

# Journal of Human Resource and Leadership (JHRL)

**Influence of leadership characteristics on performance of large  
manufacturing firms in Kenya**

**Dr. Allan Samuel Njogu Kihara, Dr. Patrick Karanja Ngugi and Dr. Kennedy Ogollah**



## **Influence of leadership characteristics on performance of large manufacturing firms in Kenya**

**\*<sup>1</sup> Dr. Allan Samuel Njogu Kihara, <sup>2</sup> Dr. Patrick Karanja Ngugi and <sup>3</sup> Dr. Kennedy Ogollah**

**<sup>1</sup>Post graduate student, Jomo Kenyatta University of Agriculture and Technology, Kenya**

**<sup>2</sup>Lecturer, Jomo Kenyatta University of Agriculture and Technology, Kenya**

**<sup>3</sup>Lecturer, University of Nairobi, Kenya**

**Corresponding email address: [njoguak@gmail.com](mailto:njoguak@gmail.com)**

### **Abstract**

**Purpose:** The purpose of this study was to analyse the influence of leadership characteristics on performance of large manufacturing firms in Kenya.

**Methodology:** The study adopted a cross-sectional research design and descriptive survey design and the research philosophy was positivism. The study population study was 499 large scale manufacturing firms where a sample size of 217 firms was selected.

**Results:** The study findings revealed that the study findings revealed that leadership characteristics have a positive and significant influence on performance of large manufacturing firms in Kenya.

**Policy recommendation:** The study recommended that large manufacturing should put in place strategies that encourage their leaders to have leadership characteristics as it has a positive influence on performance. To do that, the firms should encourage and put in place measures that promote idealized influence, intellectual stimulation, inspiration motivation and individualized consideration as they influence performance positively.

**Keywords:** *leadership characteristics, performance, manufacturing firms*

### **1.0 INTRODUCTION**

The study sought to analyse the influence of leadership characteristics on performance of large manufacturing firms in Kenya. Bass (1985) introduced a theory of transformational leadership that was based on Burn's (1978) classification of transactional and transformational political leaders. Bass argued that leadership is generally conceptualized as a transactional exchange process. Transformational leaders motivate subordinates to perform beyond expectations by developing intellectually stimulating and inspiring followers to transcend their own self-interests for a higher collective purpose, mission or vision (Geyer & Steyrer, 2010). Transformative leadership is categorized into idealized influence, inspirational motivation, intellectual stimulation and

individualized consideration. Therefore, the type of transformative leadership determines how a particular organization is lead.

Ubben, Hughes and Norris (2001) assert that leadership is characterized by change and constant improvement. The leader persistently analyzes the standard to ensure that the organization is accomplishing its goals; otherwise the leader initiates change to improve the standards. In this regard, Bennis and Nanus (2005) argue that ‘managers are people who do things right and leaders are people who do the right thing’. Ubben *et al.*, (2001) posit that leadership is problem-finding as well as problem-solving oriented. In effect, leaders do manage but use their management skills from a leadership viewpoint asserting that leadership is ‘providing vision and direction in a school whereas management is ‘ensuring that organizational goals are achieved’ (Ubben *et al.*, 2001). Importance and value of leadership varies across cultures and therefore leadership is culturally contingent (House, Hanges, Javidan, Dorfman & Gupta. 2004). Researchers and theorists have likewise emphasized that leadership cannot be studied meaningfully in isolation from its environment (Trompenaars & Hampden-Turner 1997, House *et al.* 2004, Trompenaars & Woolliams, 2007). The more multicultural the environment, the more varied the outcome of the assessment. The more aware and experienced the leader is, the more the leader is able to anticipate and deal with culturally contingent conflicts (House *et al.*, 2004).

In Kenya, the manufacturing sector is the third biggest industrial sector after agriculture and transport and communication (KPMG, 2014). It is the third leading sector contributing to GDP in Kenya. Although Kenya is the most industrially developed country in East Africa, the manufacturing sector constitutes merely 10 per cent of the industrial sector contribution to GDP (RoK, 2014). The growth in manufacturing industry has declined to 3.3 per cent in 2011 as compared to 4.4 per cent in the year 2010 mainly due to a challenging operating environment (KNBS, 2012). Furthermore, the manufacturing sector has high yet untapped potential to contribute to employment and GDP growth. As an important sector in the overall economic growth, manufacturing sector requires an in-depth analysis at industry as well as firm level.

The manufacturing sector has a great potential on promoting economic growth and competitiveness in the country like Kenya. According to the World Bank (2014), sluggish growth in the manufacturing sector is pulling down economic growth in Kenya and is also losing grip on the East Africa Community market where it was dominant, due to inefficiencies and the unpredictable operating environment. The share of manufactured goods imported by EAC from Kenya declined from 9 per cent in 2009 to 7 per cent in 2013 (WB, 2014). It is for this reason that this study is attempting to analyse the influence of leadership characteristics on performance of large manufacturing firms in Kenya.

