

THE MODERATING ROLE OF TRANSFORMATIONAL LEADERSHIP AND INVOLVEMENT ON ORGANIZATIONAL PERFORMANCE OF HOTELS IN NAIROBI COUNTY KENYA

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Abstract

The moderating role of transformational leadership and involvement on organizational performance of network companies in Nairobi County Kenya. It adopted descriptive research design. The target population consist of 13 network companies in Nairobi town with 236 care of employees in total. The study used simple random sampling technique. The sample size consisted of 108 employees. The type of data used was primary collected using self-administered questionnaires. Data was analyzed using both descriptive statistics and inferential statistics. The research findings indicated that organizational culture significantly relates to organizational performance. The study established that transformational leadership significantly affects the relationship between organizational culture and firm performance of the network companies in Nairobi. The study informs management on how culture influences organizational performance by providing empirically tested evidence and the role leadership play.

Keywords: Transformational leadership, involvement, organizational culture, performance

INTRODUCTION

Today more than ever, hospitality executives and managers are faced with significant challenges that require extraordinary insight and skill. Continuous and dynamic change has replaced years of a somewhat predictable and stable operating environment. Immense competition, a declining world economy, over-building, and an increasingly diverse work force are just a few of the many challenges that currently vex the industry (Dobyns and Crawford-Mason, 1991). The cumulative effects of these uncertain and turbulent conditions place great demands on the leadership ability of hospitality executives and managers. In order to effectively cope with these conditions, hospitality leaders may be required to adopt a change oriented, or transformational style of leadership.

In recent years there has been growing interest and development in the area of transformational leadership. Indeed, several books (e.g. Bass and Avolio, 1994; Chemers and Ayman, 1993) and research studies (e.g. Seltzer and Bass, 1990; Hinkin and Tracey, 1994) have demonstrated the importance of this construct. However, even though the recent theoretical and empirical insights have been valuable in providing a better understanding of this type of leadership, there is still much to be learned. The purpose of this paper is to determine the Moderating Role of Transformational Leadership and Involvement in the hospitality industry.

Statement of the problem

The environment in which organizations operate is in dynamic characterized by considerable and often unpredictable economic, technological and political change. Leadership is important therefore to enhance organizational performance in this very in consistent environment. Therefore, there is need to promote a leadership culture aligning organizational aspirations with the corporate objectives (Byrne &Hochwarter, 2012).

Although leadership has been correlated with performance, it has received relatively inadequate empirical investigation especially in the hospitality industry (Mckinono, 2003). Zain (2013) examined the effect of teamwork and communication on performance of organizations in Malaysia and found that these aspects of organization culture were significant determinants of general organizational performance. Shakil (2012) studied organizational culture in Pakistan in order to ascertain association between organizational culture and the practices adopted by the management. Using regression and correlation analysis, the study found out that organizational consistency and adaptability had significantly positive influence on performance management practices.

Lorraine, Dorai and Zubair (2011) investigated the influence of organizational culture on performance management in insurance industry. The results established some link between

organizational culture and performance management. In Nigeria, Aluko (2004) studied the perceived effect of culture on performance of textile companies. Using both qualitative and quantitative methodologies, the study reported that despite the kind of cultural backgrounds, workers appeared to have affirmative beliefs about work, organizational principles and personal attitudes.

Research done by Njugi & Agusioma (2014) in Kenya established that different types of organizational cultures had different levels of acceptance of performance management. In a study in a government parastatal in Kenya, Musioka (2015) found a positive effect of organization culture on organizational performance. Kamau (2013) noted the existence of a significant relationship between organization culture and efficiency of service delivery. However, Lagat (2013) reported a weak association between organization culture and performance of SACOOs in Kericho County. Wambugu (2014) studied the effect of organizational culture on worker performance in a Power Plant and found that organizational values had a more significant effect on organizational performance than other variables.

It's these inconsistencies in the relationship between transformational leadership and involvement on organizational performance that this study sought to fill.

LITERATURE REVIEW

Burns (1978) was one of the first to define transformational leadership. He proposed that the leadership process occurs in one of two ways, either transactional or transformational. Transactional leadership is based on bureaucratic authority and legitimacy associated with one's position within the organization. Transactional leaders emphasize the clarification of tasks, work standards, and outcomes.

