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Strategic Leadership Effects on Sustainable Organizational Performance of State Corporations in Kenya: The Mediating Influence of Digitalisation

Kennedy P. Odhiambo, Prof. Evans Aosa, Prof. Caren Angima and and Githii Wainanina

A hand in a blue suit sleeve points towards a glowing white circle in the center of the image. Inside the circle, the word "Strategy" is written in a large, dark, sans-serif font. The background is a dark blue gradient with abstract white and red curved lines and concentric circles, suggesting a digital or strategic theme.

Strategy

**Strategic Leadership Effects on Sustainable
Organizational Performance of State Corporations in
Kenya: The Mediating Influence of Digitalisation**



Kennedy P. Odhiambo¹

¹PhD Candidate, Department of Business Administration,
University of Nairobi, Kenya



Prof. Evans Aosa²

²Department of Business Administration, University of
Nairobi, Kenya



Prof. Caren Angima³

³Department of Business Administration, University of
Nairobi, Kenya



Githii Wainanina⁴

⁴Senior Lecturer, Department of Business Administration,
University of Nairobi, Kenya

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Abstract

Purpose: Rapid disruptions in the technological environment in the last two decades have occasioned the digitalisation phenomenon which is fundamentally redefining the strategic leadership, operations and performance of organizations. Digitalization is currently not well integrated in strategic leadership literature. Additionally, there is limited empirical evidence regarding the influence of digitalization on the nexus between strategic leadership and sustainable organizational performance especially in the context of public sector organizations in developing countries. Consequently, this study attempted to address these knowledge and contextual gaps inherent in literature, by investigating the influence of the digitalisation phenomenon on the relationship between strategic leadership and the sustainable performance of State Corporations in Kenya.

Methodology: This empirical study was based on a positivistic research philosophy and involved a census survey of all the 250 State Corporations in Kenya. Primary data was collected using a self-administered structured questionnaire based on a Five point Likert scale. The quantitative data collected was subjected to both descriptive and inferential statistics based on linear regression analysis. Finally, the hypotheses stated were tested using Model 4 of Hayes process macros running on SPSS.

Findings: Three key findings in respect to State Corporations can be gleaned from the study. First, strategic leadership significantly positively influenced digitalization. Second, had a positive and significant influence on sustainable organizational performance. Third, digitalization significantly partially mediated the relationship between strategic leadership and organizational performance.

Unique Contribution to Theory, Practice and Policy: The study has important implications at three levels. First, it contributes to theory refinement by testing the predictions of the two theories undergirding its conceptualisation. Second, it provides useful insights and information that will assist policy formulation in public sector organizations relating to strategic leadership, digitalization and sustainable organizational performance. Finally, the study findings are bound to assist management practitioners to effectively create linkages among strategic leadership, digitalization and sustainable organizational performance which is often considered a challenge in public sector organizations.

Keywords: *Strategic Leadership, Digital Innovation, Organisational Performance, Public Enterprises*

JEL Codes: M120, O33, L320, L32

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INTRODUCTION

Scholars have for a long time contended whether leadership has a dominant and significant effect on organisational performance (House & Aditya, 1997; Yukl & Van Fleet; 1992). This debate about the leadership phenomena and in particular the strategic leadership paradigm continues to rage among scholars up to the present time (Cristina et al. 2022; Vera et al., 2022). This has been occasioned by the fact that there are instances when empirical studies yield inconsistent set of study findings regarding strategic leadership effects on organisational performance. Some of these incongruent findings arise from the fact that some scholars usually adopt two diametrically opposed viewpoints when investigating strategic leadership effects on organisational output.

