

# Influence of Transformational Leadership on Performance of Housing Cooperative Societies in Nairobi City County, Kenya

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## Abstract

Organizational performance is of great concern for it is the notch to which an enterprise attains its objectives in areas such as profitability, operational efficiency, liquidity levels and stakeholders' satisfaction. Transformational leadership is about influence and this influence from an organization's context should yield a positive outcome that enables bridge the gap of housing shelter needs in a country. The aim of the study was to determine the influence of human resource competences on performance of housing cooperative societies in Nairobi City County, Kenya. The research is anchored on the transformational leadership model and contingency theory. The study adopted cross-sectional descriptive research design. The target population of study was 418 housing cooperative societies in Nairobi City County, Kenya. Data was gathered using structured questionnaire issued to administrative manager or equivalent persons of each housing cooperative society. Data was analysed for both descriptive and inferential statistics and presented using frequency tables and percentages. The study established that there is significant relationship between transformational leadership and performance. This implies that an improvement in transformational leadership contributes significantly towards performance of housing cooperative societies in Nairobi City County Kenya. This demonstrates that delegation of work duties, employee promotion on merit basis, reward for good performance and discussion of performance appraisal results are all geared towards enhancing transformational leadership in housing cooperative societies. Organizations should embrace transformational leadership style since it instils innovativeness among employees hence enabling them to operate competitively in the globalized changing business market.

**Keywords:** Transformational leadership; Individual attention; Intellectual stimulation; charismatic influence; Inspirational motivation; performance

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## 1.1 Background of the Study

The world has been faced with recurrent and unreliable changes marked by greater competition between companies, which means those that survive must adopt well thought of strategies to position themselves. Such uncertainties have led many organizations to turn to continuous innovation, quality enhancement and cost reduction to improve their competitiveness and consequently their performance (Waiganjo, *et al.*, 2012). However, literature in the area of organization performance has emphasized that the changing nature of work organization involves changing from the traditional approach of getting outcomes through close control of the staff to embracing an environment of training, support, empowerment and placing emphasis on the glowing role of leadership (Rahmani & Schaufeli, 2020). Leadership development is traced to pre-classical, modern and post-modern era (Abbas *et al.*, 2016).

Leadership is a central feature of organizational performance and develops a culture that has values aimed at creating a work environment within which goals can be accomplished (Asim *et al.*, 2020; Kidombo *et al.*, 2013). Current organizations need effective transformative leaders who promote collective interest of stakeholders and understand complexities of the rapidly changing competitive global environment (Manajemen, 2020). In

circumstances where tasks are highly organized and the leader has good relationship with staff, efficiency is normally high on the part of employees (Armstrong & Taylor, 2014).

Leadership effectiveness depends on behavior of leaders which is demonstrated by their actions. Greenberg and Baron (2008) indicate that one of the all-embracing research studies on behavioral types of leadership was the Ohio State Leadership studies which focused on the effects of leadership styles on group performance. These studies provided two major dimensions of leadership behavior, labelled 'consideration' and 'initiating structure'. Hegar and Hodgets (2007) noted that effective leaders appeared to display four common characteristics; delegation, participative problem solving, high standard of performance and an interest in subordinates as individuals (Kidombo *et al.*, 2021; Unterhalter *et al.*, 2018).

Leaders normally apply varying leadership styles resulting to different organizational outcomes. Globally, Wang *et al.* (2010) identified a positive correlation between leadership approach and organizational performance in Southern Taiwan Metropolitan zone. Among the leadership styles studied by these researchers were charismatic, transactional, transformational, visionary and culture based. Leadership styles applied by organizations thus vary and extend to include autocratic leadership, democratic leadership, laissez faire system of management, transformational leadership, transactional leadership, servant leadership and also charismatic leadership style, (Rudani & Ramesh, 2011).

Traditionally, leaders adopted a hard approach to directing people but current studies on leadership tend to shift the debate to transformational leadership as a more progressive approach (Hegar & Hodgets, 2007). The post-modern era is characterized by the theory of new leadership paradigm with leadership styles such as transformational leadership (Abbas *et al.*, 2016). Leaders that practice transformational leadership demonstrate charisma, provide intellectual stimulation, inspire and encourage their followers to embrace new goals and new ways of doing things (Warrilow, 2012). Such leaders rally all resources of an organization and guide the organization towards achievement of results across a variety of situations (Curphy *et al.*, 2010; Hegar & Hodgets, 2007).

Transformational leadership as explained by Barry (1995) has dimensions such as charismatic, inspirational motivation, individualized consideration and intellectual stimulation. However, the association between leadership and performance is not always direct and Kubr (2002) points out that job-related attitude at times mediates the association between leadership styles and organizational output. Improved work attitude increases organizational outputs and vice versa since feelings towards the organization determine individual efforts. Surya and Sanjeer (2016) while explaining the Two Factor Theory by Fredrick Hertzberg indicated that individual performance is a function of intrinsic factors such as personality, skills, knowledge and ability (Armstrong & Taylor, 2014).

The resource-based theory indicates that competitiveness of an organization is created when a pool of right persons, with sufficient skills and in the right place is maintained (Esch *et al.*, 2016). However, the contingency theory as propagated by Fiedler in 1963 informs that there is no one size-fit all type of leadership and that there should be a match between human resource competencies and the organizations life cycle stage. Transformational leadership as a better option positively influences behavior through motivation which makes employees to willingly exert their full energies towards organizational goals (Manajemen 2020; Duquesnoy, 2011). The contingency theory hence enhances company governance principles that seek to ensure that leaders endeavor in the best interest of organizations in relation to attainment of set goals and objectives. For organizations to remain commercially viable and sustainable enterprises they must embrace good leadership practice.

The origin of the concept of transformational leadership was propagated by James Downton in 1973 and stretched through the work of Burns (1978) and later by Bass (1985). The emphasis of these later scholars was that transformational leaders exhibit authentic strong leadership with the belief that workers will be encouraged to follow suit (Asim *et al.*, 2020). Transformational leadership style causes positive change and takes care of the interests of employees and organization, (Warrilow, 2012). A transformational leader therefore is somebody who stimulates and inspires followers to achieve extraordinary results while transformational leadership is the organization style designed to give employees more freedom to be creative, look to the future and find new solutions to old problems (Kidombo 2021; Robbins & Coulter, 2007). Such transformative leaders do not micromanage employees but trusts trained workers to take authority over decisions in the allocated jobs (Armstrong, 2012).

Literature differs in defining the nature and components of transformational leadership. One such perspective provides a six-dimensional approach to transformational leadership. The dimensions include the ability of the leader to ascertain and articulate the vision, be a role model, advance the acceptance of group objectives, set high performance levels and achievable expectations, provide individualized support to staff as well as offer intellectual stimulation (Carless & Wearing, 2000). Studies of human resource governance and management share a common goal, that of developing better conceptualization on how to organize people in organizations (Leroy *et al.*, 2018). A compressed approach on nature and components of transformational leadership is also

provided by Warrilow (2012) and includes components such as individual attention, inspirational motivation, charismatic influence and intellectual stimulation. The compressed perspective offers a more progressive approach which make it most suitable for this study. It considers the need of the leader and followers which provide a better justification of the correlation between transformational leadership and performance of an organization. From constructs, transformational leadership is perceived to be open to new ideas and leaders are aware that their success is dependent on the efforts of the whole team.

Transformational leaders as change catalysts take a proactive role in managing human resources by ensuring job satisfaction and positive work attitude through job involvement and commitment to the organization (Kidombo, 2021). It is important to ensure that much emphasis is placed on job satisfaction, job involvement and organizational commitment aspects since they influence employee attitudes and ultimately affect organization performance (Tanghong, 2020). Transformational leadership is viewed as an ideal approach that gives employees more room to fully utilize competences in creative ways, looking to the future and finding new answers to old problems (Robbins & Coulter 2007).

Organizational performance depends on employee performance which is normally high when organizations achievement is higher (Shaik *et al.*, 2017). An organizations performance therefore represents the capacity of an enterprise to achieve goals that include good financial results, quality product, high profit, large market shares and survival at pre-determined time using relevant approach for action, (Surya & Sanjeev, 2016). Measures of organization performance such as return on assets signifying profitability, efficiency, growth in sales which is how well clients accept an organization's products and services, stakeholders' perspective and price cost margin, (Singh, 2003).

