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The Role of Transformational Leadership on the Growth of Autocare SMEs in Roysambu Sub-County in Nairobi, Kenya

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ABSTRACT: The growth and sustainability of organizations have been an area of concern for leaders due to the uncertainty surrounding such businesses. Factors such as globalization, unstable economy and rapid technological changes have continued to demand leaders to steer organizations to success during such turbulent times. The aim of this study was to establish the effect of transformational leadership on the growth of Autocare Small and Medium Enterprises (SMEs) in Roysambu Sub-County in Nairobi, Kenya. The study employed a quantitative approach, positivist research philosophy, and descriptive research sign. The study targeted all the 30 SMEs in Autocare business in Roysambu Sub-County in Nairobi from whom 30 percent of the target population from each stratum were selected using both stratified random sampling and purposeful sampling methods. Quantitative data were collected using structured questionnaires through drop and pick method after the research instruments were pre-tested for reliability and validity.Data was analyzed using advanced Microsoft Excel and IBM SPSS Statistics. Advanced Microsoft Excel was used for data organization, coding, data cleaning, and preliminary tabulation, while SPSS was used to perform the statistical analyses, including descriptive statistics and analysis of variance (ANOVA) and coefficient as appropriate to the research questionnaires and hypotheses. The results of the study showed that the combined mean of the four elements of transformational leadership was 3.829. Further, the results indicated a positive and significant correlation (.992, $p< 0.05$) between transformational leadership and organizational growth. Further, the results indicated that 99.2 percent of the growth of Autocare SMEs in Roysambu Sub-County was attributed to transformational leadership.

INTRODUCTION

Growth is one of the challenges facing organizations operating in today's unstable business setting. For instance, in a previous study that was done in China to determine the roles that transformational leadership plays in the growth of the mindset of teachers in the process of their professional development, Lin et al (2022) explained how many countries in China were experiencing performance challenges due to the fact that they were not able to retain high-quality teachers because of emotional disturbance. In a study that was conducted in Zimbabwe to ascertain the impact of transformational leadership on work performance during the Covid-19 pandemic, Mathende and Karim (2022) explained how many businesses had incurred huge losses as a result of the outbreak of Covid-19 pandemic with some even closing down completely. In a study that was done in Kenya with the aim of determining the relationship that existed between transformational leadership style and the top 100 Small and Medium Enterprises in Kenya, Asiimwe et al (2016) discovered how leaders in organizations were experiencing numerous multifaced challenges that had contributed to the failure of organizations to achieve their set objectives. From the foregoing discussion, it can be concluded that growth is a real challenge in many organizations today, and therefore, the need to conduct more studies to understand the phenomenon even more.

This study on the role of transformational leadership on the growth of Autocare SMEs in Roysambu Sub-County in Nairobi had two variables; transformational leadership as the independent variable and organizational growth as the dependent variable. Transformational leadership was measured using the components of idealized influence, inspirational motivation, intellectual stimulation, and individualized consideration. On the other hand, the growth of Autocare SMEs was determined using the elements of an open system, organizational learning, high-performance work practices, and stakeholder satisfaction. The study was conducted at the Autocare SMEs operating within Roysambu Sub-County of Nairobi County in Kenya.

CONCEPTUAL AND EMPIRICAL LITERATURE REVIEW

Lin et al (2022) explained transformational leadership as involving a leaders' ability to stretch beyond personal interest to include service to followers with the aim of motivating them to perform beyond their normal levels. According to Bass and Avolio (2004) cited in Qalati et al (2022), transformational leaders exhibit four key characteristics of idealized influence, inspirational motivation, intellectual stimulation, and individualized consideration. While defining idealized influence, Bass et al, (2003) as cited in Qalati et al (2022) explained it as the environment created by a leader in which followers have faith and confidence to follow their leader because they feel appreciated. Additionally, inspirational motivation entails the leaders' ability to develop and share challenging goals with followers. According to Bass (1997) as cited in Qalati et al (2022), intellectual stimulation occurs when transformational leaders challenge their followers to use more creative ways in solving the challenges facing their organizations. On the other hand, individualized consideration is the ability of leaders to consider the individual needs of their followers with the aim of motivating them to put more effort into their work assignments (Bass et al, 2003 as cited in Qalati et al, 2022).

