LEADERSHIP PRACTICES AND THEIR INFLUENCE ON EMPLOYEE CREATIVITY AND INNOVATION IN PUBLIC INSTITUTIONS:

A CASE OF PUBLIC PROCUREMENT OVERSIGHT AUTHORITY

MWANGI KAHORA GITONGA

A RESEARCH PROJECT SUBMITTED TO SCHOOL OF HUMANITIES AND SOCIAL SCIENCES IN PARTIAL FULFILLMENT OF THE REQUIREMENTS FOR THE AWARD OF MASTER OF PUBLIC POLICY AND ADMINISTRATION DEGREE OF KENYATTA UNIVERSITY.

AUGUST, 2014
DECLARATION

Students’ Declaration

This project is my original work and has not been presented for a degree in any other University.

Signature…………………………………

MWANGI KAHORA GITONGA

Supervisor’s Declaration

This project has been submitted for the review with our approval as University Supervisors.

1. Signature…………………………………

    PROF. DAVID MINJA
    DATE
    DEPARTMENT OF PUBLIC POLICY AND ADMINISTRATION.

2. Signature…………………………………

    DR. MARTIN ATELA
    DATE
    DEPARTMENT OF PUBLIC POLICY AND ADMINISTRATION.
ABSTRACT

The purpose of carrying out this study was to assess leadership practices in public institutions and their influence in promoting employee creativity and innovation. The study provides an overview of the current leadership practices in public institutions and how employee’s innovation and creativity is influenced by the leadership practices at policy and institutional levels. The study seeks to establish whether there is a relationship between leadership practices and how this influence’s employee’s creativity and innovation. The study summarizes the empirical account of leadership practices and their influence on employee innovation and creativity within PPOA. It is noted that most of the studies on leadership practices and how they influence employee creativity and innovation have concentrated on the private sector. This study was intended to add to the current body of knowledge in leadership practices and their contribution in influencing employee creativity and innovation through an assessment of the public sector set up. The specific objectives were, to assess whether, transformational leadership, organizational culture, transactional leadership and organizational strategic direction as applied in PPOA promote employees’ creativity and innovation. Findings from the study could support efforts by the PPOA management and the government in formulating remedial policies that will spur employees’ creativity and innovation in public institutions in Kenya. Data was collected using questionnaires that were administered to a sample population of 78 employees of PPOA and PPD. The study established that leadership practices in public institutions influence the level of employee creativity and innovation. The findings of the study point to a need for a concerted policy direction by the government to ensure leaders of public sector institutions become more conscious of the importance of employees creativity and innovation. The study also point to an urgent need in channelling more investments on capacity building in this field and development of policies that are informed more by strategic considerations.
DEDICATION

This research project is dedicated to my wife and our three children for their support, patience and encouragement. They agreed to sacrifice a lot of the family time and resources for my success.
<table>
<thead>
<tr>
<th>Abbreviation</th>
<th>Full Form</th>
</tr>
</thead>
<tbody>
<tr>
<td>AG</td>
<td>Auditor General of the Republic of Kenya</td>
</tr>
<tr>
<td>ARB</td>
<td>Administrative Review Board</td>
</tr>
<tr>
<td>CBL</td>
<td>Capacity Building Levy</td>
</tr>
<tr>
<td>COB</td>
<td>Controller of Budget</td>
</tr>
<tr>
<td>DG:</td>
<td>Director General</td>
</tr>
<tr>
<td>EACC</td>
<td>Ethics and Anti-Corruption Commission</td>
</tr>
<tr>
<td>FY</td>
<td>Financial Year</td>
</tr>
<tr>
<td>GDP</td>
<td>Gross Domestic Product</td>
</tr>
<tr>
<td>GOK</td>
<td>Government of Kenya</td>
</tr>
<tr>
<td>HR</td>
<td>Human Resources</td>
</tr>
<tr>
<td>ICT</td>
<td>Information Communication and Technology.</td>
</tr>
<tr>
<td>KNBS</td>
<td>Kenya National Bureau of Statistics</td>
</tr>
<tr>
<td>KU</td>
<td>Kenyatta University</td>
</tr>
<tr>
<td>MDA’s</td>
<td>Ministries Departments and Agencies</td>
</tr>
<tr>
<td>MTP</td>
<td>Medium Term Plan</td>
</tr>
<tr>
<td>PE</td>
<td>Procuring Entity</td>
</tr>
<tr>
<td>PFMS</td>
<td>Public Financial Management Reform Strategy</td>
</tr>
<tr>
<td>PPDA</td>
<td>Public Procurement and Disposal Act, 2005</td>
</tr>
<tr>
<td>PPARB</td>
<td>Public Procurement Administrative Review Board</td>
</tr>
<tr>
<td>PPOA:</td>
<td>Public Procurement Oversight Authority</td>
</tr>
<tr>
<td>PPOAB</td>
<td>Public Procurement Oversight Advisory Board</td>
</tr>
</tbody>
</table>
SPSS Statistical package for social sciences
SWOT Strengths, Weaknesses, Opportunities and Threats
**LIST OF TABLES**

<table>
<thead>
<tr>
<th>Table</th>
<th>Description</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Table 1</td>
<td>Total Population of employees</td>
<td>39</td>
</tr>
<tr>
<td>Table 2</td>
<td>Sample Size</td>
<td>41</td>
</tr>
<tr>
<td>Table 3</td>
<td>Analysis of the respondents</td>
<td>46</td>
</tr>
<tr>
<td>Table 4</td>
<td>Computation of correlation</td>
<td>46</td>
</tr>
<tr>
<td>Table 5</td>
<td>Summary of the findings</td>
<td>54</td>
</tr>
</tbody>
</table>
LIST OF FIGURES

Figure 1 Framework for public sector innovation drivers ........................................16
Figure 2 Creative Process .....................................................................................20
Figure 3 Conceptual Framework ..........................................................................36
Figure 4 Aspects of transformative leadership ....................................................48
Figure 5 Aspects of Organization Culture .............................................................50
Figure 6 Strategic issues ......................................................................................51
Figure 7 Aspects of transactional leadership .........................................................53
DEFINITION OF TERMS

**Creativity:** Refers to the invention or origination of any new thing that has value. "New" may refer to the individual creator or the society or domain within which novelty occurs.

**Culture:** Generally refers to patterns of human activity and the symbolic structures that give such activities significance and importance.

**Innovation:** The development of new customers’ value through solutions that meet new needs, inarticulate needs, or old customer and market needs in new ways. This is accomplished through different or more effective products, processes, services, technologies, or ideas that are readily available to markets, governments, and society. Innovation differs from invention in that innovation refers to the use of a better and, as a result, novel idea or method, whereas invention refers more directly to the creation of the idea or method itself. Innovation differs from improvement in that innovation refers to the notion of doing something different rather than doing the same thing better.

**Leadership:** This is a process by which a person influences others to accomplish an objective and directs the organization in a way that makes it more cohesive and coherent.

**Strategic direction:** This is a long-term plan of action designed to achieve a particular goal.

**Structure:** An organizational structure is a clear identification of company's characteristics to enable both employees and external bodies to identify the make-up of the company. It identifies the number of people working in the company.
### TABLE OF CONTENTS

#### PAGES

**DECLARATION** ......................................................................................................................... ii

**ABSTRACT** ................................................................................................................................. iii

**DEDICATION** ............................................................................................................................... iv

**LIST OF TABLES** ......................................................................................................................... vii

**LIST OF FIGURES** ....................................................................................................................... viii

**DEFINITION OF TERMS** .............................................................................................................. ix

**CHAPTER ONE** ............................................................................................................................  1

1.0 Introduction ...............................................................................................................................  1

1.1 Background of the study ...........................................................................................................  1

1.2 Statement of the Problem .........................................................................................................  4

1.3 Objectives of the study .............................................................................................................  6

1.4 Research Questions ....................................................................................................................  6

1.5 Justification and Significance of the Study ..............................................................................  6

1.6 Scope and Limitations of the study ..........................................................................................  8

**CHAPTER THREE** ....................................................................................................................... 38

3.0 RESEARCH METHODOLOGY ................................................................................................. 38

3.1 Introduction ............................................................................................................................... 38

3.2 Research Design ....................................................................................................................... 38

3.4 Site of the Study ......................................................................................................................... 39

3.5 Study Population ....................................................................................................................... 39

3.6 Sampling techniques and sample size ...................................................................................... 40

3.7 Research Instruments .............................................................................................................. 41

3.8 Validity and Reliability ............................................................................................................ 42

3.9 Data collection Procedures ...................................................................................................... 43

3.10 Data Analysis procedures ....................................................................................................... 43

3.11 Data Management and Ethical Considerations ...................................................................... 43
CHAPTER 4 ................................................................................................................................................. 45
4.0 DATA ANALYSIS AND INTERPRETATION OF FINDINGS ................................................................. 45
4.1:  Overview ............................................................................................................................................... 45
4.2:  Sample description ................................................................................................................................. 45
4.3 Summary of the findings ......................................................................................................................... 54
CHAPTER FIVE .............................................................................................................................................. 57
5.0 DISCUSSION OF CONCLUSIONS AND RECOMMENDATIONS .................................................... 57
5.1.1 Conclusions ......................................................................................................................................... 57
5.2 Recommendations ................................................................................................................................. 61
5.3 Recommendations for Further Research ............................................................................................... 63
BIBILOGRAPHY/REFERENCES .................................................................................................................... 64
APPENDICES ................................................................................................................................................. 67
A1: Time Framework .................................................................................................................................... 67
A2: Budget ....................................................................................................................................................... 68
A3: Questionnaire ......................................................................................................................................... 69
A4: Research Permit .................................................................................................................................... 74
CHAPTER ONE

1.0 Introduction

This chapter covers the background of the study, statement of the problem, and the objectives of the study. It also covers research questions, the significance of the study, the scope and limitations of the study.

1.1 Background of the study

Leadership may be interpreted as getting others to follow or getting people to do things willingly’ (Mullins, 2007). Innovation can be seen as a successful implementation of creativity and something that produces economic value, whereas creativity has to do with idea production (Scott & Bruce, 1994). Therefore, it can be argued that every innovation requires creativity, but creativity does not necessarily lead to innovation.

Numerous writers have implicated leadership as critical in the innovation process but such accounts have largely focused on the need for participative or collaborative leadership (Scott & Bruce 1994). Traditional leadership approaches are more relevant to the prediction of productivity outcomes than to innovation outcomes (Waldman & Bass, 1991). The leader-member Theory (LMX) suggests that the quality of relationship between a supervisor and a subordinate is related to innovativeness (Graen & Scandura, 1987). In essence supervisors and subordinates engage in a role development process during which understandings are arrived at regarding the amount of decision latitude, influence and autonomy the subordinate will be allowed (Graen & Scandura, 1987).

Although idea generation and evaluation within an organization may sometimes be a solitary activity more commonly work group members and peers influence individual
innovation and individuals may engage in role-making process with their work groups (Scott & Bruce 1994).

Public management innovators are enterprising leaders taking astute initiatives rather than loose cannons, rule breakers, self-promoters, power politicians and manipulators of public authority for private gain (Borins, 2000).