On one side of this academic discourse are scholars advancing the postulations of various classical, contemporary, and emerging leadership theories who contend that leadership effects on organisational performance are predominant compared to those of other internal and external contingent factors. The *a priori* assumption of these theories is that leaders positively influence the performance of their organisations by virtue of their strategic decisions and actions (Hambrick & Mason 1984; Finkelstein, Hambrick & Cannella, 2009). For instance, a number of empirical studies anchored on theories focusing on those individuals at the highest echelons of an organisation's hierarchy posit that strategic leadership positively and significantly influences organisational output (Gianzina & Paroutis, 2025; Samimi et al., 2020). However, a number of scholars argue that leadership effects on organisational performance are not unabated but dependent on other factors as well. Further, some of the leadership theories have been criticised for having various conceptual and measurement shortcomings which vitiates their applicability (Neely et al., 2020).

In contrast, to the above perspective, other scholars aver that organisational behaviour and subsequently performance variations are largely predicated upon a number of internal and external factors rather than strategic leadership effects alone. More importantly, they contend that the influence of these contingent factors on organisational performance are dominant and at times overshadow leadership effects. Consequently, a number of scholars propound both institutional theories (Zucker, 1987; Scott 2004) and contingency theories (Betton & Dess, 1985; Hannan & Freeman, 1977) when conceptualizing their studies. The scholars contend that these two theories provide auxiliary support in areas where the strategic leadership theories have some explanatory and predictive limitations when investigating the impact of leadership effects on organisational performance. Additionally, they posit that this enhanced theoretical framework provides a more nuanced perspective regarding strategic leadership effects and can shade new insights regarding some on the conflicting set of study findings.

The operating ecosystems of organisations have fundamentally changed in the last decade. Rapid disruptions in the technological environment has resulted in the digitalisation phenomenon (Li et al., 2025). Organisations are increasingly leveraging emerging digitalisation technologies in order to implement business model innovations and also drive their digital transformation process. Therefore, digitalisation is considered a critical enabler of sustainable organisational efficiency and effectiveness (Krakowski, Luger & Raisch, 2022). It has been argued that digitalisation enhances the dynamic capability and agility of organisations to sense and seize opportunities arising from rapid changes in their operating environment. Digitalisation is thus an important

contingent factor that if properly harnessed has the potential of positively influencing strategic leadership effects on organisational output (AlNuaimi et al., 2022).

Despite its importance, digitalisation is currently not well integrated in empirical studies based on strategic leadership-sustainable organisational performance research stream. This is a field of study that is going through a phase of theory building and refinement in research methodology. Further, the few studies that have been conducted based on strategic leadership-digitalisation-sustainable organisational performance stream are usually operationalized in developed countries targeting large publicly listed firms operating in the private sector. There is limited empirical evidence regarding the impact of digitalization on the nexus between strategic leadership and sustainable organizational performance in the context of public sector organisations in developing countries. Consequently, this study sought to address the theoretical, conceptual, knowledge, and contextual gaps inherent in existing literature, by investigating the influence of the digitalisation on the relationship between strategic leadership and sustainable performance of State Corporations in Kenya.

Strategic Leadership

Strategic leadership lacks a unified definition in literature. Most definitions of strategic leadership fall under three main categories. Consequently, scholars define the strategic leadership construct based on the roles of the top executive (Boal & Hooijberg, 2001; Hitt, Ireland & Hoskisson, 2013), or the abilities of the strategic leaders (Ireland & Hitt, 2005) or systems of social interactions (Carter et al., 2015). Therefore, strategic leadership can be broadly described as leadership domiciled at the highest echelons of organizational hierarchy undertaken by individuals such as the chief executive officer -CEO, groups such as the top management team- TMT and governance structures comprising board of directors -Board of Directors, who make strategic choices and critical decisions regarding their organizations. For instance, the decisions cover aspects such as, market selection, competitive strategies, business model innovations, responding to environmental contingencies, managing change, information management, managing social and ethical issues, stakeholder management just to mention a few (Samimi et al., 2020).