Cetin and Askun (2018) defined performance as "a person's ability to perform activities that contribute to the development of the organizational core capabilities" (p. 2). Qalati et al, 2022) further define performance as referring to specific work activity and is concerned with the work and its results, what to do, and how to accomplish it. Work performance can be influenced by factors such as organizational support, managerial capacity or productiveness, and the work of each individual who works in the organization. According to Daft (2000), as cited in Ugochukwu (2014), organizational performance is an organization's ability to achieve its pre-determined objectives while using the available resources in an effective and efficient manner. Some of the factors that can determine the performance of an organization are level of profit, market share, and product quality when compared to other firms operating in the same industry (Kehinde et al, 2012).

Previous scholars have conducted empirical studies with the aim of establishing the relationship that existed between transformational leadership and organizational growth or performance with mixed results. For example, in a previous study to establish the relationship that existed between transformational leadership and business performance in technology-based SMEs in Malaysia, Arshad et al (2016) used a quantitative research approach while data was collected using survey questionnaires from owners and top managers. Data was analyzed using factor, reliability, and correlation analysis with the results showing an existence of a significant and positive association between transformational leadership and business performance. These results are in tandem with the results of the current study that found a positive relationship between transformational leadership and the growth of Autocare enterprises in Roysambu. The study by Arshad et al (2016) was done in technology-based SMEs context while the current study was done in a Autocare setting. In the study by Arshad et al (2016), data was analyzed for factor, reliability, and correlation analysis while the current study analyzed data for descriptive and inferential statistics.

In a study that was done in Africa, Mathende and Karim (2022) carried a quantitative research study with the aim of establishing the association between transformational leadership and work performance in Beverage's manufacturing companies in Zimbabwe during the covid-19 pandemic season. The study used probability sampling technique to select employees from whom data was collected using self-administered survey questions. The results of the study showed that each aspect of transformational leadership has the ability to influence organizational performance although at varying levels. These results are in agreement with the results of the current study that indicated a positive relationship between the study variables. Contextually, the study by Mathende and Karim (2022) was done in Beverage's manufacturing companies in Zimbabwe while the current study was done in Autocare environment in Kenya. Furthermore, the study by Mathende and Karim (2022) sampled respondents using probability sampling method while the current study used both stratified random sampling and purposeful sampling methods.

In Kenya, Barasa and Kariuki (2020) did a research study to discover the relationship that existed between transformational leadership and employee job satisfaction in the County Government of Kakamega. The study made use of a descriptive research design and focused on the employees of Kakamega County from whom data was collected using questionnaires and later analyzed using descriptive and chi-square techniques. The results of the study indicated an existence of a positive correlation between transformational leadership and job satisfaction. These results are in agreement with the results of the current study that found a positive and significant relationship between transformational leadership and the growth of Autocare SMEs in Roysambu Constituency. The study by Barasa and Kariuki (2020) differs from the current study in that it used job satisfaction as a dependent variable while the current study used organizational growth as a dependent carriable.

METHODOLOGY

This research used a post-positivist philosophical worldview with cross-sectional descriptive research design being chosen to guide the study (Creswell & Creswell, 2018). The study's target population comprised of all the 276 employees from 30 SMEs dealing

with Autocare in Roysambu Sub-County in Kenya that the researcher deemed to be fit for the study. This research used both stratified random sampling and purposeful sampling techniques to select 84 respondents to be included in the study. The sample population was 30 percent of the total population (Creswell & Creswell, 2018) Data was collected through drop and pick method (Cooper & Schindler, 2014). The research used the computer software advanced Excel and SPSS V26 which helped in coding and analyzing data as well as generating both inferential and descriptive statistics (Creswell & Creswell, 2018).

RESULTS

A total of 84 questionnaires were distributed to the respondents by the researcher. Out of this, 80 questionnaires were filled and returned. Ten (10) out of the 80 returned questionnaires were not filled correctly and as a result, they were not included in the final analysis. Accordingly, 70 questionnaires were correctly filled up and therefore were used for analysis indicating a response rate of 83.3 percent. The high response rate shows the degree of the research's relevance to the sampled respondents. This was attributed to the fact that the researcher, with the help of assistants, distributed and engaged with the respondents on one-on-one basis. The cordial and supportive relationship with the employers and allowing their employees to participate in the study helped a great deal. Curtin (2000) suggests that, receiving a high response rate (>80 percent) from a small, random sample is well thought-out as compared to a low response rate from a large sample. The research further noted that receiving a higher response rate is preferable when the study has undergone pilot testing thus is an important element in testing the statistical significance of the responses. As such, the response rate was considered significant to enable generalization of the results of the research to the target population.