In a research paper mini study 10 Innovation in the public sector the researcher notes that innovation in public services, is something that may take place in a wide variety of organisational and regulatory contexts (Thenint, 2010).

Innovation in public sector occurs when public services stakeholders are proactive by introducing novelty in order to adapt the system / product / process effectively. In addition, it is worth mentioning that government reforms (top-down processes in general) are not necessarily innovations (Thenint, 2010).

In an open market economy such as Kenya, economic growth is mainly driven by the private sector and it is the responsibility of all government institutions to ensure that there is an enabling environment that accords all players an equal chance and also ensure that the citizens are not exploited by the private sector players in pursuit of their objective which is to maximize profits. There exists a thriving private sector in Kenya which has expanded to the entire East African region and this point to very high levels of creativity and innovation. This needs to be matched in equal terms by government institutions. However enforcement mechanisms on the legal regulatory framework in Kenya seem to be weak and lacking in innovation and creativity. This is evidenced by several factors such as the high levels of corruption, continued dumping of substandard and counterfeit goods in the country, high rates of road accidents, high levels of insecurity, unplanned
cities and towns, high levels of bank’s interest rates, low penetration of insurance covers, high levels of taxation and low levels of tax compliance, small capital market accessed by only a few and public procurement system that is mainly benefiting a few and burdening the entire population.

This study was intended to add to the current body of knowledge in leadership practices and their contribution in influencing employee Creativity and innovation by assessing these factors within the public sector set up.

The Public Procurement Oversight Authority (PPOA) is a public body established under the Public Procurement and Disposal Act, 2005. The Authority was established on 1st January, 2007 when the Public Procurement and Disposal Act, 2005 came into operation. One of the core principles and pillars in policy framework for public procurement in Kenya is creativity and innovation. It has been observed that procurement of innovative goods, services and works may contribute to improvement in quality and delivery of public services and can lead to growth in the Kenyan economy (PPOA Strategic Plan 2013-2018). PPOA is mandated to regulate MDA’s under the National Government and the forty seven (47) county governments and in total this comprises of over 37,000 procuring entities spread throughout the country (PPDA 2005).

According to the long term policy framework for public procurement in Kenya, innovation in PPOA particularly in policy development, program design and service delivery is a necessary element in order to have its services becoming better targeted and more responsiveness to stakeholders needs. PPOA is therefore required to mainstream employee creativity and innovation to be able to adequately meet its mandate.
The report of the AG on the accounts of the funds of the Republic of Kenya for the year 2011/2012 raised the issues of unsupported expenditure, excess expenditure, pending bills and management of imprests among others, AG report (2011/2012).

The report from the controller of budget on the budget implementation for fourth quarter of 2012/2013 FY indicated that the absorption of development funds by MDAs was at 44.4 per cent. This low absorption of budgetary allocation was attributed to among others, the lengthy procurement procedures, COB report (2012/2013)

The EACC report on National Survey on Corruption and Ethics 2012, identified some of the most common forms of corruption as flawed procurement procedures, bribery, and abuse of power and lack of accountability. The EACC annual report for 2011/2012 FY has further indicated that 5% of the allegations received by EACC are on procurement irregularities and out of a total of 43 cases presented before court in 2011/2012 F/Y eighteen were on wilful/careless failure to comply with matters related to failure to comply with public procurement procedures, EACC report on National Survey on Corruption and Ethics (2012).

According to the long term policy framework for public procurement in Kenya the government procurement spend is estimated to be 39.2% of the GDP. It is on the basis of the above reasons that this study attempts to assess leadership practices and their contribution in influencing employee’s innovation and creativity in PPOA.

1.2 Statement of the Problem

Leadership determines whether an organization, a nation or a group will achieve its goals and also satisfy the followers’ needs (Minja 2010). Ogbonna and Harris (2000) found a
link between participative leadership and innovative culture as a predictor of organizational performance.

Studies have been undertaken on broader field of innovation and creativity and mostly these studies have concentrated on the private sector (Schumpeter’s 1934). There has not been much focus on the public sector which is unique in its own way and therefore the need for this research. The innovation and creativity in the public sector will mainly be on a change in policy or management practice that leads to a lasting improvement in level of service or quantity or quality of output by an organization (Bartos 2002).

The public procurement system in Kenya which is funded by the tax payers is faced with a big challenge of large segments of the tax payers not being able to actively participate in bidding for goods, works and services. This is notwithstanding the government initiatives at expanding participation through enabling legal framework targeting the youth, women, disabled and other disadvantaged groups the long term policy framework for public procurement in Kenya, (2009).

The constant complains on the state of the public procurement system in Kenya in the media and other public forums may be interpreted to mean that PPOA has not delivered the desired results and as a result PPOA is lagging behind in attainment of its mandate as expected by the law and Kenyan public. The level of success of any organisation is dependent on the leadership practices and as such the failure by organisations to fully meet their mandate may be attributed to the leadership practices.

This research therefore seeks to assess how leadership practices influence employee creativity and innovation in service delivery in public institutions.
1.3 Objectives of the study

The objectives of the study were

i. To assess if transformation leadership influence employees’ creativity and innovation at PPOA.

ii. To assess if organizational culture influence employees’ creativity and innovation at PPOA.

iii. To assess if organization strategic direction influence employees’ creativity and innovation at PPOA.

iv. To assess if transactional leadership influence employees’ creativity and innovation at PPOA.

1.4 Research Questions

The study was based on the following research questions:

i. How does transformational leadership influence employees’ creativity and innovation at PPOA?

ii. How does organizational culture influence employees’ creativity and innovation at PPOA?

iii. How does organizational strategic direction influence employees’ creativity and innovation at PPOA?

iv. How does transactional leadership influence employees’ creativity and innovation at PPOA?

1.5 Justification and Significance of the Study

The study could add value to the following.
**Public Procurement Oversight Authority**

To the top management of PPOA, the study findings will enable management to attain the mandate and propel the Authority to greater heights in growth and also facilitate the formulation of remedial policies. The study will also be useful to the PPOA employees who will benefit if the study recommendations are implemented since the employees will be able to derive satisfaction by working for PPOA. The study will also give insights in areas that require additional resources in order to improve quality of service. In general it will help PPOA to formulate policies that will encourage employees’ creativity and innovation for a better and pronounced performance.

**Government**

The government has an overall objective of ensuring continued growth and development of economy by having robust public institutions in Kenya. The study will provide relevant information that will help the government to formulate and implement policies that will encourage employees’ creativity and innovation in the public institutions in Kenya.

**Other researchers**

Most of the studies on leadership practices and how they influence employee creativity and innovation have concentrated on the private sector. This study was intended to add to the current body of knowledge in leadership practices and their contribution in influencing employee Creativity and innovation by assessing these factors within the public sector set up.
Creativity and innovation falls within the category of corporate entrepreneurship (intrapreneurship) and this is an emerging discipline and this study seeks to add more information to the current body of knowledge in this field.

1.6 Scope and Limitations of the study

The scope and the limitations of the study were as follows

Scope of the study

The study was confined at the PPOA/PPD where it assessed whether the leadership practices in public institutions influence employees’ creativity and innovation. The organization offices are situated at the 10\textsuperscript{th} & 11\textsuperscript{th} Floor, National Bank Building, Harambee Avenue, Nairobi, Kenya. The study was undertaken in all the departments of the organization and it targeted the management, technical staff and the supporting staff. The study was started in April 2014 and completed in August 2014.

Confidentiality.

The respondents to my questionnaires were my workmates and there was reluctance and unwillingness to state things as they were however they were assured that the study was for academic purposes and further requested them not to indicate their names. Most of information within PPOA is subject to government confidentiality rules and management had fears that the information might be leaked to unauthorized persons. However, the researcher used a covering a letter for introduction that informed the respondents that the information collected was for academic purposes only and would be treated as confidential. The researcher also informed the organization that a copy of the research project would be availed to the organization to enable it implement some of the recommendations made from the study.
Non-cooperation

Some of the respondents failed to cooperate by restricting themselves to their responsibilities and duties. The nature of work of PPOA heavily relies on meeting tight deadlines and as such most of the respondents work under pressure making it difficult to allocate time to answer the questionnaires. However, the researcher informed the respondents on the importance of the study and linked the benefits of the research work to the individual employees’ personal growth in PPOA.
2.0 LITERATURE REVIEW

2.1 Introduction

This chapter gives a review of the existing literature on leadership practices and their influence on employees’ creativity and innovation and other related studies with a view to exposing the existing research gaps and to also offer an insight as to why this study is necessary.

2.2 Theoretical Review

Employee innovativeness refer to employees’ propensity to innovate and can be conceived as complex behaviour consisting of idea generation, idea promotion and idea realization with the aim of meeting organizational goals in novel ways (Kanter, 1988; Scott & Bruce, 1994). Individuals, alone or in groups, undertake innovative activities the intention being to derive anticipated benefits from innovative change. Creativity is central to innovativeness, but the concepts are not synonymous. Innovation can be seen as a successful and intentional implementation of creativity, which is more subjective and context specific by its nature (Miron, Erez & Naveh, 2004). Creativity as such may be limited to idea generation alone but by definition innovation produces benefits for the people involved in the innovative process (Anderson et al., 2004). Employee innovativeness requires that the individual is both able and willing to be innovative. Beyond knowledge and skills, innovativeness requires intrinsic motivation and a certain level of internal force that pushes the individual to persevere in the face of challenges inherent in the creative work (Shalley & Gilson, 2004). Moreover, the internal force keeps the employee going even when the challenges are successfully overcome, it is about a positive tension and desire to excel. Consequently, employees' initiative,
flexibility, perseverance and willingness to go beyond their actual goal accomplishment in order to come up with novel and organizationally beneficial ideas characterize innovativeness (Georgsdottir & Getz, 2004).

In the book the Change Masters (Rosabeth Moss Kanter’s 1983) suggested five ways in which managers can improve an organization’s environment for innovation these are;

Encouraging culture of pride by highlighting the achievements of the company’s own people through visible awards, through applying an innovation from one area to the problems of another and letting the experienced innovators serve as ‘consultants’.

1. Enlarging access to power by supporting proposals for experiments and innovations especially for those involving teams or collaborators across areas.

2. Improving lateral communications by bringing departments together and encouraging cross-fertilization through exchange of people, mobility across areas: creating cross-functional links, overlaps and bringing together teams of people from different areas who share responsibility for some aspects of the same end product.

3. Reduction of unnecessary layer of hierarchy by eliminating barriers to resource access and making it possible for people to go directly after what they need; pushing decisional authority downward; creating ‘diagonal’ slices cutting across the hierarchy to share information, providing quick intelligence about external and internal affairs.

4. Increased, and early information about company plans, where possible reducing secretiveness; avoiding surprise; increasing security by making future plans known in advance, making it possible, in turns, for those below to make their plans; giving people at lower levels a chance to contribute to the shape of change before decisions are made at the top; empowering and involving them at an early point through task
forces and problem solving groups or through more open ended change oriented assignments with more room left for the person to define that approach (Rosabeth Moss Kanter’s 1983).

