



**DEPLOYMENT OF TRANSFORMATIONAL LEADERSHIP  
DIMENSIONS TO DRIVE PERFORMANCE IN  
COMMERCIAL BANKS: A MIXED METHOD SURVEY  
OF COMMERCIAL BANKS IN KENYA**

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**Abstract**

*The study investigated the effect of the deployment of transformational leadership on performance of commercial banks in Kenya. The driving factor was the consideration that transformational leadership would be relevant in driving the performance of banks in a rapidly changing business environmental landscape. The four components of transformational leadership were adopted as the independent variables of the study. A mixed method research orientation guided in the choice of a convergent parallel mixed research design which enabled collection of both quantitative and qualitative data. The unit of analysis from which the population was drawn was 39 commercial banks from whom 352 respondents were drawn from*



*key functional areas of the management hierarchy of the banks. Qualitative data was obtained from 15 key informants through interviews while the quantitative was obtained using a 5-point Likert structured questionnaire. The four components of transformational leadership were practiced to a high extent while performance is attained at a level of moderate extent. The four variables explain 35.9% variation in the performance of the banks. Each of the four components of transformational leadership has a significant positive effect on performance of the commercial banks. The findings of the study lead to the conclusion that transformational leadership is relevant for application among commercial banks and that the conditions in which it is applied contribute to its efficacy in influence of performance. The findings raise implications for future research using more robust longitudinal designs in related contexts.*

*Keywords: Transformational leadership, performance, Intellectual Stimulation, Inspirational Motivation, Idealized influence and Individualized consideration*

## **INTRODUCTION**

Globally, dynamism has necessitated that business leaders become agile to respond to the markets effectively or risk demise. In the recent past the world has witnessed the demise of organizations that have lagged in responding to the changing environment such as the Lehman brothers and Netbank (Saythongkeo & Tran, 2022). Regionally, the current business operating environment has also been affected with political challenges in the Arabic and Middle East regions taking a toll on businesses and necessitating for leadership that is able to support influence followers towards corporate vision/goals (Jaaffar et al., 2023). Closer home in Ethiopia, research on the impact of COVID 19 Pandemic on the banking sector showed that the asset quality was impeded due to default asset quality calling for the need to innovate to support business growth via the use of digital channels and e-banking services (Tesfaye, 2020). Locally, Kenya has not been spared from the volatile and competitive environment which calls for visionary leadership. The government introduced containment measures which impeded businesses in many sectors of the economy (Nyamboga & Ali, 2021). This led to extensive restructuring of loans and reduction of cash reserve ratios in the banking sector to support struggling businesses while preventing growth of Non- Performing Assets which were fiscal policy measures instituted by the Central Bank of Kenya -CBK (Mwangagi, 2021). The Kenyan Banking sector previously was casualty to various systemic shocks especially after the Central Bank of Kenya placed three banks: Dubai Bank, Imperial Bank and Chase Bank under receivership in 2015/2016 within quick succession due to breach of prudential guidelines and corporate governance issues (Osebe & Chepkemai, 2016). The collapse of the banks coupled

with acquisition and mergers of struggling banks led to bank runs on deposits causing major withdrawal of funds from struggling banks especially in the small tier and depositing them in large tier viewed as more stable. Macroeconomic environment thereby plays a pivotal role in survival of banks as many bank failures were sponsored by systemic disruptions (Koskei, 2020).

Leadership has a key role to play in these dynamic times as it involves influencing followers to achieve shared objectives and be agile in responding to change (Northouse, 2021). It entails convincing followers by communicating through persuasion in pursuit of achievement of expected objectives which is a unique attribute of transformational leadership (Nazim et al., 2017), by providing followers with a sense of purpose (Yildiz et. al., 2014). This means that leadership is a process which emphasizes social relationships and interactions and is developed over time (Kolzow, 2014). The quality and type of leadership in an organization is a key determinant to its performance (Muthimi, et al., 2021). Previous studies have established that employing a suitable leadership style can lead to enhanced achievements and organizational and employee growth (Madanchian, et al., 2016) because the follower's job satisfaction is very vital in retention of employees who are productive and efficient (Chebon et al., 2019). The best leaders are those who scan the environment in terms of industry growth, strengths, witnesses, technologies and strength of human capital (Magasi, 2021).

### **Problem Statement**

Contextually, the banking industry has faced a myriad of challenges that call for new ways of working. The current dynamic operating environment always challenges business executives to embrace the ability to sense and effectively respond to market changes, failure to which they risk imminent demise of their firms (Sythengekeo et.al, 2022). Transformational leadership has recently elicited growing interest in leadership studies, and it is widely researched due to its link to positive organizational outcomes (Nyokabi et al., 2017). It is part of the novel leadership model that emphasizes the charismatic and affective facets of leadership (Northouse, 2021). The general behavior and follower philosophy in any organization is influenced by transformational leaders (Choudhary et al., 2013) resulting in fresh ideas and working habits. The leaders embrace fairness which in turn makes the followers feel special and confident in exchange for their loyalty (Nazim et al., 2017) consequently having an inevitable effect on organizational performance. The contexts in which organizations including the banking sector in Kenya are operating today are characterized by change therefore requiring the input of transformational leaders. The banking sector must empower employees in terms of capacity building, upskilling and create a conducive environment that fosters innovation to achieve superior performance and sustainability in the backdrop of a complex and dynamic environment

(Magasi, 2021). The concern of the study is how the deployment of transformational leadership dimensions drives performance in the context of the banking industry.

Despite the evidence obtained from the empirical studies on transformational leadership, the reported studies have however demonstrated several methodological issues. First, most of the cited studies have a bias towards pure quantitative or qualitative methods which calls for a need to strengthen the state of extant studies by using more pragmatic mixed method research where triangulation of both quantitative and qualitative methods is used to provide deeper meaning to leadership which is a social phenomenon. Secondly, most of the studies have been undertaken outside the Kenyan/ African settings and across different sectors thereby reflecting different macro-economic conditions. Thirdly the dimensions of transformational leadership were studied in comparison with other leadership styles but not integrated to measure the combined effect. A great body of empirical literature indicates that transformational leadership predicts positive organizational outcomes of changed follower behavior leading to high levels of organizational performance. Several empirical studies provide evidence that confirms the conceptual and theoretical proposition that transformational leadership can positively predict organizational performance (Al Doghan et.al., 2023; Choudhary et al., 2013; Gachingiri; 2015; Jaaffar et al., 2023; Khajeh, 2018; Kolzow, 2014; Muthimi, et al., 2021; Nazim et al., 2017; Nandasinghe, 2020; Novitasari et al.,2021; Ojokuku et al., 2013; Piwowar-Sulej & Iqbal, 2023; Saif & Siti, 2022; Sanda & Arthur, 2017; Xie et al., 2018; Yildiz et. al., 2014). The study was conducted in this Kenyan banking industry context which has faced a myriad of challenges ranging from decline in the quality of the loan portfolio, financial misreporting, fraud, bank collapse while others being placed under receivership which call for new ways of working.

