression analysis and correlation analysis were used to analyse data and test the hypotheses. The results supported all the hypotheses and showed positive and statistically significant relationships between transformational leadership and performance and between transformational leadership and employee outcomes. Employee outcomes fully mediate the relationship between transformational leadership and performance. It emerged that transformational leadership behaviour of the top leadership of universities in Kenya led to high employee performance and organizational effectiveness. Specifically the findings suggest that in terms of policy, universities need visionary leadership and sound policies that will strengthen their position as a fundamental sector in generating human capital for the county’s developmental and economic needs. In terms of practice, the findings of this study are useful to the leadership of Kenyan universities in the formulation of strategies for improving performance and in developing leadership training policies for universities in Kenya. The results of this study have significant implications for theory in that they add to the body of knowledge on the mediating effect of employee outcomes on the relationship between transformational leadership and performance as well as the universality of the transformational-transactional theory across nations and societies.

Key Words: Transformational leadership, organizational performance, fully-fledged universities, employee outcomes

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Background
Transformational leadership is a process in which leaders and followers help each other to advance to a higher level of morale and motivation (Burns, 1978). Such leadership empowers followers to exude exceptionally high employee outcomes and as a result better organizational performance. How much followers trust and respect their leader and are willing to follow his or her guidance is linked to positive follower outcomes (Wang et al., 2005). Transformational leaders are concerned with how they interact with their followers to ensure improved performance.

The theory of transformational-transactional leadership is a relatively new leadership paradigm that was proposed by Burns (1978) and later developed by Bass (1985) to include among other things models and characteristics of a transformational leader. Transformational leaders are essentially change agents (Mokgolo et al., 2012) and, as such, borrow heavily from known change models in managing effective transformation in organizations. Contingency theories of leadership determine how a leader’s situation shapes the organizational performance particularly in times of change. Both the behavioural theory of change and the social learning theory tend to influence the relationship between a transformational leader and his or her followers.

In the last decade the higher education sector in Africa has been facing one crisis after another, especially from a funding perspective. In Kenya the crisis has been characterised by dwindling Exchequer funding especially for public universities, pressure by both the Government and the public to increase student enrolment, clamour by Unions for increased staff salaries, demand for quality service, inadequate quality manpower, and generally increased exposure to market forces due to competition. Thus universities in Kenya have been operating in a very dynamic environment both internally and externally.

The demand for quick, efficient and secure service delivery to clients as well as other stakeholder expectations requires reforms in the management and governance style of these institutions. These challenges have forced managers of Higher Education Institutions (HEIs) and the Government to adopt new ways of conducting business (Nyaigotti-Chacha, 2004). Therefore, the quest for institutional survival and growth means that universities cannot escape the need to change in response to external pressures and funding opportunities (Dearlove, 1995). These circumstances underscore the crucial role of leadership and management in maintaining morale, enhancing productivity and helping staff at all institutional levels to cope with the challenges.

How a university copes with these challenges depends on a number of key factors: the quality of leadership in the university, the vision and strategic direction of the university, the existence of appropriate systems and culture to ensure efficiency and effectiveness of service delivery, and the extent to which the national higher education environment is enabling among many other factors. Leadership has a great influence on organizational change and successful change management practices are crucial to organizational survival in the present highly competitive and continuously evolving business environments (Rune, 2005). Transformational leaders are known to reduce the effects of uncertainty and change and positively affect a wide range of individual and organisational outcomes in a variety of contexts, including business, the public sector and education (Mokgolo et al, 2012).
Transformational Leadership

According to Hicks & Gullet (1975), leadership is getting other people to follow one towards a common goal. A leadership style that motivates and empowers followers to work for transcendental goals, to increase their commitment to the organization and in so doing perform beyond the expectations that the followers have for themselves (Hancott, 2005) is termed transformational leadership. Transformational leadership is a process in which leaders and followers help each other to advance to a higher level of morale and motivation, creating significant changes in the lives of people and organizations (Burns, 1978). Transformational leaders give respect to and empower their followers to exude exceptionally high effort, high commitment and willingness to take risks (Senior and Fleming, 2006).

Transformational leaders exude certain characteristics or elements that make them stand out. These elements as developed by Bass (1985) are idealized influence; inspirational motivation; intellectual stimulation and individualised consideration. Idealized influence or charisma is based on the behavioural traits of a leader that promotes one’s followers’ commitment in order to tap their full potential (Doherty and Danylchuk, 1996). Inspirational motivation is the ability of a leader to gain followers’ confidence through communication of one’s expectations, vision and values. Intellectual stimulation refers to the ability of a leader to stimulate one’s followers to be more curious and creative in thinking and problem solving; it is creating an enabling environment for innovation, creativity and continuous learning (Bass, 1985, Doherty and Danylchuk, 1996). Individualised consideration or taking interest in individual members while acting as a mentor or coach entails providing support for the individual needs and development for employees (Pieterse et al, 2010). This study tries to understand how transformational leadership has been applied in universities in Kenya.