Inspirational leaders selectively show weaknesses through exposing some vulnerability and thereby revealing their approachability and humanity. They also rely heavily on intuition to gauge the appropriate timing and course of their actions and their ability to collect and interpret soft data helps them to know just when and how to act (Gofee & Jones 2000).

Inspirational leaders manage employees with tough empathy and empathize passionately and realistically with people, they care intensely about work employees do and they reveal their differences and capitalize on what is unique about them (Gofee & Jones 2000).

Quinnn (1985) identified six factors in larger corporations that were successful innovators, these are.

1) Atmosphere and vision- successful companies had a culture that supported innovation and a clear vision of its importance. The role of a leader is crucial and the whole organization must be seen to encourage and support constant innovation, research and technological change. They must be future orientated, protecting creativity, accommodating behaviour outside norm and willing to condone past failure.

2) Market responsiveness- the visions of innovative companies were tied into reality of the market place, from where the opportunities originated.
3) Small flat organizations- Innovative companies had flat organizations and used small project teams. Multidisciplinary project teams help bring a holistic perspective to problem solving and innovation. The team can act as committed champions of the innovation. The firms were people oriented encouraging human resource development

4) Skunk works- in these companies small teams operate outside traditional lines of authority eliminating bureaucracy and encouraging speed of response. They have a high level of group identity and loyalty and work effectively as a team.

5) Multiple approaches- in these companies several projects were often undertaken simultaneously and in parallel. It is an uncertain world and timing is crucial. It also encourages the process of try/test/revise which helps work out flaws.

6) Interactive learning- in these companies learning and investigation of ideas cut across functional lines of the entire organisation.

Since innovation is actually characterized by discontinuous activities rather than discrete, sequential stages (Van de Ven, 1989), individuals can be expected to be involved in any combination of these behaviours at any one time.

Climate and innovative behaviour: At the individual level, climate is a cognitive interpretation of an organizational situation that has been labelled psychological climate (James, & Ashe, 1990). Proponents of psychological climate theory posit that individuals respond primarily to cognitive representations of environments rather than to the environments (James & Sells, 1981]. Climate represents signals individuals receive concerning organizational expectations for behaviour and potential outcomes of behaviour. Individuals use this information to formulate expectancies and
instrumentalities (Stehbins, & Jones, 1977). People also respond to these expectations by regulating their own behaviour in order to realize positive self-evaluative consequences, such as self-satisfaction and self-pride (Bandura, 1988).

Leadership and innovative behaviour: Leader-member exchange (LMX) theory has been previously tied to innovation the theory suggests that the quality of the relationship between a supervisor and a subordinate is related to innovativeness (Graen & Scandura, 1987). In essence, theorists posit that supervisors and subordinates engage in a role development process during which understandings are arrived at regarding the amount of decision latitude, influence, and autonomy the subordinates will be allowed (Graen & Gashman, 1975). Over time, some leader subordinate relationships develop from interactions that are formal and impersonal (low-quality leader-member exchange) to mature interactions characterized by trust, mutual liking, and respect (high-quality leader member exchange). In these latter relationships, subordinates are allowed greater autonomy and decision latitude, both of which have been shown to be essential to innovative behaviour (Gotgrove & Box, 1970).

Work groups and innovative behaviour: Although idea generation and evaluation within an organization may sometimes be a solitary activity, more commonly work group members and peers influence individual innovation. Rogers (1954) suggested that the cohesiveness of a work group determines the degree to which individuals believe that they can introduce ideas without personal censure. Others have suggested that collaborative effort among peers is crucial to idea generation (Amabile & Gryskiewicz, 1987).
Problem-solving style and innovative behaviour: Kirton (1976) proposed that individuals can be located on a continuum ranging from those who have an ability to do things better to those who have an ability to do things differently and reflecting the qualitatively different solutions they produce to seemingly similar problems. Problem-solving style is composed of two independent modes of thinking, associative and dissociative (Jabri, 1991). Associative thinking is based on habit, or following set routines, adherence to rules and disciplinary boundaries, and use of rationality and logic. It represents the systematic problem solving style. The systematic problem solver, working within established methods or procedures, is likely to generate conventional solutions to problems (Jabri, 1991).

Dissociative thinking, in contrast, is characterized by overlapping separate domains of thought simultaneously, a lack of attention to existing rules and disciplinary boundaries, and an emphasis on imagery and intuition (Jabri, 1991). This can be called the intuitive problem-solving style. The intuitive problem solver has a propensity to process information from different paradigms simultaneously, and is therefore more likely to generate novel problem solutions (Isaksen, 1987).

Leaders influence employees' innovative behaviour both through their deliberate actions aiming to stimulate idea generation and application as well as by their more general, daily behaviour. (JPJ de Jong, 2007). The figure below demonstrates the Framework for public sector innovation drivers; Innovation is viewed as a multistage process, with different activities and different individual behaviours necessary at each stage.
Leaders influence employees’ innovative behaviour both through their deliberate actions aiming to stimulate idea generation and application as well as by their more general, daily behaviour (JPJ de Jong 2007).

Componental theory of creativity and innovation: The componential theory of creativity is a comprehensive model of the social and psychological components necessary for an
individual to produce creative work. The theory is grounded in a definition of creativity as the production of ideas or outcomes that are both novel and appropriate to some goal.

In this theory, four components are necessary for any creative response: three components within the individual – domain relevant skills, creativity-relevant processes, and intrinsic task motivation – and one component outside the individual – the social environment in which the individual is working.

The componential theory of creativity was articulated by Teresa Amabile in 1983 and the theory is designed to be comprehensively useful for both psychological and organizational creativity research. It describes the creative process and the various influences on the process and its outcomes. Two important assumptions underlie the theory.

There is a continuum from low, ordinary levels of creativity found in everyday life to the highest levels of creativity found in historically significant inventions, performances, scientific discoveries, and works of art. The level of creativity that a person produces at any given point in time is a function of the creativity components operating, at that time, within and around that person.

In the componential theory, the influences on creativity include three within-individual components: domain-relevant skills (expertise in the relevant domain or domains), creativity-relevant processes (cognitive and personality processes conducive to novel thinking), and task motivation (specifically, the intrinsic motivation to engage in the activity out of interest, enjoyment, or a personal sense of challenge). The component outside the individual is the surrounding environment – in particular, the social environment (Amabile 2012).
The theory specifies that creativity requires a confluence of all components; creativity should be highest when an intrinsically motivated person with high domain expertise and high skill in creative thinking works in an environment high in support for creativity (Amabile 2012).

a) Domain-relevant Skills - Domain-relevant skills include knowledge, expertise, technical skills, intelligence, and talent in the particular domain where the problem-solver is working, such as product design or electrical engineering. These skills comprise the raw materials upon which the individual can draw throughout the creative process – the elements that can combine to create possible responses, and the expertise against which the individual will judge the viability of response possibilities (Amabile 2012).

b) Creativity-relevant Processes - Creativity-relevant processes (originally called creativity-relevant skills) include a cognitive style and personality characteristics that are conducive to independence, risk-taking, and taking new perspectives on problems, as well as a disciplined work style and skills in generating ideas. These cognitive processes include the ability to use wide, flexible categories for synthesizing information and the ability to break out of perceptual and performance “scripts.” The personality processes include self-discipline and a tolerance for ambiguity (Amabile 2012).

c) Task Motivation - Intrinsic task motivation is passion: the motivation to undertake a task or solve a problem because it is interesting, involving, personally challenging, or satisfying – rather than undertaking it out of the extrinsic motivation arising from contracted-for rewards, surveillance, competition, evaluation, or requirements to do
something in a certain way. A central tenet of the componential theory is the intrinsic motivation principle of creativity: People are most creative when they feel motivated primarily by the interest, enjoyment, satisfaction, and challenge of the work itself – and not by extrinsic motivators. Because, as research has shown, salient extrinsic motivators can undermine intrinsic motivation, their presence or absence in the social environment is critically important. So, too, is the presence or absence of forces that can support intrinsic motivation (Amabile 2012).

d) The Social Environment - The outside component is the work environment or, more generally, the social environment. This includes all of the extrinsic motivators that have been shown to undermine intrinsic motivation, as well as a number of other factors in the environment that can serve as obstacles or as stimulants to intrinsic motivation and creativity. Research in organizational settings has revealed a number of work environment factors that can block creativity, such as norms of harshly criticizing new ideas; political problems within the organization; an emphasis on the status quo; a conservative, low-risk attitude among top management; and excessive time pressure (Amabile 2012).

Other factors can stimulate creativity, such as a sense of positive challenge in the work; work teams that are collaborative, diversely skilled, and idea-focused; freedom in carrying out the work; supervisors who encourage the development of new ideas; top management that supports innovation through a clearly articulated creativity-encouraging vision and through appropriate recognition for creative work; mechanisms for developing new ideas; and norms of actively sharing ideas across the organization (Amabile 2012).
The creative process has four commonly agreed phases. There is a wide agreement on their general nature and the relationships between them, although they are referred to by a variety of names (Gofee & Jones, 1998).

Generating knowledge and awareness; A prerequisite to all creative processes is generation of awareness of different ideas and ways of doing things through reading and travelling widely, talking with different people with different views about the world (Gofee & Jones, 1998).

Incubation process, this happens when people are engaged in other activities and they can let their subconscious mind work on the problem.

Generating ideas, Ideas can come up unexpectedly during incubation period, but often they need encouragement (Gofee & Jones, 1998).

Evaluation and implementation, this is the convergent stage of the process involving discussions and analysis.

**Figure 2 Creative Process**

<table>
<thead>
<tr>
<th>Generating knowledge and awareness</th>
<th>Incubation process</th>
</tr>
</thead>
<tbody>
<tr>
<td>Generating ideas</td>
<td>Evaluation and implementation</td>
</tr>
</tbody>
</table>

Source (Gofee & Jones, 1998)

Organizational leadership can be said to be the ability of an individual to influence, motivate, and enable others to contribute toward the effectiveness and success of the organizations of which they are members (Simonton 1994), speaking of leadership in
general, defines a leader as a “group member whose influence on group attitudes, performance, or decision making greatly exceeds that of the average member of the group.” Leadership determines whether an organization, a nation or a group will achieve its goals and also satisfy the followers’ needs (Minja, 2010).

Henry (2007) Leading the public agency represents a different set of challenges than does leading the private corporation. In fact the two sectors define successful leadership in starkly opposite terms.

Successful Private leadership: Private sector leaders are not seen as particularly successful by their superiors and subordinates when they are monitored by subordinates for legal compliance but they are seen as unlawful, unhelpful and directive (Henry, 2007).