Human resource performance is a great contributory factor to any organizations progression since employees are the most vital asset contributing to great accomplishment of an organization's operations (Armstrong, 2012). Organizations have an obligation to perform well and hence depend on positive psychological traits such as quality dedication, organization skills, enthusiasm, expertise as well as competencies of the people working at all levels (Rotich, 2020). Competence that involves knowledge, skills, and personal traits that deliver the best results is a contributory factor to performance (Crawford, 2003). Human resource competence therefore relate to personal traits, knowledge and skills which include an individual's intelligence and problem-solving (Myrowitz & Bryon, 2017). Performance of an organization is influenced by the nature of its leadership (Rahman & Schaufeli, 2020). Scholars have argued that different leadership styles have varying effect on employee performance and that of the organization. A study by Koech and Namusonge (2012) established that different types of leadership styles have significant influence on performance in public and private enterprises. Further, Gakure *et al.* (2014) indicated that both transactional and transformational leadership styles are appropriate in driving overall performance which agrees with a study by Northouse, (2016) that a leader normally works with followers to determine the change needed which ultimately leads to highly committed employees.

Performance can also be assessed based on how an enterprise is doing in terms of level of profit, market share and product quality compared to other enterprises in the same industry. However, Rahim and Kodical (2017) concluded that there is a statistically significant association between job attitude and organization performance. It is imperative that organizations ought to concentrate on what influences job attitudes and therefore develop proper employee related motivational tools since this ultimately leads to employee and organization performance (Turkey & Kazan, 2013). Key employee performance indicators include timeliness, attention to detail, creativity and innovation, good time management, ability to perform in all key areas, consistency an initiative.

Bacha (2010) indicates that organizational performance is measured along two dimensions; operational and financial dimensions, a view which is also held by Singh (2003). Operational performance involves employee retention, product quality, efficiency, productivity, operating cost and speed of delivery. Alternatively, financial performance is evaluated based on return on investment, growth in sales and margins profit. Singh (2003) hence refers to operational performance as non-financial performance and outlines employee related factors such as timeliness on assigned tasks, customer quality service and general stakeholders' satisfaction on services offered as key indicators.

The criteria of business performance include visionary leadership, customer focus, employee development, process excellence and market leadership (Armstrong & Taylor, 2014). Performance is what is accomplished and the process used to attain the goal. Many organizations aim at earning profits after a specified period of time and to achieve these objective rules, regulations and procedures are put in place (Bacha, 2010). Through performance indicators it is possible to know whether departments are performing as per organizations expectations. Key performance indicators are mostly put in place to ascertain how employees are performing and the direction in which the organization is moving.

The many diverse performance indicators are supported by Turkey and Kazan (2013) who emphasize that different approaches have been used to measure performance and organizations may use different strategies and approaches in measuring the performance of employees. To measure performance, one has to gauge areas such as efficiency, effectiveness, relevance, financial viability, employee satisfaction and stakeholder satisfaction. These

approaches are comparative in nature (considering employees' performance with others), take an attribute approach (based on set parameters) follow a behavioral perspective (using behavioral anchored scales on job factors) as well as the quality and result approach as propagated by the balanced scorecard (Kubr,2002).

Employee performance is of great relevance to organizations since it facilitates attainment of set strategic business goals. Employees are a major asset in an organization and play a major role in its success or failure (Armstrong & Taylor, 2014). It is necessary for organizations to frequently evaluate performance of employees in order to ensure tasks undertaken in an organization are harmonized with established goals. Effective feedback on employee performance can lead to success of an organization and make them feel valued by the organization hence help in attaining set objectives (Susita *et al.*, 2010). This assessment of employee and feedback requires transformational leadership that ensure organizations strategic vision is translated to mission and to measurable objectives which are evaluated every year through performance contract, performance appraisal or other performance measures. Nongo (2015) indicates that transformational leadership is also important in ensuring employee inspiration and motivation towards work performance.

Rowold (2005) describes the Multifactor Leadership Questionnaire (MLQ) which has scales that can be used to differentiate an effective from non-effective leader. This MLQ developed by Bass and Avolio (2000) has a 360-degree leader assessment instrument that can be completed by self or a rater. Transformational leadership is measured through a scale and considers inspirational motivation, idealized attributed influence, idealized influence behavior, intellectual stimulation and individualized consideration (Careless *et al.*, 2000). As quoted by Boshoff (1998), Kejner and Lodahl (1965) developed 20 item scale to measure job involvement but were later reduced to 87 items based on the idea that job involvement is an activator of employee motivation. Based on the MLQ and using the Likert scale constructs of attitude that include job satisfaction, job involvement and organizational commitment will be measured

This study therefore identifies common features of the non-financial performance measures from the work of Singh (2003), Bacha (2010), Armstrong & Taylor (2014) and those of the Balanced score card and summarizes them into three key measures namely, financial viability, efficiency and stakeholder satisfaction. Financial viability measure is based on whether assets are greater than liabilities, growth rate of profit margin; staff pay levels compared to near competitors, surplus levels maintained by the organization, diversification levels among other measures. Measures of performance relate to efficiency that include timeliness level of service delivery, employee absenteeism and turnover rates and even levels of available and adequate information for prompt decision making. For stakeholders' satisfaction as a performance measure consideration will be on rate of customer increase or decrease, customer satisfaction levels and stakeholders' feedback on services and products offered by the organization.

### **Objective of the Study**

The objective of the study was to determine the influence of transformational leadership on performance of housing Cooperative Societies in Nairobi City County, Kenya.

### **Research Hypotheses**

#### **This study is guided by the following research hypothesis**

*H<sub>01</sub>*: There is no statistically significant relationship between transformational leadership and performance of housing Cooperative Societies in Nairobi City County, Kenya.

### **Scope of the Study**

The focus of the study was on influence of transformational leadership on performance of registered and active housing cooperative societies in Nairobi City County, Kenya. According to Kenya National Bureau of Statistics (2020), Nairobi County has the largest slum in Africa and is the most populous region with a population of 4.3 million residents or 1.4 million households. Kiambu has 2.4 million inhabitants, Nakuru 2.1 million, Kisumu 1.4 million while Mombasa has 1.19 million residents.

## **2.1 Overview of Performance**

Performance is the ability of an organization to fulfill its mission through sound management, strong governance and persistent rededication to achieve desired results (Owiti, 2014). In this competitive period performance of an organization is one of the most important aspects required for survival (Rahim & Kodical, 2017). An analysis of the meaning of performance and of employee performance from different perspectives indicate that performance depends on what stakeholders are expecting from the organization through the employee or by the organization itself (Rafique *et al.*, 2017). Employee performance relates to job-related activities expected of a worker and how well those activities are executed. Performance depends on employee performance which is normally high when organization achievement is higher (Shaik *et al.*, 2017).

Performance therefore represents the ability of an enterprise to achieve objectives such as high profit, quality product, large market share, good financial results, and survival at pre-determined time using relevant strategy for action (Koontz & Donnell, 1993). Measures of performance may be return of assets indicating profitability, efficiency, growth in sales which is how well customers accept a firm's products and services, stakeholders'

perspective and price cost margin (Singh, 2003). Performance can also be assessed based on how an enterprise is doing in terms of level of profit, market share and product quality compared to other enterprises in the same industry. However, Rahim and Kodical (2017) concluded that there is a significant relationship between job attitude and performance. It is imperative therefore that organizations ought to concentrate on what influences job attitudes and therefore develop proper employee related motivational tools since this ultimately leads to employee and organization performance (Turkey & Kazan, 2013). Key employee performance indicators include timeliness, attention to detail, creativity and innovation, good time management, ability to perform in all key areas, consistency and initiative.

Bacha (2010) indicates that performance is measured along two dimensions; operational and financial dimensions, a view which is also held by Singh (2003). Operational performance is defined in terms of employee retention, productivity, product quality, efficiency, speed of delivery and operating cost. Alternatively, financial performance is measured in terms of growth in sales, net profit and return on investment. Singh (2003) hence refers to operational performance as non-financial performance and outlines employee related factors such as timeliness on assigned tasks, customer quality service and general stakeholders' satisfaction on services offered as key indicators.

