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Leadership Styles and Performance of State Corporations in Kenya

Leah Miano[1*], Peter Kihara[2] and Stephen Maore[3]
[123]Kenya Methodist University

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Abstract

Purpose: State Corporations in Kenya today find themselves operating in a highly competitive environment and must overcome various challenges, be more organized and efficiently in order to survive the 21st Century market dynamics. The main objective of this study was to establish the influence of leadership styles on performance of State Corporations.

Methodology: Anchored on the Resource Based Views of the Firm, the study employed a cross-sectional study design utilising mixed methods such as quantitative, qualitative and Descriptive analysis. One hundred and seventy-seven (177) state corporations were targeted where a total of 122 State Corporations were randomly selected and used in this study. The unit of observation was the Chief Executive Officer of each sampled organization since they are the vision carriers and accounting officers. MLQ-6S short form standard questionnaire was used based on works of Bass and Avolio (2004).

Findings: This study found a significant and positive influence of leadership styles on performance of state corporations in Kenya ($r=0.531$, $P<0.001$, $\beta=0.849$, $P<0.001$). The study further examined influence of individual leadership styles and established that in a combined relationship the transformational leadership style is significant and positively related to the performance of state corporations ($\beta_1 = 0.420$, $P = 0.050$). However, the transactional leadership style ($\beta_2 = 0.193$, $P = 0.155$) and passive/avoidant leadership behaviour ($\beta_3 = 0.241$, $P = 0.149$) are insignificant.

Unique Contribution to Theory, Practice and Policy: This study informs policy by advocating for leadership development frameworks that emphasize transformational and participative styles within state corporations. Practically, the study provides evidence-based recommendations for public managers to adopt inclusive, innovation-driven leadership approaches to improve accountability, responsiveness, and service delivery in Kenya's state-owned enterprises.

Keywords: *Leadership Styles, Performance, State Corporations, Passive Avoidance Leadership, Transactional Leadership, Transformational Leadership*

JEL Codes: *M30, M11, L70, H31, L80*

INTRODUCTION

Leadership plays a pivotal role in shaping organizational performance, particularly in the context of state-owned enterprises. In Kenya, state corporations are a significant component of the economy, contributing to the delivery of public services, economic development, and the implementation of government policies. These corporations, which include entities in sectors such as energy, transport, education, and finance, are expected to operate efficiently, be accountable, and deliver value to citizens. However, challenges related to poor performance, mismanagement, and inefficiency have often been reported, raising the question of how leadership within these organizations affects their overall effectiveness.

Various leadership styles have been explored in management literature, with each style presenting unique strengths and weaknesses that can influence organizational outcomes. The leadership style adopted by managers or executives within state corporations is critical in determining the success of the organization. Scholars have categorized leadership styles in several ways, but the most commonly discussed are transformational, transactional, and laissez-faire leadership. Transformational leadership, for instance, is often seen as being linked to higher levels of motivation and job satisfaction, fostering innovation, and enhancing overall organizational performance (Bass, 1985). Transactional leadership, on the other hand, focuses on supervision and performance-based rewards, which may be effective in highly structured environments (Burns, 1978). Laissez-faire leadership, characterized by a lack of active leadership engagement, has been associated with lower performance outcomes (Avolio & Bass, 1991).

In Kenya, state corporations have experienced fluctuating performance levels, with some being lauded for their impact, while others have struggled due to leadership-related challenges. According to the Kenya National Audit Office (2019), many of these corporations face inefficiencies, corruption, and lack of accountability, which are sometimes attributed to leadership issues. As such, understanding how different leadership styles influence the performance of these corporations is crucial for improving their efficiency and service delivery.

Previous studies have shown that leadership style is a significant determinant of performance in both public and private sector organizations. For instance, a study by Njoroge and Gathenya (2017) on the influence of leadership styles on the performance of public sector organizations in Kenya found that transformational leadership positively impacted organizational performance, whereas transactional and laissez-faire leadership styles had mixed or negative effects. Similarly, Obeng (2020) highlighted that the application of transformational leadership was a key factor in the success of some Kenyan state corporations, leading to improved service delivery and higher employee engagement.