Successful Public Leadership: In stark contrast to the private sector successful leadership in the public sector involves obeying the law helping others and letting employees do their own thing. When government leaders stressed directing and coordinating their agency their superiors and subordinates perceived then as much less effective. Government leaders were viewed as successful by both their superiors and their subordinates when they monitored their subordinates work closely for compliance with laws and regulations and when they reached out to lend a helping hand to their fellow workers to assist them in achieving their objectives (Henry, 2007)

Public leadership: vision, communication, work; Public agencies are increasingly likely to be headed by short term political appointees and rarely are such men and women visionaries. Career public administrators by contrast often do have a vision for their agency but they are frequently fated to be number twos (Henry, 2007).
Communicating the vision can also be more difficult in the public sector than in the private one. Not only does number two phenomenon impair communications but so does much of the traditional public administrator, for instance the need to be neutral to be removed from politics and to cultivate a passion for anonymity. These values have not enhanced the propensity of leaders of public organizations to communicate their vision of alternative future although many public administrators nonetheless have done so and quite effectively. Work as passion the third component of leadership is hard work and here much public administration is intrinsically demanding and inspiring (Henry, 2007).

A key function of Executive leadership teams is to facilitate intra and extra-organizational learning and to foster leadership and innovation at all levels within an organization. This is because good leadership and innovation has top down, horizontal and bottom up dimensions. Achieving strategic alignment across an organization, clarity around role boundaries, empowerment of staff to take initiatives, collaboration across work units and dissemination of corporate knowledge will enhance the innovation dynamic (Bass, 2000).

Successful innovation is likely to be enhanced by drawing on the knowledge and experience of staff closest to the work face who best understand their jobs and the opportunities for improvement. Incremental innovation, in particular, can readily be driven by bottom up processes while dissemination of ideas can occur very effectively through horizontal as well as vertical networks. Technological innovations such as use of internal IT shared spaces are powerful means of generating and spreading knowledge (Nystrom, 1990).
The executive leadership team has primary responsibility for setting the philosophy and culture of an organization and putting in place the policies and procedures to facilitate innovation. Experience shows that a leadership team that ‘walks the talk’ can be highly motivational; discrepancies between words and action are quickly discerned by staff. This action includes ensuring that a culture of trust, respect and good communication is embedded in an organization (Ogolla, 2013).

Leaders also have the role of ensuring the carriage of innovative ideas including, where appropriate, the formulation and acceptance of new policy proposals relevant to competing proposals, a delivery strategy and a performance management regime. This role often includes working across portfolios and jurisdictions to ensure that: the broader policy implications are identified and understood; estimates of the costs and benefits are sound; and the financial and human resources that are secured are commensurate with the implementation challenges.

Where innovations do not reach their objectives or mistakes are made, it is crucial to learn from the experience in a positive way and avoid the ‘blame game’. Learning from mistakes is as important as celebrating success in reinforcing an innovation culture.

Psychological empowerment is a psychological state residing within individuals, reflecting an active orientation towards a work role (Thomas & Velthouse, 1990). It is thus distinct from the conception of Empowerment as a set of managerial practices focused on the delegation of responsibilities (Leach, Wall, & Jackson, 2003). Psychological empowerment is a motivational construct originating in an employee’s perception of having choice in initiating and regulating actions, having the ability to perform the job well, being able to have an impact on the environment, and the
meaningfulness of the job (Spreitzer, 1995; Thomas & Velthouse, 1990). Psychological empowerment has received a considerable amount of attention over recent years (Carless, 2004; Ergeneli, Saglam, & Metin, 2007; Wayne, & Sparrowe, 2000). Psychological empowerment has multiple antecedents, such as the organization, peers, and numerous other sources in the person or the environment (Spreitzer, 1995; Thomas & Velthouse, 1990). Psychologically empowered individuals see themselves as competent and able to influence their jobs and work environments in meaningful ways, facilitating proactive behaviour, showing initiative, and acting independently (Spreitzer, 1995; Thomas & Velthouse, 1990).

Innovative behaviour is a multi-stage process of problem recognition, generation of ideas or solutions, Building support for ideas, and idea implementation (Kanter, 1988; Scott & Bruce, 1994). Creativity is thus an important part of innovative behaviour. Besides being influenced by knowledge, skills, and abilities (Amabile, 1983b; Barron & Harrington, 1981), innovative behaviour has been argued to be largely a motivational issue (Amabile, 1988).

Transactional Leadership, also known as managerial leadership, focuses on the role of supervision, organization, and group performance; transactional leadership is a style of leadership in which the leader promotes compliance of his followers through both rewards and punishments (Odumeru & Ifeanyi, 2013). Unlike Transformational leadership, leaders using the transactional approach are not looking to change the future; they are looking to merely keep things the same. These leaders pay attention to followers' work in order to find faults and deviations. This type of leadership is effective
in crisis and emergency situations, as well as when projects need to be carried out in a specific fashion (Odumeru & Ifeanyi, 2013).

Within the context of Maslow's hierarchy of needs, transactional leadership works at the basic levels of need satisfaction, where transactional leaders focus on the lower levels of the hierarchy (Odumeru & Ifeanyi, 2013). Transactional leaders use an exchange model, with rewards being given for good work or positive outcomes. Conversely, people with this leadership style also can punish poor work or negative outcomes, until the problem is corrected (Odumeru & Ifeanyi, 2013).

The four dimensions of transactional leadership are generally referred to as contingent reward, management by exception (active), management by exception (passive) and laissez-faire. In the case of contingent reward, leaders provide resources in exchange for followers to support (Bass 1990). Management by exception has two facets, active and passive. In active sense, leaders monitor followers’ performance and take corrective action when necessary. In case of passive management by exception, leaders do little monitoring and only intervene when the problem is serious (Bass 1990). In the laissez-faire type of transactional leadership, leadership simply avoid leadership responsibilities. These transactional leadership behaviours become decreasingly effective as leader participation declines (Bass 1990). Thus contingent reward is thought to be the most effective form of transactional leadership where as laissez-faire is considered the most ineffective so much so that some argue it is not even transactional leadership Judges & Piccolo (2004). Transactional leadership may be perceived as controlling and demotivating, causing less innovative behaviour Deci & Ryan, (1987).
Transactional leaders are concerned with processes rather than forward-thinking ideas. These types of leaders focus on contingent reward also known as contingent positive reinforcement or contingent penalization also known as contingent negative reinforcement (Odumeru & Ifeanyi 2013). Contingent rewards (such as praise) are given when the set goals are accomplished on-time, ahead of time, or to keep subordinates working at a good pace at different times throughout completion (Odumeru & Ifeanyi 2013). Contingent punishments (such as suspensions) are given when performance quality or quantity falls below production standards or goals and tasks are not met at all. Often, contingent punishments are handed down on a management-by-exception basis, in which the exception is something going wrong (Odumeru & Ifeanyi, 2013).

Within management-by-exception, there are active and passive routes. Active management-by-exception means that the leader continually looks at each subordinate's performance and makes changes to the subordinate's work to make corrections throughout the process (Odumeru & Ifeanyi 2013). Passive management-by-exception leaders wait for issues to come up before fixing the problems. With transactional leadership being applied to the lower-level needs and being more managerial in style, it is a foundation for transformational leadership which applies to higher-level needs (Odumeru & Ifeanyi 2013).

Within transactional leadership, there are two factors, contingent reward and management-by-exception. Contingent reward provides rewards for effort and recognizes good performance. Management-by-exception maintains the status quo, intervenes when subordinates do not meet acceptable performance levels, and initiates corrective action to improve performance (Odumeru & Ifeanyi 2013).
Transactional leaders use reward and punishments to gain compliance from their followers. They are extrinsic motivators that bring minimal compliance from followers (Odumeru & Ifeanyi 2013). They accept goals, structure, and the culture of the existing organization. Transactional leaders tend to be directive and action-oriented (Odumeru & Ifeanyi 2013).

Transactional leaders are willing to work within existing systems and negotiate to attain goals of the organization and they tend to think inside the box when solving problems. Transactional leadership is primarily passive (Odumeru & Ifeanyi 2013). The behaviors most associated with this type of leadership are establishing the criteria for rewarding followers and maintaining the status quo (Odumeru & Ifeanyi 2013).

Theories of transformational leadership have emphasized stimulating innovation as a core leadership function (Bass, 1985; Conger, 1999; Tichy & Ulrich, 1984) and transformational leadership, in contrast to transactional leadership, has been argued to be a particularly effective way to engender innovative behaviour (Basu & Green, 1997).

Transformational leadership is defined as a style of leadership that transforms followers to rise above their self-interest by altering their morale, ideals, interests, and values, motivating them to perform better than initially expected (Bass, 1985; Yukl, 1999). It is contrasted with transactional leadership, which is based on an exchange relationship in which the leader makes clear what is expected of followers (Bass, 1999; Yukl, 1999). Transformational leadership is a higher-order construct comprising several components.

Innovation is central to the thinking about transformational leadership. The concept of transformational leadership was developed around leaders that transform the existing state of affairs (Bass, 1985, 1998; Burns, 1978; Tichy & Devanna, 1986; Tichy & Ulrich,
Bass (1985) theorized that transformational leaders, in contrast to transactional leaders, are more innovative, have more novel ideas, and can bring about major changes. Transformational leadership has been argued to centre on the processes of transformation and change (Bass & Riggio, 2006).

Transformational leaders are proposed to stimulate follower innovative behaviour through expressing an inspiring vision, stimulating followers to question the status quo, and allowing individual development and growth (Basu & Green, 1997). Moreover, transformational leadership has been argued to entail aligning followers’ needs and desires with the interests of the organization (Bass, 1999), which may also promote going the extra mile needed for innovative behaviour. Transformational leadership is a style of leadership that transforms followers to rise above their self-interest by altering their morale, ideals, interests, and values, motivating them to perform better than initially expected (Bass, 1985; Yukl, 1999). Transformational leadership is accomplished through the four I’s: idealized influence, inspirational motivation, intellectual stimulation and individualised consideration (Bass 1985). Idealized influence is demonstrated when the transformational leader serves as a charismatic role model to followers. By articulating an inspiring vision to his followers transformational leaders are said to foster inspirational motivation (Bass 1985). Intellectual simulation is generated when transformational leaders are stimulating followers’ creativity by questioning and challenging them. Attending to individual needs of followers allows transformational leaders to promote individualised consideration (Bass 1985). It is argued that the effects of transformational leadership actually augment the effects of transactional leadership which suggest that the best leaders tend to be both transactional and transformational (Bass 1985). Theories of
transformational leadership have emphasized stimulating innovation as a core leadership function (Bass, 1985; Conger, 1999; Tichy & Ulrich, 1984) and transformational leadership, in contrast to transactional leadership, has been argued to be a particularly effective way to engender innovative behavior (Basu & Green, 1997). However, the empirical evidence for the roles of transformational and transactional leadership in engendering follower innovative behavior is scarce and inconsistent (Basu & Green, 1997; Kahai, Sosik, & Avolio, 2003; Shin & Zhou, 2003).

Followers of transformational leaders have been found to have higher performance on idea generation tasks in experimental studies (Jung, 2001; Jung & Avolio, 2000). In addition, an increase in transformational leadership has been related to improved idea generation in laboratory studies (Sosik, Kahai, & Avolio, 1998; Sosik, Kahai, & Avolio, 1999) and to ratings of follower creativity in the field studies (Gumusluoglu & Ilsev, 2009; Shin & Zhou, 2003; Shin & Zhou, 2007).

