

**EFFECTIVENESS OF TRANSFORMATIONAL LEADERSHIP ON TEAM  
PERFORMANCE AMONG KENYAN MULTINATIONAL CORPORATIONS**

**BY**

**GITONGA MARTHA KAGENDO**

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## **DECLARATION**

### **Declaration by the Student**

This project is my original work and has not been presented for a degree in any other University

**Signature.....**

**Date .....**

**Martha Kagendo Gitonga**

**R50/87199/2016**

### **Declaration by the Supervisor**

This project has been submitted for examination with my approval as University Supervisor

**Signature.....**

**Date.....**

**Paul Kamau, PhD**

**University of Nairobi**

## **DEDICATION**

To my parents Junius Gitonga and Edith Nyamu for inculcating in me a positive attitude of life, the importance of hard work and the fruits of forward thinking; To my husband Nickson Kimathi and my sons Collins Mutuma and Dexter Munene for their unwavering support and encouragement throughout my study period.

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## **ABSTRACT**

Multinational Corporations worldwide have received support following their influence on world economies in regard to the taxes they give to host governments as well as availability of labor through job creation. The success of these corporations has not only been due to uptake of cheap labour and raw materials from developing countries but also the form of leadership applied. MNCs are a good example of dynamic work environment where global teams face diverse challenges relating to different cultures, nationality, race, time zones, power structures and other perceived employment rights and privileges that often differ from their countries of origin. The most effective form of leadership therefore, is one that puts into account all these challenges and taps into the potential of all the players to produce optimal organizational results. This study, thus sought to determine whether transformational leadership was effective in achieving team performance in the Kenyan MNCs by analyzing the effect of idealized influence, inspirational motivation and intellectual stimulation on the teams. Descriptive Research Design was used with the target population being all the 71 MNCs in Kenya that either had their headquarters in Nairobi or whose base operation was in Nairobi. A census was carried out where the Human Resource Team Leaders in all the 71 MNCs participated. Semi-structured questionnaires with both open and closed ended questions were used to obtain primary data. SPSS version 12 was used to analyze quantitative data that was then presented using descriptive and inferential statistics in form of means, standard deviations and percentages. Thematic analysis was used for the qualitative data with presentation being in narratives and themes. Results indicated that all the three aspects of transformational leadership; idealized influence, inspirational motivation and intellectual stimulation were highly effective in achieving team performance as they led to a more satisfied work force and high performing teams. Findings from this study may be used to prepare programs to be used during strategic leadership training for international assignees before undertaking international projects. Organizations may additionally use the results to carryout leadership development processes such as mentoring, coaching and succession planning by identifying long serving leaders with exceptional transformational skills and matching them with upcoming new leaders.

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## **ABBREVIATIONS AND ACRONYMS**

<b>AGOA:</b>	African Growth and Opportunities Act
<b>CEO:</b>	Chief Executive Officer
<b>FDI:</b>	Foreign Direct Investment
<b>HR:</b>	Human Resource
<b>IT:</b>	Information Technology
<b>ISM:</b>	Interpretive Structural Model
<b>MLQ:</b>	Multi-factor Leadership Questionnaire
<b>MNCs:</b>	Multinational Corporations
<b>NACOSTI:</b>	National Commission for Science, Technology and Innovation
<b>SPSS:</b>	Statistical Package for Social Sciences
<b>USA:</b>	United States of America

## OPERATIONAL DEFINATIONS OF TERMS

- Multinational Corporations:** These are companies with subsidiaries and assets in another country that is not its home country. These assets could be an office and/or factory with the main feature being a centralized headquarter office from which all global affairs are run.
- Transformational Leadership:** A leadership style in which the leader engages both individuals and teams by creating and communicating a clear vision, mission and objectives and inspires the team to achieve them for the growth of the organization.
- Team:** A group of individuals having a wide range of skills that are required to work on a project or task.
- Team Performance:** This is the ability and capacity of a team to bring a task that has been given to it by a person in authority to completion.
- Global leader:** These are professionals in leadership positions that lead organizational teams comprising of both local and international staff from multicultural backgrounds
- International team:** A worldwide group of people from different national backgrounds, working in diverse cultures and performing different functions with a purpose of coordinating cross-border operations on a global aspect

# CHAPTER ONE

## INTRODUCTION

### 1.1 Background of the Study

A successful leader is a person who combines the facts, features and principles of effective leadership with a mindset of diversity and multi-culture resulting to a positive impact in the organization (Dionne, Yammarino, Atwater, & Spangler, 2004). The successful leader can be seen as an important part of business success. Scholars and experts of international business have unanimously agreed that for global businesses to succeed, leaders must understand and positively embrace diverse values and practices that are different from their own beliefs. This is by opening their mind to ideas and opinions of all other stakeholders, especially the employees (Depoo & Shanmuganathan, 2013).