Employee Outcomes

Job-satisfaction, commitment to the organization and Organizational Citizenship Behaviour (OCB) are some of the workplace employee outcomes associated with transformational leaders. Scholars have posited that nearly all studies that involve the transformational-transactional theoretical framework for leadership claim that one of its most significant outcomes is employee motivation and commitment that lead to the extra effort needed for organizational transformation. Further that the high levels of personal commitment to organizational goals and the concerted effort to meet these goals are assumed to result in extra efforts and greater productivity (Bass, 1985, Yulk, 2002 and Nguni et al, 2006). According to Nguni et al (2006), extensive research undertaken in different countries and in a variety of organizational contexts, both educational and non-educational, shows that transformational leadership affects employee attitudes, efforts and in-role performance including job satisfaction, organizational commitment and OCB.

Job satisfaction has been seen as an attitude rather than behaviour. It has been defined differently by different scholars. Robbins (2000) related job satisfaction with rewards and as such defined it as; a general attitude towards one’s job the difference between the level of rewards workers get and the level of rewards they believe they should get. Locke (1976) and Givens (2008) defined job satisfaction as a pleasurable or positive emotional state resulting from the appraisal of one’s job and job experience; it stems from the follower’s perception that the job actually...
provides what he or she values in the work situation. It is an individual’s overall feeling about one’s job and one’s attitudes towards various aspects or facets of that job, as well as an attitude and perception that can influence the degree of fit between the individual and the organization (Mokgolo et al, 2012). Job satisfaction has two facets: intrinsic job satisfaction which is the level of satisfaction associated with aspects of the job itself and extrinsic job satisfaction which is the level of satisfaction associated with the environment in which the job is performed (Bogler, 2001).

Commitment is the identification with the values and goals of the organization, the willingness to exert effort on behalf of the organization, and the desire to stay in the organization. According to Porter et al (2006) and Bass (1985) organizational commitment is the relative strength of an individual’s identification with and involvement in a particular organization. Meyer and Allen (1997) defined organizational commitment as a psychological state that characterises the employee’s relationship with the organization saying that it has implications to the employee’s decision to continue as a member of the organization. According to Wang (2007) organizational commitment is the employee’s attachment to, goal congruency with, identification with, acceptance of and loyalty to the organization.

Meyer and Allen, (1984; 1997) conceptualized organizational commitment as having three dimensions: affective commitment, normative commitment and continuance commitment. In this study, commitment will be measured as a one dimensional construct of affective commitment which is the desire by an individual to stay with an organization. Affective commitment is concerned with the extent to which employees are emotionally attached to, identify with and are involved with an organization. The self-identification with the organization views commitment as a behavior where there is an effective level of attachment to the organization. In this case, a person identifies with the whole organization rather than with alternative targets such as units, departments or individuals.

OCB is extra role behaviour that is said to have a positive impact on follower performance (Boerner et al, 2007). It is a behavior that is largely discretionary and seldom included in job descriptions of employees. However, according to Nusair et al (2012) OCB supports performance by enhancing a social and psychological work environment and has positive benefits for both the organization and staff. Wang et al (2005) posits that OCBs comprise a helping selfless behaviour by an employee. These behaviours stimulate performance and empower followers. They include altruism which is behaviour usually aimed at a specific person, conscientiousness which is an impersonal behaviour that manifests itself as faithful adherence to the role about work contest aimed at preventing problems to fellow workers, sportsmanship which is the willingness to fore-bear minor and temporary personal inconveniences for the sake of the organization or other employees, civic virtue which is the responsible and constructive organization and courtesy or being polite to others.

Organizational Performance
Peacock (1995) and Pounder (2001) hold the view that there is no agreed upon definition of organizational effectiveness or performance and suggest that conflicts between managerial perspectives of success should be considered. Pounder (2001) states that this is particularly so within the higher education sector where attempts to develop models of organizational effectiveness applicable to universities have
not been forthcoming despite a worldwide call for universities to demonstrate “value for money” performance. Inspite of Pounder (1997) using the competing values framework of organizational effectiveness proposed by Quinn and Rohrbaugh (1981, 1983) to develop an organizational effectiveness self-rating scale for institutions of higher education in Hong Kong, he is still of the view that there is an apparent lack of an appropriate model for measuring organizational performance in universities. Consequently, research on university leadership and performance tend to assume the conventional profit-making businesses; whereby they have to balance a variety of seemingly contradictory pressures and demands in their external and internal environments in order to perform effectively (Pounder, 2001).

Organizational performance is a complex multidimensional phenomenon for which researchers have used different perspectives to measure. McNamara (2008) states that organizational performance involves recurring activities that establish organizational goals, monitors the progress towards the goals and makes adjustments to achieve the goals more effectively and efficiently. It can therefore be argued that organizational performance can be judged in terms of whether or not an organization has achieved the objectives set before it. McNamara (2008) further states that a measure of organizational performance is an understanding of the relationship between economic inputs and outputs. Armstrong (2006) agrees with this view and posits that performance relates not only to what has been achieved but also on how it has been achieved, meaning that organizational performance is more than the quantified outputs only.

Kaplan and Norton (1992) through the Balanced Score Card (BSC) support this broad view of performance by extending the considerations of organizational performance beyond the outputs to include related input factors. The Kaplan and Norton concept gives emphasis to the various stakeholders as well as the organization’s capability to sustain itself into the future. They argue that traditional financial accounting measures (like return on investments and equity per share) offer a narrow and incomplete picture of organizational performance. They therefore suggest that financial measures be supplemented with additional measures that reflect customer satisfaction, internal business processes and the ability of an organization to learn and grow. Given the nature of academic work that may not be measured using commercial criteria only, this study adopted the BSC to measure the performance of universities in Kenya.