Digitalisation

Scholars usually use varied definitions for the digitalisation construct. Examples of these definitions include: the creation of digitally enhanced products and service, (Rahrovani, 2020; Warner & Wagner, 2019), the adoption of digital technologies by individuals, organisations and societies (Kronbald, 2020; Lange, Phol & Santarius, 2020), the pervasive spreading of digital technologies across different domains (Bjorkdahl, 2020), the adoption of technological innovations to facilitate business model innovations (Sjodin et al., 2020), or the continuous application of digital technologies across the entire spectrum of the organization's operations (Stroud & Weinel, 2020). As is evident the definitions of the digitalisation construct is fragmented across literature (Gradillas & Thomas, 2025). This study adopted an eclectic definition the views digitalisation as the adoption and application of various information, communication and computing technological artifacts to enhance efficiency and effectiveness of organisations (Li et al., 2025; Wang & Zhang, 2025).

Sustainable Organisational Performance

The definition of organizational performance varies depending on the purpose and underlying objective of the firm being considered. Organizational performance can be broadly defined as the measurable outcomes and results that an organization realizes relative to its predetermined goals and objectives (Richard et al., 2009). Consequently, organizational performance has a wide spectrum of outcomes that not only include financial metrics, such as profitability but also other qualitative indicators such as operational efficiency, innovation, customer satisfaction, stakeholder management, socio-ecological impact and corporate governance just to mention a few (Hubbard, 2009; Searcy, 2012).

Context of Study

Kenya is a developing country with a vibrant public sector which plays a critical role in the socio-economic development of the country through employment creation and the provision of goods and services to members of the public. The public sector in Kenya is responsible for implementing various Government policies and programmes. State Corporations (SCs) owned by the Government of Kenya (GoK) are an integral part of the public sector. The GoK has over the years initiated various reforms based on New Public Management (NPM) policies aimed at enhancing the efficiency and effectiveness of SCs in the country (GoK, 2013; On'gera & Musili, 2019). Some of these reforms include strengthening the strategic leadership and corporate governance frameworks, enhancing performance management across all SCs, and transitioning all GoK services to the public to on an e-Government platform (GoK, 2003;2015;2020). The Kenyan context was chosen since the underlying fundamentals resonate with the study. Further, how the variables manifest and their linkages has the potential to offer unique insights that will add value to the body of knowledge, policy and management practice

Statement of Problem

The preponderance of available literature indicated that the digitalisation phenomenon has only received limited empirical attention, and more so in strategic leadership studies operationalised in the context of public sector organisations in developing countries. Consequently, the current study not only sought to address this knowledge and contextual gaps but also attempted to bridge the divergent viewpoints among scholars alluded to earlier, by investigating the influence of the digitalisation phenomenon on the nexus between strategic leadership and organisational performance in the context of public sector organisations. Further, and equally important despite some of the interventions by the government SCs in Kenya continue to post mixed results hence the need to investigate how the study variables manifest and their linkages in the context of public enterprises.

LITERATURE REVIEW

Extant review of available empirical literature based on the strategic leadership- organisational performance stream at times yielded inconsistent set of study findings. Whereas some concluded positive and statistically significant effects (Badarai, Kotze, & Nel, 2023; Keller et al., 2022; Quigley & Graffin, 2017), in contrast other set of studies indicated inconclusive or no significant effects results (Awino & Bwire, 2018; Fitza, 2014; Shimao et al., 2024). Additionally, preponderance of empirical evidence based on the strategic leadership-digitalisation-

organisational performance stream indicated that technology is currently not well integrated in strategic leadership literature. Although a number of studies indicated that digitalisation significantly mediates strategic leadership effects on organisational performance (Kurzahls, Graf-Vlachy, & Konig, 2020; Wrede, Velamuri, & Dauth, 2020), the level and significance of these intervening effects varies across the studies. For example, while some studies showed full mediation effects of digitalisation (Smith, 2024; Singh, Sharma & Dhir, 2021; Chen et al., 2019), in contrast other studies indicated only partial intervening effects (Li et al., 2025; Kiss, Cortes & Herrmann, 2021). Additionally, there are a few studies which concluded insignificant influences of digitalisation on the relationship between strategic leadership and sustainable organisational performance (Wang & Zhang, 2025). Below is a summary of the literature and knowledge gaps