## **1.2 Problem statement**

Kenya has been experiencing turbulent times with regard to its organizational practices and this has resulted in declining profits in the manufacturing sector of the economy (Mutindi, Namusonge & Obwogi, 2013). Statistics from World Bank show that large scale manufacturers operating in Kenya registered stagnation and declining profits for the last five years due to a turbulent operating environment (WB, 2014). It is estimated that large manufacturing firms have lost 70 per cent of their market share in East Africa largely attributed to contingencies (RoK, 2014a). Further statistics

from Kenya Association of Manufacturers have shown that some firms announced plans to shut down their plants and shift operations to Egypt due to negative influences of contingencies (KAM, 2014). In 2014, manufacturing sector in Kenya contributed barely 10% to the GDP which represented 3.4 per cent growth to Sh.537.3 Billion indicating a decline from the previous year 2013 where it had reported a 5.6 per cent growth mainly due to a challenging operating environment and high operational costs (KNBS, 2014).

Many large Manufacturing firms have relocated or restructured their operations opting to serve the local market through importing from low-cost manufacturing areas such as Egypt therefore resulting in job losses (Nyabiage & Kapchanga, 2014) citing turbulent operating environment and high operating costs. This is an indication that many manufacturing firms in Kenya are experiencing performance challenges with many reporting profit warnings due to challenges in the operating environment (RoK, 2014).

It is therefore inadequate to analyse firm's performance by financial performance especially under today's changing operating environment (Qi, 2010). The manufacturing sector in Kenya has a huge untapped potential contribution to employment and GDP if the challenges facing this sector are properly addressed (Wagana & Kabare, 2015). The study would eventually help in determining what is needed to stop manufacturing firms from failing, stagnating in performance or relocating from Kenya resulting to job losses and therefore continue in operation to the foreseeable future. The study therefore, seeks to understand the influence of leadership characteristics on performance of large manufacturing firms in Kenya.

### **1.3 Research Objective**

- i. To analyse the influence of leadership characteristics on performance of large manufacturing firms in Kenya.

### **1.4 Study Hypothesis**

- i. **H<sub>01</sub>**: Leadership characteristics do not influence performance of large manufacturing firms in Kenya.

## **2.0 LITERATURE REVIEW**

### **2.1 Theoretical review**

#### **2.1.1 Situational Leadership Theory**

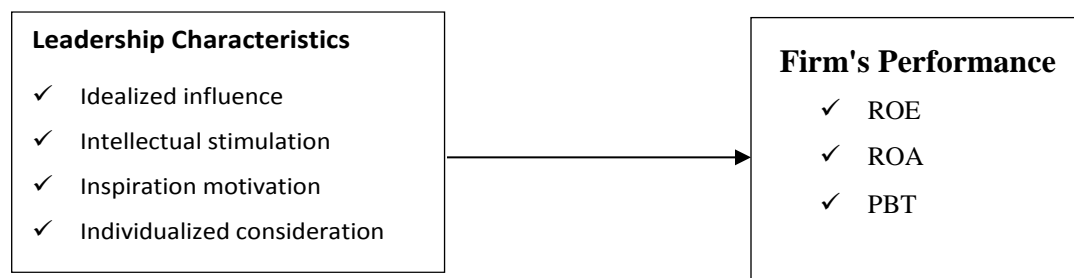
The situational leadership theory put forth by Paul Hersey and Ken Blanchard in 1969 proposes that effective leadership requires a rational understanding of the situation and an appropriate response rather than a charismatic leader with a large group of dedicated followers (Graeff, 1997; Grint, 2011). The theory evolved from task-oriented versus people-oriented leadership continuum (Conger, 2011).

The continuum represented the extent that the leader focuses on the required tasks or focuses on their relations with their followers. Various authors have classified SLT as a behavioral theory (Bass, 2008) or a contingency theory (Yukl, 2011). Both conceptions contain some validity. SLT focuses on leaders' behaviors as either task or people focused. This supports its inclusion as a behavioral approach to leadership similar to the leadership styles approach (autocratic, democratic, and laissez-faire), the Michigan production-oriented versus employee oriented approach, the Ohio

State initiation versus consideration dichotomy and the directive versus participative approach (Bass, 2008; Glynn & DeJordy, 2010).

It also portrays effective leadership as contingent on follower's maturity. This fits with other contingency-based leadership theories including Fiedler's contingency theory, path-goal theory, leadership substitute theory and Vroom's normative contingency model (Glynn & DeJordy, 2010; Bass, 2008; Yukl, 2011). This theory instigates the hypothesis of the study.

## 2.2 Conceptual Framework



**Figure 1: Conceptual Framework**

## 2.3 Empirical Review

### 2.3.1 Leadership Characteristics

Hoogh (2014) examined relationships between idealized influence leadership and performance outcomes. Results revealed that idealized influence leadership was positively related to common-source and multi-source perceptual performance outcomes (subordinate's positive work attitude) and to organization's profitability but unrelated to organization liquidity and solvency.

Samad (2012) presented the findings of a study which examined the relationship between innovation, transformational leadership and performance. Data in the study was collected from a sample of 150 managerial staff in Malaysian logistics firms. The study by Samad (2012) found that transformational leadership and innovation were related to organizational performance. Both transformational leadership and innovation were found to have a significant influence on organizational performance.

