

INFLUENCE OF TRANSFORMATIONAL LEADERSHIP ON EMPLOYEE PERFORMANCE: A CASE STUDY OF SAFARICOM LIMITED

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A B S T R A C T

Purpose: Safaricom limited has enjoyed phenomenon success its organizational history starting as a department of the state Telkom Parastatal to the largest company in East and Central Africa. The success of Safaricom has largely been attributed to its innovativeness as a competitive strategy under the leadership of visionary management team. The study examined the three components of transformational leadership that is inspirational motivation, individualized consideration and intellectual stimulation application at Safaricom.

Design/ Methodology/Approach: this study will adopt both a descriptive and correlational research design. Correlational design entails reporting on condition of relationships as they exist. The approach explains the uniqueness of a particular individual or group. The study utilized Moi Avenue Branch of Safaricom as the unit of observation due to accessibility of the center. The Moi Avenue branch has employee population of 1092 staff according to Safaricom 2015.

Findings: Transformational leadership is important as leaders are reliable to generate commitment from followers. Safaricom has the ability to inspire motivate and intellectually stimulate its employees which results to positive impact on employee performance. The multiple linear regression was used to examine the cumulative effect of the independent variables on the dependent variable. The multiple linear regressions gave a multiple correlation coefficient of 0.920 which indicated that the relationship between the three independent variables cumulatively on the dependent variable is strong and positively correlated.

Contribution to policy and practice: The findings of this study will help other institutions to understand the influence of transformational leadership on employee performance in Kenya; the findings will provide a new dimension on how institutions can achieve best employee performance.

Originality/Value: This study is the first to empirically establish the influence of influence of transformational Leadership on employee performance. a Case study of Safaricom limited.

BACKGROUND

The comprehension of the concept and even the definition of leadership style vary from one individual to another. For example, persons in various human endeavors such as politics, social works, academics and even business utilize the term to imply different meanings and expectations may differ from one person, or situation, to the other (Yusuf, Mohammed & Kazeem, 2014). The extent to which people portray leadership traits is reliant on not only personal abilities and characteristics, but also aspects of the situation and environment in which they find themselves (Mesick & Kramer, 2004).

It has been determined that the type of leadership style in an organization largely contributes to its success or failure. Yusuf, Mohammed and Kazeem (2014), notes that organizations in the world today are realizing that, adequate achievement of business“ short and long-term aims, and objectives, as well as the optimum employee performance and effectiveness, management should give full devotion to leadership style. Numerous substitutive ways to conceptualize and exercise leadership have had a profound influence on how the Managers and CEOs run organizations and the consequence effect on performance. Consequently, leadership has been a critical subject of examination over the years by diverse scholars in an endeavor to find and or develop the most effective type and style for exemplary employee performance, (Den & Paul, 2011). According to Yusuf et al., (2014), leadership style in an organization is one of the critical factors that play important role in enhancing or impeding the interest and commitment of the employees in the organization. Therefore, we cannot ignore the value of leadership style in any establishment

Transformative leadership

It is critical to explore the concept of transformational leadership in order to evaluate its influence on the performance of enterprises effectively. As intimated by Riggio and Conger (2008), leadership involves a learning process, centered not only in what is supposed to be communicated but also in learning how to communicate it in ways that other people can comprehend and follow. AS a result, there is a leader-follower relation in place to enhance doing of the right things. They further state that this learning is a continuous process in which leaders and followers may change their roles, but followership and leadership function in the same way always.

As Gallos, Kotter (1999) observes similar views on leadership. He states that the fast-moving and competitive environment of the 21st century ultimatums more leadership from more people for the prosperity of organizations. He ascertains that lack of such leadership is the reason for organizational stagnation and failure in the business. Arnold and Fielder, (2007) explain that transformational leaders directly give confidence their followers to challenge accepted methods and answer their own questions when doing their own work.