Research Gaps

First, scholars usually use varied leadership theories to anchor studies based on the strategic leadership-organisational performance stream. Consequently, leadership literature often suffers from a lack of theoretical convergence. This not only leads to varied definitions of the leadership but also fragmented operationalisation of the construct across empirical studies thus contributing to inconsistent sets of study findings. For instance, while some scholars operationalise strategic leadership using only demographic variables as proxies of the construct (Mkalama & Machuki, 2019; Nuwagaba, 2022), in contrast others only use psychographic indicators (Maupin et al., 2024; Bromiley & Rau, 2016; Nadkarni & Herman, 2010), yet still other scholars employ a combination of both (Oketch, Kilika & Kinyua, 2021). Therefore, strategic leadership operationalisation and conceptualisation is mostly fragmented and in need of a unifying framework. Additionally, a number of leadership theories have methodological shortcomings.

Second, leadership scholars usually adopt different types of research foci when conducting empirical studies on strategic leadership effects on firm performance (Singh et al., 2023). These divergent research perspectives at times contribute to the incongruent study findings alluded to earlier. Currently, the ongoing debate among leadership scholars is which between the micro and macro research foundations enhances our understanding of strategic leadership effects on organisational output. Scholars advocating for the adoption of micro research foundation contend that investigating how specific dispositional attributes of a strategic leader (i.e., cognitions or personalities) influence micro level aspects of organisational output (i.e., innovation or strategic choice) provides more refined and detail insight on strategic leadership effects thus enhancing understanding of the body of knowledge of leadership and organisational behaviour.

Third, leadership studies usually suffer from various methodological shortcomings (Wulff et al., 2023). Key among these include, limited use of random control trials with counterfactuals (Singh et al., 2023), overreliance on cross sectional survey designs (Knippenberg, 2023), using measurement scales that are either not reliable (Hair, Page & Brunsveld, 2019) or valid (Bell et al., 2019), failure to address potential endogeneity (Antonakis et al., 2010; Ketokivi & Guide, 2017), failure to address nested effects on strategic leadership during model specification (Ronkko, Maheshwaree & Schmidth, 2018), using statistical tools that are neither powerful or robust leading to analytical shortfalls just to mention a few.

Fourth, while leadership takes place under different contextual settings, it was observed that a number of empirical studies investigating strategic leadership effects on organisational performance are decontextualized. This implies that the studies at times fail to pay attention to the contexts in which leadership phenomenon is embedded (Wang et al., 2016). Consequently, at times differences in the study findings usually arise when these contextual idiosyncrasies are not properly nuanced (Johns, 2024). For instance, extant review of literature indicated that most of the leadership studies incorporating the digitalisation phenomenon are usually operationalised in developed economies targeting large publicly quoted private sector organisations. Similar studies operationalised in the contextual frame of public sector organisations in developing countries are rather limited. This constitute a contextual gap that the current study aimed to address.

Fifth, empirical investigation of digitalisation influences on strategic leadership effects on firm performance is considered a nascent field of inquiry that is still going through a phase of theory development. Consequently, scholars usually use a wide spectrum of theories from different fields to anchor studies in digitalisation. Examples of these theories include the diffusion of innovation theory (Rogers, 2003), structuration theory (Jones & Karsten, 2008), digital transformation theory (Brynjolfsson & McAfee, 2014), sociotechnical systems theory (Trist & Emery, 2015), and platform ecosystems theory, (Parker, Van Alstyne & Jiang, 2017) just to mention a few. Most of these theories have roots in different disciplines which can limit their applications to only certain contexts (Lee & Trimi, 2021). This often leads to fragmented operationalisations of the digitalisation construct across the empirical studies (Palmie et al., 2023). Additionally, some of the theories used to anchor digitalisation in strategic leadership studies have conceptual and measurement shortcomings and remain untested, thus constraining academic discourse in the field. These facts point towards a theoretical gap.