## 2.2 Overview of Transformational Leadership

Leadership is a facilitating and an inspiring factor that impacts on many dimensions relating to performance and work behavior of employees (Park *et al.*, 2017). Literature differs in defining the nature and components of transformational leadership. One such perspective provides a six-dimensional approach to transformational leadership. The dimensions include the ability of the leader to identify and articulate the vision, be a role model, advance the acceptance of group goals, set high performance and achievable expectations, provide individualized support to staff and offer intellectual stimulation (Careless & Wearing, 2000). Transformational leaders have distinguishing characteristics that include ambition, motivation, honesty, integrity, business knowledge, self-confidence and cognitive abilities which influence employee behavior in the workplace. (Calvo-Mora *et al.* 2014). This leadership style is expected to promote higher organization performance levels than that provided by other types of leadership such as the transactional leadership style (Bass & Avolio, 2000).

Transformational leaders normally have charismatic influence (Yasin, 2014). Charismatic influence is the degree to which a leader behaves in admirable ways, displays convictions and takes stands that cause followers to identify with the leader while acting as a role model for the followers (Walumba, 2005). Studies of human resource leadership and management share a common goal, that of developing better understanding on how to manage people in organizations (Leroy *et al.*, 2018). Inspirational motivation is viewed as the degree to which the leader articulates a vision that appeals to and inspires the followers with optimism about future goals, and offers meaning for the current tasks in hand (Tarcan *et al.*, 2015).

Further, intellectual stimulation is viewed as the degree to which the leader challenges assumptions, stimulates and encourages creativity in the followers by providing a framework for followers to see how they connect to the leader, organization and its goal and to each other (Warrilow, 2012). This enables followers to creatively overcome any obstacles in the way of the mission (Esch *et al.*, 2016). Personal and individual attention is viewed as the level to which the leader attends to each individual follower's needs, acts as a mentor or coach and gives respect and appreciation of the individual's contribution to the team. This stimulation fulfils and enhances each individual team members' need for self-fulfillment and self-worth and in so doing inspires followers to further achievement and growth. (Leroy *et al.*, 2018). Intellectual stimulation is a dimension of transformational leadership and propels leaders to take initiative hence leading to task accomplishment and achievement during changing environment (Yasin, 2014). Further professionals with human resource competencies are able to stimulate and help organizations towards implementing competently their business strategies in a competitive market structure, (Hyejung, 2013)

## 2.3 Empirical Review

In this section, a review, discussion, analysis and critique of the empirical studies that have previously been conducted on transformational leadership and performance is provided. Gaps are identified and a proposition made on leadership process and results to inform the current study.

### 2.3.1 Transformational Leadership and Performance

Tarcan *et al.* (2015) conducted a study on examining transformational leadership, organizational commitment and organizational trust in Turkish hospitals where public servants' views were also compared with private sector view. The findings were that organization trust has a significant effect on overall organizational commitment as well as its three dimensions of transformational leadership, job satisfaction and organizational trust on overall commitment for both public and private sector employees. To gain commitment, organizations ought to develop strategies of ensuring employees have job satisfaction and also design ways of ensuring stakeholders develop deep trust for the organization. This study however utilizes only one construct

organizational commitment of job-related attitudes compared to the three constructs of job satisfaction, job involvement and organizational commitment a gap comprehensively address by this study.

In a study by Ullah (2013) on the role of leadership on organizations' performance at the D&R Cambric Communication in the United Kingdom., the results were that there is strong impact of the leadership role on organizational performance. The cordial relationship between the management and employees of the company was one of the major reasons for the company's success. Leadership behaviors were also found to be important factors that influence growth of the companies in the service sectors. An appropriate leadership style that exhibits positive leadership behaviors ensures good relationship with employees' hence overall organization productivity. The current study identifies transformational leadership and respondents are people in management position in a local scenario that presents easier applicability of the findings due to similarity in the social and economic environmentof.

A study by Okwu *et al.* (2011) examined application of transformational leadership and performance in Nigeria's small and medium enterprises. The conclusions were that transformational leadership traits such as charisma, intellectual stimulation and inspirational motivation were not strong in explaining performance. Transactional leadership that encompassed constructive rewards and management by exception had a positive and significant effect on followers and performance. The study indicated that transactional leadership was appropriate as compared to transformational leadership. Wang *et al.* (2010) in exploring the effects of the interaction of leadership styles and the human resource management strategy on organizational performance emphasized that charismatic, transformational and visionary leadership styles are positively related to organizational performance and that the development, motivation and transfer strategy of the human resource strategy are positively related to the leadership style. The study also established that the interaction of the leadership styles and the human resource management strategy significantly contributes to organizational performance. These findings are also supported by Saasongu (2015); Mwamunye et al., (2012); (Koech and Namusonge (2012) and also Okwu *et al.* (2015).

In Nigeria, Nongo (2015) sought to determine the effect of leadership Style specifically transformational and transactional on organizational performance in Small and Medium Scale enterprises. The results showed that transformational leadership style exerts a positive but insignificant effect on employee performance while transactional leadership style has a positive significant effect on employee performance. It is concluded that transactional leadership style is more appropriate in inducing performance in small scale enterprises in Makurdi metropolis than transformational leadership style. This study emphasizes that transformational leadership is appropriate for small and medium enterprises although in some circumstances it may have a fair insignificant effect. This is in agreement with contingency theory that emphasizes that there is no single best way of leading or managing an organization but it all depends on the situation.

Lang and Novy (2014) conducted a study on cooperative housing and social cohesion. It was evident that cooperatives provide a link between residents and urban housing policies. This study in Vienna of large scale households through survey and interview provided evidence of link between stakeholders and political decision makers. The findings contradicted the democratic model of governance and indicated policy was top-down and that it structurally limited room for participatory practices among all stakeholders. However, cooperatives provide social capital, help in providing strong social bonds and are expected to provide a participatory approach in managing the jointly owned enterprises.

## 2.4 Theoretical Review

The theoretical review involves contingency theory and transformational leadership model.

### 2.4.1 Transformational Leadership Model

The concept of transformational leadership started with James V. Downton in 1973 and was expanded by James Burns in 1978. A researcher Benard M. Bass (1995) later expanded the concept to include ways of measuring the success of transformational leadership.

Transformational leadership is defined in terms of the leaders' effect on followers, in the way they feel, trust, respect and are motivated towards attaining desired performance goals (Rundani & Ramesh, 2011). Burns (1978) defined transformational leadership as occurring when one or more persons engage with others in such a way that leaders and followers raise one another to higher levels of motivation and morality. This type of leadership involves a strong personal identification where followers join in a shared vision of the future thus leader going beyond self-interest and pursuit of personal rewards. The transformational leader encourages and motivates followers, raises moral standards, fosters ethical environment, maintains open communication and provides coaching and mentoring while still allowing employees to make decisions and take ownership of tasks (Ullah, 2013).

Leithwood (1999) conceptualizes transformational leadership model along eight dimensions namely; building a vision; establishing goals; providing intellectual stimulation; offering individualized support; modeling best practices, important organizational values; demonstrating high performance expectations; creating

a productive culture; and developing structures to foster participation in organizational decisions. Bush (2003) indicates that transformational leadership model assumes that the central focus of leadership ought to be on the commitment and capacities of organizational members, higher levels of personal commitment to organizational goals and greater capacities for accomplishing those goals. This if adhered to is assumed to result in extra effort and greater organizational performance. Roshari and Krishna (2013) indicates that many transformational leaders manage to succeed in gaining commitment of followers to such a degree that higher levels of accomplishment become virtually a moral imperative.

Transformational leadership consists of four interrelated dimensions: charisma, inspiration, individualized consideration, and intellectual stimulation (Bass, 1998). A transformational leadership approach has the potential to engage all employees and customers in the achievement of organizational objectives. The aim of transformational leaders and followers is to engage one another in a way that they raise one another to higher levels of motivation and performance (Walumbwa, 2005). To many cooperative organizations it's imperative that members and management share a vision of the future and raise themselves to higher levels of motivation and morality that necessitate performance beyond expectations (Silas, 2011).