Respondents' Profile

Respondents' profile constituted key data of the employees who took part in the study process depending on the relevance of the information that was required. Further, this section sought to find out the distribution of the respondents with regards to their gender, age bracket, education level, and working experience. The intention was to deduce any tendency from the respondents' profile that was directly related to the variables of the research. The results of the respondents' profiles are presented below (Figures 1-4).

Distribution of Respondents by Gender

Figure 1.1 displays the distribution of the respondents by gender. The figure indicates that most of the employees in Autocare businesses within Roysambu Sub-County in Nairobi were male (56 percent) while female were 44 percent. Nevertheless, the difference between genders is small and the researcher ascribed this to the lack of job opportunity and economy crisis that Kenyans are undergoing through. As a result, Kenyans are competing and not choosing for jobs and that, they are ready to take any job regardless of their gender. Again, and as, it might be expected, the Autocare sector has for a long time been associated with the male gender.

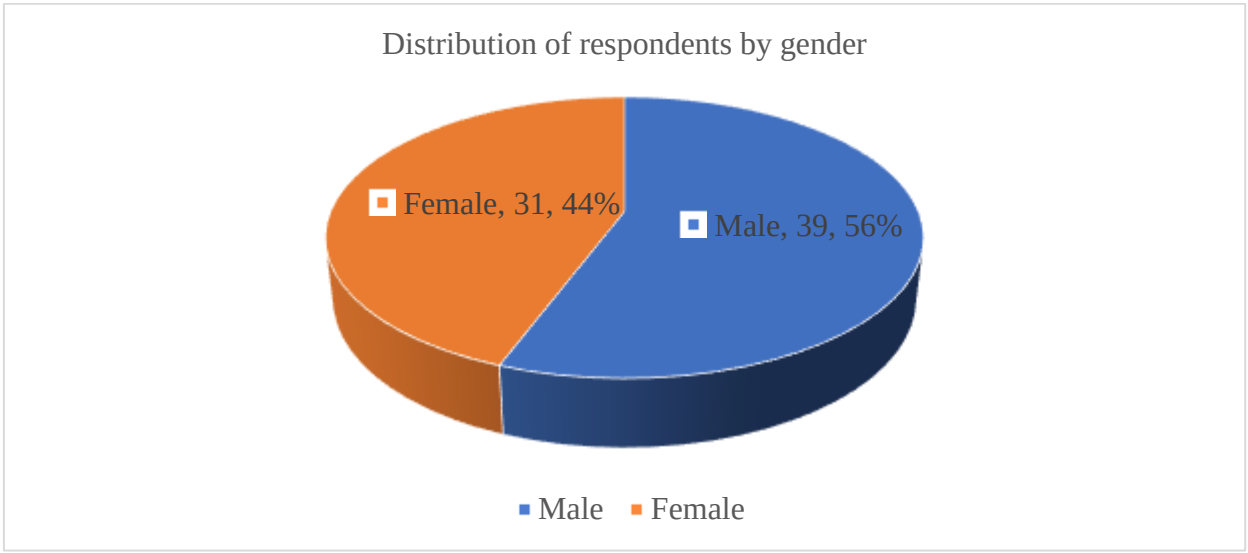


Figure 1.1: Respondents by Gender
(Source: Researcher 2022)

Distribution of Respondents by Age Group

The distribution of the respondents as pertains to their age is displayed in figure 1.2. The figure indicates that most of employees in the SMEs dealing with Autocare services were of the age group of 15 – 25 years (43 percent) while the least age group was above 45 years (7 percent). This was attributed to the absorption of younger employees probably due to the fact that they are energetic and that this industry can accommodate a lot of young people regardless of their age. Further, the infiltration of young people into this sector may indicate the degree to which unemployment has hit the Country.