Femi (2014) examined the significant relationship between communication as a way of inspiration and worker's performance in some selected organizations in Lagos State, Nigeria. Data for the study was collected through questionnaire with sample population of 120 respondents. The result of the study revealed that a relationship exists between effective communication and worker's performance, productivity and commitment.

Navqi et al (2013) studied the effect of job autonomy on job satisfaction and organizational commitment in Pakistan. A sample of 107 employees was considered for the study. Results showed

that an increase in job autonomy results in an increased level of job satisfaction and organizational commitment and organizational culture moderates this relationship. Some of the components of idealized influence included charisma, ethics and communication/articulation of the organization vision (Manteklow, 2011).

Hoogh (2014) examined relationships between charismatic leadership and performance outcomes. Results revealed that charismatic leadership was positively related to common-source and multi-source perceptual performance outcomes (subordinate's positive work attitude) and to organization profitability but unrelated to organization liquidity and solvency.

Wilderom et al (2012) investigated the effects of charismatic leadership and organizational culture on perceived and objective company performance using a longitudinal design. Employees (N = 1214) in 46 branches of a large Dutch bank rated branch management on charismatic leadership, organizational culture in terms of work practices, as well as perceived organizational performance. Results revealed that charisma improved performance.

Walumbwa (2014) investigated the link between ethical leadership and performance using data from the People's Republic of China. Consistent with social exchange, social learning and social identity theories, the study examined leader-member exchange, self-efficacy and organizational identification as mediators of the ethical leadership to performance relationship. Results from 72 supervisors and 201 immediate direct reports revealed that ethical leadership was positively and significantly related to employee performance as rated by their immediate supervisors and that this relationship was fully mediated by leader-member exchange, self-efficacy and organizational identification controlling for procedural fairness.

Kombo, Obonyo and Oloko (2013) focused on the influence of delegation as a form of individualized consideration on employee performance with teamwork, employee commitment and participation and employee satisfaction as elements of delegation whose objective was to find out whether or not delegation impacts employee performance. Primary data was collected using a questionnaire with both open and closed ended questions on 5 point likert scale. The study established that effective delegation in organizations improves performance.

Sentuya (2013) empirically investigated how the level of authority delegation is related to the performance of an organization. The effect of authority delegation is studied using empirical data from the banking sector. Different specifications were used to estimate the effect of authority delegation on performance characteristics. Estimates demonstrated that more authority delegated had a positive effect on performance.

Huang et al (2013) examined whether participative leadership behavior is associated with improved work performance through a motivational process or an exchange-based process. Based on data collected from 527 employees from a Fortune 500 company, the study found that the link between superiors' participative leadership behaviors and subordinate's task performance and organizational citizenship behavior toward organizations. (OCBO) was mediated by psychological empowerment (motivational mediator) for managerial subordinates. Yet, for non-managerial subordinates such as supporting and front-line employees, the impact of participative leadership on task performance and OCBO was mediated by trust-in-supervisor (exchange-based mediator).

Merhabi et al (2013) studied the effect of leader's participative behaviors on employee's perception of effectiveness and performance. The statistical population of this study was 105

employees. 83 employees were chosen as sample members. Regressions test and Pearson correlation test was the main statistical test that was used for the purpose. The results of the study indicated that there are significant relationships between leader’s participative behavior and employee’s performance. In addition, the results showed that there are significant relationships between perception of collective effectiveness and employee’s performance.

### 3.0 METHODOLOGY

The research philosophy for this study was positivism. The study adopted both cross-sectional research design and descriptive survey design. The 499 large scale manufacturing firms represented the total population for this study. A sample size of 217 manufacturing firms was used during the study. This study utilized a questionnaire to collect primary data. A pilot study was conducted among 22 manufacturing firms which constituted 10 per cent of the sample size. Data was analysed using SPSS software which generated both descriptive and inferential statistics.

### 4.0 RESULTS FINDINGS

#### 4.1 Response Rate

The results for response rate are as indicated in Table 1. The number of questionnaires that were administered was 217. A total of 157 questionnaires were filled and returned. This represented an overall successful response rate of 72.4%. They fit with the argument of Kothari (2004) that a response rate of 50% or more is adequate for a descriptive study.

**Table 1: Response Rate**

<b>Response</b>	<b>Frequency</b>	<b>Percent</b>
Returned	157	72.4%
Unreturned	79	27.6%
<b>Total</b>	<b>217</b>	<b>100%</b>

#### 4.2 Results of Pilot Test

The study conducted a pilot test to test for the instrument reliability. The participants in the pilot test were not included in the final study. Cronbach Alpha value is widely used to verify the reliability of the construct. The findings in Table 2 indicate that leadership characteristics had Cronbach’s alpha of 0.716 which was above the set alpha coefficients cut off point of 0.7.