The unique context of Kenya's state corporations, where political influence and public accountability are integral components, necessitates an exploration of leadership styles within this environment. The public sector in Kenya has undergone several reforms aimed at enhancing governance and accountability, including the introduction of performance contracts and the establishment of the Kenya Public Sector Performance Management and Service Delivery Standards (Public Service Commission, 2015). These reforms have placed a greater emphasis on leadership as a key driver of success. Despite these initiatives, some corporations continue to underperform, indicating that the type of leadership within these organizations remains an area of concern that warrants further investigation.

Understanding the dynamics between leadership styles and organizational performance in the context of Kenyan state corporations is essential not only for improving the performance of these organizations but also for advancing the broader goals of public sector reform. This study, therefore, seeks to examine the influence of different leadership styles on the performance of state corporations in Kenya. By focusing on transformational, transactional, and laissez-faire leadership, this research aims to identify which leadership styles are most effective in enhancing the performance of these public enterprises.

Moreover, the findings from this study are expected to contribute to the ongoing discourse on leadership effectiveness in the public sector in Kenya and may offer valuable insights for policy-makers, managers, and other stakeholders looking to foster a more efficient, accountable, and performance-driven public sector. As Kenya continues to expand its public sector reforms, the results of this research could play a pivotal role in shaping future leadership development programs and strategies for improving the performance of state corporations.

Statement of the Problem

Businesses typically look for prospective markets where they surpass rivals in the ever-changing business environment. Kenyan state companies have not done as well as their private rivals. The majority of Parastatals' bad performance contracting results serve as evidence of this. To be more precise, very few businesses with a focus on commerce have declared profits or excess. It is an economic issue that decision-makers are still attempting to resolve.

A report published by The Presidential Taskforce on Parastatal Reforms in 2013 revealed that out of one hundred and thirty only twenty-three State Corporations were deemed financially viable. Despite receiving substantial government support and recurring bailouts, most state corporations have failed to deliver value, with poor performance contracting outcomes recorded across multiple entities. This stagnation is not merely structural; it is closely tied to leadership shortcomings. According to Otieno, Ogutu, Ndemo, and Pokhariyal (2020), recurring inefficiencies in state corporations stem from mismanagement, weak leadership, political interference, and corruption. Further, Kabiru, Theuri, and Misiko (2018) emphasize that these leadership-related failures often result in poor strategic direction, low accountability, and substandard product or service offerings, which undermine institutional performance.

Unlike private firms, which are typically driven by performance-based incentives and dynamic leadership models, state corporations often operate under rigid bureaucratic hierarchies with leadership structures ill-equipped to foster innovation, responsiveness, or accountability. Empirical evidence from Gitundu et al. (2016) shows that state firms report significantly lower profitability and transparency compared to private enterprises. Obudo and Wario (2015) also observed that ineffective leadership has led many state enterprises to fail in meeting their core mandates, intensifying public pressure for reform.

While prior studies (e.g., Bhawaj et al., 2015; Onyango et al., 2015) have explored organizational capabilities in both public and private institutions, few have directly examined the link between leadership styles and performance outcomes in Kenyan state corporations. Hence, a research gap exists in understanding how leadership styles impact state corporations. This study aimed to fill this gap by investigating the influence of leadership styles on performance in the unique context of Kenyan state corporations.

Study Objective

The general purpose of the study was to assess the influence of leadership styles on performance of state corporations in Kenya.

Research Hypothesis

The study was guided by the following research hypothesis:

H_{01}: Leadership styles in a state corporation has no significant influence on performance.

LITERATURE REVIEW

Theoretical Review

Resource-Based View of the Firm

According to RBV paradigm, a firm's distinct combination of resources and skills is what essentially drives its better performance and competitive advantage. A corporation can maintain a competitiveness over its competitors by using resources that are useful scarce hard to mimic, and unalterable. These resources can be both material and immaterial, such as monetary assets and physical structures as well as expertise, corporate culture, and credibility, as well as proprietary rights. Businesses can set themselves apart from rivals and erect obstacles to replication by carefully employing and utilizing these resources, which will eventually end up in a sustained existence (Barnney, 1991).