The transformational model is comprehensive in that it provides a normative approach to cooperative society's leadership which focuses primarily on the process by which leaders seek to influence cooperatives outcomes rather than on the nature or direction of those outcomes (Tarcan *et al.*, 2015). However, transformational leadership model may also be criticized as being a vehicle for control over cooperative members and employees and more likely to be accepted by the leader than the led (Chirichello, 1999). Further Allix (2000) alleges that transformational leadership raises serious doubts about its appropriateness for democratic organizations (Okwu *et al.* 2011). In many circumstances politicians and bureaucrats are inclined to use the language of 'transformation' to achieve their own policy objectives without much consideration to people's needs.

Transformational leaders are likely to create human resource practices that are aligned with the strategic goals of the business. These practices include staffing, training that raises human resource competencies, performance appraisal, and compensation systems that aim at motivating through encouraging good job attitude and empowering employees (Rundani & Ramesh, 2011). In the process of creating strategically aligned human resource practices, transformational leaders tend to listen attentively and pay attention to followers' individual needs for achievement and growth (individualized consideration) and hence try to satisfy these needs. This is accomplished by applying leadership competences relating to attributes of transformational leadership: such as displaying empathy, dramatizing the mission, projecting self-assurance, enhancing the leader's image, assuring followers of their competency, providing followers with opportunities to experience success (Myeong & Dong, 2015).

Transformational leadership style concentrates on raising human resource competencies and development needs of followers (Lerot *et al.*, 2015). Managers with transformational leadership style concentrate on the growth and development of value system of employees, their inspirational level and moralities with the preamble of their abilities. According to Bass (2009) the aim of transformational leadership is to transform people and organizations, to alter them in the mind and heart, enlarge vision, insight and understanding, clarify reasons, make behavior congruent with values, concepts and bring about change which is permanent, self-perpetuating and momentum building.

However, transformational leadership may be criticized as being a vehicle for control over cooperative members and employees and more likely to be accepted by the leader than the led (Chirichello, 1999). Further, Allix (2000) alleges that transformational leadership has the potential to become 'despotic' because of its strong, heroic and charismatic features. Transformational leadership makes use of impression management and this leads to self-promotion by the leaders. This emerging theory is difficult to be taught using e-learning due to its practical orientation and in that it contains a combination of many leadership theories. Despite this conclusion, researchers such as Tarcan *et al.* (2015); Nongo, (2015); Koech and Namusonge, (2012) agree that transformational leadership style has a significant positive effect on organization performance since it incorporates positive behavior of some other leadership styles.

#### **2.4.2 Contingency Theory**

Contingency theory of leadership was proposed by an Austrian psychologist Fred Edward Fieldler in 1964. Its proposition is that performance is a consequence of the fit between factors such as structure, people, technology, strategy and culture. This theory emphasizes on importance of both the leader's personality and the situation in which the leader operates. There is no one best way of organizing or leading and most effective leadership style is contingent upon various internal and external circumstances. These constraints may be the size of the organization, resources and operational activities, managerial assumptions about employees, organization strategies or even technology used. Contingency theory also referred to as best fit human resource management is a strategy for success that relies on combining external fit and internal fit.

Armstrong (2014) explains that there are no universal prescriptions of human resource policies and practices. A human resource practice is effective when appropriately integrated with specific organizational and

environmental context (Loshali & Krishna, 2013). The best fit theory emphasizes the importance of ensuring that human resource strategies are appropriate to the circumstances of the organization. The human resource practices and strategies ought to fit to both individual and organizational needs. Emphasis is that organizations are more efficient and effective when they achieve a fit relative to when the fit does not exist (Legge, 2005).

An organization with bundles of human resource practices should have a high level of performance, provided it also achieves high levels of fit with competitive strategy (Richard & Thomson, 1999). The assumption underlying contingent theory is that no single type of organization solution is applicable in all situations implying that there is no universal solution. Organization's effectiveness depends on a fit of two prevailing factors (Leroy *et al.*, 2018).

Emphasis in contingency theory is that if the organization is to be effective it must adapt to its characterization of its organizational contexts. Explanations on any supervisory management style therefore depend on contingent factors such as technology, culture and the external environment (Hui *et al.*, 2012). Situational theory to leadership suggests to the leader what to do at different times in an organization's growth history. According to contingency theory a one-size-fits-all approach is inappropriate, as effectiveness of the human resource practices is dependent on the context in which they are applied. Contingency decisions relating to human resource management occur based on external or internal fit. External fit also referred to as vertical alignment, requires that human resource management practices of the organization must match the organization strategy or environmental conditions faced by the organization. A failure to achieve this fit context and human resource practice will ultimately lead to sub-optimal performance.

The main emphasis in human resource management is on best fit or matching models where human resource management practices are required to be consistent with a firm's organization strategy. This involves matching human resource competencies to the growth stage of the organization's life cycle (Armstrong, 2012). Through transformational leadership human resources with right competencies are strategically identified, recruited, motivated to have the right job attitudes which ultimately leads to better organization performance (Berry & Mobeng, 2007). Organization leadership and employees ought to exhibit internal fit also referred to as horizontal alignment so that they work together to communicate the same message and deliver the desired outcome that satisfies all stakeholders (Rahmani & Schaufeli, 2020).

Therefore, in line with contingent theory there is no universal way to organize an organization or make decisions; the optimal course of action is contingent to the right situation. Leaders' ought to adopt a leadership style that favors an existing situation. A contingent leader effectively applies their own style of leadership to the right situation and this implies flexibility when making decisions (Long & Novy, 2014). The design of an organization and its subsystems must fit with the environment if enhanced performance is to be attained. Human resource practices such as enhancing employee competencies must be consistent with other aspects of the organization. Performance of the organization is improved when there is right compatibility between business strategy and organizational leadership (Kidombo, 2021).

Contingency theory experiences difficulty in explaining interconnectedness of all variables to internal and external organizational factors (Myeong & Dong, 2015). Managers and employees require policies, rules, guidelines and procedures since they are of different personalities and drive and cannot be left to make decisions based on personal environmental and business interpretations. From a wider perspective contingency theory lacks clear concepts in which its interrelationships may be scrutinized. This orienting strategy does not provide tangible methods of how to deal with any organizational phenomenon. However specific internal and external environmental factors such as competences of employees, leadership styles, job-attitudes, level of organizational commitment all influence performance of employees and ultimately performance of the organization (Turkey & Kazan, 2014). However, resource-based theory is a good approach to management of organizations and there is need to incorporate environmental uncertainty in its proposition

### **3.1 Location of the Study**

The study was conducted in Nairobi City County the capital city of Kenya. Nairobi was identified since it has the highest concentration of all types of co-operatives and is the residence of the apex co-operative the Co-operative Alliance of Kenya (CAK), National Co-operative Housing Union (NACHU), while other national co-operative unions are also located in this County (Ochieku & Ragui, 2017).

### **3.2 Research Design**

The study adopted cross sectional descriptive research design. Orodho (2004) indicate that survey research design provides a quick and accurate means of accessing information on a population at a single point in time. A descriptive survey collects data to make inferences about a population of interest and has been described as snapshots of the populations from which researchers gather data (Owen, 2002). A survey assists in establishing whether significant relationship or association between variables exists at one point in time depending on resources available and target population (Bryman & Bell, 2011).

### 3.3 Population of the Study

The target population was active housing cooperative societies operating in Nairobi City County Kenya as registered by the commissioner for co-operative development (CAP 490, 2004). However, every housing cooperative society that has operated less than a year and with no current audited accounts was excluded from this study since they do not fit in the operational definition of an active housing cooperative society. Best and Khan (2004) view the population for a study as a group of individuals that have one or more characteristics in common and that are of interest to the researcher. Accordingly, the Nairobi County Cooperative report 2017 had 418 active housing co-operative societies. A census of all the 418 active housing cooperatives form the unit of analysis for the study.