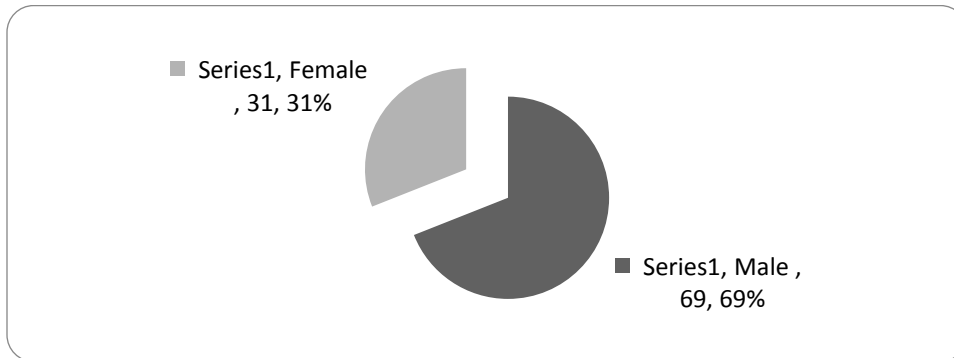
**Table 2 Alpha coefficient**

<b>Variable</b>	<b>Cronbach’s Alpha</b>	<b>Comment</b>
Leadership Characteristics	0.716	Accepted

### 4.3 Demographic Characteristics

#### 4.3.1 Gender Composition of Respondents

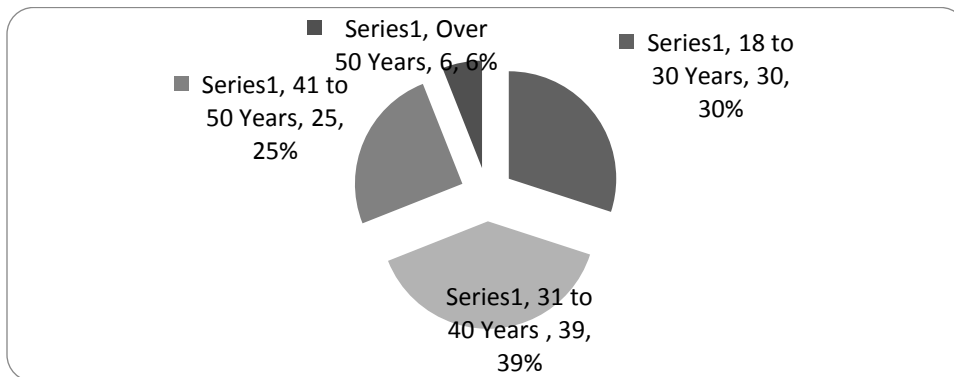
The respondents were asked to indicate their gender. Results in Figure 2 reveal that a majority of the respondents were male as supported by 69% while 31% were female. The manufacturing firms that are registered members of KAM are male dominated. In addition, the gender distribution was below the Constitutional of Kenya (2010) threshold of a third, however this did not affect the results of the study as women were under-represented in the management of manufacturing firms.



**Figure 2: Gender Composition of Respondents**

#### 4.3.2 Age of Respondents

The respondents were also asked to indicate their age. The results are presented in Figure 3 reveal that 6% of the respondents were over 50 years, 30% were between 18 and 30 years while those who were between 40 to 50 years were 25%. Majority of the respondents, 39%, were between 30 to 40 years. This implies that majority of the workers at manufacturing firms that are registered members of KAM are between 30 to 40 years of age.



**Figure 3: Age of Respondents**

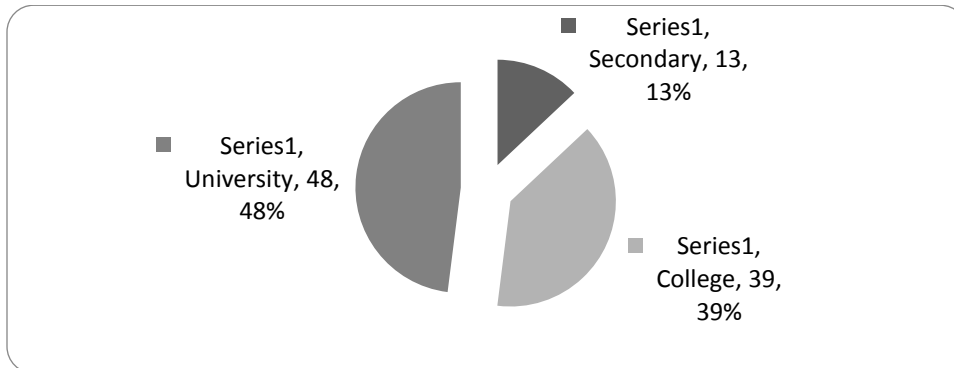
#### 4.3.3 Level of Education

The respondents were asked to indicate their level of education. Results in Figure 4 reveal that 13% of the respondents had education up to the secondary school level, 39 % indicated that they



had attained education up to tertiary level while 48% of the respondents indicated that they had attained education up to University level.

