

Influence of Transformational Leadership on Organizational Performance of Commercial Banks in Kenya

Muchiri, Chege Thenya

Abstract

The concept of leadership has received considerable public and institution's attention both in developed and developing world. This study examines the crucial role of transformational leadership on organizational performance of commercial banks in Kenya. The study focused on the following variables i.e., visioning managers, inspiring managers, stimulating managers, coaching managers and moderating effect of corporate governance on the relationship between transformational leadership and organizational performance in commercial banks. The study involved all the commercial banks currently in Kenya. The research design adopted in the study was a cross sectional survey design. The study thus reached a total of 384 employees, sampled on a stratified random sampling method, from the two strata: top and middle cadre employees. While the close-ended questions guided the respondents' answers within the choices given, the open-ended ones were useful in obtaining a more detailed response essentially in cases where the researcher has no pre-determined options. Respondents were presented with descriptive statements in a 5-point and 4-point Likert scale on which they were required to rate by scoring the extent to which they perceived a particular statement as descriptive of the force in the corporations. The questionnaires were administered through drop and pick method to the respondents targeted. The questionnaires were coded and edited for completeness and consistency and entered into Statistical Package for Social Sciences (SPSS version 20). Analysis involved descriptive statistics and inferential analysis. Descriptive analysis technique gave simple summaries about the sample data in quantitative descriptions and included, mean, standard deviation, frequencies and percentages. The study concluded that the organization managers usually have a vision to improve the financial performance of the commercial banks and that the organization chooses transformational leaders from internal and external labour markets. The Recommendations of the study were Leadership style behaviors that have a strong positive relationship with organizational performance should be put into practice. It is therefore recommended that managers should: help others develop themselves; guide to be rewarded for their work; be satisfied when others meet agreed-upon standards; provide recognition or rewards; tell others the standards they have to know to carry out their work and ask no more of others than what is absolutely essential Managers should consider acquiring the transformational leadership skills because they are very important in the revolutionizing of the commercial banks in Kenya. There is however still need for future researches to be done to establish the specific areas of employee engagement influenced by transformational leadership behaviours, as well as their contribution to organizational performance. Studies may also be done to establish why idealized influence of supervisor was found to be negatively related to both employee engagement and organizational performance as per this study finding