Studies on Transformational leadership began in the ninety's with scholars such as Bass and Avolio who laid the foundation upon which other scholars have based their studies, findings and conclusions (Bass, Avolio, Jung, & Berson, 2003). According to Bass (2008) this leadership looks beyond achievement of goals or objectives into creation of a common mission and vision. He develops the four I's, which forms the attributes that define a transformational leader: the idealized influence, intellectual stimulation, inspirational motivation, and individualized consideration. Idealized influence looks at the charisma within the leader so that the leader gains trust and respect which in turn instills pride in the followers. Thus, charisma forms the basis of a common vision, mission and purpose required to transform (Bass, 2008).

The second attribute is inspirational motivation whereby the leader uses simple terms to express the goals of the organization by distinctly communicating the high expectations to followers and challenging them to uphold high moral standards. In intellectual stimulation, the leader stirs creativity, rationality and individual thinking in problem solving. Individualized consideration focuses on the leader showing individualized attention and treatment to employees by being a coach, mentor and advisor (Simola, Barling, & Turner, 2012; Bass, et al., 2003).

This leadership mainly focuses on growth at the individual employee level through empowerment, enhancement of skills and abilities, improvement of self-efficacy, esteem and development of full potential. The next level is the group level where transformational leadership

leads to development of common values and beliefs with the core purpose being achievement of team goals (Peter & James, 2013). At the group level, leaders treat each individual equally and followers in turn perceive the leader in a similar manner (Wang & Howell, 2010).

Transformational leaders show confidence and determination in their effort to influence followers. In turn, followers trust, admire and respect them thus developing loyalty to the leader leading to hard work (Peter & James, 2013). A transformational leader brings out qualities such as integrity, fairness, ability to set achievable goals, creation of high expectations, source of support and recognition, motivator, stirs emotions and pushes followers to see beyond their own interests (Warrick, 2011).

Different scholars have argued that there exists a correlation between transformational leadership and positive outcomes among followers, teams and the organization at large. To begin with, it is connected to leader follower relationships, job satisfaction, follower motivation, leadership effectiveness as well as overall performance (Nemanich & Keller, 2007; Judge & Piccolo, 2004; Ismail, Baizura , Abidin , & Tudin , 2009). These findings give full support to its effects of on varying outcomes and in a wide range of dynamic environments.

### **1.1.1 Team Leadership**

Leadership does not only focus on individuals, but on teams with the leader articulating a clear vision, a clear direction and motivating the team towards excellent task performance (Hackman, 2002). Studies on leadership outcomes and team performance have shown that transformational leadership leads to effective team performance (Bass, et al., 2003). A meta-analysis by Burke, et al., (2006) further supports the relationship citing effectiveness of teams with other scholars arguing that the relationship may be indirectly influenced by other mediators at play such as empowering the team (Jung & Sosik, 2011), recognizing competence, togetherness, management of conflicts (Gupta, Huang, & Niranjana, 2011) and a well-articulated vision (Schippers, Den Hartog, Koopman, & Knippenberg, 2008).

In many organizations, team work has been embraced with leaders focusing on self-efficacy, knowledge of the task at hand and collective efficiency (Tasa, Taggar, & Seijts , 2007). The authors further argue that choosing between acting as a leader or empowering the team is a risky choice. Character, confidence, and credibility are the qualities a leader should possess in order to

achieve team effectiveness (Amos & Klimoski, 2014). Leadership behavior therefore brings out a positive aspect in the effectiveness and productivity of the team with the leader motivating the team to reach boundaries while building relationships and support for one another (Murphy & Ensher, 2008).

By clarifying the goals and purpose of task at hand, a leader increases the teams' performance (West, et al. 2003). Different researchers have argued that the various characteristics of leadership styles affect the performance of the team. According to Bish and Kabanoff (2014) aligning the perceptions a manager has on good performance, the willingness of employees to be self-directed and the leaders' willingness to lead influences team performance. Geoghegan & Dulewicz (2008) further note leadership competence of a project manager leads to its success.

Transformational leadership therefore promotes efficiency and effectiveness of the team by clarifying goals and accepting diverse views of the team members (Chi & Huang, 2014). The aim is to encourage individuals to rise above the *status quo* in order to improve group innovation and adaptability. They additionally acquire other team skills to enable them resolve conflicts, communicate effectively and uphold team cohesion (Dionne, Yammarino, Atwater, & Spangler, 2004). This is a big boost to developing good personal relationships as well as achievement of good performance (Geoghegan & Dulewicz, 2008).

Different types of companies have benefited from different perspectives of transformational leadership (Lee, Cheng, Yeung, & Lai, 2011). According to Cavazotte, Moreno, & Bernardo (2013), perceived transformational leadership leads to high levels of task performance and helping behaviors among teams. Muenjohn and Armstrong (2007) sought to establish what relationship exists between subordinates work values and behaviors of expatriate leaders. From the results, the culture of the respondents provided a very limited role in determining the behavior of expatriate managers.

An international team is the coming together of a worldwide group of people from different national backgrounds, working in diverse cultures, different businesses and performing different functions with a purpose of coordinating cross-border operations on a global aspect (Govindarajan & Gupta, 2001). Scholars who have done studies on multinational teams have argued that the higher the diversity among team members, the better the team performance with people from diverse nationalities bringing in a variety of perspectives, skills, information,

knowledge bases, and talents gained from varying social networks and educational backgrounds (Haas & Nüesch, 2013).