### **Objectives of the Study**

- i. To establish the state of the practice of transformational leadership in the commercial banks in Kenya.
- ii. Identify the trends in performance due to the deployment of transformational leadership dimensions.
- iii. Determine how the deployment of transformational leadership dimensions drive performance of commercial banks in Kenya.

### **Significance of the Study**

The study is set to benefit many stakeholders and is timely in the face of the challenging operating environment in the recent past. The commercial banks are beneficiaries since they will be well informed on the constructs of transformational leadership that can be practiced by

the leaders and leads to positive outcomes. The learning and development departments within the banks will also be able to undertake training needs analysis and come up with programs that are suitable for building leadership capabilities. The CBK is also a potential beneficiary as the employment of the attributes of authenticity will lead to stability in banking operations and income in the face of changing macro-economic environment. Consultants in the areas of leadership and organization can also find the study useful in assisting them develop evidence-based leadership development programs that target the banking industry. This information will also assist in capacity building and enhance learning within commercial banks. The study further provides new frontiers of knowledge in the areas of leadership and human resource management practices since it brings the centrality of an adaptive and collaborative organization culture. It further enhances the practice of transformational leadership based on situational approaches, especially in changing micro and macroeconomic environments. Finally, the study provides a knowledge repository for the academic fraternity including leadership scholars, researchers, and lecturers. The report can be used as reference material for lectures from a local perspective which is relatable to their current experiences. This may lead to advancement of further research in the areas of transformational leadership and performance.

## LITERATURE REVIEW

### Theoretical and conceptual review

The study was premised on the Transformational Leadership Theory. Burns conceptualized transformational leaders as those who tap on their followers' motives to better arrive at the common objective for both leaders and followers (Northouse, 2021). Additionally, transformational leaders appeal to the followers' ethical values so that they are conscious of ethical issues and their energy and resources are channeled towards bringing about organizational reforms (Yukl, 2020). Transformational leaders value their followers' ideals and values while motivating them to put the interests of the organization first while driving them to be their best self (Nandasinghe, 2020; Xie et al., 2018). Transformational leaders are perceived to draw their followers as they employ the use of charisma; thereby, converting idealization into realistic action which involves connecting organizational tactics and psychological characteristics that bring about change in the organization (Nazim et al., 2017). Moreover, it is a process of building loyalty of followers by making changes in their attitudes to achieve organizational goals, as the leaders direct each of the employees on the path to be better at the tasks assigned (Al Doghan et.al., 2023; Yildiz et al., 2014).

Bass (2008) as cited in Northouse (2021) extended the work of Burns and posited that transformational leaders motivate employees to better their achievements above expectations

while raising their awareness on the significance of higher goals; thereby, encouraging followers to reach for higher level needs for the benefit of the organization rather than mere self-interests. Indeed, the transformational leader motivates and inspires a compelling vision and develops a mentoring and coaching relationship with followers (Kolzow, 2014; Nandasinghe, 2020). Both the leader and follower in transformational leadership are transformed and change their outlook as well as performance (Nyokabi et al., 2017). This ultimately leads to sustainable performance through influencing responsible practices and actions of the followers (Piwowar-Sulej & Iqbal, 2023).

According to Bass (1995), the concept of transformational leadership was first developed by Downton and later expanded by Burns who posited that the role of leaders is to tap on follower motivations with an aim of increasing achievement of the organization's common goals (Nazim et al., 2017; Northouse, 2021). Muthimi et al. (2021) posit that transformational leadership is viewed as an appropriate model that can be applied in any organization because it aligns followers to the goals particularly in instances that require organizational change. Transformational leaders are classified as being optimistic, trustworthy, positive leaders who encourage teamwork and promote innovation (Madanchian, et al., 2016). Transformational leadership promotes intellectual stimulation through inspiration. It works through four dimensions normally denoted as the Four I's of transformational leadership namely, Intellectual Stimulation which spurs follower creativity, Inspiration Motivation involving the leader communicating with a passionate appeal, Idealized influence or charisma and Individualized consideration where the leader listens and responds to the follower's personified needs (Choudhary et al., 2013; Northouse, 2021; Yildiz et al., 2014). It involves a loyalty process that leads to positive outcomes by changing the attitudes of the followers (Yildiz et al., 2014). Khan et al. (2022) found an interdependence between the constructs of transformational leadership in that the value of individualized consideration by the follower inspires him to accept the leader as a role model through idealized influence, but this relationship is strengthened by the leader's effort to motivate and stimulate the followers.

Transformational leadership serves as a link between the leader and the follower by being considerate of the interests, values, and levels of motivation for the followers (Ojokuku et al., 2012). It is made up of four constructs: charisma or idealized influence, inspirational motivation, intellectual stimulation, and individualized consideration (Nazim et al., 2017; Northouse, 2021; Yildiz et al., 2014). The authors in this study identified the four dimensions of transformational leadership as mentioned above to establish how they are practiced in commercial banks in Kenya. Each is discussed in the empirical literature review leading to the formulation of research hypotheses.

## **Empirical Review and Hypotheses Development**

In this section, a brief conceptual and empirical review of the four attributes of transformational leadership is provided. A brief description of the nature of each attribute is discussed and a summary of some previous empirical studies that investigated the application of the constructs in divergent environments and sectors. The contexts in which organizations including the banking sector in Kenya are operating today are characterized by change; therefore, requiring the input of transformational leaders. Generally, from the previous empirical research there is overwhelming evidence that transformational leadership has a significant positive relationship on organizational performance.

### ***Idealized Influence***

Idealized influence as a construct of transformational leadership forms the leader's emotional element and it commonly referred to as charisma (Northouse, 2021), it increases the follower's identification with the leader (Yukl, 2020). The followers look up to the leader and want to emulate them as they depict high standards of moral and ethical values (Northouse, 2021, Kolzow, 2014). The behavior of the leader is a positive example to the follower that instills in them pride and trust (Kolzow, 2014). Transformational leaders influence the general behavior and follower philosophy in any organization (Choudhary et. al, 2013) resulting in fresh ideas and working habits. The charismatic component converts idealization into realistic action and involves linking organizational tactics and psychological characteristics which bring about organizational change (Nazim et. al, 2017). Different researchers perceive transformational and transactional leadership as either competing or complementary. The transformational leader's effectiveness is considered to surpass that of a transactional leader, and it has a positive correlation with performance (Paraschiv, 2013). Transformational leadership possesses change oriented components that are vital in dynamic, volatile and unstable environments where change is inevitable, and leaders are empowered to be innovative (Yukl, 2020). The concern of this study is how idealized influence affects performance in the context of the banking industry in Kenya.