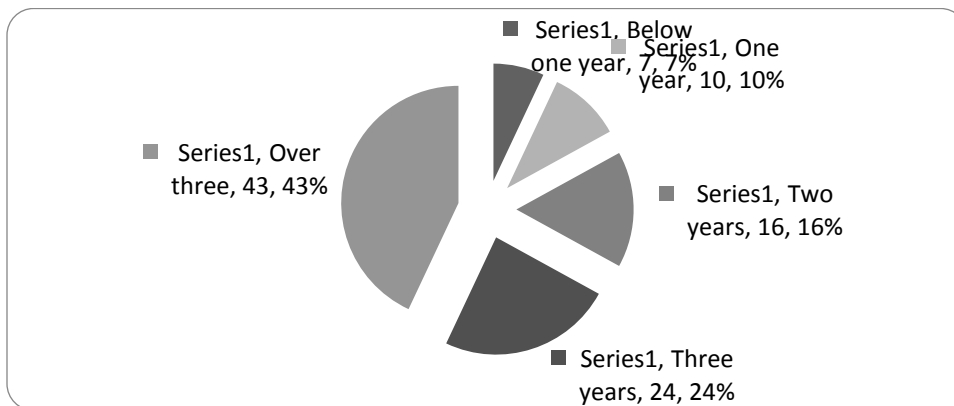
This implies that workers at manufacturing firms that are registered members of KAM are educated. It also implies that majority of the respondents (48%) had university qualification, and a few others had both tertiary and secondary education levels. This means that majority of the workers at manufacturing firms that are registered members of KAM are knowledgeable and could easily understand the contents of the questionnaire and the concept of contingency factors.



**Figure 4: Level of Education**

#### 4.3.4 Years of experience in the industry

The respondents were asked to indicate their years of experience in the field. Results in Figure 5 reveal that 33% of the respondents had worked in the field for a period less than 2 years, 24% had worked in the field for a period of three years and those who had worked in the field for over three years were 43%. This implies that the rate of turnover in the sector is low.

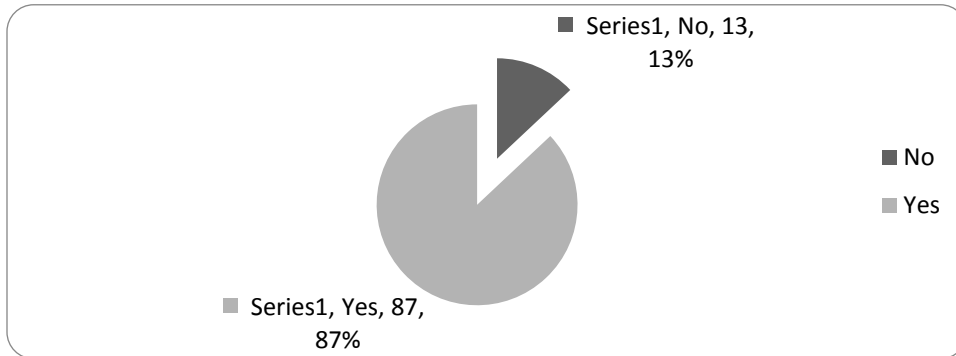


**Figure 5: Years of Experience**

## 4.4 Leadership Characteristics

### 4.4.1 Idealized Influence Leadership Characteristics

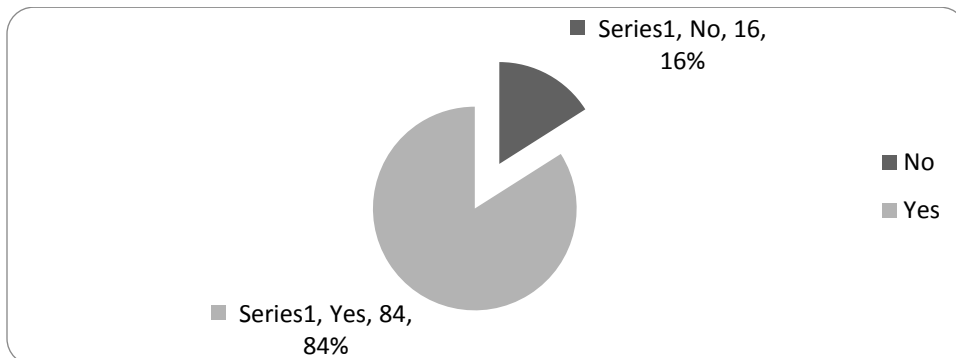
The respondents were asked whether leaders in their firms had idealized influence form of leadership characteristic. The results are presented in Figure 6. From the results presented, the study established that majority of the respondents, 87%, indicated that leaders in their firms had idealized influence leadership characteristic while only 13% stated that the leaders don't have.



**Figure 6: Idealized Influence Leadership Characteristics**

### 4.4.2 Intellectual Stimulation Leadership Characteristics

Respondents were also asked to indicate whether leaders in the company had intellectual stimulation. The results are as presented in Figure 7. The results indicated that majority, 84%, stated that leaders had intellectual stimulation while only 16% stated that they don't have.