### 3.4 Research Instrument

The study utilized a structured questionnaire with open and close ended questions which was distributed to respondents in housing co-operative societies in Nairobi City County. The respondents were administrative managers or equivalent persons working for specific housing cooperative societies. Onen and Oso (2009) indicate that a questionnaire is appropriate for a large literate population and especially if the information needed can be described in writing.

### 3.5 Data Analysis

Data analysis involved descriptive and inferential statistics. Descriptive statistics involved computation of mean, standard deviation and coefficient of variation for the purpose of summarizing and describing basic trends of the research variables and their indicators. Pearson product moment correlation coefficient was used to determine the nature and strength of the correlation between the study variables. Co-efficient of determination ( $R^2$ ) was used to show the percentage of variation in performance explained by independent variables in the model of study. Regression analysis adopted was used to estimate regression co-efficient and to determine prediction levels of research models. Multiple regression analysis was considered crucial in determining the nature and magnitude of the relationship of each independent variable to dependent variable of study.

#### Transformational Leadership and Performance

The regression model considered for this relation is stipulated as follows;

$$Y = \beta_0 + \beta_1 X_1 + e_i$$

Where  $Y$ = Performance of HCS;  $X_1$ =Transformational Leadership,  $\beta_0$ =Constants.

$\beta_1$ =regression coefficients;  $e_i$  =random error term

### 3.6 Test of Hypothesis

To test the study hypothesis different tests were used as described in Table 1.

Table 1: Test of Hypothesis

Objective	Hypothesis	Analytical Method	Interpretation
To determine the influence of transformational leadership on performance of housing Cooperative Societies in Nairobi County, Kenya.	$H_{01}$ : There is no statistically significant relationship between transformational leadership and performance of housing Cooperative Societies in Nairobi County, Kenya	Simple regression analysis $Y = \beta_0 + \beta_1 X_1 + e_i$ Where $Y$ = Performance of HCS; $X_1$ =Transformation Leadership, $\beta_0$ =Constants. $\beta_1$ =regression coefficients; $e_i$ =random error term	<ul style="list-style-type: none"> <li>• The value of <math>R^2</math></li> <li>• F-test (ANOVA)</li> <li>• t-Test</li> <li>• Correlation coefficient</li> </ul>

### 4.1 Response Rate

Collected data was through questionnaires administered to administrative assistants or equivalent persons working in the housing cooperative societies in Nairobi City County. The study received a total of 354 questionnaires which were fully completed. The sample response rate was 85%. Rogelburg and Stanton (2007) indicate that any response of above 50% at individual level is considered appropriate for studies that apply survey design.

### 4.2 Performance of Housing Cooperative Societies.

To measure performance each housing cooperative society respondent in this study was asked to evaluate firm performance relative to its major competitors with respect to the following four dimensions; financial viability, efficiency and stakeholders' satisfaction. Responses were made on a five-point likert type scale ranging from 1 = Strongly Disagree, to 5 = strongly agree.

#### 4.2.1 Financial Viability

Financial viability ensures that the housing cooperative society continues to perform well in the short and the long term. To persist in a highly competitive environment, housing cooperative societies constantly check their financial inflow which must be greater than outflows, ensure sufficient source of funding and financial surplus. The researcher sought information on financial viability and results are displayed in Table 2.

Table 2: Descriptive Analysis of Financial Viability

Measures of Financial Viability	Freq	Mean	SD	CV	D	N	A
Our assets are greater than liabilities	354	4.06	.696	0.172	2.5%	13.6%	83.9%
Our cooperative society consistently has more revenue than liabilities	354	3.50	.713	0.203	5.9%	44.1%	50.0%
Firm net profit have been improving over the years	354	3.40	.741	0.218	5.9%	51.7%	42.4%
Employees in this organization are among the best paid in the industry	354	2.67	1.103	0.414	46.3%	26.3%	27.4%
Our cooperative society keeps reasonable surplus of money to use during difficult time	354	3.55	.723	0.204	5.9%	40.7%	53.4%
Our cooperative society monitors finances on a regular basis	354	4.08	.542	0.133	0.0%	11.0%	89.0%
Our cooperative society diversifies levels of funding sources	354	4.05	.773	0.191	4.2%	14.4%	81.4%
Mean score		3.62	0.76	0.22	10.1%	28.8%	61.1%

\*% Disagree (D)=mean (SD, D); % Agree(A)=mean (SA, A); % Neutral(N)

Source: Primary data, (2022)

The results in Table 2 show that 83.9% of the respondents agreed that organization assets are greater than liabilities in housing cooperative societies. This implies that housing cooperative societies are financially viable on the basis of this study. However, 46.3% of the respondents felt that employees in these cooperatives are not among the best paid in the industry. This suggests that remuneration of employees in this sector need to be addressed in order to enhance performance in the organization. In general, 61.1% of the respondents agreed that housing cooperative societies are financially viable thus guaranteeing their members sustainability of the cooperative society, hence sufficient benefits to their members and stakeholders. For a mean score of 3.62 indicate that the respondent agreed with the measures of financial viability considered in this study. These findings are in agreement with a study by Onchieku and Ragui (2019) who noted that housing cooperatives normally pursue adaptability in turbulent economic environment conditions and portray financial flexibility, operational flexibility and resource allocation flexibility to enhance their performance.

#### 4.2.2 Efficiency

Efficiency is not just a measure of performance but also the ability to source for needed inputs, process, satisfy stakeholders and produce the required quality and quantity outputs. An efficient housing cooperative society provides good value for money to customers in both quantitative and quantitative terms. An efficient organization must provide exceptional services within an appropriate cost structure (Lasthaus *et al.* 1999). Table 3 summarizes the study findings.

Table 3: Descriptive Analysis of Efficiency

Measure of Efficiency in HCS	Freq	Mean	SD	CV	D	N	A
The organization makes optimal use of financial resources	354	4.38	.677	0.155	0.8%	8.5%	90.7%
Employee's absenteeism and turnover rates are monitored	354	4.57	.512	0.112	0.0%	0.8%	99.2%
Cooperative benchmark comparisons are made on the progress achieved	354	4.41	.707	0.160	0.0%	12.7%	87.3%
Timeliness of service delivery is monitored	354	4.48	.580	0.129	0.0%	4.2%	95.8%
Adequate reliable information exists for decision making	354	4.22	.808	0.191	1.7%	18.6%	79.7%
Mean Score		4.4.1	0.522	0.028	0.5%	9.0%	90.5%

\*% Disagree (D)=mean (SD, D); % Agree(A)=mean (SA, A); % Neutral(N)

Source: Primary data, (2022)

The results in Table 3 show that 99.2% of the respondents reported that employee's absenteeism and turnover rates are monitored in housing cooperative societies. This is crucial in management, operations and service delivery of housing cooperative societies to the members and stakeholders in the sector. In general, 90.5% of the respondents agreed that housing cooperative societies are efficient in-service delivery to members,

and stakeholders. This is crucial since efficiency ensures an organization is able to attract, retain and develop competent employees. The study findings echo assertion by Gyan *et al.* (2017) who noted that efficiency is a factor in enhancing performance of an organization such as housing cooperative societies.

#### 4.2.3 Stakeholders Satisfaction

Stakeholders' satisfaction involves ensuring that persons who interact with housing cooperative society are satisfied by the efficient and effective services as well as products provided by this entity. The results on stakeholder satisfaction levels are provided in Table 4.

Table 4: Descriptive Analysis of Stakeholder Satisfaction

Measure of Stakeholder Satisfaction in HCS	Freq	Mean	SD	CV	D	N	A
The level of loyal customers has increased over the last three years	354	3.69	.791	0.214	2.5%	43.2%	54.2%
Customers are happy with our products and services	354	4.14	.627	0.151	1.7%	8.5%	89.8%
Minimal complaints hardly received about our service offered	354	3.42	.900	0.263	15.3%	37.3%	47.5%
The number of projects undertaken by the organization have increased in the last three years	354	3.85	.732	0.190	3.4%	24.6%	72.0%
Loyal customers have patronized products and services for over the last three years	354	4.29	.601	0.140	0.8%	5.1%	94.1%
<b>Mean Score</b>		<b>3.88</b>	<b>0.73</b>	<b>0.19</b>	<b>4.7%</b>	<b>23.7%</b>	<b>71.5%</b>

\*%Disagree (D)=mean (SD, D); %Agree(A)=mean (SA, A); %Neutral(N)

Source: Primary data, (2022)

The results in Table 4 shows that 94.1% of the respondents reported that loyal customers have patronized products and services for over the last three years in the housing cooperative societies. This is important for the organization growth and increase of returns of the members of the housing cooperative societies. In addition, 43.2% of the respondents were undecided on the level that loyal customers have increased over the last three years. This implies that growth level in the housing cooperative societies in the last three years in not encouraging. This could have been attributed by global crisis of Covid 19 that affected many economic sectors which are interlinked with housing cooperative societies. Tangthong (2020) in a study on effects of COVID-19 on the labour market and hence organizational performance explained that domestic lockdowns disrupted the world of working where economic sectors reported low economic output with disruption of work for millions of workers.