Theoretical Framework

The conceptualisation of this study was undergirded by two theories namely, the upper echelons theory – UET (Hambrick & Mason, 1984), and the unified theory of acceptance and use of technology - UTAUT (Venkatesh et al., 2003). The UET was the anchoring theory and predicted the relationship between strategic leadership and sustainable organisational performance. Some scholars have argued that the UET has a few black box problems. Critics, contend that the UET views strategic leadership as being only concentrated vertically at the apex of a firm's hierarchy while in reality it also manifests horizontally within organisations. For instance, the shared leadership theory (Pearce, Cogner & Locke, 2008) and the distributed leadership theory (Groom, 2002) argue that effective strategic leadership is a collective responsibility that is shared laterally among formal and informal leaders within the organization and not necessarily concentrated on an individual. This involves collaborations among leaders in cross functional teams aimed at delivering complex tasks within an organization. Therefore, both the shared and distributed leadership theories advocate for an interdependent approach among strategic leaders within the organisation in order to create synergy (Fitzsimons, James & Denyer, 2011). Despite the above shortcomings, the UET still remains one of the most dominant leadership theories in strategic management.

The UTAUT provided auxiliary support to the UET and was used to explain the influence of digitalisation on the primary relationship between strategic leadership and sustainable organisational performance. Similarly, despite providing a holistic tool for evaluating use of technology across organisations critics contend that the theory has two main limitations (Dwivedi et al., 2020). First, the theory at times downplays the role of institutional factors in informing adoption and deployment of technological innovations within organisations. Second, the theory heavily skews towards a quantitative approach and by so doing misses out on rich qualitative insights. In spite of these criticisms the UTAUT has a high predictive ability and continues to be widely used to anchor empirical studies on digitalisation (Tamilmani et al., 2021). This study addressed the above criticisms by using varied operationalisation of the study variables and methodologically by establishing the construct validity of the indicators used to measure the underlying constructs.

Conceptual Model

In view of the literature and knowledge gaps alluded to above, this paper proceeds to propose an orienting framework which highlights the relationship between and among the three study variables namely, strategic leadership, digitalisation and organisational performance. The resultant conceptual model presented in Figure 1.

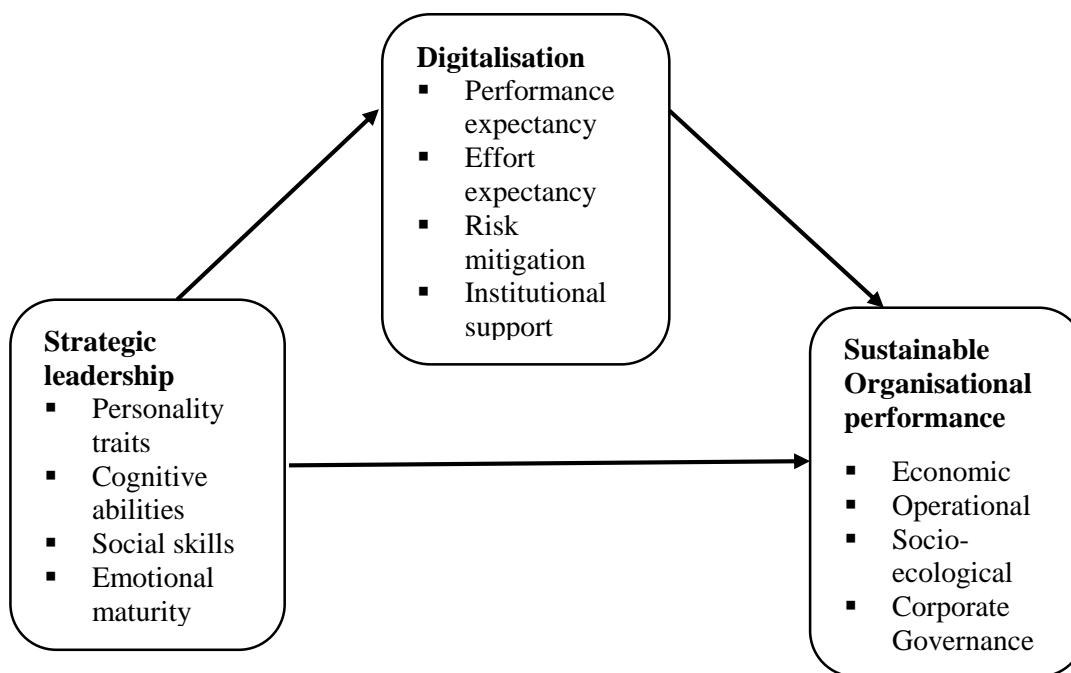


Figure 1: Conceptual Model: Strategic Leadership, Digitalisation, And Sustainable Organisational Performance.