**Figure 7: Intellectual Stimulation Leadership Characteristics**

#### 4.4.3 Inspiration Motivation Leadership Characteristics

Respondents were further asked to indicate the effect of inspiration motivation leadership characteristics on performance of the company. Table 3 presents the results. The results indicates that majority, 53.2%, admitted that inspiration motivation leadership characteristics increase the performance of the company by over 10% and 46.8% agreed that leadership with inspiration motivation leadership characteristics increase the performance of the company by 6-10% .

Further, 60.4% indicated that lack of inspiration motivation leadership characteristics decreased the performance 6-10% while 39.6% indicated that it decreased performance by over 10%.

**Table 3: Inspiration Motivation and Performance**

	Indicator	Percent
Inspiration motivation	Increased performance by 0-5%	0
	Increased performance by 6-10%	46.8
	Increased performance by over 10%	53.2
Lack inspiration motivation	Decreased performance by 0-5%	0.0
	Decreased performance by 6-10%	60.4
	Decreased performance by over 10%	39.6

#### 4.4.4 Individualized Consideration Leadership Characteristics

The study sought to establish whether individualized consideration leadership characteristics improved performance of the company. Table 4 presents the results. From the table, majority 57.9% admitted that individualized consideration leadership characteristics increase the performance of the company by over 10%. Further, respondents were asked to indicate whether lack of individualized consideration leadership characteristics decreased the performance of the company. Majority 60.4% agreed that lack of individualized consideration leadership characteristics decreases the performance of the company by over 10%.

**Table 4: Individualized Consideration and Performance**

	Indicator	Percent
Individualized consideration	Increased performance by 0-5%	0
	Increased performance by 6-10%	42.1
	Increased performance by over 10%	57.9
Lack individualized consideration	Decreased performance by 0-5%	0.0
	Decreased performance by 6-10%	60.4
	Decreased performance by over 10%	39.6

#### 4.4.5 Relationship between Leadership Characteristics and ROE

The study sought to establish the relationship between leadership characteristics and ROE. The results are presented in Table 5. The results reveal that intellectual stimulation, idealized influence, individualized consideration and inspiration motivation are positively related to ROE. The relationship between intellectual stimulation as well as inspiration motivation and ROE is significant at 5% level of significance. The odds of observing a high ROE were 3.532 times higher for those firms whose leaders have intellectual stimulation leadership characteristics as compared to those firms whose leaders do not have intellectual stimulation leadership characteristics.

The results also revealed that the odds of observing a high ROE were 3.806 times higher for those firms whose leaders have inspiration motivation leadership characteristics as compared to those firms whose leaders don't. This implies that having intellectual stimulation and inspirational motivation leads to a high ROE.

**Table 5: Relationship between Leadership Characteristics and ROE**

	<b>B</b>	<b>S.E.</b>	<b>Wald</b>	<b>df</b>	<b>Sig.</b>	<b>Exp(B)</b>
Idealized influence	1.16	0.77	2.269	1	0.132	3.191
Intellectual stimulation	1.262	0.555	5.163	1	0.023	3.532
Inspiration motivation	1.337	0.444	9.066	1	0.003	3.806
Individualized consideration	0.225	0.606	0.138	1	0.71	1.253
Constant	-2.059	0.679	9.192	1	0.002	0.128

#### 4.4.6 Relationship between Leadership Characteristics and Profit Before Tax

The study also sought to establish the relationship between leadership characteristics and profit before Tax. The results are presented in Table 6.

**Table 6 Relationship between Leadership Characteristics and Profit Before Tax**

	<b>B</b>	<b>S.E.</b>	<b>Wald</b>	<b>df</b>	<b>Sig.</b>	<b>Exp(B)</b>
Idealized influence	0.911	0.81	1.265	1	0.261	2.488
Intellectual stimulation	0.927	0.614	2.277	1	0.131	2.527
Inspiration motivation	1.666	0.483	11.897	1	0.001	5.293
Individualized consideration	1.248	0.585	4.545	1	0.033	3.482
Constant	-2.276	0.731	9.681	1	0.002	0.103

The study also sought to establish the relationship between leadership characteristics and ROA. The results are presented in Table 6. The results reveal that the relationship between all the aspects of transformational leadership and profit before tax is positive. Further, inspirational motivation and individualized consideration are significantly related to PBT. The odds of observing a high PBT were 5.293 times higher for those firms whose leaders have inspiration motivation leadership characteristics as compared to those firms whose leaders do not have inspiration motivation leadership characteristics. On the other hand, the odds of observing a high PBT were 3.482 times

higher for those firms whose leaders have individualized consideration leadership characteristics as compared to those firms whose leaders don't. This implies that having inspiration motivation and individual consideration leads to a high PBT.

#### 4.4.7 Relationship between Leadership Characteristics and ROA

Table 7 indicates the odd ratio regression with regard to ROA. The results reveal that the relationship between all the aspects of transformational leadership and ROA is positive. The results reveal that inspiration motivation is positively and significantly related to ROA. The odds of observing a high ROA were 2.988 times higher for those firms whose leaders have inspiration motivation leadership characteristics as compared to those firms whose leaders do not have inspiration motivation leadership characteristics. This implies that having inspirational motivation leads to a high ROA.