Safaricom Limited Company

Safaricom Limited is the leading provider of communications services in Kenya offering cellular network access and business solutions. The firm was formed in 1997 and in May 2000; Vodafone group acquired a stake and management responsibility for the company. In 1999, the

communication sector was deregulated and opened up for private sector to put up commercial communication networks in the country and Communications Commission of Kenya (CCK) was established as the regulator. The Company has since emerged as one of the fastest growing companies in Kenya. The Company is still aggressively expanding the market network throughout the country and developing strategic business relationships with leading global telecommunication players that help in ensuring that Safaricom has access to the world's latest technology to maintain its market leadership. Safaricom has been the market leader in offering innovative products like M-PESA to the Kenyan people to enhance their lifestyle and their way of efficiently doing business. However, due to the growing rivals in and outside the African continent, the telecommunications company finds itself in peril. In 2011, Safaricom Limited moved to shake and there by change its top structure, a move it believed, would act as a competitive advantage in ensuring the firm is efficient in its work. Several departments that were headed by chief officers were consolidated and headed by a Director who reports directly to the CEO. The CEO unveiled an organizational structure, positioning amongst Chief Officers and top Managers as they sought to head the new departments. This move was deemed to make Safaricom Limited more customer-focused, to eliminate unnecessary duplication of roles and decentralized decisions, also to facilitate their values of speed, simplicity and trust (Mativu, 2012).

Research Problem

Fundamental research on transformational leadership on employee performance has been conducted widely worldwide as well as in leading organizations in Kenya. Choudhary, Akhtar and Zaheer (2012) examined the impact of Transformational and Servant Leadership on Employee performance from profit-oriented service sector of Pakistan. They discovered that transformational leadership enhances employee performance. Jelovac and Matjaz (2012) had a similar finding on an empirical survey of leadership styles of Slovenian entrepreneurs' founders of SMEs. Their results suggested that the use of transformational leadership was correlated with increased self-reported effectiveness of their organization. Comparable studies conducted in Kenya have parallel results. For example, (Mbithi, 2014) conducted a study to understand how universities in Kenya responded to reforms, focusing on their leadership which is critical in both managing the transformation and creating academic excellence. It emerged that transformational leadership behavior of the top leadership of universities in Kenya led to high employee and employee performance and that the top leadership of these universities is able to match their strategy with the correct structure, systems and technology to achieve organizational effectiveness. On another study, Koech and Namusonge (2012) investigated the main effects of leadership styles on employee performance at state-owned corporations in Kenya. Their inquiry specifically sought to determine the impact of laissez-faire, transactional and transformational leadership styles on employee performance at state-owned corporations in Kenya. The study outcomes revealed correlations between the transformational-leadership factors and employee performance ratings were high whereas correlations between the transactional-leadership behaviors and employee performance were relatively low. As expected, laissez-faire leadership style is not significantly correlated to employee performance. In essence, transformational leadership results in high employee performance as all these studies demonstrate. While these

studies provide the influences of transformational leadership on employee performance, a gap exists on how individual component factors of transformational leadership influence employee performance. This research aims to fill this gap.

Safaricom Limited Company is case study of interest as it is one of the leading mobile telecommunications firms in East and Central Africa. Its success story needs to be told. It is, however, important to state that this story is incomplete without knowing the contributions of transformational leadership on the organization's performance. Through three components of transformational leadership namely; inspirational motivation, individualized consideration and intellectual stimulation, this study seeks to enlighten on the effects of transformation leadership to the performance of Safaricom Limited Company.