Universities in Kenya
University education in Kenya dates as far back as 1922 when the then Makerere College in Uganda was established as a small technical college to meet higher education needs of the then three East African countries: Kenya, Uganda and Tanganyika. Almost half a century later in 1970, the University of Nairobi was established as the first public university in Kenya (Nyaigotti-Chacha, 2004). In the mid-1980s it was obvious that the demand for university education in Kenya exceeded the capacity of the University of Nairobi. This demand led to the establishment of three universities between 1984 and 1988: Moi University, Kenyatta University and Egerton University.

From then on university education in Kenya has expanded and this is shown by the increase in the number of universities and in student enrolment. As in April 2014 there
were 66 universities in Kenya: 39 chartered, 11 operating with a Letter of Interim Authority (LIA), 2 registered and 14 constituent colleges (9 public and 5 private) with a total student population of over 450,000 as opposed to 32 universities ten years ago who had a total student population of 95,283. The focus of this study is the universities that offer their own degree programmes (fully fledged universities) as opposed to constituent colleges that offer degrees of their parent universities. The fully fledged universities include both public and private and at the time of this study, were 52 in number.

Theoretical Framework and Literature Review
This study was mainly informed by the transformational-transactional theory of leadership. The transformational-transactional theory of leadership is one of the most comprehensive theories of organizational transformation. This is a comparatively new leadership paradigm that was proposed in the late 1970s by Burns (1978) in his analysis of political leaders. It was further expounded in the 1980s by Bass (1985) who formulated the formal transformational-transactional leadership theory that among other things includes the model and characteristics of a transformational leader. The transformational-transactional theory of leadership postulates that transactional leadership and transformational leadership are distinct dimensions rather than opposite ends of one continuum and that, while transactional leadership and transformational leadership are closely related parts of leadership, they remain distinct (Doherty and Danylchuk, 1996).

Bass (1985) however posits that transformational leadership is an augmentation and extension of transactional leadership and that transformational leaders pick from where transactional leaders reach. The transactional leadership style develops from the exchange process between leaders and followers wherein the leader provides rewards in exchange of follower performance. These leaders can be effective to the extent that they clarify expectations and goals, but they generally neglect to focus on developing the long-term potential of their followers (Lievens et al, 1997).

However, the transformational leaders unlike the transactional ones move beyond simple exchange processes by setting challenging expectations that enable others to achieve higher levels of performance. To be a transformational leader, one must have the ability to change the perspective or cause a paradigm shift in the way followers see a particular situation and elevate followers’ needs in line with his/her own goals and objectives. It is vital to effective management because the effectiveness of a leader determines the success of the organisation.

The other theory that informed this study is the social learning theory of leadership which states that people can learn through observation and direct experience (Bandura, 1977). It assumes that behaviour is a function of consequences and the perceptions that people have on the consequences (Luthans, 1997). The influence of models is central to the social learning theory. Bandura (1977) posits that most of the behaviour that people display is learned, either deliberately or inadvertently through the influence of models. He further states that a good example is much better than a consequence of unguided actions. The social learning theory encompasses motivation, emotion, cognitions and social re-enforcers. According to Harrison (2011), social learning theory ties to transformational leadership behaviours in the form of motivation (idealized influence),
observation (individualized consideration, mentoring and coaching), and modeling (inspirational motivation and modeling appropriate behaviors) that are key elements of a transformational leader.

Literature reveals that, irrespective of the industry or sector, performance is central to organizational leadership with each leader striving to ensure that the organization that they lead record the best performance. Scholars have generally supported the hypothesized relationship between transformational leadership and organizational performance and this view was supported by Bass (1985), Avolio (1999) and Pillai and Williams (2004) in their studies on transformational leadership and organizational performance. However, researchers differ on the measurement of organizational performance with some arguing that past measures of performance suffered single source bias (Ross and Offermann, 1997) and that only a handful of studies have examined how transformational leadership predict performance (Bass et al, 2003).

A study by Hancott (2005) examined the relationship between transformational leadership and organizational performance in the top 100 public companies in Canada as measured by total revenue. The primary hypothesis was that there is a significant positive relationship between transformational leadership and company performance. Among the findings were that transformational leadership is a common style practiced by leaders of the best performing public companies in Canada. The results of the study, however, did not conclusively show a relationship between transformational leadership and performance contrary to the researcher’s original predictions that had been based on the Bass (1985) model of transformational leadership.

Ross and Offermann (1997), in a study to demonstrate performance effects of transformational leaders on their work groups, used interval-level measures of performance fully independent of subordinate ratings over 11 months using the same institutional performance criteria for all groups. They posited that these measures significantly extended the types of performance measures tested in previous studies and were less biased. However, the results did not reveal any significant relationships between transformational leadership and performance. Given that the performance measure had substantial content validity as well as reason and opportunity to influence their followers, they (Ross and Offermann, 1997) concluded that leaders could affect their subordinates' performance through direct and indirect means.