A great body of empirical literature indicates that idealized influence as a construct transformational leadership predicts positive organizational outcomes of changed follower behavior leading to high levels of organizational performance (Kolzow, 2014). Additionally, Bass and Avolio (1994) posit that transformational leadership leads to superior performance. Several empirical studies provide evidence that confirms the conceptual and theoretical proposition that transformational leadership can positively predict organizational performance. Nguyen et al. (2019) found that idealized influence (attributed and behavior) as one of the antecedents of

transformational leadership has a positive impact on intrinsic motivation and consequently affecting work performance in a study to investigate the role of transformational leadership in a survey carried out in the pharmaceutical field in Vietnam. The study utilized convenient sampling which may impede the generalizability of research results. Closer home, a case study to assess the effect of idealized influence on employee performance in Tanzania found that respect and integrity of the leader positively influence employee performance in a sports development college. It was however a limited study as it only analyzed one sports organization thereby prohibiting generalizability (Kombo & Magali, 2023). A study carried out in the Kenyan Insurance Industry by (Linge and Sikalieh, 2019) to investigate the influence of idealized influence on employee job performance, the results concluded that idealized influence had a significant influence on job performance when moderated by employee work value congruence. In another study by Nyokabi et al. (2017) to investigate the effect of idealized influence of the CEO on performance in the private sector in Kenya found a significant and positive effect when moderated by goal orientation.

Based on the conceptual and empirical discourses which support a positive relationship between the attributes of idealized influence and performance, the study proposes that in the banking sector deployment of transformational leaders' attributes will have a positive impact on the performance of commercial banks in Kenya. Thus, hypothesis 1 is stated as:

*H<sub>1</sub> Idealized influence has a significant effect on performance of commercial banks in Kenya.*

### ***Inspirational motivation***

Inspirational motivation involves communicating a compelling vision by use of symbols (Yukl, 2020) that involves high follower expectation and inspiring them to adopt the organization's vision (Northouse, 2021). The leader has a sense of passion, enthusiasm, team spirit and optimism (Grošelj et al., 2020; Kolzow, 2014). The influence process in transformational leadership is achieved through cascading of the required behavior across different levels of the organization structure and involves internalization (Yukl, 2020). Muthimi et al. (2021) operationalized inspirational motivation in terms of optimism, vision and team spirit as they were comprehensive and holistic to encompass the antecedent of transformational leadership.

A review of empirical studies reveals a significant positive effect of inspirational motivation and performance. In a study carried out to examine the relationship between leadership styles, leaders experience, crisis management and hotel management in the Jordanian hotel industry showed that transformational leadership style has a significant positive effect on hotel performance due to follower's focus on a compelling vision (Jaaffar et al., 2023).



Saif and Siti (2022) also carried out a study in the construction sector in United Arab Emirates and found that there was a significant relationship between transformational leadership and performance of employees due to the motivation of followers to reach for a goal higher than themselves. In research undertaken to determine leadership style influence on organizational performance in 20 selected banks in the United Arab Emirates, Khajeh (2018) avers that the transformational leader focuses on overall skill building, moralities, and motivating followers. He found that transformational leadership style positively impacted organizational performance as it offers employees a value system and a sense of belonging, providing them with skill building as in addition to participation in making decisions. A Kenyan study carried out to explore the role of inspirational motivation to institutions of higher learning by Muthimi et al. (2021) established a significant positive effect of inspiration motivation on academic performance of university. A similar study to determine the effect of inspiration motivation of the chief executives on performance of senior managers in the private sector in Kenya found that it significantly predicted the performance (Nyokabi et al., 2017).

Based on the conceptual and empirical discourses which support a positive relationship between the attributes of inspiration motivation and performance, the study proposes that in the banking sector deployment of transformational leaders' attributes will have a positive impact on the performance of commercial banks in Kenya. Thus, hypothesis 2 is stated as:

*H<sub>2</sub> Inspiration motivation has a significant effect on performance of commercial banks in Kenya.*

### ***Intellectual stimulation***

Intellectual stimulation tests the followers' collective beliefs while inspiring their creativity and innovation (Northouse, 2021). The leader questions old beliefs, casts new perspectives into existing challenges (Kolzow, 2014; Yukl, 2020) by seeking new ideas while nurturing followers who value learning (Kolzow, 2014). Intellectual stimulation is employed by the transformational leader to tackle the challenges faced and promotes learning and innovation which in turn improve performance (Choudhary et al., 2013). It is often applied to solve complex problems as followers are engaged in creative thinking based on the leader's competence to challenge followers to innovate through reformulation of problems, intellectual curiosity and application of imagination to produce novel approaches (Chan et al., 2019).

A large body of empirical evidence has demonstrated that intellectual stimulation influences performance. Grošelj et al. (2020) conducted a study in an international technology company in Eastern Europe and found that transformational leadership positively influences innovative behavior when moderated by psychological empowerment. Novitasari et al. (2021) also carried out a study in the education sector in Indonesia and found that transformational

leadership had a positive impact on innovation performance of lecturers. In a study to investigate the influence of transformational leadership on organizational innovation in the Malaysian manufacturing industry the results indicated that intellectual stimulation ranked first in determining innovation (Chan et al., 2019). Closer home in Tanzania, Magasi (2021) carried out a study in the banking industry from the employee perspective to determine the role of transformational leadership on their performance found a positive relationship due to intellectual stimulation that is expressed in the form of employee empowerment to foster learning, creativity and innovation. A Kenyan based study carried out in a teaching and referral hospital in Eldoret, found that the supervisors encourage high levels of productivity through creativity, innovation and staff are encouraged to rethink ideas thereby intellectual stimulation leads to better performance (Chebon et al., 2019).

Based on the conceptual and empirical discourses which support a positive relationship between the attributes of intellectual stimulation and performance, the study proposes that in the banking sector deployment of transformational leaders' attributes will have a positive impact on the performance of commercial banks in Kenya. Thus, hypothesis 3 is stated as:

*H<sub>3</sub> Intellectual Stimulation has a significant effect on performance of commercial banks in Kenya.*

### ***Individualized consideration***

Individualized consideration involves the leader being a keen listener to followers needs while creating an accommodating environment (Northouse, 2021). The leader seeks to develop them by providing support, coaching, mentoring, and developing them by giving advice, observing their developmental process and giving attention to each employee by providing them with the required information to succeed (Kolzow, 2014; Nguyen et al., 2019; Yukl, 2020). The leaders in their application of individualized consideration embrace fairness which in turn makes the followers feel special and confident in exchange for their loyalty (Nazim et. al, 2017) which has an inevitable effect on organizational performance. This antecedent of transformational leadership has an orientation on the development of followers where the leaders are invested in the employee's success in the current business environment and their needs are at the forefront (Nguyen et al., 2019). The implementation of individualized consideration takes place once there are newly discovered employee opportunities created beside a supportive organization climate (Chebon et al., 2019). It is therefore imperative that an organization practices individualized consideration as it helps mold leadership competencies and is vital to succession planning as the next crop of leaders are groomed through coaching and mentoring (Magasi, 2021).