Since its beginnings, the RBV theory has undergone significant evolution, having its roots in leadership. The suggestion first surfaced in the 1980s in reaction to the shortcomings of the dominant industrial structure-based strategy, which put a lot of attention on outside variables including competitive dynamics and current market conditions. Wernerfelt (1984), who postulated that enterprises have a diversified resource base, first proposed the RBV and that variations in this resource base can result in long-term competitiveness advantages. By highlighting the importance of company-specific assets that are important, uncommon, difficult to replicate, and non-substitutable in generating sustained competitive advantages, Barney's (1991) groundbreaking work greatly advanced the advancement of the RBV theory.

This theory backs up the idea that businesses should be evaluated according to their capacity to manage their resources so they can keep up with changes in their industry environment. Understanding leadership styles is greatly aided by the Resource Based View (RBV) paradigm (Barney & Clark, 2007). As a result, the RBV theory contends that companies with robust capabilities and resource bases easily recognize and react to their environment, allowing them to demonstrate a higher degree of strategic sensitivity (Eisenhardt & Martin, 2000).

Empirical Literature Review

Igwe and Okwurume (2024) conducted an empirical study examining the relationship between transformational leadership style and organizational justice within multinational corporations. The study utilized quantitative survey methods, collecting data from employees across various multinational organizations. The researchers applied structural equation modeling (SEM) to analyze the extent to which transformational leadership influences perceptions of justice and its subsequent impact on organizational performance. Their findings indicated a strong positive correlation, demonstrating that leaders who adopt transformational approaches characterized by inspiration, individualized consideration, and intellectual stimulation create a fair and motivating work environment.

Basit et al. (2017) investigated how a private Malaysian firm's leadership style affected worker outcomes. The findings showed that legerdemain organization had a favorable effect on staff efficiency, indicating that implementing this style of authority could enhance employee output. Filial management was found to have an adverse association with staff productivity when contrasted with alternative managerial techniques ($r = -.1685$, $p < .05$), weakly positively correlated with democratic leadership ($r = .241$, $p < .001$), and strongly positively correlated with democratic administration ($r = .581$, $p < .001$).

Investigating the influence of directors' management approaches on the overall efficiency of elementary school educational facilities in Kenya, Lumumba, Simatwa, and Jane (2021) carried out this study. Assessments were the main tool used in the study's quantifiable technique to gather facts. Nine administrators and 225 educators made up the research's cohort. The Questionnaire was modified and used to evaluate types of leadership. The results of the investigation showed that administrators in the elementary instructors colleges demonstrated neither authoritarian nor democratic leading styles very often.

Al Maqbali and Khudari (2024) conducted a study focused on the impact of participative leadership styles on the performance of state-owned enterprises in Oman’s food processing industry. The study employed a mixed-method approach, combining both survey questionnaires and in-depth interviews with senior managers and employees from selected state corporations. Using correlation analysis and regression models, the study found a statistically significant relationship between participative leadership where leaders engage employees in decision-making and improved performance indicators, such as increased efficiency, employee satisfaction, and innovation.

Nuhu (2017) carried out assessment on the effect of administration on workforce productivity at the Kampaka District Council. The study's findings showed a substantially considerable detrimental link between dictatorial approach to management and worker productivity ($r = -0.422$, $p < .001$). This result suggests that authoritarian leadership, which resulted in lower productivity at job, negatively impacted personal productivity. The investigation looked into how the dictatorial governance of leadership of PTTC directors affected the operational efficiency of these schools.

Research Gaps

While existing literature provides valuable insights into the relationship between leadership styles and organizational performance, several important research gaps emerge that warrant further investigation particularly in the context of state corporations in developing economies like Kenya.