Not much work has been conducted locally to examine the influence of transformational leadership and performance particularly in the higher education sector. However, Ndiritu (2012) conducted a study to explore the relationship between transformational leadership characteristics of secondary school principals and students’ performance in the Nairobi County, Kenya, using the Kouzes and Posner (1993) Leadership Practices Inventory (LPI). Students’ performance was measured using past Kenya Certificate of Secondary Examination (KCSE) results. The sample population of this study was 40 principals and 207 teachers from all the secondary schools in the Nairobi County. The results of the study showed a statistically significant relationship between the total leadership characteristics and students’ performance. Further principals whose schools scored the minimum university entrance grade (C+ and above) scored higher in the LPI scores than principals whose schools obtained a grade lower than C+.
Scholars have posited that nearly all studies that involve the transformational-transactional theoretical framework for leadership claim that one of its most significant outcomes is employee motivation and commitment that lead to the extra effort needed for organizational transformation. Whittington (2002), in support of these arguments, states that good people management is more important than all other factors in predicting profitability. According to Nguni et al (2006), extensive research undertaken in different countries and in a variety of organizational contexts both educational and non-educational shows that transformational leadership affects employee attitudes, efforts and in-role performance including job satisfaction, organizational commitment and OCB.

A study by Pillai and Williams (2004) conducted at a Fire Department in the southeastern United States of America whose respondents were firemen and women in the station was to establish the influence of transformational leadership on organizational commitment. The results of the study proved that transformational leaders directly and indirectly influence followers to higher levels of commitment consistent with earlier research (Bass, 1995; Podsakoff et al., 1996). A study conducted by Sadeghi and Pihie (2013), to examine the influence of leadership style employed by departmental heads in improving lecturers' job satisfaction in three leading research universities in Malaysia, revealed that departmental heads in these universities display transformational leadership style fairly often, transactional leadership sometimes and laissez-faire leadership style once in a while as perceived by the lecturers. Further the study revealed that transformational leadership was the most significant predictor of the most satisfying variables of lecturers' job satisfaction. Mokgolo et al (2012) in their study established that transformational leadership has a beneficial relationship with subordinate leadership acceptance, job performance and job satisfaction.

Bass (1998) theorized that transformational leadership creates employees who are unselfish, faithful, connected to the organization and who often perform beyond what is expected of them (Bass, 1985) in relation to their job descriptions; generally described as extra-role or OCB. A positive association between transformational leadership and OCB is expected and has been supported empirically (Podsakoff et al., 1990). Several studies have shown a direct connection between transformational leadership and these organizational citizenship behaviors: civic virtue, sportsmanship, courtesy, conscientiousness and altruism (MacKenzie et al., 2001, Pillai, Schriesheim, & Williams, 1999 and Podsakoff et al., 1990). Past empirical research has shown that transformational leadership has direct and indirect influence on OCB (Podsakoff, MacKenzie & Bommer, 1996).

Nguni et al (2006) investigated the effect of transformational and transactional leadership styles on teacher’s job satisfaction, organizational commitment and OCB in primary schools in Tanzania. Their study confirmed that, although very closely related constructs, transformational leadership had a stronger positive and statistically significant effect on the teacher job satisfaction, organizational commitment and OCB in conformity with previous studies. This study therefore, predicts a relationship between transformational leadership on employee outcomes of universities in Kenya.

Inspite of the extensive research in transformational leadership, still little is known about the mediating processes in the
relationship between transformational leadership and organizational performance (Boerner et al, 2007). Most studies on mediation of the relationship between transformational leadership and organizational performance use other constructs other than employee outcome behaviours (Boerner et al, 2007) like potency and cohesion (Bass et al, 2003), self-efficacy, group cohesion (Pillai and Williams, 2004), and leader-follower relations (Wang et al, 2005). It is also noted from the literature that the employee outcome dimension as considered in this study (job satisfaction, affective commitment and OCB) has been treated as antecedents or outcomes in transformational leadership studies and further that they are taken individually and not combined.

Nguni et al (2006) for example reported a partial mediation of job satisfaction on the relationship between transformational leadership, organizational commitment and OCB in a study of primary school leaders in Tanzania. Boerner et al (2007) conducted a study to investigate the mediating effect of the OCB on the relationship between transformational leadership and follower performance. They used leaders from 91 diverse organizations in Germany working in different functional departments. The results showed a partial mediation by OCB on the relationships between transformational leadership and follower performance. This study aimed at analyzing the mediating role of employee outcome behaviours on the relationship between transformational leadership and organizational performance.

Literature shows that several studies have been conducted in the area of transformational leadership and factors that affect its impact on organizational performance. However, other factors that may mediate or moderate this relationship like employee outcomes yielded conflicting results not to mention that they are limited. The main objective of the study therefore, was to determine the impact of employee outcomes on the relationship between transformational leadership and performance of universities in Kenya. It sought to test the following hypotheses:-

**H1:** Transformational leadership has an effect on the performance of universities in Kenya.

**H2:** There is a relationship between transformational leadership and employee outcomes of universities in Kenya.

**H3:** Employee outcomes have a mediating role on the relationship between transformational leadership and organizational performance.

**Methodology**

This study was based on positivism which posits that to empirically establish the relationships between variables of a study, hypotheses are formulated and through the observed effects they are verified or refuted. The design of this study was a descriptive
survey as it helps to answer questions concerning the current status of the subjects under study (Mugenda and Mugenda, 2003). The target population of the study comprised all the universities in Kenya that offer their own degree programmes (fully fledged). By the time of data collection - April 2014 -, there were a total of 52 universities in Kenya that offered their own degree programmes.