Culture consists of patterns, explicit and implicit of and for behavior acquired and transmitted by symbols, constituting the distinctive achievements of human groups, including their embodiment in artefacts (Kroeber & Kluckhohn, 1952). The essential core culture consists of traditional (historically derived and selected) ideas and especially their attached values. Culture systems may, on the one hand, be considered as products of action, on the other, as conditioning elements of future action (Kroeber & Kluckhohn 1952).

Organizational culture also called corporate culture is the values, attitudes, beliefs, meanings and norms that are shared by people and groups within an organization (Burns, 2005). Innovation can only flourish and be sustained in the context of a culture that
encourages, recognizes and rewards new ideas and gives authority to translate those ideas into practice. Often the culture of an organization determines the desire for innovation (Burns, 2005).

Employee behaviour is shaped by organizational culture and therefore influences an individual’s actions. Consequently it is possible that cultural values and norms are a powerful means of stimulating creativity and innovation Denison (1996). Reward systems can be one of the factors stimulating innovation within an enterprise. It is obvious that there is a direct link between the corporate culture guiding employee behaviour and reward systems motivating employees resulting in innovation for an organization (Denison 1996). An implemented reward system within a corporate culture is defining who receives rewards and for what reason. With the aid of incentive and reward systems an enterprise can stimulate employee’s behaviour and therefore achieve desired results. Reward systems are not just installed in a company in order to motivate employees but as well to control the outcomes (Denison, 1996).

In various companies, the organizational culture has a negative impact on innovation. This happens when the structures are rigid and too much emphasis is put on how things are done. There is a lack of freedom for employees meaning that they are restricted to try new ways of doing things (Burns, 2005). Companies can help nurture creativity by applying innovation processes providing the mental space for new ideas to take root (Burns, 2005). Therefore it is crucial that the company requires an open culture meaning to share extensively its knowledge with the entire enterprise. Companies need to measure progress which is an important part of continuous improvement cycle (Burns 2005). The individual and the organizational dimension have the importance as key factors in
influencing and determining creativity. When employees have the possibility to be creative, they can share their new developed ideas with the entire organization which leads to innovation (Burns 2005).

Culture is the deep structure of organizations, which is rooted in the values, beliefs and assumptions held by organizational members (Denison 1996). Organizational culture, refer to the meanings inherent in the actions, procedures, and protocols of organizational commerce and discourse James et al. (2007) described culture as the normative beliefs (system values) and shared behavioural expectations (system norms) in an organization. Organizational culture is specific to an organization Smircich, (1983), is relatively constant (Christensen & Gordon, 1999), and can influence inter-organizational relations. For these reasons, organizational culture is widely viewed as a source of sustained competitive advantage to businesses (Miron, Erez, &Naheh, 2004). Whereas organizational culture focuses on the shared behavioural expectations and normative beliefs in work units, climate describes the way individuals perceive the personal impact of their work environment on themselves (Glisson & James, 2002). James et al. (2007) differentiated organizational from psychological climate. Whereas the former is an aggregation of individual perceptions of the work environment, the latter refers to the perceptions individuals have of those workplaces as they reflect personal values and psychological desires. Leaders are the architects of culture change (Schein, 1985, 1992; Trice & Beyer, 1993), either through substantive, visible actions or through the symbolic roles they play (Meindl, Ehrlich, & Dukerich, 1985).

Grant (1991) identified four characteristics of successful strategies. They are directed towards unambiguous long term goals, they are based on insightful understanding of the
external environment, they are based on intimate self knowledge of the organisation’s capabilities and they are implemented with resolution, coordination and effective harnessing of the capabilities and commitment of all members of the organization.

Managers should not adopt an innovation unless they are prepared to be both fully committed to the effort. In order to be effective an innovation strategy should provide an explanation of how it fits in and feed into overall business strategy, a definition of what is meant by innovation in general and further definitions and information on different types and levels of innovation. It should provide information on which of these different types and levels of innovation the organization wants to engage in (Grant 1991).

An innovation strategy should also provide a structure through which innovation is managed and executed and have a companywide portfolio that outlines what types and levels of innovation the organization wants to pursue, and what kind of resources, time frames, responsibilities, success criteria etc are associated with each of the different portfolio segments (Grant 1991).

Three aspects about strategy and vision that differentiate the innovative from the less innovative are clarity, shared-ness and attainability. Rosabeth Moss Kanter’s (1983) rules for stifling innovation are to regard any new idea from below with suspicion because it’s new and because it comes from below, to insist that people who need your approval to act, first go through several other levels of Management to get their signatures, to ask departments or individuals to challenge and criticize each other’s proposals, to express your criticism freely, and withhold your praise.

Others are to treat identification of problems as signs of failure, to discourage people from letting you know when something in their area is not working, to control everything
carefully, make sure people count anything that can be counted frequently, to make decisions to reorganize or change policies in secret and spring them on people unexpectedly, to make sure that requests for information are fully justified and make sure that it is not given out to managers freely, to assign to lower level managers, in the name of delegation and participation responsibility for figuring out how to cut back lay off move people around or otherwise implement threatening decisions you have made and get them do it quickly and never to forget that you the higher-ups already know everything important about the business (Kanter 1983).

While an innovative idea can result from serendipitous events, embedding a systematic approach as an explicit and integral component of an organization’s corporate strategy will drive the development and promulgation of appropriate policies and procedures, the allocation of necessary resources, the assessment of results and the dissemination of knowledge (Edgar, 1990). A strategy that is clearly articulated, readily understandable and relevant to all levels within an organization is likely to have more impact in raising innovation performance than not having such a strategy. The appropriate innovation strategy will depend on the organization (Edgar, 1990). The possible strategy may on one hand tend towards approaches focusing on generating innovation inside the organization or on the other hand, towards approaches focusing outside the organization. For some organizations, innovation policies are also supported by policies dealing with intellectual property (Edgar 1990).

A key element of organization strategy is the recruitment, retention, training and development of staff. Training and development opportunities which enhance innovation capacity within an organization can be quite diverse as it encompasses a broad range of
skills (Bowman 1997). An analysis of future skills needs against the existing skills base can identify where resources might be best directed. Initiatives can range from formal training to participation in networks and communities of practice through to on-the-job exposure and mentoring. Staff exchanges at the highest levels, including across jurisdictions and internationally, can be highly valuable (Bowman 1997).

In the working context motivation is defined as the “psychological processes that cause the arousal, direction and persistence of voluntary actions that are goal directed” (Burns 2005). The process of motivation is individual since every employee has different goals and needs, therefore they can be differently motivated. In order to be motivated not just the goal a person pursues is decisive but as well several other factors such as needs, attitudes or desires have an impact on a person’s motivation (Burns 2005). The motivation strategies that are used determine the level of creativity and innovation in the entire organization. The strategies can be either financial or non financial (Burns 2005).
2.3 Conceptual Framework

From the above literature review it is clear that innovation and creativity plays a crucial role in the success of any organisation. Innovation is necessary in the globalized world and furthermore it is essential in order to stay competitive in the market. Innovation has several drivers and can be recognized in various areas. The organizational culture, leadership styles, and motivation strategies adapted influences employees creativity and innovation. Without employees being the basic essential participants in an organization, no innovation would be possible. This is because employees play an important role in facilitating creativity and innovation in any organisation. Leadership can be divided into two components transactional leadership and transformational leadership. Transformational leadership has four main elements that include idealized influence, inspirational motivation, intellectual stimulation and individualized consideration. Transactional leadership is practiced through contingent rewards, management by exception (active), and management by exception (passive) and laissez-faire. The organizational culture can guide the staff members towards certain outcomes by giving them various incentives to reach the desired goals this through the organization processes, cognitive processes and behaviours.

The strategic direction of an innovative organizational facilitates an environment for employees creativity and innovation. Employees can only become creative if sufficient space is given to them and by providing employees with the possibility to become rewarded. This has a positive impact on the work attitude of the employees. Creativity and innovation must be embedded in the organisation strategic direction through a shared vision, mission and core Values.
The Conceptual framework model below illustrates the independent variables

**Figure 3 Conceptual Framework**

<table>
<thead>
<tr>
<th>Independent Variables</th>
<th>Dependent Variable</th>
</tr>
</thead>
<tbody>
<tr>
<td>Transformational Leadership</td>
<td>Employees’ creativity and innovation through</td>
</tr>
<tr>
<td>• Idealized influence,</td>
<td>• Employees generating New ideas and processes</td>
</tr>
<tr>
<td>• Inspirational motivation</td>
<td>• Introduction of new Products /Services</td>
</tr>
<tr>
<td>• Intellectual stimulation</td>
<td>• Introduction of new Systems</td>
</tr>
<tr>
<td>• Individualized consideration</td>
<td></td>
</tr>
<tr>
<td>Organization culture-</td>
<td></td>
</tr>
<tr>
<td>• Organization processes</td>
<td></td>
</tr>
<tr>
<td>• Cognitive processes</td>
<td></td>
</tr>
<tr>
<td>• Behaviours</td>
<td></td>
</tr>
<tr>
<td>Organization strategic direction</td>
<td></td>
</tr>
<tr>
<td>• Vision</td>
<td></td>
</tr>
<tr>
<td>• Mission</td>
<td></td>
</tr>
<tr>
<td>• Core Values</td>
<td></td>
</tr>
<tr>
<td>Transactional Leadership</td>
<td></td>
</tr>
<tr>
<td>• Contingent rewards</td>
<td></td>
</tr>
<tr>
<td>• Management by exception (active),</td>
<td></td>
</tr>
<tr>
<td>• Management by exception (passive)</td>
<td></td>
</tr>
<tr>
<td>• Laissez-faire</td>
<td></td>
</tr>
</tbody>
</table>

**Source: Researcher (2014)**

As illustrated in the figure

1. Transformational Leadership is through idealized influence, inspirational motivation, intellectual stimulation and individualized consideration
2. Organization culture is through organization processes, cognitive processes and behaviours.

3. Organization strategic direction is by embedding creativity and innovation through having a shared vision, mission and core Values

4. Transactional Leadership is through contingent rewards, management by exception (active), management by exception (passive) and laissez-faire.

These factors will affect the dependent variable which is employees’ creativity and innovation through generation of new ideas and processes, introduction of new Products/Services and introduction of new systems.
CHAPTER THREE

3.0 RESEARCH METHODOLOGY

3.1 Introduction

This chapter outlines the research methodologies used to achieve the objectives of the study. It also outlines research design, target population, sampling design, data collection methods and research procedures, validity and reliability, outcomes and data analysis techniques that were applied during the study.

3.2 Research Design

The study employed a descriptive survey design, this was found appropriate because of its specific nature and fact that it facilitates a general understanding and interpretation of the problem (Mugenda & Mugenda 2003). The major purpose of descriptive research design would be to provide information on characteristics of a population or phenomenon. The descriptive research design approach has been used because it has enabled the researcher to generalize the findings to a larger population.