Majority of the reviewed studies, such as those by Igwe and Okwurume (2024) and Basit et al. (2017), are situated in private sector or multinational contexts, limiting their applicability to public institutions. These environments differ significantly in terms of bureaucratic structure, stakeholder

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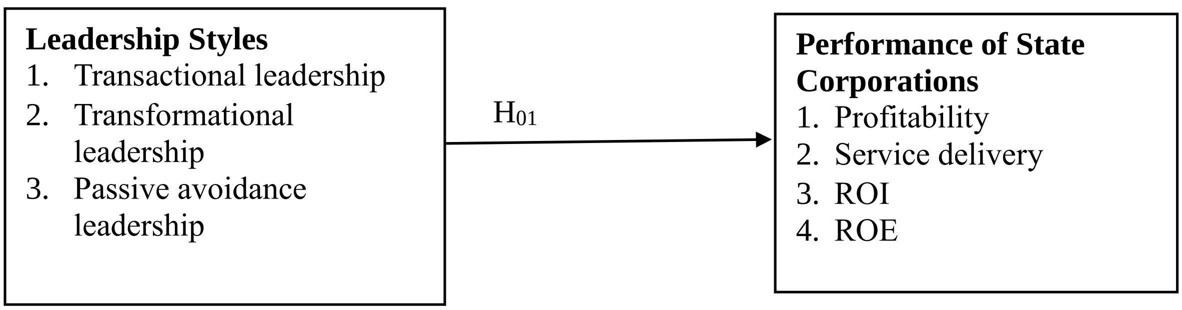
influence, and regulatory complexity. Thus, findings from corporate or foreign settings may not fully reflect the realities within state-owned enterprises in Africa, particularly in Kenya, where political interference and structural rigidity are prevalent.

Additionally, much of the existing empirical research focuses predominantly on single leadership styles (e.g., transformational, participative, or authoritarian) and their direct effects on performance or productivity. For example, Lumumba et al. (2021) and Nuhu (2017) examined authoritarian and democratic approaches in education and local government settings, but did not explore how multiple leadership styles interact with broader organizational capabilities to influence outcomes. This presents a gap in understanding the combined effects of leadership and internal capabilities, such as knowledge management and technological adaptability.

Conceptual Framework

Independent Variable **Dependent Variable**



METHODOLOGY

This study utilized the pragmatism paradigm. The investigation adopted a mixed design comprising of descriptive, exploratory and quantitative designs. The study population comprised of all the 177 Kenyan Corporations which formed the unit of analysis in this study. The formula developed by Yamane (1967) was utilized to figure out the appropriate sample size of 122 respondents. To conduct this study, stratified sample technique was used in subsets (or "strata") consisting of respondents from each of the sectors of the state corporations. The participants in the study were chosen using a method known as simple random sampling, and their responses were then proportionately analyzed. Quantitative primary data was used in the investigation whereby MLQ-6S short form standard questionnaire was used based on works of Bass and Avolio (2004). A pilot research involving 10% of the 122 participants was conducted. Quantitative methods, including descriptive and inferential statistics, were applied to the questionnaire data. Because of its ability to produce both descriptive and inferential statistics, SPSS, version 24, was employed in this study. The features of the variables under consideration were captured via means and standard deviations and other descriptive statistics. In addition to descriptive statistics, the study made use of inferential statistics like correlation and regression to determine the connections between the variables.

FINDINGS

Response Rate

Response rate is defined as percentage of individuals or units in a sample who actually complete and return the survey or questionnaire out of the total number contacted or selected (Dillman et al., 2014).

Table 1: Response Rate

Response	Frequency	Percent
Returned	102	84%
Unreturned	20	16%
Total	**122**	**100%**

The study sample incorporated 122 respondents who comprised of CEOs, from each of the State corporations. A total of 122 questionnaires were administered, out of which 102 were properly filled and returned, resulting in a high response rate of 84%, as illustrated in Table 1.

Descriptive Statistics

Descriptive statistics were done to show the summary of the findings by including the mean and the standard deviation.

Leadership Styles and Performance

This study adopted the standardized leadership style questionnaire as per Bass and Avolio (2004) to test leadership styles of the state corporations in Kenya. The respondents were asked to indicate their agreement or disagreement with the statements relating to leadership styles which included perceptions of transactional leadership, transformational leadership and passive avoidance leadership within the corporation and their influence on organizational performance. Results are shown in Table 2.