The study used mainly primary data that was collected through a semi-structured questionnaire adapted from similar transformational leadership and management studies and customized to meet the needs of the present study. The questionnaire was researcher administered to the universities’ top leadership: the vice-chancellors as well as the deputy vice-chancellors involved in staff matters or their equivalents in each university. In this study, transformational leadership was assessed using the Multifactor Leadership Questionnaire (MLQ) instrument developed by Bass and Avolio (1993) while performance was measured using the Kaplan and Norton (1996) Balanced Score Card (BSC). Employee outcomes were measured using a combination of modified versions of the Meyer and Allen (1997) instrument for measurement of commitment, the Bogler, (2001) instrument to measure the construct of both the intrinsic and extrinsic facets of job satisfaction while OCB was measured using the scale developed by Smith et al. (1983). To check for the reliability of the data collection instrument, Cronbach’s Alfa of Coefficient was computed for the variables used. The values were TL: 0.909, EO: 0.933 and Performance: 0.922

Data for the study was aggregated at the organizational level. An average of the two responses was computed to get one response for each university. The relevant statistical techniques and programme were used to analyse the data. Descriptive statistics were used to obtain a general understanding of the universities and the respondents as well as to explain the distribution of scores. Correlation analysis was used to determine the presence of a linear relationship between the study variables, while linear regression analysis was used to test the hypothesis.

**Results**

On the basis of the university regulatory body (CUE), the various institutions, the study’s target population and response rate are summarized in Table 1.

<table>
<thead>
<tr>
<th>University Category</th>
<th>Target Pop</th>
<th>Response</th>
<th>% Response rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Public Chartered</td>
<td>22</td>
<td>18</td>
<td>81.8</td>
</tr>
<tr>
<td>Private Chartered</td>
<td>17</td>
<td>11</td>
<td>64.7</td>
</tr>
<tr>
<td>Letter of Interim Authority (LIA)</td>
<td>11</td>
<td>8</td>
<td>72.7</td>
</tr>
<tr>
<td>Registered</td>
<td>2</td>
<td>1</td>
<td>50.0</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>52</strong></td>
<td><strong>38</strong></td>
<td><strong>73.1</strong></td>
</tr>
</tbody>
</table>

A total of 38 universities responded; thus a response rate of about 73%. This was deemed sufficient for inference purposes. Mugenda and Mugenda (2003) propose that a response rate of 50% and above is appropriate. From the demographic characteristics of the study population, of the 58 individual respondents, women comprised 16% (9 out of 58) and this depicts the high gender disparity.
at the highest level of management (top leadership) of universities in Kenya. On the basis of the respondents’ tenure, nearly 80% of the respondents had been working in the current university for between 1-10 years. This confirmed the suitability of the respondents to provide an objective opinion of how leadership is exercised in universities in Kenya.

**Table 2: Descriptive Statistics for Measure of Transformational Leadership**

<table>
<thead>
<tr>
<th>Transformational Leadership Dimension</th>
<th>No. of items</th>
<th>N</th>
<th>Grand Mean</th>
</tr>
</thead>
<tbody>
<tr>
<td>Intellectual Stimulation</td>
<td>4</td>
<td>38</td>
<td>4.25</td>
</tr>
<tr>
<td>Idealized influence</td>
<td>4</td>
<td>38</td>
<td>4.60</td>
</tr>
<tr>
<td>Inspirational Motivation</td>
<td>4</td>
<td>38</td>
<td>4.67</td>
</tr>
<tr>
<td>Attributed Charisma</td>
<td>4</td>
<td>38</td>
<td>4.45</td>
</tr>
<tr>
<td>Individualized Consideration</td>
<td>4</td>
<td>38</td>
<td>4.15</td>
</tr>
</tbody>
</table>

As indicated in Table 2, the most dominant aspect of transformational leadership in the universities was inspirational motivation with a grand mean of 4.67, the respondents perceived themselves as leaders who talk optimistically about the future of their universities. The least scored aspect was individualised consideration with a mean score of 4.15, meaning that top leaders of universities in Kenya perceived themselves as not spending sufficient time teaching and coaching their employees. However, it is worth noting that the five aspects of transformational leadership evaluated were highly dominant in the universities with a mean score of above 4 (out of possible maximum score of 5). These finding indicate that top leaders of universities in Kenya have a high perception of their transformational leadership traits similar to the results reported by Bass and Yammarino (1989) and Leli (1999).

**Employee Outcomes**

Three aspects of employee outcomes associated with transformational leadership were used: commitment, job satisfaction and OCB. The results on their manifestation in universities in Kenya are summarized in Table 3.

<table>
<thead>
<tr>
<th>Aspects of Employee Outcomes</th>
<th>N</th>
<th>No. of Items</th>
<th>Grand Mean</th>
</tr>
</thead>
<tbody>
<tr>
<td>Commitment</td>
<td>38</td>
<td>5</td>
<td>4.14</td>
</tr>
<tr>
<td>Job Satisfaction</td>
<td>38</td>
<td>5</td>
<td>3.82</td>
</tr>
<tr>
<td>Organizational Citizenship Behavior</td>
<td>38</td>
<td>7</td>
<td>3.85</td>
</tr>
</tbody>
</table>

**Transformational leadership**

The current study evaluated the concept with respect to intellectual stimulation, idealised influence, attributed charisma, inspirational motivation and individualised consideration. Table 2 provides a general profile of transformational leadership of the universities in Kenya.
As indicated in Table 3, there was a greater sense of commitment among employees (grand mean 4.14) compared to OCB (grand mean 3.85) and job satisfaction (grand mean 3.82). This shows that in the confines of transformational leadership, it may be easier to ensure employee commitment than to nurture employee job satisfaction. However, empirical evidence was required to sustain this assertion.