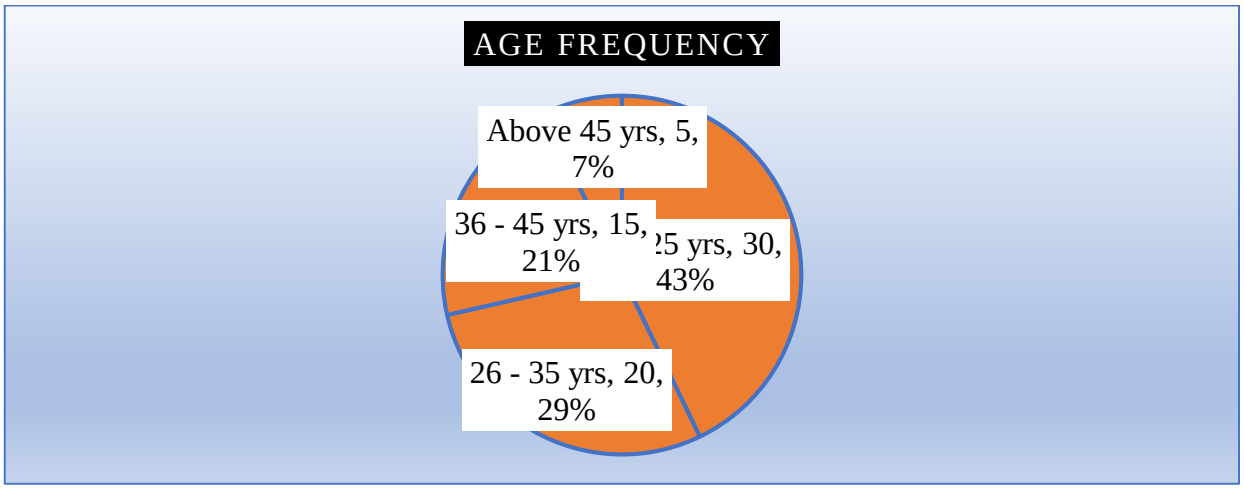


Figure 1.2: ***Distribution of Respondents by Age***

(Source: Researcher 2022)

Distribution of Respondents by the Achieved Educational Level

Figure 1.3 shows the distribution of the respondents according to their educational levels. The results show that 46 percent of the respondents attained secondary level of education and 41 percent attained tertiary level of education. This may be attributed to the nature of majority of activities in the Autocare SMEs in Kenya which do not require very high level of education. Further, only 13 percent of the respondents had a university education indicating higher rate of unemployment to a point that even with a degree you can find yourself in a carwash washing cars in Kenya. However, the results suggested that the sampled respondents were likely to be in a position to understand and engage with the subject matter about transformational leadership and organizational growth. This made them appropriate sample for the study.

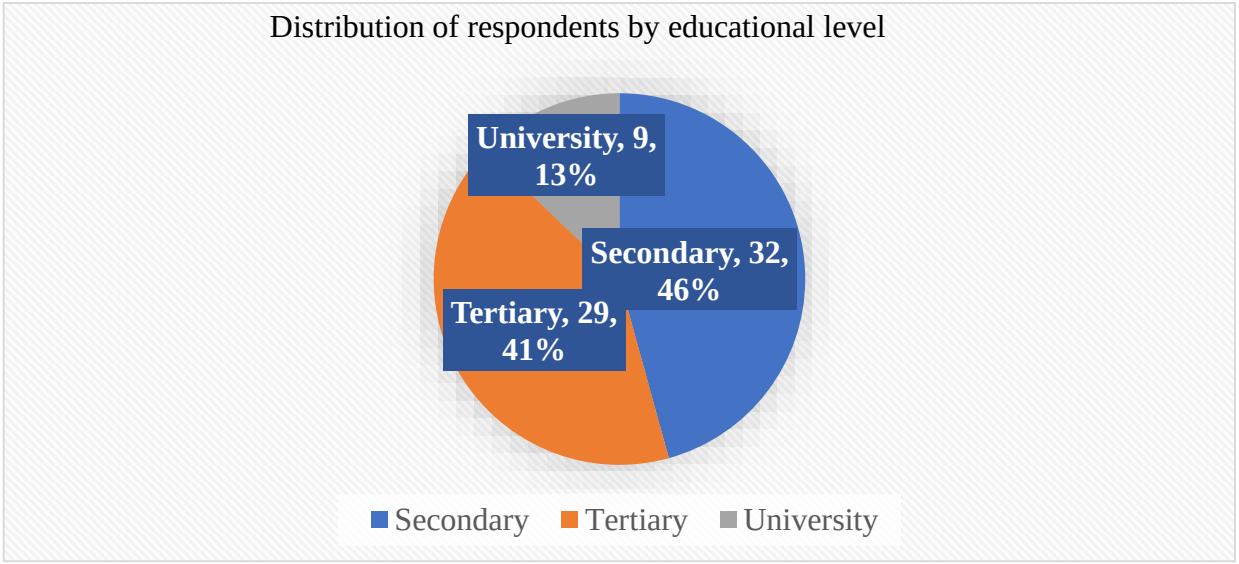


Figure 1.3: Distribution of Respondents by Educational Level

(Source: Researcher 2022)

Working Experience of the Respondents

Working experience of the respondent was displayed in figure 1.4. According to the results, majority of the respondents (46%) had worked for less than one (1) years, 29% had worked for between one (1) and three (3) years, more than 3 and less five (5) years of experience while only 11% had more than five (5) year working experience. This can be attributed to the fact that most private sector institutions have employees on short-term contracts in an attempt to minimize human resource costs, maximize productivity, and to enhance organization growth. They struggle to sustain their staff for long (ICT, 2019).