However, there is a negative perspective of multinational teams where diverse nationality is considered a more complicated attribute that may result to social categorization and stereotyping with employees creating “in-group/out-group” distinctions. This in turn may lead to emerging of multiple smaller groups within the teams leading to conflicts, thus hindering cooperation and decision making processes (Gibson & Gibbs, 2006).

### **1.1.2 Multinational Corporations**

Multinational Corporations (MNCs) are a good example of dynamic work place resulting from the dynamism of staff with different cultures, beliefs, traditions, nationality and race (Hamilton, Nickerson, & Owan, 2004). MNCs thus are companies that either possess or are in charge of producing goods and services in more than one country. They put up their subsidiaries in form of offices and/or factories in countries from which they access cheap labor as well as other factors of production, thus, reducing production cost and earning higher profits (Satnalika, 2013).

MNCs have for many centuries participated in international trade whereby they have created opportunities for earning higher incomes, while offering goods and services of high quality to the poorer people in the world (Nthigah, 2014). Notably, a large number of MNCs from developing economies have also become major participants in the global business where they have played a major role in providing finances as well as building of infrastructure to developing countries (Ogutu & Samuel, 2012).

MNCs are at the forefront in identifying and acquiring untapped markets, industries, technologies, foreign direct investments and other global businesses. In addition, they give support to innovative ideas from partnerships between the public and private sector with an aim of reducing poverty, sustaining the environment, offering humanitarian relief, providing affordable education and good health as well as upholding human rights (Carprara & Nelson, 2016).

However, even with the positive outcomes that have been associated with the growth and expansion of MNCs, the developing countries, Africa included, have looked at them with suspicion rather than trust. In a study by Chukwuemeka, Anazodo, & Nzewi (2011) on the



African Underdevelopment and Multinationals, findings revealed that the transnational corporations did not help host countries, rather, they had contributed to its underdevelopment. For instance, profits being made were repatriated to the home country and the technology transfer was said to be obsolete. A further study by Zekeri (2015) observed that some MNCs in Africa such as Halliburton in Nigeria as well as Mabey & Johnson in Ghana, Madagascar, Angola, Mozambique and South Africa were participating in corrupt deals in collaboration with corrupt government officials. This poses a big challenge to both the MNCs leadership and the developing economies on where to strike a balance between positive and negative effects.

Vescicikova (2014) sought to assess what advantages and disadvantages MNCs had on developing countries by reviewing their contribution to the economies, environment, social and political situations. Three companies were reviewed; Royal Dutch Shell in Nigeria, Nike in Indonesia and Coca Cola in India. Notably, the negatives outweighed the positives with the major issues being exploitation of cheap labour, environmental degradation and poor working conditions. However, on the positive side, the organizations have been associated with promotion of health care, education, creation of employment and other corporate social responsibilities.

Multinational Corporations have been seen to have a social as well as an economic impact on the economy of Africa where following World War II they came in as huge, flexible and powerful oligopolies of capitalist countries of the west. Today, they have continued their operations into developing economies including Kenya either as extractors of raw materials or suppliers of goods and services (Stiglitz, 2006). In the last 10 years, MNCs operating in Kenya have been employing varied strategies to cope with the increasing competitive business environment. These include expansion plans, franchise, differentiation, innovative ideas, market exit and relocation from Kenyan market altogether (Nthigah, 2014).

## **1.2 Problem Statement**

Both domestic and global teams face similar problems that include diversity in gender, religion, language, race, values, beliefs, a crash of group goals, deficit of required skills and vagueness with regard to communication of group objectives. However, business teams at a global magnitude undergo additional challenges that result from diversity in nationalities, time zones,

power structures and other perceived employment rights and privileges that often differ from their countries of origin.

The success of MNCs has not only been linked to availability of cheap labour and raw materials from developing countries as well as presence of large markets among others, but also the form of leadership that has been applied in the management of these corporations. Notably, leadership is seen to play a major part in the success of the organization with the bone of contention being the style of leadership that produces excellent organizational results. Different leaders employ different leadership skills depending on the situation and the desire to achieve results. A majority of leaders have found themselves inclined towards task oriented leadership where they focus on achievement of results at all costs without giving much attention to building employees' relations. This has led to communication breakdown, mistrust and lack of team cooperation among diverse multicultural teams.

Ability to build and unite a global workforce is of paramount importance to a global leader as it requires development of a universal mentality, fundamental set of knowledge, expertise and character, emotional intelligence and the ability to handle different opinions. They must further possess team leadership skills and a willingness to learn and embrace the principles, ethics, standards and ways of life of different people. These are all characteristics of a transformational leader which tends to bend towards building both employee relations and effective teams in achieving organization success. This is the universal understanding of transformational leadership. However, it is not clear whether the same concepts are applicable in the Kenyan context thus; this study sought to bridge this knowledge gap by examining MNCs whom global dynamics are more pronounced.