Organizational performance
This study was based on the overall performance of the universities in Kenya in the last three years. Given the nature of the research context (universities), quantitative data on performance is hardly available. Subsequently, qualitative aspects of performance were used for analysis. Nine aspects were used to measure performance of universities in Kenya. The results indicated that of these aspects, the quality of products and services was highly scored (mean 4.57, std. dev. 0.535), followed by university ranking/good public image (mean 4.37, std. dev. 0.665). The least scored aspect of performance was customer satisfaction (mean 3.93, Std. dev. 0.699). It is noted that on a possible score of between 1 and 5 (where 5 is best) almost all aspects had scores averaging 4.0-4.6 with an overall mean score of 4.23.

Hypothesis testing

**H1:** Transformational leadership has an effect on the performance of universities in Kenya.

The study first assessed the existence of a relationship between the various dimensions of transformational leadership, hence correlation analysis was performed and the results showed that there exists a strong and significant relationship between the various dimensions of transformational leadership except for attributed charisma and idealised influence (R = 0.291) that was weak and insignificant. The observed significant association between the various aspects of transformational leadership suggests that leaders who show one type of behaviour are very likely to show behaviour indicative of all the other dimensions and therefore these dimensions may be viewed as a total package. The current study evaluated the influence of each of these transformational leadership dimensions separately as well as the composite effect (aggregated as mean score of the individual dimensions). The results are summarized in Table 4.

Table 4: Summary of the Results of Regression Analysis on the Effect of TL on Performance

<table>
<thead>
<tr>
<th>Hypothesis</th>
<th>Independent variable (TL) aspects</th>
<th>R</th>
<th>R²</th>
<th>Resulting Model</th>
<th>Model Significance</th>
<th>Parameter Significance</th>
</tr>
</thead>
<tbody>
<tr>
<td>H1: Transformational leadership has an effect on the performance of universities in Kenya</td>
<td>a) X = IS</td>
<td>0.65</td>
<td>0.42</td>
<td>Y = 25.408 + 0.701X</td>
<td>26.975</td>
<td>0.001</td>
</tr>
<tr>
<td>b) X = II</td>
<td>0.37</td>
<td>0.14</td>
<td>Y = 30.047 + 0.596X</td>
<td>6.045</td>
<td>0.019</td>
<td></td>
</tr>
<tr>
<td>c) X = IM</td>
<td>0.59</td>
<td>0.34</td>
<td>Y = 1.016X – 10.338</td>
<td>19.337</td>
<td>0.001</td>
<td></td>
</tr>
<tr>
<td>d) X = AC</td>
<td>0.49</td>
<td>0.24</td>
<td>Y = 28.27 + 0.637X</td>
<td>11.579</td>
<td>0.002</td>
<td></td>
</tr>
<tr>
<td>e) X = IC</td>
<td>0.61</td>
<td>0.37</td>
<td>Y = 29.577 + 0.662X</td>
<td>21.934</td>
<td>0.001</td>
<td></td>
</tr>
</tbody>
</table>
When the dimensions of transformational leadership were assessed independently, intellectual stimulation (IS) appeared to have a better explanatory power of variation in performance ($R^2 = 0.428$): thus 43% of changes in performance are accounted for by intellectual stimulation, followed by individualised consideration (IC) which accounts for 38% of the variation in performance. The lowest explanatory power was reported for idealised influence (II) ($R^2 =0.144$ meaning only 14% variation in performance could be explained using idealised influence).

Despite the varying explanatory power ($R^2$), it is worth noting that all dimensions of transformational leadership have a positive influence on the performance of universities in Kenya and all of them (dimensions of transformational leadership) had statistically significant influence on performance (at 5% significance level). A composite value of transformational leadership (TL) was regressed against performance (as opposed to performing a multiple linear regression analysis), as indicated in equation f of Table iv.

The results indicated a strong relationship between TL and performance ($R = 0.679$). Similarly, the resulting TL model had a better goodness of fit ($R^2 = 0.461$). The overall model was also highly significant ($F=30.767$) as well as a significance of model coefficient ($T \text{-value} = 5.547, p< 0.001$). This study used qualitative measures of performance based on the perception of the universities’ top leadership on various aspects of university performance such as customer satisfaction and a good public image and the findings supports the effect of transformational leadership on performance. The results obtained in this study statistically support and confirm the hypothesis that transformational leadership has an influence on the performance of universities in Kenya.