In conclusion, majority of the respondents (71.5%) were in agreement that stakeholders' satisfaction is crucial in the management of housing cooperative societies. In this regard stakeholders' satisfaction is a key pillar in assessing performance of housing cooperative in Nairobi City County Kenya. Tarcan *et al.* (2015) supports that stakeholder's play a great role since organization trust has significant effect on overall commitment of both the private and public sector employees. To gain commitment, organizations are expected to develop strategies that ensure all stakeholders gain trust in its provision of products and services.

#### 4.2.4 Summary of Performance of Housing Cooperative Societies

Organizations set goals, formulate, implement and monitor plans and strategies to improve performance. Table 5 presents descriptive statistics for each of the indicator of performance and performance variable measured by a like type scale and one sample t- test with a theoretical value of Zero to evaluate the indicator and variable varied from one type to another.

Table 5: Descriptive Statistics of Performances Indicators

Dimensions	N	Mean score	Std. Deviation	Std. Error Mean	Error T	Sig. (2-tailed)(p-value)
Financial Viability	354	3.615	0.468	0.025	144.799	0.000
Efficiency	354	4.412	0.522	0.028	158.365	0.000
Stakeholder Satisfaction	354	3.879	0.476	0.025	152.537	0.000
<b>Performance</b>	<b>354</b>	<b>3.969</b>	<b>0.367</b>	<b>0.020</b>	<b>202.759</b>	<b>0.000</b>

**NB:** t-test for equality of means: test value =0 (Ho: there is no difference expected between the means, at  $\alpha=5\%$ , 2-tailed); reject  $H_0$  if  $p\text{-value} \leq 5\%$ , otherwise fail to reject  $H_0$  if  $p > 5\%$

Source: Primary data, (2022)

The findings presented in Table 5 indicates that efficiency indicator of performance had the highest mean score at 4.412 and SE=4.028. This was followed by stakeholders' satisfaction with a mean score of 3.879 and SE=0.025. The results of one sample t-test with a theoretical value of zero (no significant difference expected in the mean score) presented in Table 5 established that the mean score measures differed significantly on performance across all housing cooperative societies. For efficiency, the measure of performance had the highest difference (t-value=158.65, P-value= 0.000<0.005). Performance of housing cooperative societies also showed significant difference in stakeholders' satisfaction (t=value-152.537, P-value=0.000<0.05). Therefore, all the measures used in the study show that significant differences existed across indicators of performance and performance itself in the housing cooperative societies.

### 4.3. Influence of Transformational Leadership on Performance

Transformational leadership involves a leadership approach that contributes to presenting a justifiable organization vision and mission by intrinsically motivating and influencing workers to work towards ideas. Also, through transformational leadership, it's possible to develop association with the employees and assist them to exert their potential positively leading to better outcomes of themselves and the organization. The respondents were asked to indicate the extent to which they agree with several indicators of transformational leadership in influencing performance of housing cooperative societies. Data was analyzed with the use of descriptive statistics. The pertinent results are displayed in Table 6 to 10.

#### 4.3.1 Charismatic Leadership

Charismatic influence is the degree to which individuals behave in admirable ways, display convictions and take stands that cause followers to identify with the leader who has a clear set of values and acts as a role model to the followers. Studies of human resource leadership and management share a common goal, that of developing better understanding on how to manage people in organizations (Leroy *et al.*, 2018). The pertinent results are displayed in Table 6.

The results in Table 6 reveal that 98.3% agree that housing cooperative societies embrace effective team leadership. This is attributed to the democratic nature recommended for managing cooperatives as stipulated in application of the principle of democratic member control where business activities are democratically managed by all members (Manyara, 2006). A study by Lang and Novy (2014) and Okwu *et al.* (2011) contradicted these findings and proposes that this dominant model of governance where government policy is cascaded to cooperative organizations is top-down and has structurally limited room for participatory practices in cooperative housing policy. However, studies by Tarcan *et al.* (2015), Ullah (2013) and Wang (2010) supported the findings in that leadership role and behaviours significantly influences performance of organizations. Further, 0.08% of the respondents disagreed that housing cooperative societies instil higher level of commitment among organization members. Although the percentage is low all voices of a democratic engagement ought to be consulted and high levels of commitment instilled among all organization members. This study shows that housing cooperative societies have a general agreement that charismatic influence is a critical aspect of transformational leadership. This perspective was also supported by 94.2% of the respondents in this study.

Table 6: Descriptive Analysis of Charismatic Influence

Charismatic Influence statements	Freq	Mean	SD	CV	D	N	A
The organization embraces effective team leadership	354	4.72	.520	0.110	0.8%	0.8%	98.3%
Communication on organization issues is effective	354	4.53	.634	0.140	1.7%	2.5%	95.8%
Employees are given opportunity to experience success in task performance	354	4.52	.674	0.149	0.8%	7.6%	91.5%
Employee are inspired towards higher levels of performance	354	4.53	.648	0.143	1.7%	3.4%	94.9%
Higher levels of commitment are instilled among organization members	354	4.44	.684	0.154	0.8%	8.5%	90.7%
Stakeholders are consulted before any major organization decision.	354	4.47	.634	0.142	0.0%	7.6%	92.4%
All persons are treated fairly in all organization dealings	354	4.59	.572	0.124	0.0%	4.2%	95.8%
Mean score	354	4.54	.624	0.138	0.8%	4.9%	94.2%

\*%Disagree(D)=mean (SD, D); %Agree(A)=mean (SA, A); %Neutral(N)

Source: Primary data, (2022)

#### 4.3.2. Inspiration Motivation

Inspirational motivation is the degree to which the leader articulates a vision that appeals to and inspires the followers with optimism about future goals, and offers meaning for the current tasks at hand. The study considered inspiration motivation as another aspect of transformation leadership and findings are displayed in Table 16.

Table 7: Descriptive Analysis of Inspiration Motivation

Inspiration Motivation Statements	Freq	Mean	SD	CV	D	N	A
Employees are normally trained and mentored	354	4.33	.665	0.154	0.8%	8.5%	90.7%
Clear guidelines on work roles are provided	354	4.37	.550	0.126	0.0%	3.4%	96.6%
Organization instills a sense of pride among employees	354	4.36	.647	0.148	0.8%	6.8%	92.4%
Good interpersonal relationships exist across all organization levels	354	4.35	.719	0.165	1.7%	6.8%	91.5%
Mean score	354	4.35	.645	0.148	0.8%	6.4%	92.8%

\*%Disagree(D)=mean (SD, D); %Agree(A)=mean (SA, A); %Neutral(N)

Source: Primary data, (2022)

The results in Table 7 show that 92.8% of the respondents agreed that inspiration motivation is key in transformational leadership of housing cooperative societies while 0.8 % were in disagreement on the same. Furthermore, it was clear that 96.6% agreed that clear guidance on work roles is provided as an aspect of inspirational motivation. These findings are in agreement with the study by Nongo (2015) who argued that transformational and transactional leadership have a significant role in inspiring employees towards better performance and hence overall organization performance. Also, these findings are in line with a study by Mwamunye *et al.* (2012) in that staff motivation, supervision and work attendance levels have a positive significant effect on performance.