A great body of empirical literature indicates that individualized consideration as a construct transformational leadership has a significant and positive organizational effect on performance. Khan et al. (2022) found that the success of transformational leadership is made possible when the followers feel the heat of individualized consideration thereby triggering an environment where they are motivated and intellectually stimulated to perform at high levels. A study carried out in Vietnam on the role of transformational leadership toward work performance through intrinsic motivation in the pharmaceutical industry in Vietnam found a positive effect on performance (Nguyen et al., 2019). Closer home, Ojokuku et al. (2013) undertook research on the banking sector in Nigeria to observe leadership style's impact on performance and came up with the conclusion that transformational leadership demonstrated a positive association with organizational performance. This is because the employees feel that they fit right in, can take up more responsibilities with minimal observation and are facilitated to reach their individual goals which boost the organization's effectiveness. A study in Tanzanian banking sector found that individualized consideration had a positive relationship with employee performance (Magasi, 2021). In a case study undertaken in Kenya in the United Nations Environmental program to determine how leadership style impacts organizational performance, Gachingiri (2015) concluded that transformational leadership positively influences organizational performance as the combination of its four constructs lead to high performance beyond expectations (Kolzow, 2014). This is because the leadership style focused on follower development and paid attention to their needs. Similarly, a study to determine the influence of individual consideration on employee performance at Moi teaching and referral hospital in Kenya, found that employee performance improved when they are recognized for high productivity as they are coached along the way (Chebon et al., 2019).

Based on the conceptual and empirical discourses which support a positive relationship between the attributes of individualized consideration and performance, the study proposes that in the banking sector deployment of transformational leaders' attributes will have a positive impact on the performance of commercial banks in Kenya. Thus, hypothesis 4 is stated as:

*H<sub>4</sub> Individualized consideration has a significant effect on performance of commercial banks in Kenya.*

## RESEARCH METHODOLOGY

### Research Design

The study adopted a convergent parallel mixed methods design for the purposes of data collection where the researchers simultaneously collected quantitative and qualitative data and analysis was separately done before merging the results (Demir & Pismek, 2018). Descriptive

research was used to depict a precise outline of persons, events or circumstances (Saunders *et al.*, 2009) and this aided the researchers to define a distribution of outcomes or computations using few indices. Descriptive data report things as they are in terms of likely conduct, approaches, values and characteristics (Mugenda & Mugenda, 2013). This design was suitable as the data and characteristics of the phenomena under study which were the attributes of authentic leadership and performance were aptly described by the researchers thereby attaining the desired research objectives. The study was a convergent parallel mixed methods survey to be undertaken in the banking sector as data was collected by way of questionnaire and structured interviews once. This was from several banks at one point in time to collect data that can be quantified that is connected to the variables associated with the study (Bryman, 2016). This enabled the researchers to find out the prevalence of the phenomenon by taking a cross-section of the population (Kumar, 2011).

### **Population & Sampling**

The study was carried out in the commercial banks in Kenya. The banking sector in Kenya consists of the Central Bank of Kenya who is the regulator charged with the responsibility of formulating and monitoring policy (Ngure, 2013). It also comprises 38 commercial banks, 1 mortgage finance company and 1 Mortgage refinancing company, 10 representative offices of foreign banks, 14 Microfinance Banks (MFBs), 3 Credit Reference Bureaus (CRBs), 19 Money Remittance Providers (MRPs), 8 non-operating bank holding companies and 72 foreign exchange (forex) bureaus. The study's population comprised all the 39 Kenyan commercial banks as of 31st December 2021 with headquarters in Nairobi County (CBK, 2021). The study applied multistage sampling procedure and the selection of respondents was done using proportionate stratified sampling technique in the different banking peer group which obtained a sample size of 370 managers: 111 senior managers and 259 middle managers. This was arrived at by calculating the target population of 10,497 senior and middle managers with 95% confidence level and a margin of error of 0.05. For qualitative data, the study purposively sampled 15 Managers (9 Senior Managers and 6 Middle Level Managers) with whom Key Informant Interviews were conducted. The Key Informant Interviews sought to shed light on study variables across the sampled commercial banks.

### **Research Data and Instrumentation**

The main source of data that the study relied on was primary data from the respondents by way of questionnaire for quantitative data and interview guide for qualitative data. Semi-structured interviews within the cross-sectional design were used at an exploratory stage to

determine the authentic leadership attributes and performance in the banking sector introducing a mixed method in data collection using the interviews and questionnaires. A structured 5-point Likert scale questionnaire was adapted from the Multifactor Leadership Questionnaire (MLQ) to assess transformational leadership scales. It was also structured into two sections that enabled the respondents to easily capture the data. The first section gathered data on the respondent's demographics, while the second section focused on data collection in relation to the study variables. The independent variables adopted a scale where respondents indicated the extent to which the leaders in the commercial banks deployed the indicators of the authenticity attributes with the lowest level of 1 being no extent to 5 being a very high extent. The independent variables were operationalized using 15 indicators included in the questionnaire. The dependent variable was operationalized using relevant metrics for performance and 4 indicators used. The respondents were required to indicate the percentage level of performance with the lowest being 1-5% and the highest being 20% and above. Pre-testing of the instrument was carried out to confirm that all the items are stated clearly and can be similarly interpreted by all respondents. The respondents who participated in the pre-testing were not part of the sample (Mugenda & Mugenda, 2013). The reliability coefficients for the independent variables were 0.814 for idealized influence, 0.839 for inspirational motivation, 0.812 for intellectual stimulation and 0.734 for individualized consideration. Performance, which is the dependent variable, yielded a measure of 0.983. These coefficients were adopted by the researchers as it was above the ideal of 0.7 for a newly constructed instrument (Sekaran, 2003). The study targeted to collect data using a structured questionnaire from 370 Managers (206 from Large Tier Banks, 74 from Medium Tier Banks and 90 from small Tier banks) in all the 39 Licensed Commercial Banks in Kenya with headquarters in Nairobi, Kenya. The respondents for the study were senior and middle level managers and qualitative data was concurrently collected from 15 leaders.

## **FINDINGS AND DISCUSSIONS**

### **Response Rate**

The total number of administered questionnaires was 370, where a total number of 352 questionnaires were filled in and returned from the bank managers representing a 95% response rate.

### **Respondent's Characteristics**

The study targeted leaders in executive, senior and middle management drawn from each of the 39 commercial banks operating in Kenya with headquarters in Nairobi County. From the demographic data on the respondents, it is observed that majority of the respondents 81.3%

represented Middle Level Managers; hence, were more involved with managing teams at the bank branches and head office, 17.3% were Senior Managers, while 1.4% were executive managers. Regarding the number of years worked in the current commercial bank 45.1% respondents had worked less than 5 years, 27.6% respondents had worked between 6-10 years, while 27.3% respondents had worked in their bank for over 10 years. In terms of gender, 58.5% were male while 41.5% were female.