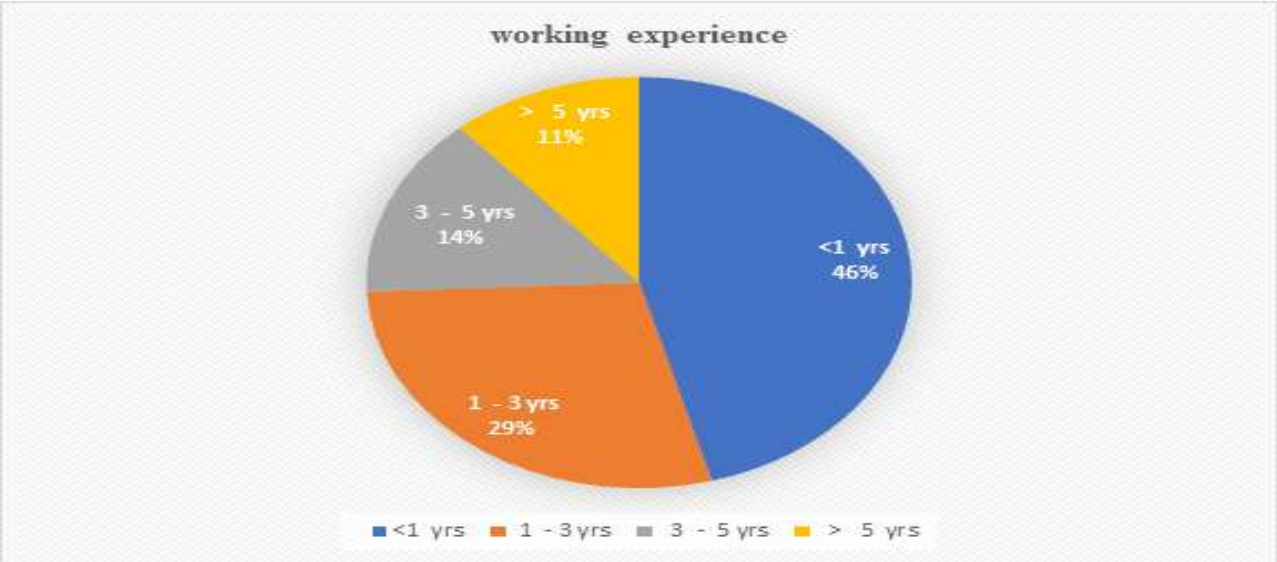


Figure 1.4: Distribution of Respondents based on Work Experience
(Source: Researcher 2022)

Table 1.1: Regression analysis for transformational leadership and organizational growth

R	R-Square	Adjusted R-Square	Std. Error of the Estimate
.992[a]	0.984	0.983	0.168

(Source: Researcher, 2022)

The results of this study indicated that transformational leadership had a high correlation with organizational growth ($r = 0.992$, $p < 0.05$). These results are in support of previous studies by Arshad et al (2016) and Mathende and Karim (2022) that found a positive and significant correlation between transformational leadership and organizational performance. Further, the results showed that transformational leadership accounted for 98.4 percent of performance in Autocare SMEs enterprises in Roysambu Sub-County in Nairobi. This implies that transformational leadership is critical in the SMEs dealing with Autocare services in Roysambu Sub County, Kenya, and therefore should be practiced to the latter.

CONCLUSION

The objective of this study was to determine the effect of transformational leadership on the growth of SMEs in Roysambu Sub-County in Nairobi, Kenya. Transformational leadership was operationalized using idealized influence, inspirational motivation, intellectual stimulation, and individualized consideration while organizational performance was measured using the elements of an open system, organizational learning, high-performance work practices, and stakeholder satifaction. The literature reviewed from the global, regional, and local perspectives indicated that transformational leadership has a positive and significant relationship with organizational performance. These results are supported by the results of this study that confirmed that indeed, transformational leadership contributes to the performance of Autocare SMEs in Roysambu Sub-County in Nairobi. It is therefore, recommended that future studies in Autocare sector use a mixed-method approach to increase reliability of the results.

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