**H2: Transformational leadership has an effect on employee outcomes of universities in Kenya**

A correlation analysis was performed on all the three aspects of EO used in this study and they were found to be significantly related. As such, it was appropriate to performed simple linear regression analysis for each of the three employee outcomes as well as for the aggregated score (mean score of the individual scores of the three outcomes) value. A composite score of TL was used and the results are summarized in Table 5.
Table 5: Summary of the Results of Regression Analysis of the Influence of TL on Employee Outcomes

<table>
<thead>
<tr>
<th>Hypothesis</th>
<th>Dependent variable aspects (E.O)</th>
<th>R</th>
<th>R²</th>
<th>Resulting Model</th>
<th>Model Significance</th>
<th>Parameter Significance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Transformational leadership has a significant effect on employee outcomes of universities in Kenya</td>
<td>Commitment</td>
<td>0.66</td>
<td>0.43</td>
<td>Y = 1.109X - 14.953</td>
<td>28.118</td>
<td>5.30 0.001</td>
</tr>
<tr>
<td></td>
<td>Job satisfaction</td>
<td>0.60</td>
<td>0.36</td>
<td>Y = 1.040X - 15.204</td>
<td>20.885</td>
<td>4.57 0.001</td>
</tr>
<tr>
<td></td>
<td>OCB</td>
<td>0.73</td>
<td>0.53</td>
<td>Y = 1.235X - 31.797</td>
<td>41.643</td>
<td>6.45 0.001</td>
</tr>
<tr>
<td>EO = f(TL)</td>
<td>E.O (Aggregated)</td>
<td>0.73</td>
<td>0.54</td>
<td>Y = 1.128X - 20.645</td>
<td>42.714</td>
<td>6.53 0.001</td>
</tr>
<tr>
<td>NB 1: E.O Disaggregated as Commitment, Job satisfaction, OCB</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>NB 2: E.O (Aggregated)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

As shown in Table 5, the results indicated a statistical significance for the influence of TL on all three employee outcomes. The highest significance was observed for OCB (F = 41.643) as well as the strongest goodness of fit (R² = 0.536), thus 53.6% of change in OCB was accounted for by TL. The lowest influence was noted for the influence of TL on job satisfaction (R² = 0.367). The results indicated a positive influence of transformational leadership on employee outcomes for all the three outcomes.

When TL was regressed against the composite score for EO, the results indicated a slightly stronger relationship with TL (R = 0.737), a better goodness of fit (R² = 0.543); meaning that, 54% of change in EO was as a result of TL. This is a better fit compared to the influence of TL on commitment (R² = 0.439), job satisfaction (R² = 0.367), and OCB (R² = 0.536). Further the regression model for the effect of composite EO and TL was statistically significant (F = 42.714) as well as the contribution of TL in the resulting model (T = 6.536, p< 0.001). From the results obtained, the study confirms the hypothesis that transformational leadership influences employee outcomes of universities in Kenya.

Previous studies conducted in educational and non-educational contexts support the influence of transformational leadership on employee outcomes while the major premise of the transformational leadership theory is the leader’s ability to motivate their followers to accomplish more than what the followers planned to accomplish. The positive results of this study have confirmed the proposition of past research as well as the theory on transformational leadership in the case of the top leadership of universities in Kenya.

H3: Employee outcomes mediate the relationship between transformational leadership and the performance of universities in Kenya
This study predicted that employee outcomes would mediate the relationship between transformational leadership and performance of universities in Kenya. To test for mediation of EO on the influence of TL on performance, the Baron and Kenny (1986) approach was used. The two posit that some mediation is supported if the effect of the mediator variable remains significant in the presence of the independent variable (X). The results obtained after testing for mediation are summarized in Table 6.

<table>
<thead>
<tr>
<th>Hypothesis</th>
<th>Test component</th>
<th>R</th>
<th>$R^2$</th>
<th>Resulting Model</th>
<th>Model Significance</th>
<th>Parameter Significance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employee outcomes mediate the influence of TL on Org. performance of universities in Kenya</td>
<td>$\text{Per = } f(\text{TL})$</td>
<td>0.67</td>
<td>0.46</td>
<td>$Y = 1.072X - 9.885$</td>
<td>F = 30.767</td>
<td>T = 5.547</td>
</tr>
<tr>
<td></td>
<td>$\text{EO = f(TL)}$</td>
<td>0.73</td>
<td>0.54</td>
<td>$Y = 1.128X - 20.645$</td>
<td>F = 42.714</td>
<td>T = 6.536</td>
</tr>
<tr>
<td></td>
<td>$\text{Per = f(EO)}$</td>
<td>0.82</td>
<td>0.67</td>
<td>$Y = 17.689 + 0.849X_1$</td>
<td>F = 75.850</td>
<td>T = 8.709</td>
</tr>
<tr>
<td>OP = f(TL), mediated by EO</td>
<td>$\text{Per = } f(\text{TL, EO})$</td>
<td>0.83</td>
<td>0.69</td>
<td>$Y = 5.167 + 0.249TL + 0.729EO$</td>
<td>F = 38.868</td>
<td>T = 1.134, 0.265</td>
</tr>
<tr>
<td></td>
<td></td>
<td>0</td>
<td>0</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

$Y = \text{Performance, } Y_1 = \text{Employee Outcomes, } X = \text{TL, } X_1 = \text{Employee outcomes}$

As summarized in Table 6, the findings of the current study found a positive and statistically significant role of EO as a mediator of the relationship between TL and the performance of universities in Kenya. From the results, full mediation was assumed as the independent variable (TL) was not significant in the presence of the mediator (EO) in other words; the effect of TL on performance was no longer significant in the presence of the mediator variable (Baron and Kenny, 1986). The T values of the beta coefficients for both TL and the mediator confirm this proposition ($\beta_{\text{TL}} = 0.249, T\text{-value for TL} = 1.134, p>0.05, \beta \text{ for mediation} = 0.729, T\text{ value mediated by EO} = 5.078, p<0.001$). The overall mediating model was statistically significant (F = 38.868, p < 0.001) and had a better goodness of fit as indicated by the coefficient of determination ($R^2 = 0.690$) compared to the individual influence of EO ($R^2 = 0.678$) and TL ($R^2 = 0.461$) on performance. From the results obtained, the study confirms hypothesis 3 that employee outcomes mediate the influence of transformational leadership on performance of universities in Kenya.