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Table 2: Leadership Styles

MLQ-6-S Leadership Styles Standard Questionnaire (Bass & Avolio, 2004)	N	Min	Max	Mean	Std Dev
I make employees feel good to be around me	102	1	5	4.05	0.813
I express in a few simple words what need to be done	102	1	5	3.90	0.873
I enable others to think about old problems in new ways	102	1	5	3.82	0.801
I help other employees to develop themselves	102	1	5	4.01	0.862
I tell employees what to do if they want to be rewarded for their work.	102	1	5	3.92	0.852
I am satisfied when employees meet the agreed targets	102	1	5	4.01	0.838
I am content to let others to continue working in the same ways always	102	1	5	3.91	0.869
Other people have complete faith in me	102	1	5	4.02	0.808
I use tools, images, stories and models to help other people understand	102	1	5	4.03	0.838
I provide employees with new ways of looking at complex or difficult issues	102	1	5	3.88	0.859
I give employees feedback to let them know how they are doing	102	1	5	3.95	0.883
I reward employees when they achieve their targets	102	1	5	3.98	0.808
As long as things are working, I do not try to change anything	102	1	5	3.97	0.802
I give employees freedom to do whatever they want	102	1	5	4.05	0.86
Other people are proud to be associated with me	102	1	5	4.01	0.814
I help the employees to find meaning in their work	102	1	5	3.91	0.846
I help employees to rethink about issues that they had never thought of or questioned before	102	1	5	3.91	0.846
I give personal attention to others when they are in need	102	1	5	3.97	0.85
I let employees to know what they are entitled to after achieving their targets	102	1	5	3.98	0.844
I remind employees the standards they need to maintain while doing their work	102	1	5	4.12	0.836
I do not ask anything more from others than what is absolutely necessary	102	1	5	4.02	0.856

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Respondents perceived their leaders as supportive, as shown by high agreement on statements like “I make employees feel good to be around me” (mean = 4.05) and “I give personal attention to others when they are in need” (mean = 3.97). Leaders also emphasize helping employees find meaning in their work (mean = 3.91) and encourage innovative thinking (mean = 3.91). These responses reflect a transformational leadership style that fosters motivation, trust, and personal growth. Leaders are seen as providing clear expectations, such as using tools and models to aid understanding (mean = 4.01) and reminding employees of work standards (mean = 4.12). Feedback and rewards for achieving targets are also emphasized (mean = 3.95 and 3.98, respectively). These findings highlight a transactional leadership element that reinforces performance through structured communication and rewards.

Statements about minimal intervention when things are working (mean = 3.97) and not asking for more than what is necessary (mean = 4.02) suggest a leadership tendency to maintain stability and avoid unnecessary disruption. However, leaders also challenge employees to rethink issues (mean = 3.91), balancing stability with strategic innovation. Leaders give employees freedom to work independently (mean = 4.05 and support them in developing new ways to solve problems (mean = 3.82). This reflects an empowering leadership approach, allowing autonomy while ensuring alignment with organizational goals.

Performance

The respondents were asked to indicate their agreement or disagreement with the statements relating to performance which included perceptions of profitability, service delivery, ROI and ROE within the corporation. Results are shown in Table 3.

Table 3: Performance

Performance Statement	N	Min	Max	Mean	Std Dev
During this period, we have performed better year after year	102	1	5	3.95	0.883
We have been meeting our financial goals and targets	102	1	5	3.80	0.912
We have provided high-quality services/products to the public.	102	1	5	3.85	0.894
We are transparent in financial reporting and operations.	102	1	5	3.94	0.854
Our corporation has positively contributed to the overall economic development of Kenya.	102	1	5	3.79	0.86
We have been efficiently managing our total costs and expenses	102	1	5	4.00	0.89
We are accountable for our performance and decisions.	102	1	5	3.92	0.919
The number of employees has increased significantly in the last five years	102	1	5	3.79	0.883
Our customers have increasingly been satisfied by our services/products within this period	102	1	5	4.02	0.923
Our market share has significantly expanded within the last five years	102	1	5	3.82	0.906
We have been reporting profit/surplus in the last five years	102	1	5	3.88	0.882
We have been able to expand and finance our activities/operations well because we have experienced positive Returns on Investment (ROI) in the last five years	102	1	5	3.85	0.927
Our Return on Expenditure has been positive in the last five years	102	1	5	3.84	0.887
Improved performance has been a key indicator in every employee/ department and section within our corporation in the last five years	102	1	5	3.91	0.902
We have done well in the market relative to our competitors in the last five years	102	1	5	4.02	0.912