Conceptual Hypotheses

Consequently, three research hypotheses were thus derived from the above conceptual model.

H₁: Strategic leadership has a significant influence on digitalisation within State Corporations in Kenya.

H₂: Digitalisation significantly influences the organisational performance of State Corporations in Kenya.

H₃: Digitalisation significantly mediates strategic leadership effects on the organisational performance of State Corporations in Kenya.

METHODOLOGY

This study involved a census survey of all the 250 State Corporations in Kenya. The public entities operate across different sectors of the economy and mandated to perform varied functions namely: service delivery, commercial and manufacturing, financial, regulatory services, public universities, research institutions, tertiary education and training, and regional development authorities. The heterogeneous composition provided a wide spectrum within which to investigate the manifestations of the three study variables and the relationships between and among them thus enhancing the inferential power of the empirical investigation.

Research Instrument

A self-administered structured questionnaire based on close ended questions was used to collect primary. Respondents comprised members of the TMT within SCs in Kenya. Each respondent was asked to rate, on a 5 point Likert scale their perceptions in respect to the various statements in the research questionnaire.

Analysis

The research hypotheses were tested using Model 4 of Hayes Process Macros version 3.5 running on SPSS version 25. The first part of the mediation analysis involved regressing organisational performance on strategic leadership while controlling for digitalisation to determine path c'. Second, digitalization was regressed on strategic leadership in order to determine path a (i.e. β_1). Third, organizational performance was regressed on digitalization while controlling for the strategic leadership in order to establish path b (i.e., β_2). Finally, the indirect effects ($\beta_1 * \beta_2$) were tested using Bootstraps at a 95% confidence interval to establish if mediation effects existed and whether they were significant.

RESULTS

The results of the mediation analysis using Hayes process macros model 4 are presented below in Tables 1, 2, 3 and 4 below.

Table 1: The Impact of Strategic Leadership on Digitalisation (path a)

	Coefficients	se	t	p	LLCI	ULCI
Constant	-2.58	0.57	-4.52	0.00	-3.70	-1.45
Strategic leadership	1.53	0.15	10.34	0.00	1.23	1.82

a. Outcome variable: digitalisation

b. Predictor variables: (Constant), strategic leadership

The results in Table 1 shows that strategic leadership has a significantly positive influence of digitalisation within State Corporations in Kenya, $\beta = 1.523$, $t = 10.34$, $p = 0.00$, 95% CI [1.23, 1.82], supporting Hypothesis H_2 .

Table 2: The Impact of Digitalisation on Sustainable Organizational Performance (path b)

	Coefficients	se	t	p	LLCI	ULCI
Constant	-4.74	.43	-11.14	0.00	-5.58	-3.90
Strategic leadership	1.96	.14	14.29	0.00	1.69	2.23
Digitalisation	0.22	.06	3.69	0.00	0.10	0.34

a. Outcome variable: sustainable organisational performance

b. Predictor variables: (Constant), strategic leadership, digitalisation

The results in Table 2 shows that the influence of digitalisation on sustainable organizational performance of State Corporations in Kenya was positive and statistically significant, $\beta = 0.22$, $t = 3.69$, $p = 0.00$, 95% CI [0.10, 0.34]. Consequently, Hypothesis H_2 , was supported.