3.3 Variables/categories of Analysis

Employee innovation and creativity has many aspects that have been studied by various scholars over time. The major yardstick used to measure what influences employee creativity and innovation is the leadership practices. Success in employee innovation and creativity is subject to correct leadership practices mainly implemented through transformational leadership, transactional leadership, organization strategic direction and organization culture. This study sought to establish the relationship that exists between leadership practices and employee’s creativity and innovation.
The dependent variable was employees creativity and innovation which would be influenced by the independent variables which were leadership practices measured through transformational leadership (idealized influence, inspirational motivation, intellectual stimulation and individualized consideration), transactional leadership (contingent rewards, management by exception (active), management by exception (passive) and laissez-faire), organization strategic direction (shared vision, mission and core Values) and organization culture (organization processes, cognitive processes and behaviours).

3.4 Site of the Study

The study was conducted amongst PPOA employee in their offices at 10th & 11th Floor, National Bank Building Harambee Avenue Nairobi Kenya and employees of the PPD a directorate under the National Treasury that works jointly with PPOA although as separate entities. PPD is located in the Treasury Building Harambee Avenue Nairobi Kenya.

3.5 Study Population

The study was carried out at PPOA and PPD with a total population of 128 staff. This composition is tabulated below:

<table>
<thead>
<tr>
<th>Department</th>
<th>Total No. Of Staff</th>
</tr>
</thead>
<tbody>
<tr>
<td>ARB</td>
<td>3</td>
</tr>
<tr>
<td>Finance</td>
<td>4</td>
</tr>
<tr>
<td>Audit</td>
<td>2</td>
</tr>
<tr>
<td>Capacity Building</td>
<td>6</td>
</tr>
<tr>
<td>Department</td>
<td>Number</td>
</tr>
<tr>
<td>----------------------------</td>
<td>--------</td>
</tr>
<tr>
<td>Compliance</td>
<td>10</td>
</tr>
<tr>
<td>Human Resource &amp; Admin</td>
<td>19</td>
</tr>
<tr>
<td>ICT</td>
<td>3</td>
</tr>
<tr>
<td>Policy &amp; Research</td>
<td>5</td>
</tr>
<tr>
<td>Corporate Services</td>
<td>3</td>
</tr>
<tr>
<td>Executive Management</td>
<td>3</td>
</tr>
<tr>
<td>PPD</td>
<td>70</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>128</strong></td>
</tr>
</tbody>
</table>

3.6 **Sampling techniques and sample size.**

The study used the random sampling methods and the factors considered in deciding on the sample method were, the nature of the population, the distribution of the population, the characteristics to be studied, availability of data and availability of both financial and human resources.

This method was cost effective, fast tracks data collection, and access to the unit of analysis and elements of the study. The study used a sample of 78 employees in data collection being the total population of all employees in PPOA and 20 employees from PPD which comprises total of 28% of the total population and they were identified through random sampling from those working under the cadre designated as Supply Chain Management Officers. The sample size is as tabulated below:
Table 2 Sample Size

<table>
<thead>
<tr>
<th>Department</th>
<th>Total No. Of Staff</th>
<th>No. Of Respondents</th>
<th>Percentage (%) of the total population</th>
</tr>
</thead>
<tbody>
<tr>
<td>ARB</td>
<td>3</td>
<td>3</td>
<td>5.2%</td>
</tr>
<tr>
<td>Finance</td>
<td>4</td>
<td>4</td>
<td>6.8%</td>
</tr>
<tr>
<td>Audit</td>
<td>2</td>
<td>2</td>
<td>3.4%</td>
</tr>
<tr>
<td>Capacity Building</td>
<td>6</td>
<td>6</td>
<td>10.3%</td>
</tr>
<tr>
<td>Compliance</td>
<td>10</td>
<td>10</td>
<td>17.2%</td>
</tr>
<tr>
<td>Human Resource &amp; Admin</td>
<td>19</td>
<td>19</td>
<td>32.7%</td>
</tr>
<tr>
<td>ICT</td>
<td>3</td>
<td>3</td>
<td>5.2%</td>
</tr>
<tr>
<td>Policy &amp; Research</td>
<td>5</td>
<td>5</td>
<td>8.6%</td>
</tr>
<tr>
<td>Corporate Services</td>
<td>3</td>
<td>3</td>
<td>5.2%</td>
</tr>
<tr>
<td>Executive Management</td>
<td>3</td>
<td>3</td>
<td>5.2%</td>
</tr>
<tr>
<td>PPD</td>
<td>70</td>
<td>20</td>
<td>25%</td>
</tr>
<tr>
<td>TOTAL</td>
<td>128</td>
<td>78</td>
<td>100%</td>
</tr>
</tbody>
</table>

3.7 Research Instruments.

The main primary research tool was the self completed questionnaires and the data collected was on structure, culture, strategy, goals and tactics, policies and procedures, leadership, decision making, organizational environment, and effectiveness. For the main purpose of the research, the study collected primary data but relied on the secondary data for the literature review.
In administering the questionnaire the questionnaires were hand delivered to each respondent in person. The respondents were encouraged to fill the questionnaires and they were assured of confidentiality. The respondents were notified through the management ahead of time that they would be receiving a questionnaire, explaining its purpose and importance. A covering letter was attached to each questionnaire that reiterated the purpose and the importance of the questionnaire and stated that all data received would be treated with utmost confidentiality. The researcher then checked all questionnaire responses for completeness before data entry and analysis.

3.8 Validity and Reliability

To ensure validity of the research instrument used in collecting data, the researcher ensured that the questionnaires were thoroughly checked for validity and assessed the relevance of the questions and content of the study. Reliability according to (Mugenda & Mugenda 2003) is the degree to which a research instrument can yield consistent results after repeated trials. Reliability of the questionnaire was tested through a pilot study in which the questionnaires were pre-tested to a sample of four employees who did not form part of the sample. The employees were from the PPD administration section. This was important in finding out any deficiencies in the questionnaire and rectifying them before the actual questionnaires were issued out. Permission was sought from, Kenyatta University and PPOA. The sampling validity of the questionnaires was designed to represent the properties being investigated which leadership practices and their influence on employee creativity and innovation as argued by (Nchamia 1996) which is the application of the Cronbach's test
3.9 Data collection Procedures

The questionnaires were self-administered by the researcher and had both structured (close-ended) and open-ended (unstructured) questions. Structured or close-ended questions are questions with a list of all possible alternatives from which respondents select the answer that best describes their situation. They are easier to analyze since they are in an immediate form, and are economical to use in terms of time and finance. Unstructured or open-ended questions are questions which give the respondent complete freedom of response. These free responses permit an individual to respond in his/ her own words. They permit a greater depth of response and are simpler to formulate.

3.10 Data Analysis procedures

The data collected was both qualitative and quantitative in nature and the data was checked and errors were corrected by the researcher and where necessary clarification was sought from the respondents. The information was then coded. The coding was done by first assigning each department an alphabetical code and then the questionnaires were sorted and numbered according to their departments and posted into SPSS. An analysis was then run and determined through use of percentages and then analyzed using descriptive statistics which involved use of frequencies, percentage and mean. Data interpretation and presentation was done through narration, frequency tables, pie charts and bar and line graphs.

3.11 Data Management and Ethical Considerations

In data collections the following ethical considerations were observed

Maintaining confidentiality at all times by ensuring that even the assistants who assisted me in data capture would not know the identity of the participants. Departments with less
than three members of staff were combined with other departments as a data management measure.

The researcher accepts individual responsibility for conduct of the research and as far as foreseeable the consequences of the research this includes the accuracy of the data its analysis the findings and the recommendations of the study.

The researcher obtained informed consent from all subjects used in the study and ensured that the subjects participated voluntarily and there was openness and honesty when dealing with other researchers and research subjects through acknowledgement of all citations and references.
CHAPTER 4

4.0 DATA ANALYSIS AND INTERPRETATION OF FINDINGS

4.1: Overview

This chapter contains data analysis and presentation of the major findings of the research, whose purpose was to determine how leadership practices influence employee creativity and innovation in public institutions. The results are based on the following four research questions.

i. How does transformational leadership influence employees’ creativity and innovation in PPOA?

ii. How does organizational culture influence employees’ creativity and innovation in PPOA?

iii. How does organizational strategic direction influence employees’ creativity and innovation in PPOA?

iv. How does transactional leadership influence employees’ creativity and innovation in PPOA?

4.2: Sample description

A set of 78 questionnaires containing 36 questions were distributed to PPOA/PPD staff as had been proposed in table 2. The respondents were composed of employees who have worked for a period of between 2 and 12 years. Responses from 74 respondents were received representing 95% feedback level as analysed Table three (3) below.
Table 3 Analysis of the respondents

<table>
<thead>
<tr>
<th>Dept</th>
<th>Number that was issued with questionnaires responded</th>
<th>Number that responded</th>
<th>Percentage (%) of the total population</th>
</tr>
</thead>
<tbody>
<tr>
<td>ARB</td>
<td>3</td>
<td>3</td>
<td>100</td>
</tr>
<tr>
<td>Finance</td>
<td>4</td>
<td>4</td>
<td>100</td>
</tr>
<tr>
<td>Audit</td>
<td>2</td>
<td>2</td>
<td>100</td>
</tr>
<tr>
<td>Capacity Building</td>
<td>6</td>
<td>6</td>
<td>100</td>
</tr>
<tr>
<td>Compliance</td>
<td>10</td>
<td>10</td>
<td>100</td>
</tr>
<tr>
<td>Human Resource &amp; Admin</td>
<td>19</td>
<td>18</td>
<td>100</td>
</tr>
<tr>
<td>ICT</td>
<td>3</td>
<td>3</td>
<td>100</td>
</tr>
<tr>
<td>Policy &amp; Research</td>
<td>5</td>
<td>5</td>
<td>100</td>
</tr>
<tr>
<td>Corporate Services</td>
<td>3</td>
<td>3</td>
<td>100</td>
</tr>
<tr>
<td>Executive Management</td>
<td>3</td>
<td>3</td>
<td>100</td>
</tr>
<tr>
<td>PPD</td>
<td>20</td>
<td>17</td>
<td>85</td>
</tr>
<tr>
<td>TOTAL</td>
<td>78</td>
<td>74</td>
<td>95</td>
</tr>
</tbody>
</table>

Table 4 Computation of correlation

The table below shows the correlation between issued questionnaires and the number that responded to the questionnaires

<table>
<thead>
<tr>
<th>X</th>
<th>Y</th>
<th>X²</th>
<th>Y²</th>
<th>XY</th>
</tr>
</thead>
<tbody>
<tr>
<td>3</td>
<td>3</td>
<td>9</td>
<td>9</td>
<td>9</td>
</tr>
<tr>
<td>4</td>
<td>4</td>
<td>16</td>
<td>16</td>
<td>16</td>
</tr>
<tr>
<td>2</td>
<td>2</td>
<td>4</td>
<td>4</td>
<td>4</td>
</tr>
<tr>
<td>6</td>
<td>6</td>
<td>36</td>
<td>36</td>
<td>36</td>
</tr>
<tr>
<td>10</td>
<td>10</td>
<td>100</td>
<td>100</td>
<td>100</td>
</tr>
</tbody>
</table>
Computation of the correlation coefficient

\[ r = \frac{n(\sum_{xy}) - (\sum x)(\sum y)}{\sqrt{[n\sum x^2 - (\sum x)^2][n\sum y^2 - (\sum y)^2]}} \]

\[ r = \frac{11(899) - (78)(74)}{\sqrt{[11\times978 - (78)^2][11\times1646 - (74)^2]}} \]

\[ r = \frac{4117}{\sqrt{[4674][12630]}} \]

\[ r = 0.54 \]

This is a positive correlation

4.2.1 **Objective 1**- To assess if transformation leadership influences employees’ creativity and innovation in public institutions.