### **1.3 Research Questions**

1. What effect does idealized influence have on team performance among Kenyan Multinational Corporations?
2. What influence does inspirational motivation have on team performance among Kenyan Multinational Corporations?
3. What effect does intellectual stimulation have on team performance among Kenyan Multinational Corporations?

## **1.4 Objectives of the Study**

### **1.4.1 Main Objective**

The broad objective was to determine how Transformational Leadership affects Team Performance among Multinational Corporations in Kenya.

### **1.4.2 Specific Objectives**

1. To examine the effect of idealized influence on team performance among Kenyan Multinational Corporations.
2. To establish the influence of inspirational motivation on team performance among Kenyan Multinational Corporations.
3. To determine the effect of intellectual stimulation on team performance among Kenyan Multinational Corporations.

## **1.5 Justification of the Study**

The findings and recommendations of this study will be available for referral by the management of MNCS whose subsidiaries are in Africa and specifically in Kenya to understand the specific leadership issues that influence team performance.

The study findings will additionally be accessible to academic researchers and students who will be able to acquire the documented report of this study from the library and academic journals. This will assist them identify gaps for their studies as well as equip them with more knowledge on the impact of transformational leadership on corporations.

## **1.6 Scope of Study**

The study was carried out in selected MNCs in Kenya that either had their headquarters in Nairobi or whose base operations were in Nairobi. The target group comprised the Human Resource Representatives in these companies. The study period was between April 2018 and November 2018.

## CHAPTER TWO

### LITERATURE REVIEW

#### 2.1 Review of Theoretical Literature

##### 2.1.1 Transformational Leadership Theory

The proponent of transformational leadership is James McGregor Burns who in 1978 carried out a study on leadership among political leaders. He argued that it was a process whereby a leader and his followers worked together with the common goal being achievement of motivation and morale. According to Burns, management and leadership differed in regard to the behaviors and characteristics of the leader. Two concepts came up; "transformational leadership" and "transactional leadership" (Burns, 1978).

Transformational approach deals with change where values, perceptions, aspirations and expectations of people are re-designed. Transactional approach on the other hand looks at the leader's ability to create change through articulating a captivating vision, challenging goals and ability to give rewards or punishment for the achievement of these goals (Burns, 1978). According to Bernard M. Bass, transformational takes into account the leader follower relationship by assessing what influence the leader has on followers, their mutual trust, loyalty and respect for one another. He further posits that this leadership looks beyond achievement of goals or objectives into creation of a shared vision and mission. He argues that there are four I's as earlier discussed (Bass., 1985).

MNCs not only face challenges in trying to fit and make profits in foreign countries, but also, having a labour force that is required to buy into the vision, mission and objectives of the company and embrace its culture in achieving overall performance. For this to be possible, a myriad of issues have to come into play with the overall being effective management and leadership. This study is therefore based on the influence of transformational leadership qualities described in the theory and how they have and can be applied in the MNCs to improve team performance.

## **2.2 Empirical Literature Review**

### **2.2.1 Idealized Influence**

This is the extent to which a leader shows skills as a role model with behavior that is of high ethics, inculcates pride and achieves respect and trust (Bass, 2008). Gundersen, Hellesøy and Raeder (2012) did a study by examining transformational leadership in the context of global work teams focusing on their job outcomes, work adjustment and overall satisfaction. Trust among teams was used as a mediating variable and data was collected from 286 international staff in multinational project teams working in gas and oil industries. Findings indicated that a positive relationship existed with trust being a moderate mediator. Due to the increased complexities in the environment and diversity among international teams, highly effective team leadership was required, thus, according to this study, leaders with transformational skills had a more satisfied, better adjusted and high performing team members (Gundersen, et al., 2012).

A similar project was conducted on the same 286 international assignees in the oil and gas industry. The authors sought to examine how effective transformational and transactional leadership was in relation to achieving satisfaction and positive team performance in different dynamics of the business environment. In an attempt to establish what relationship existed between transformational leadership and work adjustment, Tolerance for ambiguity was used as a moderating variable (Hellesøy & Gundersen, 2011).

From the results, both forms of leadership directly affected satisfaction and performance. They were further found to be effective in various work environments; low, medium and dynamic. Results further showed that Transformational leadership predicted work adjustments while tolerance for ambiguity had a positive but weak relationship with work adjustment (Hellesøy & Gundersen, 2011). From these results, there is great support of both forms of leadership in various environments. MNCs should therefore develop these set of skills within and among team leaders on international assignments.

A different study was carried out on 86 team leaders, coming from 16 nationalities, working for the same MNC but with branches located across 20 different geographical zones around the world. The authors sought to establish and measure the effectiveness of transformational leadership by establishing the extent to which leaders in multinational companies displayed transformational leadership. The other factors examined included different cultures, gender,

education, work experience and number of team players and what influence they had on transformational leadership effectiveness (Ha-Vikström & Takala, 2016).

Descriptive and normative research approaches were used with questionnaires collecting primary data. The findings suggested that culture, gender, education, working experience and the number of team players had an impact on the behavior of the transformational leaders. Thus, this concept may be applied during recruitment, selection, promotion as well as in development of careers for global leaders (Ha-Vikström & Takala, 2016).