#### 4.3.3 Intellectual Stimulation

Intellectual stimulation is viewed as the degree to which the leader challenges assumptions, stimulates and encourages creativity in the followers by providing a framework for followers to see how they connect to the leader, organization's goal and to each other. Intellectual stimulation enables followers to creatively overcome any obstacles in the way of the mission (Esch *et al.*, 2016). Table 8 displays the results on intellectual stimulation.

Table 8: Descriptive Analysis of Intellectual Stimulation

Intellectual Stimulation Statements	Freq	Mean	SD	CV	D	N	A
Organization leaders are good oratory communicators	354	4.11	.712	0.173	1.7%	12.7%	85.6%
Employees are free to oppose what they think is unfair dealing in the organization	354	3.93	.790	0.201	2.5%	24.6%	72.9%
Good human relations exist in the organization	354	4.26	.644	0.151	0.0%	11.0%	89.0%
Innovativeness and creativity are encouraged in the organization	354	4.38	.624	0.142	0.8%	5.1%	94.1%
Teamwork is encouraged in the organization	354	4.47	.579	0.129	0.0%	4.2%	95.8%
Mean Score	354	4.23	.670	0.159	1.0%	11.5%	87.5%

\*%Disagree(D)=mean (SD, D); %Agree(A)=mean (SA, A); %Neutral(N)

Source: Primary data, (2022)

Table 8 shows that majority of the respondents (87.5%) were in agreement that intellectual stimulation is a critical aspect of transformational leadership of housing cooperative societies. Intellectual stimulation is the ability of the leader to instill enthusiasm towards innovation and creativity, critical thinking and problem solving among employees and other stakeholders. It was found that 95.8 % (mean=4.23, SD=0.473, CV=0.112) of the respondent's belief that teamwork is encouraged in housing cooperative societies. This is important for effective performance of cooperative societies in Kenya. Yasin *et al.* (2014) supports the findings of this study in that intellectual stimulation may be used as a tool of achieving improved performance in organizations. The dimension of transformational leadership style encourages employees to be innovative, a stimulation that is positively linked to organizational performance.

#### 4.3.4 Individual Attention

Personal and individual attention is viewed as the level to which the leader attends to each individual follower's needs, acts as a mentor or coach and gives respect and appreciation of the individual's contribution to the team. This stimulation fulfils and enhances each individual team members' need for self- fulfillment and self-worth and in so doing inspires followers to further achievement and growth. (Hyejung *et al* 2013). The dimension of individual attention on performance of housing cooperative societies is depicted in Table 9.

Table 9: Descriptive Analysis of Individual Attention

Individual Attention Statements	Freq	Mean	SD	CV	D	N	A
Performance appraisal results are discussed with employees	354	4.38	.676	0.154	1.7%	5.9%	92.4%
Training and development is encouraged in the organization	354	4.31	.632	0.147	0.8%	4.2%	94.9%
Rewards for good performance are provided to high achievers	354	4.28	.650	0.152	0.8%	8.5%	90.7%
Employee promotion is based on merit	354	4.31	.684	0.159	0.8%	10.2%	89.0%
Delegation of work duties by management occurs in the organization	354	4.50	.579	0.129	0.0%	4.2%	95.8%
Mean Score	354	4.35	.644	0.148	0.8%	6.6%	92.6%

\*%Disagree(D)=mean (SD,D); %Agree(A)=mean(SA,A); % Neutral(N)

Source: Primary data, (2022)

Table 9 shows that majority of the respondents (92.6%) agreed that individual attention is an integral part of transformational leadership in the management of housing cooperative societies in Kenya. It's clear that 95.8% of the respondent's belief that delegation of work duties by management demonstrates transformational leadership for effective management of cooperative societies. This implies that successful transformational leadership, delegation of work duties, employee promotion on merit basis, reward for good performance, training and development of employees and discussion of performance appraisal results are all geared towards transformational leadership of housing cooperative societies. These findings are supported by Leroy *et al.* (2018) that personal and individual attention enhances self-fulfillment and self-worth which enables individuals to creatively overcome obstacles thus inspiring followers to further achievement and growth.

#### 4.3.5 Summary of Transformation Leadership Indicators

Table 10 presents descriptive statistics for each of the indicator of transformational Leadership and transformational Leadership variable measured by a likert type scale and one sample t- test with a theoretical value of Zero to evaluate the indicator and variable varied from one type to another.

Table 10: Descriptive Statistics of Transformational Leadership Indicators

	N	Mean score	S. D	S. E	t	Sig. (2-tailed) (p-value)
Charismatic Influence	354	4.544	0.439	0.023	194.613	0.000
Inspirational Motivation	354	4.354	0.499	0.027	164.185	0.000
Intellectual Stimulation	354	4.232	0.473	0.025	168.373	0.000
Individual Attention	354	4.354	0.494	0.026	165.961	0.000
Transformational Leadership	354	4.371	0.386	0.021	213.023	0.000

NB: t-test for equality of means: test value =0 (Ho: there is no difference expected between the means, at  $\alpha=5\%$ , 2-tailed); reject  $H_0$  if p-value  $\leq 5\%$ , otherwise fail to reject  $H_0$  If  $p > 5\%$

Source: Primary data, (2022)

The findings presented in Table 10 indicates that charismatic influence indicator of transformational leadership had the highest mean score at 4.544 and S. E=0.023. This was followed by inspirational motivation and individual attention with a common mean score of 4.354 and S.E=0.027 and 0.026 respectively. The results of one sample t-test with a theoretical value of zero (no significant difference expected in the mean score) presented in Table 10 established that the mean score measures differed significantly on transformational leadership across all housing cooperative societies. For charismatic Influence the measure of transformational leadership had the highest difference (t-value=194.613, p-value= 0.000<0.05). Therefore, for all the measures used in the study, significant differences existed across indicators of transformational leadership and transformational leadership itself in housing cooperative societies.

The results in Table 11 indicate that transformational leadership requires the aspects of individual attention, intellectual stimulation, inspirational motivation and charismatic influence in a cooperative society set-up. Warrilow (2014) supports the idea that successful transformational leaders portray charismatic influence, inspirational motivation, intellectual stimulation and individual attention. However, in a study by Tarken *et al.* (2015) it was evidenced that effectiveness of leaders depends on environmental factors, whether working in a private sector or a public sector. To gain more commitment organizations ought to develop strategies of ensuring job satisfaction and of gaining trust from all stakeholders.

#### 4.3.6 Correlation of Transformational Leadership and Performance

The first objective of the study sought to determine the influence of transformational leadership on performance of housing cooperative societies in Nairobi City County Kenya. In order to assess the relationship between

transformational leadership and performance, a correlation analysis was carried out and the findings presented in Table 20.

The results of Pearsons product moment correlation analysis as presented in Table 20 show varied degree of interrelationships. Transformational leadership and performance were statistically correlated Pearson correlation= 0,494. p-Value = 0.00 < 5% significance level. This implies that there exists a positive moderate relationship between transformational leadership and performance of housing cooperative societies in Nairobi City County, Kenya. These findings are in line with a study by Onchieku and Ragui (2019) who emphasized that there was a growing concern on the level of leadership since some organizations fail to appoint leaders who possess enough experience to steer them towards better performance. Ullah. (2013) also supports this study and argued that leadership behavior contributes greatly towards good relations with employees and on growth of an organization.

Table12: Correlation of Transformational Leadership and Performance

		Performance	Charismatic Influence	Inspirational Motivation	Intellectual Stimulation	Individual Attention	Transformational Leadership
Performance	Pearson Correlation	1					
	Sig. (2-tailed)						
	N	351					
Charismatic Influence	Pearson Correlation	.479**	1				
	Sig. (2-tailed)	.000					
	N	351	354				
Inspirational Motivation	Pearson Correlation	.397**	.641**	1			
	Sig. (2-tailed)	.000	.000				
	N	351	354	354			
Intellectual Stimulation	Pearson Correlation	.343**	.529**	.587**	1		
	Sig. (2-tailed)	.000	.000	.000			
	N	351	354	354	354		
Individual Attention	Pearson Correlation	.393**	.496**	.520**	.485**	1	
	Sig. (2-tailed)	.000	.000	.000	.000		
	N	351	354	354	354	354	
Transformational Leadership	Pearson Correlation	.494**	.812**	.851**	.802**	.777**	1
	Sig. (2-tailed)	.000	.000	.000	.000	.000	
	N	351	354	354	354	354	354

\*\* Correlation is significant at the 0.01 level (2-tailed).