The objective was to assess whether transformational Leadership measured through Idealized influence, inspirational motivation, intellectual stimulation and individualized consideration influence employees creativity and innovation. Seven set of questions
whose output is presented in figure 4 below, set to address the first specific objective of the research.

**Figure 4 Aspects of transformative leadership**

<table>
<thead>
<tr>
<th>Aspect</th>
<th>Low</th>
<th>Average</th>
<th>High</th>
</tr>
</thead>
<tbody>
<tr>
<td>PPOA's emphasis on continued improvement of</td>
<td>18%</td>
<td>45%</td>
<td>38%</td>
</tr>
<tr>
<td>Extent to which PPOA creates time or space for</td>
<td>9%</td>
<td>68%</td>
<td>23%</td>
</tr>
<tr>
<td>Ability to build confidence among PPOA's</td>
<td>22%</td>
<td>53%</td>
<td>15%</td>
</tr>
<tr>
<td>Confidence in PPOA's management to manage...</td>
<td>22%</td>
<td>55%</td>
<td>23%</td>
</tr>
<tr>
<td>Extent to which PPOA has created an...</td>
<td>34%</td>
<td>45%</td>
<td>22%</td>
</tr>
<tr>
<td>PPOA management's ability to influence...</td>
<td>47%</td>
<td>32%</td>
<td>20%</td>
</tr>
<tr>
<td>Speed of strategy implementation</td>
<td>41%</td>
<td>55%</td>
<td>4%</td>
</tr>
</tbody>
</table>

The median response for six out of seven questions was average. However of the seven question one had a median response of low. About 91 percent (high and average) of the sampled employees agree that PPOA attempts to at least create average time and space for learning, creativity and innovation whereas 83 percent (low and Average) have the same opinion on PPOA’s emphasis on continued improvement of services and new product development. However, 68 percent (low and Average) of the respondents believe that PPOA’s management have at most an average ability to build confidence in its employees.

On overall the average response as to whether transformative leadership is taking place and thereby influencing employee creativity and innovation in PPOA was as follows

- Low: 32%
- Average: 45%
- High: 23%
Transformational leadership is a style of leadership that transforms followers to rise above their self-interest by altering their morale, ideals, interests, and values, motivating them to perform better than initially expected (Bass, 1985; Yukl, 1999). Innovation is central to the thinking about transformational leadership and Transformational leadership is centred on the processes of transformation and change (Bass & Riggio, 2006).

The finding from this study is that some element of transformation leadership is taking place but not to the levels that can encourage employee innovation and creativity because 77% of the respondents rated the leadership at either average or a low.

### 4.2.2 Objective 2

The objective was to assess if the organizational culture through organization processes, cognitive processes and behaviours influence employees’ creativity and innovation. A set of 14 questions were asked in order to determine the respondents’ opinion on influences of organization culture on employee creativity and innovation. Figure 5 below presents the frequency distribution of the responses to the various questions.
The findings indicate that PPOA to some extent encourages team work and continued learning and the respondents also indicated that PPOA tries to help its employees in their self development. PPOA however, tends to be risk averse and scores low on its ability to grow through internally generated ideas.

The overall average response as to whether organisation culture is influencing employees creativity and innovation in PPOA was as follows:

- **Low**: 28.4%
- **Average**: 46.6%
- **High**: 25%
- **Total**: 100%
Innovation can only flourish and be sustained in the context of a culture that encourages, recognizes and rewards new ideas and gives authority to translate those ideas into practice. Often the culture of an organization determines the desire for innovation (Burns 2005)

From the finding from this study, the respondents rated the leadership at 75% being the combined response from the score for low and Average. It is a finding of this study that within PPOA employees creativity and innovation is taking place but at a low scale and therefore it can be concluded that the organisation culture is not fully supporting employees creativity and innovation.

4.2.3 Objective 3

The objective was to assess if the organization strategic direction through Vision, Mission and Core Values influence employees’ creativity and innovation. Figure 6 below presents the frequency distribution of the responses for the various questions.

**Figure 6 Strategic issues**

![Bar Chart](image)

The findings of the analysis showed that majority of the respondents are of the opinion that PPOA have less than average regard for innovation as the key to success in
implementation of its strategies. Majority however, recorded that on average or less, strategizing activities occur at all levels across the organization. Eight out of every ten of the respondents surveyed indicated that PPOA’s strategies are aligned with its vision and mission.

The average overall response as to whether strategic direction influence employees creativity and innovation in PPOA was as follows

- Low 37.6%
- Average 46.4%
- High 16%
- Total 100%

A key element of organization strategy is the recruitment, retention, training and development of staff. Training and development opportunities which enhance innovation capacity within an organization can be quite diverse as it encompasses a broad range of skills (Bowman 1997).

The findings from the study was that the PPOA strategic direction does not to a large extent encourage employees creativity and innovation because of the respondents 84% rated the leadership at either low or average.

4.2.4 Objective 4

The objective was to assess if transactional leadership through contingent rewards management by exception (active), management by exception (passive) and Laissez-faire influence employees’ creativity and innovation in public institutions. A set of 9 questions were designed to gauge employees’ opinions on various aspects of transactional leadership. Figure 7 below gives a summary of the findings.
Figure 7 Aspects of transactional leadership

From the above of the total respondents 89 percent reported that PPOA’s reward system has at most, average influence on innovation. Only 11 percent reported that the reward system has a significant influence on innovation. Decentralization and flexibility were found to be low or average with 96 percent, and 91 percent combined rating of average and low for the two respective aspects.

85 percent of the respondents were of the opinion that employees who achieve adequate or complex tasks are not adequately rewarded with 66 percent recording that the reward is significantly low. Majority of the respondents however concurred that PPOA’s management at least on average tries to implement the laid down strategies.

The overall average response as to whether transactional leadership influence employees creativity and innovation in PPOA was as follows:

- Low 37.5%
- Average 44.7%
Contingent reward is thought to be the most effective form of transactional leadership where as laissez-faire is considered the most ineffective while Management by exception has two facets active and passive (Judges & Piccolo 2004).

The finding from this study therefore was that elements of transactional leadership is taking place in PPOA but not to the levels that can encourage employee innovation and creativity because 82.2% of the respondents rated the leadership on either low or average.

4.3 Summary of the findings

The finding from this study are as follows

Table 5 Summary of the findings

<table>
<thead>
<tr>
<th>OBJECTIVE</th>
<th>Overall Rating in %</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Low</td>
</tr>
<tr>
<td>Does transformation leadership influence employees’ creativity and innovation in PPOA</td>
<td>32</td>
</tr>
<tr>
<td>Does the organizational culture influence employees’ creativity and innovation in PPOA.</td>
<td>28.4</td>
</tr>
<tr>
<td>Does the organization strategic direction influence employees’ creativity and innovation in PPOA.</td>
<td>37.6</td>
</tr>
</tbody>
</table>
1. Some element of transformation leadership is taking place but not to the levels that can encourage employee innovation and creativity.

2. Employees creativity and innovation is taking place but at a low scale and therefore it can be said that the organization culture is not fully supporting employees creativity and innovation.

3. The organisation strategic direction does not to a large extent encourage employees creativity and innovation.

4. Elements of transactional leadership is taking place in PPOA but not to the levels that can encourage employee innovation and creativity.

5. PPOA strategies are aligned to the vision and mission which implies that on paper PPOA strategic direction is clearly spelt out but this is not encouraging employees creativity and innovation.

6. The employees have a high affinity to PPOA as an employer and therefore innovation and creativity can thrive if leadership provides the right climate.
7. The Management of PPOA encourages team work and continued learning for its employees but does not give room to employees to make independent work related decisions and does not encourage some level of risk taking.

8. PPOA has put emphasis on continued improvement of services and new products but has not created an environment that can enable the employees attain this goal.
CHAPTER FIVE

5.0 DISCUSSION OF CONCLUSIONS AND RECOMMENDATIONS

This chapter presents a discussion of the major findings of the study, conclusions and recommendations in relation to the research questions. The Chapter also contains suggestions for further research.

5.1.1 Conclusions

The componential theory articulated by Teresa Amabile in 1983 specifies that creativity requires a confluence of all components; creativity should be highest when an intrinsically motivated person with high domain expertise and high skill in creative thinking works in an environment high in support for creativity. According to the public sector innovation drivers process model leaders influence employees' innovative behaviour both through their deliberate actions aiming to stimulate idea generation and application as well as by their more general, daily behaviour (JPJ de Jong, 2007).

5.1.1 Transformational leadership

Transformational leadership develops a challenging and attractive vision together with employees, tie the vision to the strategy and develop the vision, specify and translate it to actions (Armstrong, 2012). The study established that 96 percent of the respondents rated PPOA low and average on the speed at which PPOA implements its strategy meaning that the strategy set to realise the vision might take a very long time to materialise. The study established that of the total respondents 79 percent of the employees rated PPOA leadership on either low or average in terms of the management ability to influence individuals outside established channels (the bureaucracy) previous studies have established that transformational leadership expresses confidence, dicisiveness and
optimism and realizes the vision through small planned steps and small successes on the path to its full implementation (Armstrong, 2012). The study found that 68 percent of the respondents rated PPOA leadership on either low or average on ability to build confidence among employees. It has been established that followers of transformational leaders have been found to have higher performance on idea generation tasks in experimental studies (Jung, 2001; Jung & Avolio, 2000).

It was a finding of the study that the leadership of PPOA was not influencing employees innovation and creativity because 34% of the respondents rated the leadership low and 46% of the respondents rated the leadership to be average while only 20% giving the leadership a high rating. Theories of transformational leadership have emphasized stimulating innovation as a core leadership function (Bass, 1985; Conger, 1999; Tichy & Ulrich, 1984). It is noted that the employees have a high affinity to PPOA as an employer and with more efforts and encouragement from the leadership this would form the right seedbed for employee innovation and creativity. PPOA puts emphasis on continued improvement of services and new products with 83 percent rating the leadership on either average or high and what seems to be lacking is the right environment for this. It is therefore concluded that the leadership practices in PPOA have not fully encouraged employee creativity and innovation.

5.1.2 Organisation Culture

Organisation culture is mainly described in terms of values, norms, artifacts and management or leadership style (Armstrong, 2012). The study found that PPOA has not built very strong links with its employees with 67 percent of the respondents rating the leadership on either low or average. The study found that of the total respondents 73
percent rated PPOA leadership either average or low on creating a sense of commitment amongst employees. It has been established that culture will be more effective if it is consistent in its components and shared amongst organisation members, and if it makes the organization unique, thus differentiating it from other organisations (Armstrong, 2012). Often the culture of an organization determines the desire for innovation (Burns, 2005). The individual and the organizational dimension have the importance as key factors in influencing and determining creativity. PPOA leadership does not fully encourage achievements with 83 percent of the respondents either being on either low or average. It has been established that when employees have the possibility to be creative, they can share their new developed ideas with the entire organization which leads to innovation (Burns, 2005). According to (Beugelsdijk, Koen, & Noorderhaven, 2006), organizational culture is specific to an organization (Smircich, 1983), is relatively constant (Christensen & Gordon, 1999), and can influence interorganizational relations. For these reasons, organizational culture is widely viewed as a source of sustained competitive advantage to businesses (Miron, Erez, & Naheh, 2004).