Table 3: The Indirect Effects of Strategic Leadership on Sustainable Organizational Performance (Path a*b)

Effect	Boot SE	LLCI	ULCI
0.335	.1031	0.15	0.55

According to Table 3 the indirect effects of strategic leadership on organisational performance (i.e., path a*b), was arrived at by computing the product of the beta coefficients for path a (i.e., 1.53) and path b (i.e., 0.22). The results show that digitalisation significantly mediates the impact of strategic leadership effects on organisational performance, $\beta = 0.34$, $p = 0.00$, 95% CI [0.15, 0.55], thus supporting Hypothesis H_3 .

Table 4: The Direct Effects of Strategic Leadership on Sustainable Organizational Performance (path c')

Effect	se	t	p	LLCI	ULCI
1.96	0.14	14.30	0.00	1.69	2.23

Interestingly, the result the results indicate that the direct influence of strategic leadership on organisational performance (i.e. path c') was also significantly positive, $\beta = 1.96$, $t = 14.30$, $p = 0.00$, 95% CI [1.69, 2.23]. In summary, the results show that both the direct and indirect effects of strategic leadership on sustainable organizational performance are statistically significant. Therefore, this is indicative of the fact that digitalisation only partially mediates strategic leadership effects on the organisational performance of State Corporations in Kenya.

CONCLUSION

This paper contributes to the body of knowledge in the field of strategic leadership and organisational behaviour by investigating the impact of the digitalisation phenomenon on the nexus between strategic leadership and sustainable organisational performance. It enhances understanding on the role played by emerging digitalisation technologies which are important enablers, in determining organisational output. Additionally, the study findings represent an attempt to reconcile the diametrically opposing perspectives among scholars regarding the significance of strategic leadership effects and those of contingent factors in predicting sustainable organizational performance.

The results show that the influence of strategic leadership on digitalisation within State Corporations in Kenya was significantly positive. These findings are consistent with those of similar empirical studies (Yao et al., 2024; Benitez et al., 2022). It has been posited that rapid technological disruptions are forcing organisations to continually operate in ecosystems that are highly platform based. Consequently, strategic leaders are often called upon to continually leverage digitalisation in order to create a competitive advantage that enhances the efficiency and effectiveness of their organisations (Banks et al., 2022). Additionally, a micro analysis reveal that the four indicators of strategic leadership construct (i.e., personalities, cognitions, social skills and emotional intelligence) were significantly correlated with digitalisation supporting the results of other studies linking CEO behaviour to digitalisation success (Kraft, Dickler & Withers 2024; Supramaniam & Singaravelloo, 2021; Zhu, Li & Ma, 2024).

Further, the results indicate that digitalisation has a positive and significant influence on the sustainable organisational performance across SCs in Kenya. These findings align well with the predictions of various digitalisation theories such as, diffusion of innovation theory, digital transformation theory just to mention a few, which seek to explain the link between technological innovations and organisational performance. Moreover, the results obtained are compatible with other similar empirical studies that highlighted the positive and significant influence of digitalisation of organisational performance (Ferreira, Fernandes & Veiga, 2024; Gong et al., 2021).

Finally, and more importantly, the results show that digitalisation significantly mediates the primary relationship between strategic leadership and sustainable organisational performance. However, it was observed that the mediation is not full but only partial. This may be indicative that not all the SCs studied had fully embraced digitalisation. Further, some of these entities may have at the helm strategic leaders who lack the requisite competencies or experience required to effectively leverage digitalisation in order to positively influence different facets of organizational performance. These aspects were evident during data analysis where relatively high coefficients of variations (CVs) were observed in statements relating to the digitalisation construct.

Therefore, it is plausible to postulate that if the penetration of digitalisation was pervasive across the SCs then the results may have indicated an even higher level of mediation effects. Although some studies indicated the digitalisation fully mediates the relationship between strategic leadership and organisational performance (Smith, 2024; Singh, Sharma & Dhir, 2021) it is necessary to take cognizance of the contextual idiosyncrasies under which these studies were operationalised. Review of literature indicates that such findings are inherent in large publicly listed firms operating in technologically advanced countries and in particular sectors of the economy namely: manufacturing, financial services, customer services, technology and logistics (Kiss et al., 2021; Khin & Ho, 2019). Consequently, the result obtained herein generally aligns with those of other similar empirical studies where the level of digitalisation and digital transformation is still nascent (Sefako, Langton, & Mafini 2024).