Studies Objective

1. To determine the influence of inspirational motivation on employee Performance
2. To determine the influence of intellectual stimulation on the employee Performance
3. To establish the influence of individualized consideration on employee Performance

LITERATURE REVIEW

The influence of inspirational motivation on employee performance

The Inspirational Motivation dimension is produced through behaviors that facilitate a feeling of optimism and a commitment to organizational goals and vision. Further, inspirational motivation provides meaning to the work of followers. A leader's charisma, a process where leaders arouse followers by being visionary, motivational and powerful, confident and captivating to followers" is the sum of inspirational motivation and idealized influence. Leaders who display charismatic leadership are able to use expressive language that is emotionally appealing and communicate a clear vision that is related to the need and values of the followers

Bass (1990) described inspirational motivation as providing followers with challenges and meaning for engaging in shared goals. Bass and Steidlmeier (1999) expanded on this description of inspirational motivation as the leader's ability to communicate his or her vision in a way that inspires followers to take action in an effort to fulfill the vision. According to Kent, Crotts, and Azziz (2001), inspirational motivation enables leaders to remain focused on the vision of the group despite any obstacles that may arise. Yukl (2010) described inspirational motivation behaviors as communicating an appealing vision, using symbols to focus subordinate effort, and modeling appropriate behaviors. Banjeri and Krishnan (2000) relate inspirational motivation to concepts of ethics, claiming that when leaders show concern for organizational vision and follower motivation, they are more inclined to make ethical decisions.

The influence of intellectual stimulation on employee performance

Intellectual Stimulation involves followers in developing new and different solutions to common problems and conducting work in new ways. Leaders challenge the process and confront old and outdated assumptions, traditions and processes. Further, they involve others in the discussion and stimulate new ways of thinking. According to Northouse (2001), "This is leadership that

stimulates followers to be creative and innovative, and to challenge their own beliefs and values as well as those of the leader and the organization. This type of leadership supports followers as they try new approaches and develop innovative ways of dealing with organizational issues. It promotes followers' thinking things out on their own and engaging in careful problem solving." Avolio et al., (1999) described intellectual stimulation as getting followers to question the tried-and-true methods of solving problems by encouraging them to improve upon those methods. Intellectual stimulation involves exciting individual's cognitive ability, so that he or she can engage in independent thinking in the course of carrying out job responsibilities (Jung, Chow, and Wu, 2003). According to Bass and Steidlmeier (1999), intellectual stimulation encourages followers to challenge leader decisions and group processes. This encourages innovative thinking. Dansereau et al. (1995) state that by creating intellectual stimuli, managers can excite employees' ability to experiment with new practices and generate ideas that can greatly impact performance. Intellectual stimulation component of transformational leadership plays a healthy and beneficial role in organizational learning (Brown & Posner, 2001). Intellectual stimulation appeals to follower needs for achievement and growth in ways that the follower finds attractive. According to Hult et al. (2004), leaders, especially transformational leaders, have considerable control of the presence or absence of organizational innovativeness. Because transformational leaders are oriented toward innovation, their propensity to motivate and intellectually stimulate their followers imbues the follower with that same innovative inclination (Keller, 1992; Lee, 2007; Mumford, et al., 2002; Vinkenbunrg, 2011). The end result is exemplary performance both for the employee and the organization.

The influence of individualized consideration on employee performance

Transformational leaders provide distinct attention to every single employee's needs for attainment and development by assuming the responsibility of a coach or a mentor. The staffs are made to progressively achieve higher levels of potential. Individualized consideration is implemented after newly discovered opportunities are crafted alongside a supportive climate (Long, Yusof, Wan, Kowang, Tan and Heng, 2014). Bass (1995) discussed individualized attention as occurring when a leader pays attention to the differences among followers and discovers what motivates each individual. He proposed that individualized attention allows leaders to become familiar with followers, enhances communication and improves information exchange. Theorists have begun to shift the focus of individualized attention from a means to promote familiarity with followers to a means to provide support. For example, Avolio and Bass (1995) stated that a „leader displays more frequent individualized consideration by showing general support for the efforts of followers“. Karamat (2013) holds similar views as he states that consideration style leaders show a high level of concern for people and are supportive of them. He explains that such leaders seek and accept suggestions from subordinates, consult with employees in advance on important matters, and criticize the work rather than the people.

MATERIALS AND METHODS

This study will adopt both a descriptive and correlational research design. Correlational design entails reporting on condition of relationships as they exist. The approach explains the uniqueness of a particular individual or group. The study utilized a sample size of 109 respondents. The study utilized Moi Avenue Branch of Safaricom as the unit of observation due to accessibility of the center. The Moi Avenue branch has employee population of 1092 staff according to Safaricom 2015 head count.