Respondents perceive their corporations as financially stable, with high agreement on meeting financial goals and targets (mean = 3.80), reporting profits or surpluses (mean = 3.88), and achieving positive Returns on Investment (ROI) (mean = 3.85). Cost management is also viewed positively, with a mean of 4.00. These findings suggest that the corporations are effectively managing its finances and achieving sustainable growth. The corporations are also seen as providing high-quality services or products (mean = 3.85), contributing to increased customer satisfaction during the period (mean = 4.02). This reflects a strong commitment to maintaining

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service excellence and responding to customer needs, which is a key driver of performance and market success.

Additionally, respondents agree that their corporations have expanded their market share (mean = 3.82) and performed well relative to competitors (mean = 3.95). These results indicate that strategic efforts to enhance competitiveness and grow market presence have been effective. The corporations are perceived as transparent in financial reporting (mean = 3.94) and accountable for their decisions (mean = 3.92). Additionally, they are recognized for positively contributing to Kenya's economic development (mean = 3.79), demonstrating their broader impact on society. Improved performance across employees and departments (mean = 3.91) highlights the role of individual and team contributions to overall organizational success.

Test of Hypothesis One (Leadership Styles and Performance)

A bivariate regression analysis was conducted to establish the influence of leadership styles on state corporations' performance. The results are presented in Table 4.

Table 4: Bivariate Regression Analysis of Leadership Styles on Performance

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate		
1	.531a	0.282	0.275	0.6096		
a Predictors: (Constant), Leadership Styles						
Model		**Sum of Squares**	**df**	**Mean Square**	**F**	**Sig.**
1	Regression	14.611	1	14.611	39.317	.000b
	Residual	37.161	100	0.372		
	Total	**51.772**	**101**			
a Dependent Variable: Performance						
b Predictors: (Constant), Leadership Styles						
Model		**Unstandardized Coefficients**		**Standardized Coefficients**	**t**	**Sig.**
		B	**Std. Error**	**Beta**		
1	(Constant)	0.519	0.542		0.959	0.340
	Leadership Styles	0.849	0.135	0.531	6.27	0.000

a Dependent Variable: Performance

The results in Table 4 indicates an R^2 of 0.282 which implies that leadership styles explains 21.9% of the total variation in state corporations' performance. This also implies that 71.8% of the total variation in state corporations' performance is explained by other factors other than leadership styles.

The ANOVA results show that the regression model is statistically valid ($F = 39.317$, $p < 0.05$), indicating that leadership styles significantly predicts state corporations' performance. The regression coefficients further support this conclusion. The unstandardized coefficient ($B = 0.849$, $p < 0.05$) implies that a one-unit increase in leadership styles is associated with a 0.849 increase in state corporations' performance.

The null hypothesis on leadership styles variable stated that:

H_{01}: Leadership styles in a state corporation has no significant influence on performance.

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This hypothesis was tested using bivariate linear regression ($Y=\beta_0 + \beta_1 X_1 + \varepsilon$). Both the correlation and regression results ($r = 0.531$; $\beta = 0.849$, $p < 0.05$) show that leadership styles has a significant influence on state corporations' performance. Therefore, the null hypothesis (H_{01}) was rejected in favour of the alternative hypothesis (H_1) and the study concluded that leadership styles in a state corporation has a significant influence its performance.