In a study carried out to establish how leadership styles were being applied in MNCs within the United States for their global brand management, different styles were examined; charismatic, transformational, transactional and situational leadership styles. Data was collected using questionnaires from 60 multinational organizations; fastest moving consumer goods, financial companies, trading companies and IT companies out of the listed companies in 2011 in the United States. These were said to have high credibility as they represented companies which had hired qualified legitimate leaders and followers. The sample comprised of senior managers, functional and operational managers. Study findings indicated that the most common leadership style was situational leadership that was characterized by delegation. This was followed by transformational, coaching, directing and facilitating which went against the most globally perceived style; charismatic leadership (Depoo & Shanmuganathan, 2013).

From the reviewed literature, there is great support for transformational, situational and transactional leader behaviors in a variety of work environments. However, all authors unanimously agree that a leader who is able to bring out excellent role model skills, high ethical behavior, ability to instill pride in the followers in return gains respect and trust from them.

### **2.2.2 Inspirational Motivation**

This is the extent to which the leader creates an appealing and inspirational vision, challenges the followers to uphold high moral standards, communicates confidence for futuristic goals and provides an understanding of the tasks at hand. It is the purpose and meaning communicated by the leader that pushes the group forward. The leaders develops a visionary aspect characterized by proper communication thus making the vision easy to understand, specific and insightful enough to motivate followers to believe in achieving that vision (Bass, et al., 2003).

A study was conducted in three multinational corporations across Europe and the USA where Leadership Competence Models were examined in an attempt to analyze how the models translated across different regions and cultures. Semi-structured interview schedules were conducted on 38 middle managers and human resource leaders working across various cultural contexts (McCarthy, 2010).

In order to design effective Leadership Competency Models essential for leading multinational teams, certain core competences were identified; Visionary and Strategic Competence whereby aligning the leader's behavior to the organization vision, mission and strategic goal and direction was seen as contributory to gaining corporate synergies across diverse regions; Situational Leadership Competency with global leaders being flexible and able to adapt to different situations, scenarios and contexts; Motivational and Interpersonal Competency with majority of the respondents citing motivational skills, interpersonal skills, coaching and guidance skills as paramount to leading in a multinational environment; Communication Competency with respondents stressing the importance of communication skills in leading international teams; Cross Cultural Competency whereby a majority of the respondents did not feel that cross-cultural competence was adequately enshrined in the Leadership Models (McCarthy, 2010).

Conclusions made from the findings indicated that leadership involves the ability to articulate a clear vision, strategy and proper communication to followers. The leader must further be able to motivate followers while upholding excellent interpersonal skills. These form the leadership models which must therefore be mindfully designed and expertly executed and that the cross cultural aspect needs to be adequately examined and included into these models.

In another study, the authors sought to determine the factors that were affecting team performance in multinational corporations. An Interpretive Structural Model (ISM) was used to create a hierarchy of factors affecting performance. From the findings, using a hierarchical order where factors were arranged in order with those having greater driving power being below, societal factors were at the bottom, thus having the greatest driving power. These include cultural standards and social identities that are based on the national culture (Sağ, Kaynak, & Sezen, 2016).

Institutional, organizational factors and education followed in that order respectively. Examples of organization factors are the structure and culture of the organizational which have a high

driving power that affects team performance. Other factors include the climate, culture, language and management of the team (Sağ, Kaynak, & Sezen, 2016). The leadership role therefore is to inspire and motivate their teams to adapt to the local cultural conditions to be able to achieve good performance, understand the organizational culture and embrace diversity represented by employees from diverse backgrounds.

In another study, the author examined the day to day experiences of mid-level managers who lead multicultural teams in MNCs. They were selected due to their position in the organization and the role they played in linking both the senior and operational managers. A case study was used and qualitative data collected using semi-structured interviews. 10 respondents that had led multicultural teams were selected and their experiences analyzed (Anttila, 2015).

Findings highlighted four specific areas that were most prevalent in the day to day experiences of the mid-level managers from the said company; sensitivity to various cultural backgrounds, ability to understand and communicate across different cultures, team leadership skills and motivation. With regard to cultural sensitivity, the respondents felt that for teamwork to be successful, the leader must embrace cultural diversity. They further argued that a common language was core to successful communication in multicultural teams. Team cohesion, trust and motivation came in third and fourth respectively and respondents argued that for a leader to achieve success in team leadership, they were required to cultivate these virtues among the team members (Anttila, 2015). All the authors in this section unanimously agree that for inspirational motivation to be achieved, the leader must not only have a clear vision, but the ability to communicate this vision to his followers. Cultural sensitivity, cross cultural communication, common language and team cohesion among a diverse workforce was paramount. This forms the basis for transformational leadership.

### **2.2.3 Intellectual Stimulation**

This is the extent to which a leader takes risks in the organization, stimulates the followers, encourages creativity and nurtures and develops them to think individually. Learning in this case becomes a virtue where each scenario is a learning opportunity. Followers are given an opportunity to question issues, be independent thinkers and come up with more appropriate ways of achieving their tasks (Bass, et al., 2003).