**Table 7 Relationship between Leadership Characteristics and ROA**

	<b>B</b>	<b>S.E.</b>	<b>Wald</b>	<b>df</b>	<b>Sig.</b>	<b>Exp(B)</b>
Idealized influence	0.914	0.754	1.471	1	0.225	2.495
Intellectual stimulation	0.487	0.53	0.842	1	0.359	1.627
Inspiration motivation	1.095	0.416	6.911	1	0.009	2.988
Individualized consideration	0.802	0.641	1.565	1	0.211	0.448
Constant	-0.433	0.513	0.713	1	0.398	0.648

#### 4.4.8 Hypothesis Testing

The hypothesis was tested by running an ordinary least square regression model. The acceptance/rejection criteria was that, if the p value is greater than 0.05, the Ho was not rejected but if it was less than 0.05, the Ho failed to be rejected.

The aspects of leadership were combined and run against the combined measures of performance. An ordinary least regression Model was used.

The null hypothesis for the study was leadership characteristics do not influence performance of large manufacturing firms in Kenya. The alternative hypothesis was: Leadership characteristics influence performance of large manufacturing firms in Kenya. The results of the regression model are as indicated in Table 8. The results reveal that leadership characteristics explain 23.3% of the changes in performance of large manufacturing firms in Kenya. The remaining, 76.7%, of the change in performance of large manufacturing is explained by other factors.

**Table 8 Leadership Characteristics Model Summary**

<b>Model Summary</b>			
R	R Square	Adjusted R Square	Std. Error of the Estimate
.482a	0.233	0.228	0.34798

The study also established the model fitness by comparing the F- calculated and F-critical values. The results for F-calculated are in Table 9. The F-Critical,  $F_{0.05, 1, 155}$  was 3.84. Since F calculated, 47.58 was greater than F-Critical,  $F_{0.05, 1, 155}$ , 3.84, the study concluded that the model fits well. This is further supported by a p-value of 0.00 which is significant at 5% level of significance implying that the model fit well.

**Table 9 Leadership Characteristics Model Fitness**

ANOVA					
	Sum of Squares	df	Mean Square	F	Sig.
Regression	5.762	1	5.762	47.58	.000b
Residual	19.011	155	0.121		
Total	24.773	156			

The result in Table 10 indicated that the relationship between leadership characteristics and performance of large manufacturing firms in Kenya was significant at 5% level of significance. The p-value was 0.000 which indicated that the null hypothesis was rejected at 5% level of significance hence leadership characteristics has significant influence on the performance of large manufacturing firms in Kenya.

**Table 10: Leadership Characteristics Model Coefficients**

	B	Std. Error	t	Sig.
(Constant)	0.192	0.083	2.318	0.022
Leadership combined	0.670	0.097	6.898	0.000

**Performance of Large Manufacturing firms = 0.192 + 0.67 Leadership Characteristics**

*Performance of Large Manufacturing firms = -0.259 + 0.44 Dynamic capability*

## 5.0 SUMMARY OF FINDINGS, CONCLUSIONS AND RECOMMENDATIONS

### 5.1 Summary of Findings

The objective of the study was to analyse the influence of leadership characteristics on performance of large manufacturing firms in Kenya. The findings of the study revealed that majority of the large manufacturing firms in Kenya have leaders with idealized influence leadership, intellectual stimulation leadership characteristics, inspiration motivation leadership characteristics and individualized consideration leadership characteristics. The findings also indicated that having leaders with idealized influence, intellectual stimulation; inspiration motivation and individualized consideration leadership characteristics improve performance.

The findings further revealed that intellectual stimulation, idealized influence, individualized consideration and inspiration motivation are positively related to ROE. The relationship between intellectual stimulation as well as inspiration motivation and ROE is significant at 5% level of

significance. The odds of observing a high ROE were higher for those firms whose leaders have intellectual stimulation leadership characteristics as compared to those firms whose leaders do not have intellectual stimulation leadership characteristics.

The results also revealed that the odds of observing a high ROE were higher for those firms whose leaders have inspiration motivation leadership characteristics as compared to those firms whose leaders don't. This implies that having intellectual stimulation and inspirational motivation leads to a high ROE. The results further indicated that the relationship between all the aspects of transformational leadership and profit before tax is positive. Further, inspirational motivation and individualized consideration are significantly related to PBT.

The odds of observing a high PBT were higher for those firms whose leaders have inspiration motivation leadership characteristics as compared to those firms whose leaders do not have inspiration motivation leadership characteristics. On the other hand, the odds of observing a high PBT were higher for those firms whose leaders have individualized consideration leadership characteristics as compared to those firms whose leaders don't. This implies that having inspiration motivation and individual consideration leads to a high PBT.

On the relationship between leadership characteristics and ROA, the study findings indicated that the relationship between all the aspects of transformational leadership and ROA is positive. The results revealed that inspiration motivation is positively and significantly related to ROA. The odds of observing a high ROA were higher for those firms whose leaders have inspiration motivation leadership characteristics as compared to those firms whose leaders do not have inspiration motivation leadership characteristics. This implies that having inspirational motivation leads to a high ROA.