According to Podsakoff et al. (2012), transformational leadership helps employees trust their managers. In their study, trust proved to be a mediator between transformational leadership and organizational citizenship behavior. Chen et al. (2007) indicated that employees show trust based on personal organizational support, which then positively affects organizational commitment. Past literature shows employee trust in an organization or management can enhance employee commitment to the organization. Yang et al. (2007) and Hon and Lu (2008) verified cognitive and affective trust as mediators, with procedural justice as the independent variable. This indicates that procedural justice will positively affect work performance, work satisfaction, and organizational commitment through cognitive trust, while affective trust will enhance positive behavior and altruism.

Specifically, Burns argued that a transactional leader tends to focus on task completion and employee compliance, and these leaders rely quite heavily on organizational rewards and punishments to influence employee performance. In contrast, Burns characterized transformational leadership as a process which motivates followers by appealing to higher ideals and moral values. Transformational leaders are able to define and articulate a vision for their organizations, and their leadership style can influence or “transform” individual-level variables, such as increasing motivation, and organization-level variables, such as mediating conflict among groups or teams.

More recently, Bass and his colleagues (1985,1990; Bass and Avolio, 1989,1994; Seltzer and Bass, 1990) developed a theory of transformational leadership that is a culmination of earlier work by Burns (1978), House (1977), Conger and Kanungo (1987), and others. According to Bass and Avolio (1994), transformational leadership is comprised of four primary dimensions. The first dimension is idealized influence. Idealized influence is described as behavior that results in follower admiration, respect and trust. Idealized influence involves risk - sharing on the part of leaders, a consideration of follower needs over personal needs, and ethical and moral conduct. The second dimension is inspirational motivation. This dimension is reflected by behaviors that provide meaning and challenge to followers’ work. It also includes behaviors that articulate clear expectations and demonstrate commitment to overall organizational goals, and arouse a team spirit through enthusiasm and optimism. The third dimension is intellectual stimulation. Leaders who demonstrate this type of transformational leadership solicit new ideas and creative problem solutions from their followers, and encourage novel and new approaches for performing work. The fourth dimension is individualized consideration. This is reflected by leaders who listen attentively and pay special attention to follower achievement and growth needs.

Bass and Avolio argued that transformational leaders engender feelings of trust, loyalty, and respect from followers by: (1) generating awareness and acceptance of the purpose and mission of the organization, (2) inducing them to transcend their own self-interest for the sake of the organization, and (3) activating their higher-order needs. The clear vision provided by a transformational leader inspires followers by giving their work meaning and making them feel a part of the enterprise. It helps people determine what is good or bad, important or unimportant in the organization, and serves to enhance the speed and quality of decision making, increase initiative, and broaden employee discretion (Bennis and Nanus, 1985). Similar to Burns (1978), Bass and Avolio also discussed transformational leadership as a contrast to traditional, or transactional leadership. Bass and Avolio argued that these styles of leadership are not deemed

to be mutually exclusive, however, and the same individual may vary his or her leadership style at different times or in different situations.

Theories of transformational leadership emphasize that change is accomplished through the leader's implementation of a unique vision of the organization through powerful personal characteristics designed to change internal organizational cultural norms (Pearson, 2009). Transformational leaders must operate from a foundation of high morality and ethical practices and have fundamental understanding of the complex factors that make collective effort possible in an organization. Leadership and organizational culture are widely believed to be linked in the process of change (Schein, 2016).

A corporate leader who encourages continuous learning and favors change helps to define an organizational culture that is flexible. Rather than fearing condemnation for suggesting different directions, employees in this kind of environment will feel free to express their innovative opinions, leading to higher productivity (Pirie, 2004).

Strategic leaders have the best perspective where knowledge is concerned to see the dynamics of the culture, what should remain and what needs alteration. According to Johnson (2010) when facing significant change, Leadership is the art of mobilizing others to want to struggle for shared aspirations. Leaders therefore must be skilled in change management processes if they want to act successfully as agents of change. Leaders are recognized as exerting a dominant influence on the direction of cultural norms and basic assumptions in institutional settings. Knippenberg and Hogg (2003) argue that in high salience groups, leadership effectiveness is intensely influenced by how prototypical the leader of the group is perceived to be by his employees (Wilson, 2002). The social identity perspective may be important when examining leadership and power, but it is by no means the only perspective.