FINDINGS

Table 1 Regression Results: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.920 ^a	.846	.841	.31441

a. Predictors: (Constant), Intellectual Stimulation, Individualized Consideration, Inspirational Motivation

The multiple linear regressions gave a multiple correlation coefficient of 0.920 which indicates that the relationship between the three independent variables cumulatively on the dependent variable is strong and positively correlated. The multiple linear regression also gave a coefficient of determination of 0.846 indicating that the three variables contributed to 84.6% of the variance in the dependent variable.

Table 2 Regression Results: ANOVA

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	47.244	3	15.748	159.306	.000 ^a
	Residual	8.600	87	.099		
	Total	55.844	90			

- a. Predictors: (Constant), Intellectual Stimulation, Individualized Consideration, Inspirational Motivation
- b. Dependent Variable: Performance

The F-ratio in the ANOVA table tests whether the overall regression model is a good fit for the data. The table shows that the independent variables statistically significantly predict the dependent variable, $F(3, 87) = 159.306$, $p < .0005$ (i.e., the regression model is a good fit of the data).

Table 3 Regression Results: Regression Coefficients

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	1.843	.240		7.690	.000
Inspiration	.051	.087	.026	.585	.560
Consideration	-.788	.079	-.421	-9.920	.000
Stimulation	.783	.041	.852	18.889	.000

a. *Dependent Variable: Performance*

The unstandardized coefficients which indicate the variance of the dependent variables with an independent variable when all other independent variables are held constant are indicated below. Performance = 1.843 + 0.051 Inspirational Motivation - 0.788 Individualized Consideration + 0.783 Intellectual Stimulation. The coefficient for the intercept is 1.843 implies that if the factors (Intellectual Stimulation, Individualized Consideration, and Inspirational Motivation) are equated to zero then the performance will improve by a margin of 1.843. The beta coefficient of inspirational motivation is 0.051 implying that a unit increase in inspirational motivation will lead to an increase in performance by a margin of 0.051. Similarly, the beta coefficient of individualized consideration is -0.788 meaning that a unit increase in individualized consideration leads to a decrease in performance by a margin of 0.788. Finally, a unit increase in intellectual stimulation leads to an increase in performance by a margin of 0.783.

CONCLUSION

Transformational leadership is important as leaders are reliable to generate commitment from followers. Safaricom has the ability to inspire motivate and intellectually stimulate its employees which results to positive impact on employee performance

The multiple linear regressions were used to examine the cumulative effect of the independent variables on the dependent variable. The multiple linear regressions gave a multiple correlation coefficient of 0.920 which indicated that the relationship between the three independent variables cumulatively on the dependent variable is strong and positively correlated. The multiple linear regressions also gave a coefficient of determination of 0.846 indicating that the three variables contributed to 84.6% of the variance in the dependent variable. The multiple linear regression equation indicated that the intellectual stimulation led to the greatest change in employee performance. The findings of this study will help other institutions to understand the influence of transformational leadership on employee performance in Kenya; the findings will provide a new dimension on how institutions can achieve best employee performance.

Areas for Further Research and recommendations

The transformational leadership has an influence on aspects of performance within an organization. The study therefore suggests the following aspects of transformational leadership for further studies; a research on effect of transformational leadership on organizational performance of Safaricom Limited and the effect of transformational leadership on financial performance on other communication service providers, government and private sector. The respondents on average tended to agree with the presence of motivation to accomplish job goals and objectives, support for team building, leader's expression of what employees should do, and leaders' helping employees find meaning in their work. However there's need on the leadership to improve on its employee's response to improve service to the company due to the high mean of 4.22. The responses for employee's satisfaction with workplace conflicts settlements indicated lack of consensus due to a high standard deviation of 1.151 therefore the leadership need to put emphasis on conflict management mechanism so as to improve employee performance.

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