Recommendations

This study contends that State Corporations should not only engage strategic leaders who possess the required demographic characteristics but more importantly those who also have the requisite psychographic dispositional features (Hambrick & Wowak, 2021). Additionally, the study

findings on the manifestations of organisational performance construct within SCs in Kenya reveals that it can be operationalised and measured using sustainability indicators. Therefore, public sector organizations especially those in developing countries should institutionalise and operationalise ESG sustainability performance reporting in line with NPM policies and best international practices (Bose, 2022; Searcy 2012).

Further, this study argues that digitalisation provides the new competitive advantage for organisations (Fakhan et al., 2025; Chatterjee et al., 2023). Organisations are increasingly adopting digitalisation technologies such as generative artificial intelligence (GenAI) and smart digitalisation production systems (Industry 4.0 technologies) in order to enhance their efficiencies and effectiveness (Kemp, 2024; Van Noordt, & Misuraca, 2022). It was observed that only a limited number of SCs have adopted and deployed digitalisation in their operations and processes thus limiting the extent to which their performance expectancy is positively impacted. Therefore, in order for SCs to enhance their organisational performance they need to undergo through a digital transformation process. For this to be realised public sector organisations in Kenya require two key inputs. First is top leadership with digital. Scholars refer to this phenomenon as digital leadership (Lin, 2024; Bank et al., 2022; Ebert & Drews, 2021). It is characterized by strategic leaders who are able of conceiving and implementing various enterprise wide digital transformation initiatives aimed at positively influencing different facets of organizational output (Tigre, Henriques, & Curado, 2025). Second, is strong institutional support which facilitates the digital transformation by allocating resources (i.e. financial, human, and equipment) and managing the associated enterprise risks (i.e. resistance to change, operational, financial).

Finally, there are a number of policy interventions targeting public sector organisations can be informed by the findings in this study. The study shows that strategic leadership plays a critical role in driving digital transformation process which has a significantly positive influence on organisational performance. This provides a unique opportunity for the GoK to develop appropriate policies aimed at strengthening the strategic leadership framework across SCs with special emphasis of the leaders' multi-level dispositional attributes and competencies in digital leadership. Additionally, the study has demonstrated that performance of SCs in Kenya can be measured using the EESG sustainability framework. This undoubtedly provides a strong case for policymakers on the importance of incorporating ESG sustainability reporting within all SCs in Kenya, in line with best international practices (Bose, 2022; Darnall et al., 2022).

Limitations of Study

First, this study was operationalized in the context of public sector organisations in Kenya, which, is a developing country. These SCs operate within a contextual frame with certain inherent idiosyncrasies (i.e., socio-economic dynamics, political considerations, and corporate cultures just to mention a few). Therefore, this aspect may limit the extent to which generalizations can be made on the study findings in other different contexts.

Second, strategic leadership effects on organizational outputs are usually lagged, implying that the true impact of the leaders' choices and decisions may only be realized after some passage of time. This study adapted a census survey research design as the default methodology. It has been argued that survey designs have limitations which at times causes leadership research questions to be either unanswered or unasked (Knippenberg, 2023). Consequently, some scholars contend that

longitudinal research designs may be best suited for strategic leadership studies due to its ability to shed deeper insights on casual associations (Spector, 2019). Although a longitudinal research design of SCs in Kenya may have yielded a richer repository of data to enhance the analysis and findings, it was not considered feasible for the purpose of the current research due to several constraints. Key among these is that longitudinal studies take a long time frame and are relatively costlier to conduct compared to survey designs.

Suggestion for Future Research

A future area of study would be to replicate the study but anchored on the shared leadership theory or distributed strategic leadership theory with auxiliary support from the digital transformation theory to strengthen the mediation logic. Additionally, data can be analysed using structural equation modelling based on partial least squares (PLS-SEM). The study would involve testing the predictions of the theories within the public sector context to determine if there are any variations in the effects size.

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