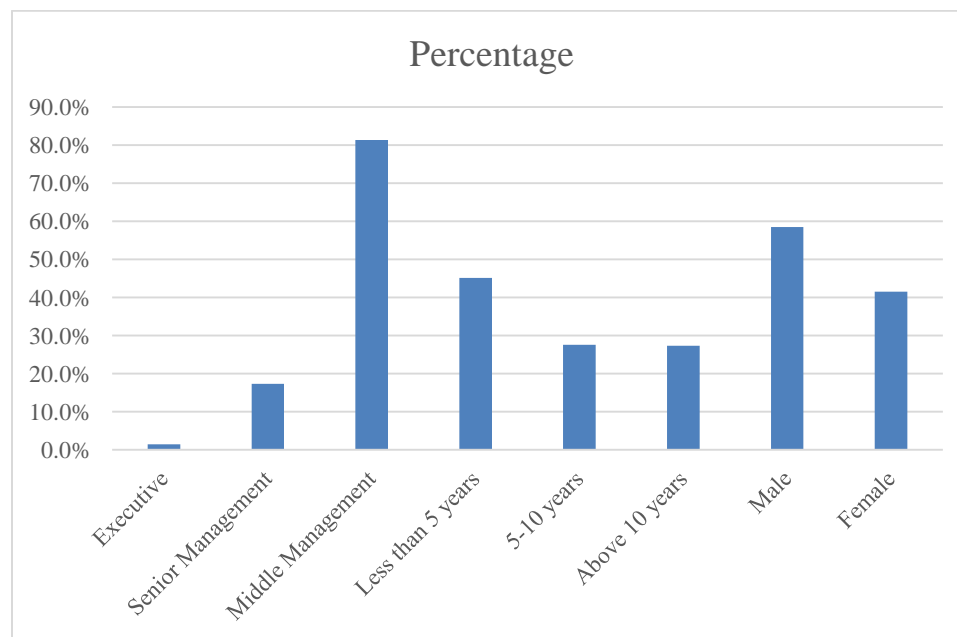


Figure 1: Respondents' Demographic Information

### Bank Characteristics

The targeted banks were categorized in terms of ownership, tier groups and the years of operation in Kenya and the results are presented in table 1. From the demographic data of the bank, the results showed that 11.9% of the banks were local public commercial banks, 46.9% were local private commercial banks while 41.2% were foreign owned banks. Commercial banks in Kenya are further categorized into peer groups/ tiers depending on their market share. Large tier group banks represent 74.55%, medium tier group banks represent 17.10%, while small tier groups represent 8.22% of the market share CBK (2020). The respondents were also grouped into various tiers and 58% were from Tier 1, 23% from Tier 2 and 19% from Tier 3 banks. 0.6% of the commercial banks had operated in Kenya for less than 1 year, 4.3% between 1-5 years, 3.4% between 6-10 years while 91.7% had operated for more than 10 years.

Table 1: Bank Characteristics

Bank Characteristics	Category	Percentage
Ownership	Local Public Commercial Bank	11.9%
	Local Private Commercial Bank	46.9%
	Foreign Commercial Bank	41.2%
Tier Group	Tier 1	58%
	Tier 2	23%
	Tier 3	19%
Years of operation in Kenya	Less than 1 year	0.6%
	1-5 years	4.3%
	6-10 years	3.4%
	>10 years	91.7%

### Characteristics of Study Variables, Means & Correlations

The behavior of the study variables among the commercial banks was summarized using descriptive statistics of the mean and the standard deviation. The primary data obtained using a 5-point Likert scale was used to compute the mean and standard deviation for each of the study variables and Pearson correlation coefficient calculated to show how the variables correlate among themselves and with the dependent variable. The descriptive statistics indicate that the antecedents of transformational leadership were embraced and practiced by the respondents in the commercial banks to varying levels of extent. The level of performance reported by the banks was rated by the respondents at the level of growth between 10-15%. All the attributes of transformational leadership were practiced to a relatively high extent. The correlation coefficients indicate that the variables had significant correlations with the dependent variable.

Table 2: Variable Characteristics and Correlations

Variable	N	Mean	Std Dev	Correlations				
				1	2	3	4	5
Performance	352	3.21	1.36	1.000				
Idealized influence	352	4.18	0.71	0.297**	1.000			
Inspirational motivation	352	4.26	0.70	0.294**	0.738**	1.000		
Intellectual stimulation	352	4.10	0.74	0.351**	0.714**	0.733**	1.000	
Individualized consideration	352	3.87	0.88	0.195**	0.587**	0.509**	0.578**	1.000

Note: \*\*p<0.05

## Financial Performance of Commercial Banks

The study sought to establish the financial performance of the banks in terms of profitability, portfolio quality, financial management and efficiency and productivity.

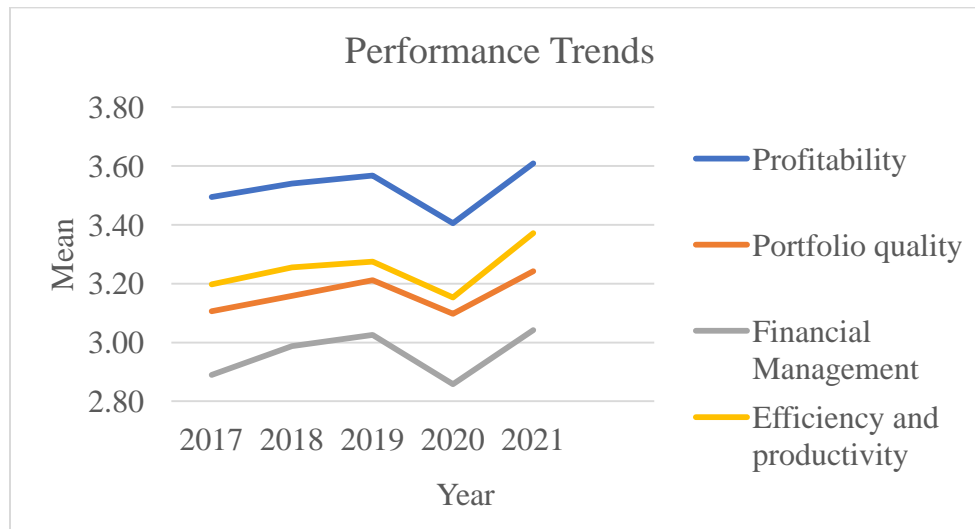


Figure 2 Trends for Descriptive statistics for performance

From figure 2 the profitability, portfolio quality, financial management and efficiency and productivity of the banks over the five-year (2017 – 2021) period was that the indicators had grown and improved steadily between 2017 – 2019. However, they appreciated the fact that during COVID-19 pandemic in 2020/2021 the indicators dipped but were once again on an upward trajectory after the reopening of the economy. From the aggregate results it is observed that an average level of performance stood at the range of 10-15% annually. This may be attributed to the steady growth in the commercial banks leading to stiff competition as noted by Ngumi (2013), Ojokuku (2013), Choudhary (2013) and Mulonzi (2017). It was further noted that the performance varied across the commercial banks with a high standard deviation of 1.36. The findings were also consistent with Muigai & Gitau (2018) who noted unsteady trends in the performance of commercial banks in Kenya.