The findings of this study are similar to other empirical studies that have shown mediation on the relationship between transformational leadership and organizational performance with each of the dimensions of the employee outcomes (job satisfaction, affective commitment and OCB) tested individually. It is noted that the results of this study showed a full mediation of the three combined variables of employee outcomes on the relationship between transformational leadership and organizational performance. The findings imply that the effect of TL on performance of universities in Kenya is not direct but rather through EO.
Conclusion

The findings of this study show a positive and moderately strong relationship between transformational leadership and performance; however, a stronger positive relationship is seen between employee outcomes and performance of universities in Kenya. This means that commitment to the organization, job satisfaction and OCB are critical to the leadership of these organizations. The significant role played by employee outcomes in mediating the relationship between transformational leadership and performance imply that the leadership of universities in Kenya influence performance through their employees and not directly. We conclude that employees of the universities in Kenya are key to determining organizational performance.

From the results of this study, we conclude that transformational leadership has a positive relationship with organizational performance of universities in Kenya. Despite the lack of relevant criteria for the measure of performance of universities in Kenya, the study showed support for both theory and research. The results of this study call on the top leadership of universities in Kenya to avail themselves to the range of transformational leadership characteristics of attributed charisma, idealised influence, intellectual stimulation, inspirational motivation and individualised consideration as these behaviours are critical to success. The positive findings show that the top leadership of universities in Kenya has taken a leading role in ensuring the effectiveness of their universities thus disapproving the notion by Pounder (2001) that, the assumption to leadership in universities is based on research rather than on competence and training. We, therefore, conclude that, despite university leadership in Kenya largely comprising of academic leaders, these are not removed from practical realities of their environment.

This study needed to determine the relationship between transformational leadership and employee outcomes of universities in Kenya. Transformational-transactional theory posits that transformational leadership behaviour motivates followers to identify with the leader’s vision and sacrifice their interest for that of the organization, hence performing beyond their expectations (Bass, 1985). Transformational leaders are said to influence subordinates by inspiring them to achieve organizational goals (Bass & Avolio, 1995) and achieve extraordinary outcomes. Such leaders align the objectives and goals of individual followers with those of the larger organization and provide followers with support, mentoring and coaching (Pillai and Williams, 2004 and Boerner et al, 2007). From the results of this study we conclude that the top leadership of universities in Kenya exhibits transformational leadership behavioural characteristics, thus empowering their followers to perform beyond expectations.

This study was concerned with the mediating role of employee outcomes on the relationship between transformational leadership and performance. When the composite value of the three indicators of employee outcomes were tested for mediation, the results showed full mediation of employee outcomes on the relationship between transformational leadership and performance of universities in Kenya. This is an indication that the effect of transformational leadership on performance is not direct but rather through employee outcomes. We conclude that the leadership employed by the top leadership of universities in Kenya takes employee needs into account as a motivated workforce perform beyond
expectations causing positive changes in performance.

**Implications of the Study**

Education in many developing countries has been considered the cornerstone and pillar for economic growth and development. As a result higher education institutions play a key role in influencing capital development. It is recommended that visionary leadership and sound policies that improve on employee outcomes and as a result improve on performance will strengthen the position of universities as a fundamental sector in generating human capital to meet the county’s developmental and economic needs.

The findings of this study show that transformational leadership has an impact on the performance of universities in Kenya and that this relationship is influenced by employee outcomes. Employee and organizational related factors are among challenges facing universities in Kenya today. It is, therefore, recommended that the universities’ councils or boards of trustees of these universities put in place policies that address these challenges.

In terms of theory, most research on transformational leadership has taken place in the developed world than in the developing world including Africa and particularly in Kenya. However, the results of this study further confirm the Bass (1985, 1998) claim on the universality of the transformational-transactional theory across nations and societies. Bass (1985) argued that the same conception of the transformational phenomenon and relationships can be observed worldwide in a range of organizations and cultures and that any exceptions to this generalization will be due to the peculiarities of an organization.

The results of this study add to the body of knowledge on the mediating effect of employee outcomes on the relationship between transformational leadership and performance. Critics of the transformational-transactional theory have argued that factors that enhance the effectiveness of transformational leadership on performance are not well addressed (Yulk, 1999) by the theory. The findings of this study put this criticism to question since employee outcomes fully mediated the relationship between transformational leadership and performance.

In terms of practice, the findings of this study are useful to the leadership of Kenyan universities in the formulation of strategies for improving performance and in developing leadership training policies for universities in Kenya. Based on the results of this study, the top leadership of universities in Kenya and their institutions may experience increased performance if some focused time was spent learning about transformational leadership. Training in leadership is known to enhance organizational effectiveness and performance. Given the dynamic environment in which universities in Kenya operate and the challenges facing the top leadership, the success of these institutions will require leadership skills and competences in transformational leadership through well-developed leadership training programmes.

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