According to Bass and Avolio (2004), the leadership style variable (X_1) was further broken down into specific leadership styles. The univariate model $Y = \beta_0 + \beta_1 X_1 + \varepsilon$ was therefore modified to include the effects of these specific leadership styles giving rise to a new model $Y = \beta_0 + \beta_1 X_{11} + \beta_2 X_{12} + \beta_3 X_{13} + \varepsilon$ Where: Y= Performance, β_0 = Intercept, β_1, β_2, β_3= slope coefficients representing the relationship between the independent variable and the dependent variable, X_{11} = Transformational leadership style, X_{12}= Transactional leadership style, X_{13} = Passive/Avoidant leadership style and ε = error term. A bivariate correlation was then obtained for these specific leadership styles following the classifications given by Bass and Avolio (2004).

Table 5: Specific Leadership Styles Bivariate Correlations Coefficients

		X_{11}	**X_{12}**	**X_{13}**	**Y**
Transformational Leadership	Pearson Correlation	1			
(X_{11})	Sig. (2-tailed)				
	N	102			
Transactional Leadership	Pearson Correlation	.620**	1		
(X_{12})	Sig. (2-tailed)	.000			
	N	102	102		
Passive-Avoidant Leadership	Pearson Correlation	.726**	.493**	1	
(X_{13})	Sig. (2-tailed)	.000	.000		
	N	102	102	102	
Performance	Pearson Correlation	.501**	.415**	.456**	1
(Y)	Sig. (2-tailed)	.000	.000	.000	
	N	102	102	102	102

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

The bivariate correlation in Table 5 indicates that the transformational, transactional and Passive-Avoidant leadership style have a significant and positive influence on the performance (r =.501**, *P* =.000; r =.415**, *P* =.000; r =.456**, *P* =.000).

The three specific leadership styles were further subjected to a multiple regression to test their combined effect on the SME's firm's performance.

Table 6: Multiple Regression Analysis for Specific Leadership Styles

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.533a	0.284	0.262	0.61488

a Predictors: (Constant), X_{13}, X_{12}, X_{11}

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	14.721	3	4.907	12.979	.000b
	Residual	37.051	98	0.378		
	Total	**51.772**	**101**			

a Dependent Variable: Performance

b Predictors: (Constant), X_{13}, X_{12}, X_{11}

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	0.504	0.548		0.92	0.360
	Transformational Leadership	0.420	0.213	0.272	1.968	0.050
	Transactional Leadership	0.193	0.134	0.157	1.435	0.155
	Passive-Avoidant Leadership	0.241	0.165	0.182	1.456	0.149

a Dependent Variable: Performance

The combined leadership styles explains 28.4% of the total variations in state corporations' performance (R^2 = .284). The model containing the three leadership styles in Table 6 was found to be valid (F (3, 101) = 12.979, *P* =.000) hence they are good predictors of the total variations in the State corporation's performance in Kenya.

The constant in the regression model as shown in Table 6 indicate that combined leadership styles will be always exist at a certain minimum (β_0 = 0.504, *P* = 0.36). The transformational leadership style (X_{11}) is significant and is related positively to the performance of state corporations (β_1 = .420, *P* = .050). However, the transactional leadership style (β_2 = .193, *P* = .155) and passive/avoidant leadership behaviour (β_3 = .241, *P* = .149) have insignificant influence on the performance of the State corporations in Kenya.

The findings in Table 6 were used to test the three null hypotheses based on Avolio and Bass (2004) definitions of leadership styles. These hypotheses are stated as follows;

H_{01a}: *Transformational leadership style does not significantly influence the performance State Corporations in Kenya*

H_{01b}: *Transactional leadership style does not significantly influence the performance of State Corporations in Kenya*

H_{01c}: *Passive/avoidant leadership style does not significantly influence the performance of State Corporations in Kenya*

The findings in Table 5 and Table 6 indicates that the transformational leadership style (X_{11}) has a positive and statistically significant influence on the performance of the state corporations (r = .501**, *P* = .000; β_1=.420, *P* = .050). This leads to the rejection of the null hypothesis (H_{01}a) and