## Test for Hypotheses

The study tested four hypotheses using each of the independent variables against the dependent variable. The multiple regression output is shown in Table 3. The regression results indicate a weak relationship between the performance of the commercial banks and the four attributes of authenticity ( $Adj. R^2=0.119$ ). The regression model fit is good with  $F=12.871$ ;  $P=0.000$ .



Table 3: Results for Hypotheses Testing

Parameter	Value	P-value	Observation
			Model explains relatively low variation on performance
R	0.359		
R <sup>2</sup>	0.190		
Adjusted R <sup>2</sup>	0.119		
F	12.871	0.000	Model good fit
SSE	42.117		
MSE	10.529		
β Constant	0.714	0.076	
β Idealized influence	0.163	0.028	H <sub>1</sub> Supported
β Inspiration motivation	0.371	0.041	H <sub>2</sub> Supported
β Intellectual stimulation	0.426	0.001	H <sub>3</sub> Supported
β Individualized consideration	0.259	0.034	H <sub>4</sub> Supported

### Hypothesis 1

The first hypothesis of the study determined the effect of idealized influence on the performance of commercial banks. The regression results presented in Table 3 show that there is a significant positive statistical effect of idealized influence on performance ( $\beta = 0.163$ ,  $p = 0.028 < 0.05$ ). This implies that with all factors held constant, a unit change in idealized influence will lead to a movement in performance by 0.163. It is observed that the p-value was less than 0.05 significance level. The study therefore supported the hypothesis and concluded that idealized influence is a significant determinant of the performance of commercial banks in Kenya.

Looking at the data obtained from the interviews, this becomes clear in terms of what the leaders emphasized in their work to bring about a climate for idealized influence to operate and contribute to the performance of the banks because it increases the follower's identification with the leader expressed in charisma and how they treat staff. The emerging theme was teamwork where informant Mr. G and Ms. D pointed out that:

*“Teamwork improves and promotes a good relationship between and among staff. This leads to improved performance for the whole team. It also leads to better and improved working relationship between you and other staff and among the staff themselves. As staff in a similar level, you should ensure that you embrace good relationship by treating people equally. Everyone has a role to play. You must ensure there is universality in the way you treat people. You should treat people equally. No one should be favored over the others. And no one should*

*feel like they cannot reach out to you. If this happens, it may interfere with the relationship.”* (Mr. G – Manager KII)

*“We believe in teamwork and expect everyone regardless of the position to work towards a common goal. We work as a team, and we ensure all the employees are respected and their culture are preserved as per the rules and regulation within our premises.”* (Ms. D – Manager KII)

Descriptive statistics showed the deployment of idealized influence to a high extent (M= 4.18) which was expressed by emphasizing the importance a collective sense of mission (M= 4.24), acting in ways that builds follower respect (M= 4.24) and going beyond self-interest for the good of the group (M= 4.19). The findings supporting hypothesis 1 are consistent with previous descriptive statistics, themes from key informant interviews and empirical studies (Kombo & Magali, 2023; Langat et al.,2019; Linge & Sikalieh, 2019; Magasi, 2021, Nguyen et al., 2021; Nyokabi et al., 2017). Magasi (2021) carried out a study in Tanzania banking industry and concluded that idealized influence positively affects performance as leaders act as positive role models for their staff as they want to emulate their leader because they identify with him further building teamwork. This is concurrent with the findings of Magali (2023) who carried out a study to determine the effects of idealized influence on employee performance which emphasized the critical role played by role modeling, integrity, respect and trust that builds better working relationships. Similarly, a study in Kenya on the influence of idealized influence on employee performance in the insurance industry concluded that it significantly predicted their performance because of their espoused values (Langat et al.,2019). In view of these, the findings on hypothesis one provides important contributions to the knowledge on leadership styles in several ways as most of the studies have been undertaken in other contexts outside the Kenyan/ African settings thus reflecting different macro-economic conditions. The study sheds light on the need for understanding of context in application of transformational leadership in two forms; first, the internal environment of the organization particularly the culture, mission, vision and the relationship between leaders and followers. Second, the external environment in terms of the nature of the industry which reveals its unique characteristics.

## **Hypothesis 2**

The second hypothesis of the study determined the effect of inspirational motivation on the performance of commercial banks. The regression results presented in Table 3 show that there is a significant positive statistical effect of inspirational motivation on performance ( $\beta = 0.371$ ,  $p = 0.041 < 0.05$ ). This implies that with all factors held constant, a unit change in

inspirational motivation will lead to a movement in performance by 0.371. It is observed that the p-value was less than 0.05 significance level. The study therefore supported the hypothesis and concluded that inspirational motivation is a significant determinant of the performance of commercial banks in Kenya.

As per the descriptive data in this study the construct of inspirational motivation was reported that it was practiced by the leaders in terms of three pillars: namely, expressing confidence on achievement of goals (M=4.29) as well as both expressing optimism about the future (M=4.24) and articulating a compelling vision for the future (M=4.24). The qualitative data supported the manner of the practice as reported by Mr. X who observed that:

*“Organizational leadership either motivates or discourages staff. It can make them comfortable or uncomfortable. This touches on the customers as well. If the leadership is good, it promotes initiative, and the staff are motivated by being appreciated and noticed. If the leadership is by example the staff are motivated to follow suit.”* (Mr. X – Manager KII)

Some of the key informants of the study additionally underscored the importance of organizational culture as an emerging theme in creating a conducive environment for people to work for the achievement of a common goal. They felt that since they embraced a collaborative and adaptive culture, people felt at ease and were able to offer maximum productivity as expressed by respondent Mr. M:

*“Organisational culture plays a key role in whether the environment in which you work is healthy. In our organisation the interaction between leaders and other staff including subordinates is good and therefore it makes a greater contribution to team communication and encourages us to accomplish the mission and objectives assigned by the organisation. Together we have always strived to achieve more.”* (Mr. M – Manager KII)

The findings supporting hypothesis 2 are consistent with previous empirical studies (Jaaffar et al., 2023; Khajeh, 2018; Magasi, 2021; Muthimi et al., 2021; Nyokabi et al., 2017; Saif & Siti, 2022) and qualitative findings with emerging themes of motivation via compelling vision and an adaptive and collaborative culture. Inspirational motivation was practiced to a high extent (M=4.26). A study in the Jordanian hotel industry on leadership and crisis management and their link on hotel performance found that transformational leadership attributes pertaining to a compelling vision for the future which is a construct of inspirational motivation contributes to sustainable performance in times of crisis (Jaaffar et al., 2023). Magasi (2021) study also corroborates with the findings as leaders who clearly articulate a vision communicate expectations better and inspire employees to collaborate and perform at high levels. This also agrees with findings on a study undertaken in Kenyan universities which found that inspirational motivation is a relevant strategic organization resource that explains organizational performance

(Muthimi et al., 2021). These attributes thereby explain the role of inspirational motivation as a key construct of transformational leadership in affecting performance of commercial banks in Kenya and provides important contributions to the knowledge on leadership styles. This is because it emphasizes on the need for motivation towards a set vision for the future and the need for an adaptive and collaborative culture thereby showing the areas of key focus in leadership development.