METHODOLOGY

A research design is a statement of the essential elements of a study and constitutes the blue print for the collection, measurement and analysis of data (Cooper & Schindler, 2008) hence a logical and systematic plan prepared for directing a research study (Shajahan, 2005). The descriptive survey design aims at obtaining information that can be analysed for the purpose of establishing a basis for making decisions. The descriptive survey design enables the researcher to explore and describe the relationship between variables in their natural setting. This design is suitable because it enables the researcher to formulate important principle of knowledge.

The top management, middle management lower management of the 43 five star and four star hotels in Nairobi city (CBK, 2016) constituted the subjects of the study. The study singled out Nairobi city since it is the headquarters of most high rated hotels in Kenya. The

target population consisted of 13 star rated hotels in Nairobi town. There are 236 employees distributed in different cadres of management in the hotels.

Primary data was collected by the use of a questionnaire. The questionnaire was suitable tool of data collection since it eliminates subjectivity which is common with other tools of data collection such as interviews. The questionnaire also accords the respondents adequate time to think or reflection before responding (Kothari, 2004). The questionnaires contained structured items which enables the researcher to tabulate and analyse data with ease.

After data collection, the data obtained from the field was filled-in and returned questionnaires were edited for completeness, coded and entries made into Statistical package for social sciences (SPSS version 21). Descriptive and inferential analysis was conducted.

RESULTS AND DISCUSSION

The study also sought to examine the effect of transformational leadership on organizational performance among star rated hotels in Kenya. This informed the hypothesis of the study (H_{02}) that there is no significant relationship between transformational leadership on organizational performance among star rated hotels in Kenya. This hypothesis was tested through Pearson product moment correlation (r) to show the extent of the relationship, guided by the model: $Y = \alpha + \beta_1X + \beta_2M + \epsilon$ where α is the constant (intercept), Y =Organizational performance, β_1 and β_2 are the beta Coefficients while X and M represent organizational culture and Transformational leadership and ϵ is the Error Term. The results of the correlation are presented in table below.

Table 1. Correlation analysis

		Organizational Performance	Transformational Leadership
Organizational performance	Pearson Correlation	1	
	Sig. (2-tailed)		
Transformational Leadership	Pearson Correlation	.187**	1
	Sig. (2-tailed)	.001	

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

N=108

The result presents the Pearson correlations for the relationships between transformational leadership on organizational performance among star rated hotels in Nairobi County. From the findings, a positive correlation was established, that was statistically significant ($r = .187$; P value = .001) at either 0.01 level or 0.05 level of confidence. The positive significant correlation

is of the implication that as transformational leadership is enhanced, organizational performance meaningfully increases as well.

The study thus fails to accept the second null hypothesis (H_{02}) of the study states that there is no significant relationship between transformational leadership and organizational performance among selected star rated hotels in Nairobi County and thus accepts the alternative hypothesis that states that there is a significant relationship between transformational leadership and organizational performance among star rated hotels in Nairobi County.

CONCLUSIONS AND RECOMMENDATIONS

Findings reveal that transformational leadership significantly determines organizational performance among star rated hotels in Nairobi County. It can be deduced therefore that transformational leadership is a crucial factor in achieving organizational success through improved employee performance. The lack of statistical significance in the MRA results of transformational leadership on employee performance can be attributed to a number of strategic human resource factors that go hand in hand with transformational leadership in order to realize superior employee performance. Among financial, economic and human resources, the latest are more essential and have the capability to endow a company with competitive edge as compared to others (Rizwan et al, 2010). For transformational leadership to translate to superior employee performance, the organization ought to streamline other fundamental organizational factors including employee motivation, employee satisfaction, compensation, training and development, job security, organizational structure and others.

LIMITATIONS OF THE STUDY

This study data was generated by use of self- reported Questionnaires which while considered cost-effective and time - saving, may have the potential for bias (Polit & Beck, 2008). The study countered this bias by employing the use of tested and validated instruments that had earlier been used in previous studies with much success.

This study was conducted in star rated hotels and thus posed a challenge in obtaining information needed for the study due to fear of reprimand or lack of confidentiality for respondents. The researcher obtained introduction letters both from University and permission from relevant authority within the hotels thus an assurance to respondents of the basis for and confidentiality of information collected.

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