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the acceptance of the alternative hypothesis (H_1a). The study, therefore, concludes that the practice of transformational leadership style has a significant positive influence on the performance of state corporations in Kenya. This implies that leaders in the state corporations who are able to practice the transformational leadership style during strategy implementation efforts help their organizations to achieve better results. The findings also revealed that the transactional leadership style (X_{12}) has an insignificant influence on the state corporations' performance (β_2 = .193, P = .155). This study, therefore, fails to reject the null hypothesis (H_{01b}) and conclude that the practice of transactional leadership style has no significant influence on the performance of state corporations in Kenya. Likewise, the passive/avoidant leadership behaviour (X_{13}) has an insignificant influence on the state corporations' performance (β_3 = .241, P = .149). This study, therefore, fails to reject the null hypothesis (H_{01c}) and concludes that the practice of passive/avoidant has no significant influence on the performance of state corporations in Kenya.

Discussion

The study found that leadership styles significantly influenced the performance of state corporations ($r = 0.531$, $p < 0.05$; $\beta = 0.849$, $p < 0.05$), with leadership styles explaining 28.2% of the variance in performance. These findings are in agreement with Okwurume and Igwe (2024), who established that transformational leadership fosters organizational justice, motivation, and productivity in multinational firms. Similarly, Bass and Avolio's (2004) transformational leadership theory supports the idea that leaders who inspire and challenge employees drive higher performance outcomes.

However, the multiple regression analysis in this study revealed that while transformational leadership was positively and significantly associated with performance ($\beta = 0.420$, $p = 0.050$), transactional ($\beta = 0.193$, $p = 0.155$) and passive-avoidant leadership styles ($\beta = 0.241$, $p = 0.149$) had an insignificant impact. This partially deviates from previous studies, such as those by Avolio et al. (2009), which found that both transformational and transactional leadership styles positively impact organizational performance. The deviation can be attributed to the bureaucratic nature of public-sector organizations, where rigid structures often limit the effectiveness of transactional leadership in driving innovation and change. This finding is consistent with the research by Liao et al. (2012), who found that transformational leadership is more effective in organizations facing significant external challenges, like state corporations. The ability to motivate and inspire employees in such environments leads to better performance outcomes.

Moreover, the study suggests that in bureaucratic and politically influenced environments, the transactional leadership approach, which emphasizes structured rewards and penalties, may not be as effective as it is in private sector organizations. The focus on compliance and control in transactional leadership may hinder innovation and flexibility, which are crucial for public-sector performance. This supports the idea of Burns (1978), who argued that in public organizations, transformational leadership is more likely to yield positive results by fostering a culture of collaboration and continuous improvement. Thus, the findings imply that public-sector organizations should invest in leadership development programs that emphasize transformational leadership traits to drive performance.

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CONCLUSIONS AND RECOMMENDATIONS

Conclusion

The study concludes that there is a significant and positive influence of leadership styles on the performance of state corporations in Kenya. Leadership styles, characterized by practices such as motivating employees, encouraging innovative thinking, providing constructive feedback, and fostering a sense of purpose, have been shown to enhance overall performance. Additionally, the findings suggest that employees' perception of their leaders' behavior, such as providing guidance, support, and recognition, is crucial for achieving organizational targets. Leaders who inspire confidence, promote open communication, and enable employees to approach problems creatively are more likely to drive better outcomes. The data also suggest that leadership behaviors that prioritize adaptability, vision-sharing, and employee empowerment have a transformative effect on organizational effectiveness.

Furthermore, leadership that embraces a coaching style, focusing on mentoring employees and providing growth opportunities, can help foster long-term engagement, which is vital for retaining top talent and ensuring sustainable performance improvements. The ability of leaders to make strategic decisions that are inclusive and empathetic also promotes a collaborative work culture, where employees are encouraged to contribute their ideas and are more likely to remain committed to the organization's success.

Recommendations

State corporations should prioritize fostering a leadership culture that is shaped by innovation, rather than merely adapting leadership styles in response to innovation. Leaders should actively champion and integrate innovation into organizational decision-making, ensuring that creativity and adaptability become core leadership competencies. To achieve this, leadership training programs should emphasize not only adaptability, vision-sharing, and problem-solving but also strategies for embedding innovation into leadership frameworks. Encouraging open communication, risk-taking, and collaborative problem-solving will empower employees to contribute to innovative solutions.

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