### **Hypothesis 3**

The third hypothesis of the study determined the effect of intellectual stimulation on the performance of commercial banks. The regression results presented in table 3 show that there is a significant positive statistical effect of intellectual stimulation on performance ( $\beta = 0.426$ ,  $p = 0.001 < 0.05$ ). This implies that with all factors held constant, a unit change in intellectual stimulation will lead to a movement in performance by 0.426. It is observed that the p-value was less than 0.05 significance level. The study therefore supported the hypothesis and concluded that intellectual stimulation is a significant determinant of the performance of commercial banks in Kenya.

Descriptive data showed that intellectual stimulation was observed to have a role in contributing to the posture through three areas of the leaders seeking out different approaches to problem solving (M=4.17), getting followers to look at problems from different angles (M=4.09) and re-examining critical assumptions to know whether they are appropriate (M=4.03). The theme of innovative problem solving emerged from the qualitative data as expressed by informant Mr. G and Ms. X

*“There are some problems which are a bit technical. That is where creativity comes in because if you have a problem which has persisted in an organization, you must find people to expand their thinking to come up with ways of solving that problem... So, you analyze the characteristics, the behaviors and the factors that led to the problem. Then you come up with the steps necessary to prevent the problem from arising again in future. That is what we call mitigation measures.”* (Mr. G – Manager KII)

*“First, I would define the problem by talking about it to my fellow colleagues or by observation, look more closely to the issue and find any relative information, analyse the problem with the team so that I can get multiple opinions then create a solution using the information I have gathered about the problem.”* (Ms. X – Manager KII)

Another emerging theme that emerged when intellectual stimulation is present was leader’s support for innovation as expressed by key informants Mr. D and Ms. R

*“Innovations and new ideas are highly encouraged and supported. We are effective in implementing changes that come with it...”* (Mr. D – Manager KII)

*“Most of the time when a member comes up with an innovation, we try to engage with them... We use the information on the new ideas, and this has helped us achieve some good experiences. We have been able to serve customers better. So, our space for innovation is open.”* (Ms. R – Manager KII)

The findings supporting hypothesis 3 are consistent with previous empirical studies (Chan et al., 2019; Chebon et al., 2019; Grošelj et al., 2020; Magasi, 2021; Novitasari et al., 2021) as these researchers found a positive relationship between intellectual stimulation and performance that included innovative problem solving and consultation which is an asset especially considering the dynamic operating environment. Chebon et al. (2019) in agreement with the findings concluded that employees who are intellectually stimulated through encouraging creativity and innovation of new ideas thereby positively influencing performance. In another study carried out in a multinational technological company the findings were in concurrence that there is a positive relationship between leadership and innovative work behavior due to the presence of intellectual stimulation in as a dimension of transformational leadership (Grošelj et al., 2020). The practice of intellectual stimulation was to a high extent (M=4.10) in the commercial banks, which further explains its influence on performance due to the empowering of followers to find innovative solutions to problems which is a key competence in the highly dynamic operating environment.

#### **Hypothesis 4**

The fourth hypothesis of the study determined the effect of individualized consideration on the performance of commercial banks. The regression results presented in Table 3 show that there is a significant positive statistical effect of individualized consideration on performance ( $\beta = 0.259$ ,  $p = 0.001 < 0.034$ ). This implies that with all factors held constant, a unit change in individualized consideration will lead to a movement in performance by 0.259. It is observed that the p-value was less than 0.05 significance level. The study therefore supported the hypothesis and concluded that individualized consideration is a significant determinant of the performance of commercial banks in Kenya.

As per the descriptive data, individualized consideration revolved around one theme of helping followers develop their strengths (M=4.07) which was indicative of an organization that embraces an adaptive and collaborative culture. This qualitative data supported this by pointing out that:

*“It’s an open-door policy. Managers seek the staff’s opinion, and the staff feel free because they are included in decision making. However, this varies from branch to branch. But generally, managers listen to their staff.” (Mr. K – Manager KII)*

*“Our culture is about interaction with one another and the team members. Leaders must embrace communication in decision-making. Decisions which you know as a leader, everybody is looking up to you so the kind of decisions you make are going to influence your performance. So that culture of embracing the teamwork, communicating with people, interacting a lot, it gives people confidence and openness and builds positive attitude in the staff and promotes performance.” (Ms. L – Manager KII)*

The qualitative data equally gave useful insight on an open mentoring and leadership development approach that was able to make its contribution through democratic, participatory, and collaborative approach towards leadership. This came out clearly from the expression by Mr. K who noted that:

*“We have coworker relationship, we have team member relationship, we have work friends and then there’s also the managers relationship. This is because, maybe you are a mentor for some of the staff. For example, the relationship between me as a manager and my junior staff depends on how free they are with me. Most of them are free with me and they can share issues with me. However, this is not happening with other managers. A bond must be created that will allow people to share issues with you. For those who are not free with me, they normally communicate through some else. There are those who find me approachable and very open, but others have a different opinion of me. That is what I am calling a coworker relationship. We only relate because we work together. Then we have team member relationship. This is perhaps the highest level at the managerial level.” (Mr. K – Manager KII)*

The findings supporting hypothesis 4 are consistent with previous empirical studies (Chebon et al., 2019; Gachingiri, 2015; Khan et al., 2022; Kolzow, 2014; Ojokuku et al. (2013; Magasi, 2021; Nguyen et al., 2019). Nguyen et al. (2019) carried out a study in the pharmaceutical field in Vietnam and found that individualized consideration works well as the followers are intrinsically motivated to work hard on tasks that contribute to the achievement of the overall organization’s role. In a study carried out in Kenya to assess the influence of individualized consideration on employee performance in a hospital in Eldoret, the conclusion was that the leaders who deploy individualized consideration can influence employee performance positively as the leaders are sensitive to the employee individual needs, abilities and aspirations (Chebon, 2019). The qualitative data further supported the results, and it was practiced to a high extent (M=3.87) in addition, the emerging themes were an adaptive and

collaborative culture and an open approach to mentoring and leadership development which is a key contribution in leadership studies.