In a study on Malaysian MNCs to analyze the association between transformational leadership and the followers' performance, attitudes of the followers on their leader were used as a moderator. Followers' attitudes were measured using trust, loyalty, and value with the characteristics of work being clarity of their roles, the meaning they put in the work and developmental opportunities. Task performance was conceptualized as work outcomes and job relevant behaviors (Fok-Yew, 2015).

Study findings indicated that every organization requires effective leadership which is critical in achieving success. According to the author, transformational leadership was paramount as it ensured clarity of follower goals, promotion of their morality and elevation of self-efficacy that leads to improvement in performance. He further argues that transformational leaders employ a visionary and creative style that influences the followers' work characteristics and task performance. In conclusion, transformational leadership style can thus be positively linked to followers' performance (Fok-Yew, 2015).

Another study was carried out to examine what role transformational and transactional leadership played in determining personal relationship facilitation and dedication to work. Data was collected from 138 leader-follower groups from MNCs in India. The authors argued that transformational leadership focuses on empowerment of the followers and emotional intelligence elements like empathy and social skills, thus, enhancing interpersonal facilitation. On the other hand, job dedication looks at self-disciplined behaviors to include obeying rules, hard work and initiative that ensure problem solving. However, in transactional leadership, followers are offered a contingent in exchange for what the leader expects with rewards being the most valuable outcome (Ekkirala & Goute, 2013).

Results supported transactional leadership more by indicating that it tends to explain job dedication better than transformational leadership. The characteristics of transformational leaders make them irreplaceable in many cases with some of their traits being generalizable across cultures and many attributes being universal. On the other hand, transactional leadership may be beneficial in terms of achieving organizational goals where followers seek to perform tasks out of expecting a reward in return (Ekkirala & Goute, 2013).

A further study was carried out to establish what key competences global managers possessed in dealing with cross-cultural issues. The authors analyzed relevant literature on cross-cultural

management of multinational corporations by looking at the knowledge, skills and competencies of global managers in multinational environments. Study findings revealed that knowledge, skills and competences of a global leader varied from culture to culture. However, the key competences that came out strongly included; sensitivity in understanding other cultures; an understanding of business dealings; ability to make difficult decisions; tapping the best from employees; being trustworthy; risk taking; appreciating and learning from others; and flexibility (Czarnecka & Szymura, 2013).

From the above review, different scholars have argued differently on the role of leadership in achieving intellectual stimulation with mixed reactions on whether it is transformational or transactional leadership that brings out the best from employees. Those in favor of transactional leadership argue that this form appeals to the desires followers have in achieving rewards or punishments while the proponents of transformational leadership argue that the ability to support creativity, participation in decision making, ability to learn from employees and encouraging self-improvement bore positive results in achieving team performance and overall organization success.

### **2.3 Summary and Research gaps**

From the reviewed literature where most studies have been done in developed economies, scholars have unanimously agreed that the success of MNCs is influenced by a multiplicity of factors, key among them, leadership. Studies have supported different forms of leadership at play; transformational and transactional (Hellesøy & Gundersen, 2011), charismatic and situational leadership (Depoo & Shanmuganathan, 2013) and visionary leadership (McCarthy, 2010). There is also great support on the success of teams in MNCs that has also been attributed to the leadership styles and team management skills. For example, team empowerment (Jung & Sosik, 2011), team potency, togetherness, management of conflicts (Gupta, Huang, & Niranjana, 2011) and a well-articulated vision (Schippers, Den Hartog, Koopman, & Knippenberg, 2008) all enable positive outcomes among teams.

Multinational teams have further been found to be more diverse in terms of cultural backgrounds of the team players, nationality, religion, language and gender (Sağ, Kaynak, & Sezen, 2016; McCarthy, 2010; Ha-Vikström & Takala, 2016; Anttila, 2015). This therefore presents a bigger challenge to leaders, who must look beyond their own values and beliefs and embrace diversity.

Transformational leadership has thus been found to play a major role in the reviewed literature with scholars citing its importance in clarifying follower goals, promotion of their morality and elevation of self-efficacy that leads to improvement in performance (Fok-Yew, 2015).

In addition, it ensures empowerment of the followers through fostering emotional intelligence elements like empathy and social skills, thus, enhancing interpersonal facilitation (Ekkirala & Goute, 2013). Other characteristics that have come out strongly include understanding of other cultures, Courage and Trustworthiness (Czarnecka & Szymura, 2013). There is a direct relationship between transformational leadership and perceived team effectiveness (Burke, Stagl, Klein, Goodwin, Salas, & Halpin, 2006), while according to (Chi & Huang, 2014), it promotes efficiency and effectiveness of the team by clarifying goals and accepting diverse views of the team members.

Little has been done on the specific role of transformational leadership on team performance in multicultural environments within the African states. Thus, more needs to be done on what role transformational leaders play in a multi-cultural environment, especially one found in the African context in order to desist from generalizing findings from the Western and European contexts. This paper therefore seeks to bridge this knowledge gap by providing evidenced data from the Kenyan context.