The relationship between leadership characteristics and performance of large manufacturing firms in Kenya was significant at 5% level of significance implying that leadership characteristics has significant influence on the performance of large manufacturing firms in Kenya.

## **5.2 Conclusion**

The study concluded that leadership characteristics have a significant influence on performance of large manufacturing firms in Kenya. The sub-constructs of leadership characteristics that is idealized influence, intellectual stimulation, inspiration motivation and individualized consideration influence performance positively.

## **5.3 Recommendations of the Study**

The study recommended that large manufacturing should put in place strategies that encourage their leaders to have leadership characteristics as it has a positive effect on performance. The firms should encourage and put in place measures that promote idealized influence, intellectual stimulation, inspiration motivation and individualized consideration as they influence performance positively.

## **5.4 Areas for Further Research**

Further studies can be done to establish the influence of leadership characteristics on performance of firms in other sectors other than manufacturing firms in Kenya.

## REFERENCES

- Bass, B. M. (1985). *Leadership and performance beyond expectations*. NY :Free Press.
- Bennis, W., & Nanus, B. (1985). *Leaders: The Strategies for Taking Charge*. New York: Harper and Row.
- Burns, J. M. (1978). *Leadership*. New York: Harper and Row Publishers.
- Conger, J. A. (2011). *Charismatic leadership*. In A. Bryman, D. Collinson, K. Grint, B. Jackson & M. Uhl-Bien (Eds.), *The SAGE handbook of leadership* (pp. 86-102). Thousand Oaks, CA: Sage.
- Glynn, M. A., & DeJordy, R. (2010). *Leadership through an organizational behavior lens: A look at the last half-century of research*. In N. Nohria, & R. Khurana (Eds.), *Handbook of leadership and practice* (pp. 119-158). Boston, MA: Harvard Business Press.
- Graeff, C. L. (1997). Evolution of situational leadership theory: A critical review. *The Leadership Quarterly*, 8(2), 153-170. doi: 10.1016/S1048-9843(97)90014-X
- Hoogh, H. B. (2014). Charismatic leadership, environmental dynamism, and performance. *European Journal of Work and Organizational Psychology*, 13 (4), 447–471.
- House, R. J., Hanges, P.J., Javidan, M., Dorfman, P.W. & Gupta, V.(eds.) (2004). *Culture, Leadership, and Organizations - The GLOBE Study of 62 Societies*. Thousand Oaks, CA: Sage Publications Inc.
- KNBS (2012). *Leading Economic Indicators*. Kenya National Bureau of Statistics
- Kombo, B. W., Obonyo, G. O., & Oloko, M. (2013). Effects of Delegation on Employee Performance in Savings and Credit Cooperative Societies in Kisii County, Kenya. *The International Journal of Business & Management*, 2(7), 203-226.
- KPMG (2014). *Kenya-Business Environment Survey*. Available at [kpmg.com/Africa](http://kpmg.com/Africa)
- Mutindi, U.J.M., Namusonge, G.S., & Obwogi, J. (2013). Effects of Strategic Management Drivers on Organizational Performance: A Survey of the Hotel Industry in Kenyan Coast.



*International Journal of Arts and Commerce* Vol. 2 No. 11 December. Nairobi, Kenya:  
Applied Research and Training Services. ACTS Press

Nyabiage, J. & Kapchanga, K. (2014). *Thousands of jobs on the line as tens of firms shut down local units*. The Standard Digital, Sunday, October 12<sup>th</sup>.

Republic of Kenya, (2014). Kenya.um.dk. Economy. [online] Available at:  
<http://kenya.um.dk/en/about-kenya-new/economy-new/> Accessed on 3<sup>rd</sup> June 2015

Samad, S. (2012). The influence of innovation and transformational leadership on organizational performance. *Procedia-Social and Behavioral Sciences*, 57, 486-493.

Trompenaars, F. & Woolliams, P. (2007). *Reconciling Dilemmas*. The 2007 Pfeiffer Annual Leadership Development. San Francisco: John Wiley & Sons Inc. [Online]. Available from: [www.pfeiffer.com](http://www.pfeiffer.com)

Ubben, G. C., Hughes, L. W. & Norris, C. J. (2001). *The Principal: Creative Leadership for Excellent Schools*. 4th edition. Boston: Allyn and Bacon.

Wagana, D. & Kabare, K. (2015). The influence of Corporate Governance on Corporate Performance Among Manufacturing Firms in Kenya: A Theoretical Model. *International Journal of Academic Research in Business and Social Sciences*, Vol. 5, No. 4 ISSN: 2222-6990.

World Bank. (2014). *“Anchoring High Growth: Can Manufacturing contribute more?”* World Bank Report 2014.

Yukl, G. (2011). *Contingency theories of effective leadership*. In A. Bryman, D. Collinson, K. Grint, B. Jackson & M. Uhl-Bien (Eds.), *The SAGE handbook of leadership* (pp. 286- 298). Thousand Oaks, CA: Sage.