## DISCUSSIONS

The study explained the results arrived at using descriptive statistics of the variable, qualitative research findings, previous research, the theoretical anchorage and the characteristics of the context of the investigation. It was designed and conducted to address three objectives. The first objective was to establish the state of the practice of transformational leadership in the commercial banks in Kenya. The descriptive statistics show that the four constructs of transformational leadership- idealized influence, inspirational motivation, intellectual stimulation and individualized consideration have all been deployed and they have been practiced to a high extent. The findings were consistent with the theoretical postulates of transformational leadership in noting that the attributes of transformational leadership theory were collectively practiced to a high extent ( $M=4.10$ ) and affected performance. Inspirational motivation which recorded the highest mean was assessed by leaders expressing confidence that goals will be achieved, talking optimistically about the future and articulating a compelling vision. Idealized influence came second in the ranking and was expressed by the leaders emphasizing the importance of having a collective sense of mission, acting in ways that build the respect of followers while going beyond self-interest for the good of the group. This was followed by intellectual stimulation which was expressed by the leaders seeking different approaches when solving problems and finally individualized consideration practiced when the leaders help followers to develop their strengths.

The second objective was to identify the trends in performance brought about by the deployment of transformational leadership. In this study, performance was operationalized through profitability, portfolio quality, financial management and efficiency and productivity. The dependent variable, which was performance, recorded a moderate mean by both senior and middle level managers. This was interpreted by the researchers as a steady growth in performance during the five-year period of 2017-2021 which characterized by a dynamic macro-economic operating environment where there were dips in performance in 2020 due to the COVID-19 pandemic but were once again on an upward trajectory after the reopening of the economy. The operating environment had led to stiff competition among the banks during the period. The researchers also noted a high standard deviation which was indicative that the banks performed at different levels during this period. The demographic data on the banks regarding the duration that the banks had operated in Kenya revealed that they had been in existence for a period of more than 10 years (92%). Within the 10 years the macro-economic

environment had been characterized by turbulent seasons such as closure of banks, election cycles and the COVID-19 Pandemic. Moreover, within these 10 years, the managers were still required to perform to meet the investors' expectations; hence, we find a justification for the exercise of transformational leadership in influencing performance positively. Additionally, most of the respondents indicated that they had worked in the commercial banks for between one and five years which implies that they understood the importance of influencing and motivating followers to driving strategy and performance, especially in the dynamic operating environment banks find themselves in.

The third objective was to determine the under which conditions the constructs of transformational leadership contribute to the on performance of commercial banks in Kenya. The descriptive results of the study found that most of the respondents were either executive, senior or middle managers who had worked for a period of between one and five years in the commercial banks and are responsible for driving performance. Most of the banks were either locally owned private or foreign owned, which depicts their nature as being strategically oriented and placing a premium on the contribution of leadership at all hierarchical levels. These organizations work with well stated missions, ambitious visions and have a heightened awareness of their contextual operating environment since most of the respondents had worked in commercial banks that had been in existence in Kenya for a period of over ten years. The findings were also consistent with empirical literature from previous studies which noted that the practice of transformational leadership leads to the achievement and sustaining of better performance since this style of leadership motivates and inspires a compelling vision in the followers, while developing a mentoring and coaching relationship which encourages followers to reach for higher level needs since they are aware of the significance of higher goals. The qualitative interview data set supported the findings by recognizing open and collaborative leadership impact on performance as organizational culture strongly influenced visionary leadership.

Lastly, the findings on the hypotheses were explained in comparison with previous research which measured the effect of transformational leadership and how individualized influence, inspirational motivation, intellectual stimulation and individualized consideration whose indicators are theoretically linked to performance (Al Doghan et al., 2023; Choudhary et al., 2013; Gachingiri; 2015; Jaaffar et al., 2023; Khajeh, 2018; Kolzow, 2014; Muthimi, et al., 2021; Nazim et al., 2017; Nandasinghe, 2020; Novitasari et al., 2021; Ojokuku et al., 2013; Piwowar-Sulej & Iqbal, 2023; Saif & Siti, 2022; Sanda & Arthur, 2017; Xie et al., 2018; Yildiz et al., 2014). The findings contribute to the body of knowledge in commercial banks through revealing the evolutionary nature of transformational leadership due to contextual experiences.



Therefore, the context it is applied in determines its suitability especially in cases where the operating environment is dynamic and riddled with adverse conditions. It is coming out strongly from the findings that transformational leadership embraces the attributes of collaborative leadership as it is critical for the leaders to involve followers in the practice of transformational leadership to drive performance.

## **IMPLICATIONS**

Based on the objectives of the study, the researchers observed that the findings raise two implications touching on the practice of transformational leadership style in the banking sector. The first implication that arises is that it illuminates the need for leaders in the banking sector to understand the role of their microeconomic (internal) environment and macroeconomic (external) environment in the successful application of transformational leadership practice in the positive contribution to the bank's performance. The internal environment consists of the culture, mission, vision and the relationship between leaders and followers, while the external environment has to do with the nature of the institutions and their unique characteristics. Secondly, the findings of the study call for an open and situational approach to the application of transformational leadership; therefore, leading to the conclusion that situational leadership is relevant in the application of transformational leadership. Finally, leaders in organizations should apply the constructs of transformational leadership considering the internal and external context which ends up creating space for innovative problem solving while encouraging teamwork which results in sustainable performance regardless of the operating environment.

## **CONCLUSIONS**

Based on the study findings, the study made the following three conclusions. First, the study concluded that leaders of commercial banks in Kenya practice various constructs of transformational leadership to a high extent (inspiration motivation, idealized influence, intellectual stimulation and individualized consideration). Secondly, the study concluded that the practices of transformational leadership have a significant positive effect on the performance of commercial banks in Kenya. Additionally, the conditions under which the constructs of transformational leadership style contribute to performance is when a situational and collaborative approach to leadership is applied. It was evident from the study that understanding both internal and external contexts that banks operate in is vital in understanding the context of application of transformational leadership especially in the Volatile, Uncertain, Complex and Ambiguous (VUCA) environments which are evolutionary in nature and commercial banks find themselves operating in. The human resource management practice should also have an

orientation to people other than performance. A concern for people over performance leads to intrinsic motivation of the employees which in turn produces sustainable performance.

Areas of further research arise from the fact that the findings were limited to commercial banks in Kenya with headquarters in Nairobi County and may not be generalized to other regulated financial institutions in the financial sector. The study thus suggests that other studies be conducted on other financial players such as microfinance banks, insurance companies and Savings and Credit Cooperative Societies (SAACOs). Secondly, the study was cross sectional in nature and findings were based on data collected in a survey relating to period of five years between 2017- 2022 and therefore, may not be used to make long term inferences about the effect of leadership styles on performance of commercial banks since, sustainability of the banking industry is imperative. During this period, there were adverse macro-economic conditions such as the capping of interest rates, mergers, acquisition and closure of banks, COVID-19 Pandemic and conducting of hotly contested general elections in 2017 and 2022 in Kenya. These are factors which could have affected the operations and performance of the commercial banks. The study, therefore, suggests that a longitudinal study be carried out covering longer periods beyond five years to determine the long-term effect of leadership style and political interference or mergers and acquisition of commercial banks on their performance.

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