PPOA does not encourage risk taking amongst its employees with 84 percent of the employees scoring the leadership on either low or average studies have however shown that leaders are the architects of culture change (Schein, 1985, 1992; Trice & Beyer, 1993), either through substantive, visible actions or through the symbolic roles they play (Meindl, Ehrlich, & Dukerich, 1985).

5.1.3 Strategic Direction

Strategy is the approach selected to achieve specified goals in the future (Chandler, 1962). The study established that 88 percent of the respondents scored PPOA leadership
on either low or average on extent in which PPOA regards innovation as key to its success. Studies have stated that the fundamental characteristics of strategy include being forward looking, deciding where an organisation wants to go and the means to get there and it’s a declaration of intent (Armstrong, 2012). The study revealed that 86 percent of the respondents scored PPOA leadership on either low or average when asked to state the extent to which strategising occurs at all levels of the organisation. It has been established that creativity and innovation require embedding a systematic approach as an explicit and integral component of an organization’s corporate strategy to drive the development and promulgation of appropriate policies and procedures, the allocation of necessary resources, the assessment of results and the dissemination of knowledge (Burns 2000). PPOA strategic direction does not fully encourage employees creativity and innovation even though it was observed that PPOA strategies are aligned to the vision and mission which implies that on paper PPOA strategic direction is clearly spelt out.

5.1.4 Transactional Leadership

Transactional leaders exhibit specific leadership skills usually associated with the ability to obtain results, and to control through structures and processes, to solve problems, to plan and organise and work within the structures and boundaries of the organisation (Armstrong 2012). The study found that 89 percent of the respondents scored PPOA leadership on either low or average when asked to indicate the extent to which the reward sytems encourage inovation at PPOA. Studies have established that contingent reward is thought to be the most effective form of transactional leadership while laissez-faire is considered the most ineffective Judge & Piccollo (2004).
Management by exception has two facets, active and passive. On overall 94 percent of the respondents scored PPOA leadership either low or average which is a pointer to existence of strong controls. Studies have established that in management by exception active facet, leaders monitor followers’ performance and take corrective action when necessary Judge & Piccollo (2004). The study established that 91 percent of the respondents scored PPOA leadership either low or average when asked to indicate the levels of flexibility. Studies have shown that in case of passive management by exception, leaders do little monitoring and only intervene when there are serious problem. In the laissez faire type of transactional leadership, leadership simply avoid leadership responsibilities Judge & Piccollo (2004).

Transactional leadership is therefore not taking place in PPOA to a level that that can encourage employee innovation and creativity even though the management of PPOA encourages team work and continued learning for its employees.

5.2 Recommendations

The following are the recommendations from the study

5.2.1 Transformational leadership

The results of this study imply that transformational leadership contributes in encouraging and increasing employee creativity and innovation. In view of this PPOA leadership should embrace change and encourage employees creativity and innovation. Mistakes should be treated as part of the learning process and PPOA should develop and implement a high-performance culture through setting goals for success and minitor performance plus having alternative work practices like job redesign and autonomous work teams.
5.2.2 Organisation Culture

This study has established that organisation culture contributes in encouraging and increasing employee creativity and innovation through values, norms, management or leadership styles. One of the areas in which values may be expressed explicitly or implicitly is creativity and innovation. PPOA should therefore sustain a culture that encourages, recognizes and rewards new ideas and gives authority to translate those ideas into practice. The leadership both present and future should institute measures that will instil and shape a particular form of culture through celebrating critical incidents and important events from which lessons can be learnt about desirable and undesirable norms.

5.2.3 Strategic Direction

The results of this study established that the strategic direction contributes to employee creativity and innovation through the process of developing long-term goals and delivering purposeful action on how the goals will be achieved. PPOA leadership should therefore be more aggressive in communicating the shared vision of the organization to help produce a work environment where everyone can participate fully and achieve professional and personal growth in the pursuit of a common vision.

5.2.4 Transactional Leadership

The results of this study imply that transactional leadership contributes in encouraging and increasing employee creativity and innovation through focussing on the role of supervision, organization, and group performance and the leader promoting compliance of his/her followers through both rewards and punishments. PPOA leadership therefore need to respect, value, and harness the richness of ideas, backgrounds, and perspectives of every employee and allow them to use their unique personal assets and experiences to
work for the organization through rewards and punishments. PPOA leadership should make efforts to rewards initiatives that recognize and remove barriers to diversity, since this will enable the organisation to gain the full commitment and contribution of its entire workforce.

It is further suggested that certified executive training courses be established for public sector leaders to train them on employee creativity and innovation. This will also provide a structured forum for policy learning and exchange of ideas.

5.3 Recommendations for Further Research

From the literature review training is also a key factor that influences employee creativity and innovation. This study did not seek to establish the extent of this relationship. There is need therefore to conduct further research to establish whether the competencies of individual employees in terms of qualifications and training also contribute to creativity and innovation. The implication of the study would be to establish the relationship between training and its influence on employee’s creativity and innovation.
BIBIOGRAPHY/REFERENCES


Burns (2005), Corporate entrepreneurship Building an entrepreneurial organization, Pulgrave Macmillan.


PPOA “PPOA Strategic Plan 2010 - 2014”.
APPENDICES

A1: Time Framework

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Preliminary Survey &amp; identification of Research title</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Research proposal paper writing</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Submission of draft Research proposal paper for internal moderation</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Submission of final paper</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
### A2: Budget

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount (Ksh)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Stationery Costs</td>
<td>10,000</td>
</tr>
<tr>
<td>2. Travelling Costs</td>
<td>10,000</td>
</tr>
<tr>
<td>3. Photocopying Costs</td>
<td>2,000</td>
</tr>
<tr>
<td>4. Telephone costs</td>
<td>5,000</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>27,000</strong></td>
</tr>
</tbody>
</table>
A3: Questionnaire

Survey Questionnaire Leadership Practices and Their Influence on Employee Creativity and Innovation at PPOA.

TO………………………………………………

I am undertaking a research project as part of partial fulfilment of a requirement in my studies for a Masters Degree in Public Policy & Administration at Kenyatta University.

My research topic is “leadership practices and their contribution in influencing employee creativity and innovation in public institutions’ case of PPOA”. I am currently at the stage of data collection and I am humbly requesting you to assist in this process by completing the attached questionnaire.

I confirm that the information in the questionnaire will be confidential and will only be used in this research project and this is purely for academic purposes.

Guidelines

- Complete the questionnaire, assessing PPOA capacity as listed.

- For each of the questions kindly determine the most suitable description or select the answer that closely describes PPOA.

Yours Sincerely,

Mwangi Kahora Gitonga
SECTION ONE

1. Respondent’s title.................................................................................................................. 

Department.......................................................................................................................... 

Grade...................................................................................................................................... 

Years of service......................................................................................................................... 

Date......................................................................................................................................... 

SECTION TWO

We wish to assess your perspective on the following issues as per the questions here under in this regard we kindly request you to  tick the level of extent that mostly matches the situation at PPOA.

1. Low  2. Average  3. High

<table>
<thead>
<tr>
<th></th>
<th>How do you rate the statement that in general, I am satisfied with my work at PPOA?</th>
<th>1</th>
<th>2</th>
<th>3</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>How do you rate the statement that that my opinions are respected at work</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>How do you rate the statement that PPOA helps employees in their self-development?</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>How would you rate PPOA management in the implementation of PPOA</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
5 How do you rate the level of trust by PPOA management on its employees to make independent decisions at their place of work?

6 How do you rate consistency by PPOA leadership?

7 How do you rate level of employee’s involvement in decision making process in PPOA?

8 How do you rate PPOA management in ability to influence individuals outside the established official channels?

9 How do you rate the statement that PPOA has created an environment for employees to think and plan in a skilful way?

10 How do you rate the statement that ‘PPOA has put in place structures to motivate employees’

11 How do you rate the statement that PPOA ensures that employees get recognition and/or rewards when they achieve difficult or complex goals.

12 How do you rate the statement that ‘I have confidence in PPOA management ability to manage change’

13 How do you rate the statement that ‘There is ample ability to resolve or reconcile conflict involving employees at PPOA’

14 How do you rate the statement that ‘There is ability to build confidence among employees in the PPOA’
<table>
<thead>
<tr>
<th></th>
<th>How do you rate the statement that ‘PPOA has a culture of building strong links with employees’?</th>
</tr>
</thead>
<tbody>
<tr>
<td>16</td>
<td>How do you rate the statement that ‘PPOA encourages creativity and innovation’</td>
</tr>
<tr>
<td>17</td>
<td>How do you rate the statement that ‘PPOA empowers staff with a ‘can do’ attitude’</td>
</tr>
<tr>
<td>18</td>
<td>How do you rate the statement that ‘PPOA encourages some extent of risk taking’</td>
</tr>
<tr>
<td>19</td>
<td>How do you rate the statement that ‘PPOA encourages continued learning’</td>
</tr>
<tr>
<td>20</td>
<td>How do you rate the statement that ‘At PPOA I feel I have a sense of belonging’</td>
</tr>
<tr>
<td>21</td>
<td>How do you rate the statement that ‘PPOA encourages achievements’</td>
</tr>
<tr>
<td>22</td>
<td>How do you rate the statement that ‘PPOA accepts change in performance as normal’</td>
</tr>
<tr>
<td>23</td>
<td>How do you rate the statement that ‘PPOA has created a sense of commitment amongst employees’</td>
</tr>
<tr>
<td>24</td>
<td>How do you rate the statement that ‘PPOA creates time or ‘space’ for learning, creativity or innovation’?</td>
</tr>
<tr>
<td>25</td>
<td>How do you rate the statement that ‘PPOA encourages team working’</td>
</tr>
</tbody>
</table>
28. How do you rate the extent of grades of authority at PPOA

29. How do you rate the extent of flexibility at PPOA

30. How do you rate the extent of delegation at PPOA

31. How do you rate the extent of decentralization at PPOA

32. How do you rate the extent of reward system to encourage innovation at PPOA

33. How do you rate the extent to which strategizing occurs at all levels in PPOA

34. How do you rate the extent to which PPOA has put strategies in line with the Authority Vision and mission

35. How do you rate the extent to which PPOA hold innovation as the key to the success of its strategy

36. How do you rate PPOA extent of growth through internally generated ideas

37. How do you rate the extent of PPOA emphasis on continued improvement of services and new products

38. How do you rate the speed of strategy implementation?

Any other information you may wish to state

........................................................................................................................................
........................................................................................................................................
........................................................................................................................................
........................................................................................................................................
........................................................................................................................................
........................................................................................................................................
........................................................................................................................................

73
A4: Research Permit