## **CHAPTER THREE**

### **RESEARCH DESIGN AND METHODOLOGY**

#### **3.1 Research design**

This is the process of gathering and arranging data so as to bring together the purpose of the research and the economy in procedure (Kothari, 2004). It describes attributes of a certain singular or multiple variables (Kothari, 2006). It can further establish the feelings of people towards an idea or issue by giving them a chance to describe such experiences (McBurney & White, 2004). The main purpose therefore is to gain a wider perspective of societal problems in the specifically defined universe in order to make recommendations that bring forth the desired outcome (Majumdar, 2005). Descriptive research design was thus applied in this survey.

#### **3.2 Target Population**

This is a set of individuals or objects with observable attributes that are common (Mugenda & Mugenda, 2003). The group from whom a researcher draws his findings from is therefore the target population (Mugenda., 2008). In the study, the population comprised all the 71 MNCs in Kenya that either had their headquarters in Nairobi or whose base operations were in Nairobi as shown in Appendix 11 where primary data was collected from the Human Resource Team Leaders in all the selected MNCs. HR professionals are employees who serve both the board of directors as well as line managers and ordinary staff. They are therefore team players at various capacities in the organization.

#### **3.3 Sample and sampling technique**

A sample may be defined as a group that is taken from the target population and which bears the relevant characteristics. It is usually used when there is difficulty in studying the entire targeted group due to the large size (Kothari, 2004). However, in small populations, a census is carried out where all elements in the target population are included into the study. It targets everyone at the same time and asks the same core questions everywhere (Kothari, 2004). In this study, a census was carried out where the Human Resource Team Leaders from the 71 companies participated.

### **3.4 Data Collection Methods and Instruments**

Data collection deals with the measurement of concepts by using scales that may or may not give numbers. These numbers are then used for statistical computation and hypothesis testing (Carr, Zikmund, Griffi, & Babin, 2009). The methodology of the study focused on both qualitative and quantitative data collection methods.

Collection of data was by use of semi-structured questionnaires with both open and closed ended questions. With the structured questions, respondents choose from a list of options that best described their situation. The questions on transformational leadership were adopted from Multi-factor Leadership Questionnaire (MLQ) (Bass, Avolio, Jung, & Berson, 2003).

The researcher further trained two research assistants by going through the questionnaires together and ensuring that they understood all the ethical requirements in terms of privacy, confidentiality and proper filling of questionnaires. The trio then collected the first set of data together from the first five companies and then proceeded to collect from the rest of the companies individually. The general realization was that some respondents preferred to fill the questionnaires themselves while others requested to have assistance in filling. A few others also requested to have the questionnaires left behind so that they could fill and send via email.

### **3.5 Validity and Reliability**

Validity is the extent to which research tools measure what they are expected to measure. Mugenda (1999) further adds that when a researcher carries out a study, validity ensures that the results he gets actually represent the outcome. Reliability on the other hand is the measure of how consistent the test results are (Chritensen, 2004) such that same results are obtained when the experiment is done over and over again.

The researcher obtained letters from the IDIS and NACOSTI, which served as data collection permits and introduction letters to the respondents. The researcher further ensured that the instruments were standardized by conducting a pilot study in Toyota Kenya. The research supervisor in addition offered guidelines on the study, enhancing its quality.

### **3.6 Data Analysis and Presentation**

A total of seventy one questionnaires were administered out of which fifty were properly filled and returned. Upon completion of data collection, quantitative data was analyzed using SPSS version 12 while thematic analysis was used for the qualitative data. The three aspects; idealized influence, inspirational motivation and intellectual stimulation measured presence or absence of transformational leadership in MNCs while analysis of responses on team performance measured existence of team work.

Quantitative data was then presented using descriptive and inferential statistics in form of means, standard deviations and percentages while narratives and themes were used to present qualitative data.

## CHAPTER FOUR

### RESEARCH FINDINGS AND DISCUSSIONS

#### 4.1 Response Rate

In the study, out of the 71 questionnaires administered, 50 were completely filled and returned; representing a response rate of 70.42% as shown in Table 4.1. Mugenda and Mugenda (2003), Kothari (2004) and Babbie (2004) assert that where a descriptive study has a rate of response above 50%, then it is accepted as adequate.

**Table 4. 1: Response Rate**

<b>Respondents</b>	<b>Frequency</b>	<b>Percentage</b>
Returned	50	70.42
Non-returned	21	29.58
<b>Total</b>	<b>71</b>	<b>100</b>

#### 4.2 Managerial Level

From the 50 questionnaires received, 44% of the respondents were managers while 66% were supervisors as shown in Table 4.2. This implies that all respondents have a group of employees reporting to them thus, they are team leaders. They are therefore well vast on leadership issues and team performance.