Source: Primary data, (2022)

#### 4.3.7 Simple Regression: Charismatic Influence, Inspirational Motivation, Intellectual stimulation and Individual Attention predicting Performance

To evaluate influence of the four indicators of transformation leadership, charismatic influence, inspirational motivation, intellectual stimulation and individual attention on performance, simple regression analysis was carried out. Simple regression results are presented in Table 21

Table 13: Simple Regression: Charismatic Influence, Inspirational Motivation, Intellectual stimulation and Individual Attention predicting Performance

Statistics	Charismatic Influence	Inspirational Motivation	Intellectual stimulation	Individual Attention
R	0.479	0.397	0.343	0.393
R Square	0.229	0.157	0.117	0.154
Adjusted R Square	0.227	0.155	0.115	0.152
F-Statistic	103.835	65.119	46.430	63.654
p-value(F)	0.000	0.000	0.000	0.000
(Constant)	2.159	2.702	2.847	2.703
Regression Coefficient	0.398	0.291	0.265	0.291
Std. Error	0.039	0.036	0.039	0.036
Beta	0.479	0.397	0.343	0.393
t-Statistic	10.190	8.070	6.814	7.978
p-value(t)	0.000	0.000	0.000	0.000

*Dependent Variable: Performance*

*Predictors: (Constant), Charismatic Influence, Inspirational Motivation, Intellectual stimulation and Individual Attention*

*Source: Primary data, (2022)*

The simple regression results of charismatic influence, inspirational motivation, intellectual stimulation and individual attention produced an  $R^2$  (coefficient of determination) of 0.229, 0.157, 0.117 and 0.154 respectively for each construct as presented in Table 21. This implies that charismatic influence scores explain more of the variation in performance scores at 22.9% while intellectual stimulation explains the least at 11.7%. Further, the results also reveal a statistically significant positive linear relationship between charismatic influence and performance (regression coefficient=0.398, t-value=10.190, p-value=0.000). This implies that for a unit increase in charismatic influence, performance of housing cooperative society's increases by a factor of 0.398. Therefore, the hypothesis that charismatic influence has no significant influence on performance is not supported in this study at 5% significance level.

The statistically significant positive relationship between charismatic influence and performance suggests that where charismatic influence is embraced, communication on organization issues is effective. It also implies that organizations are able to embrace effective team leadership while higher levels of commitment are instilled among organization members. Application of charismatic influence in management of organizations ensures that all persons are treated fairly in all dealings and hence performance of housing cooperative societies in Nairobi City County, Kenya is enhanced significantly.

#### **4.3.8 Regression Analysis for Transformational Leadership and Performance**

The first objective was to establish the influence of transformational leadership on performance of housing cooperative societies in Nairobi City County Kenya. To assess the relationship between transformational leadership and performance the following hypothesis was tested.

*H<sub>01</sub>: There is no significant statistical relationship between transformational leadership and performance of housing cooperative societies in Nairobi City County Kenya.*

In order to test the hypothesis a linear regression analysis was done at 95% confidence level. Performance was regressed against transformational leadership to establish the goodness of fit, the overall significance and individual significance of the model. The results of the regression analysis for transformational leadership and performance are displayed in Table 22.

Table14: Regression for Transformational Leadership and Performance

**a). The Goodness of Fit of Model**

R	R Square	Adjusted R Square	Std. Error of the Estimate
.494 <sup>a</sup>	.244	.242	.31924

**b). The Overall Significance of the Model**

	Sum of Squares	Df	Mean Square	F	Sig.
Regression	11.497	1	11.497	112.808	.000
Residual	35.569	349	.102		
Total	47.066	350			

**c). The Individual Significance of the Model**

	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	1.925	.193		9.964	.000
Transformational Leadership	.468	.044	.494	10.621	.000

*Dependent Variable: Performance*

*Source: Primary data, (2022)*

The results in Table 14 show that 24.4% (R-squared =0.244) of the variation in performance is explained by transformational leadership in the model. F-statistic was used to assess the overall significance of the simple regression model. Results in Table 22 indicate that transformational leadership significantly influences performance of housing cooperative societies (F-statistic =112.81 and p-Value=0.00 < 0.05 at 5% significance level. This implies that the regression model is highly significant at 5% significance level. Further the model is adequate in predicting performance on the basis of transformational leadership of housing cooperative societies.

T-test was used to test the individual significance of the influence between two variables. The results in Table 22 show that transformational leadership was considered statistically significant with regression coefficient of 0.468 and t-test =10.621, and p-value =000< 0.05. This implies that a unit increase in transformational leadership corresponds to an increase in performance by a factor of 0.468. The regression model for the prediction of performance can be stated as follows,

$$Y=1.925 + 0.468X_1$$

where

Y=Performance of housing cooperative societies

1.925 = an estimate of the expected increase in performance when transformational leadership is zero.

0.468 is an estimate of the expected increase in performance for a unit increase in transformational leadership.

The study revealed that transformational leadership influences performance in an organization and therefore the hypotheses that there is no significant statistical relationship between transformational leadership and performance of housing cooperative societies is not supported in this study.

On the basis of these findings, it can be concluded that transformational leadership contributes significantly towards performance of housing cooperative societies in Nairobi City County Kenya. The study (Table 15) revealed that 98.3% agree that housing cooperative societies embrace effective team leadership. This is attributed to the democratic nature recommended for managing cooperatives as stipulated in application of the principle of democratic member control where business activities are democratically managed by all members (Manyara, 2006). These findings are in line with a study by Saasungu (2015) in that transformational leadership style has significant relationship with performance of organizations. However, a study by Nongo (2015) indicated an insignificant relationship between transformational leadership and performance especially in small and medium enterprises while transactional leadership had significant relationship with performance. The findings of Saasungu (2015) and Nongo (2015) are in agreement with contingency theory in that the type of leadership applied in any given situation depends on prevailing environmental circumstances.

The study adopted cross-sectional research design. This design is most appropriate because the aim is to establish the relationship between transformational leadership and performance of housing co-operatives in Nairobi City County, Kenya. The study utilized questionnaires for data collection. A questionnaire was administered to administrative assistants or equivalent persons working in housing cooperative societies. A sample of 354 respondents was utilized from the estimated 418 housing cooperatives. This is a response rate of 85% which was adequate for the study.

The objective of study was to establish the influence of transformational leadership on performance of housing cooperative societies in Nairobi City County Kenya. The study revealed that there exists significant relationship between transformational leadership and performance at 5% significant level. In addition, majority of respondents embrace effective team leadership in the organization. This is attributed to the democratic nature

recommended for managing cooperatives societies as stipulated in mandatory application of the principle of democratic member control where business activities are democratically by majority of members who are owners and users. Furthermore, it was revealed 96.6% of the respondents agreed that clear guidance on work roles is provided as an aspect of inspirational motivation. Finally, the results of one sample t-test revealed that the mean score measures differed significantly on transformational leadership across housing cooperative societies, It was revealed that transformational leadership requires the aspects of individual attention, intellectual stimulation, inspirational motivation and charismatic influence in the cooperative society set up.

## Conclusions

The study established that there is significant relationship between transformational leadership and performance. This implies that an improvement in transformational leadership contributes significantly towards performance of housing cooperative societies. This demonstrates that delegation of work duties, employee promotion on merit basis, reward for good performance and discussion of performance appraisal results are all geared towards transformational leadership in organizations. Moreover, personal and individual attention, intellectual stimulation, charismatic influence and inspirational motivation enhances transformational leadership which enables individuals to creatively overcome obstacles thus inspiring followers to further achievements, growth and performance of housing cooperative societies.

On the basis of findings of this study, the following recommendations were made:

- i. In order to promote transformational leadership for effective management of housing cooperative societies, it is important to embrace individual attention, intellectual stimulation, inspiration motivation and charismatic influence among employees in the cooperative sector.
- ii. Organizations should embrace transformational leadership style since it instills innovativeness among employees hence enabling them to operate competitively in the globalized changing business market.

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