**Table 4. 2: Managerial Level**

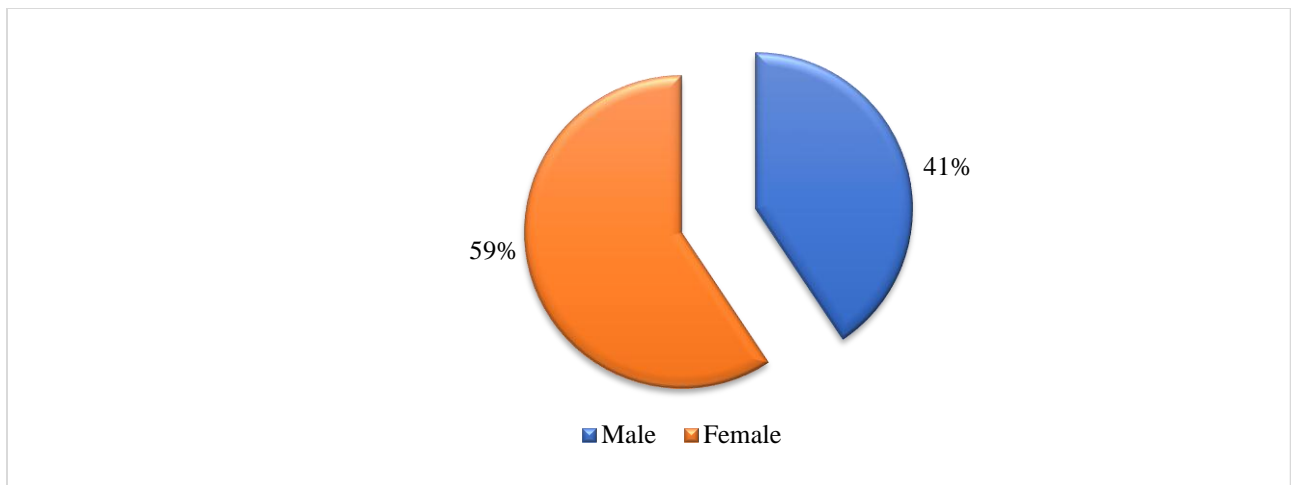
<b>Questionnaires</b>	<b>Frequency</b>	<b>Percentage</b>
Manager	22	44
Supervisor	33	66
<b>Total</b>	<b>50</b>	<b>100</b>

### 4.3 Demographic Information

#### 4.3.1 Gender of the Respondent

Female respondents were higher at 59% while 41% were male as shown in Figure 4.1. However, the difference between male and female is 18% which implies that there is gender balance between the male and female among the HR practitioners in the MNCs thus, the responses given on transformational leadership provide a balanced view.

**Figure 4. 1: Gender of the respondents**

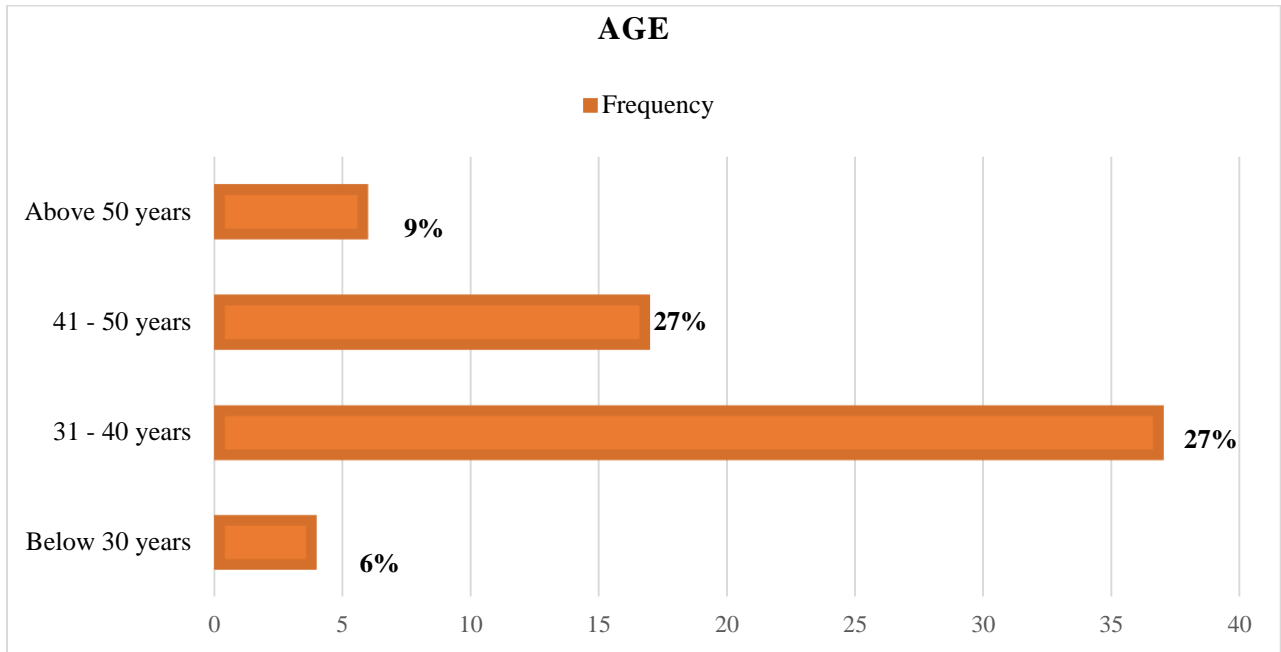


#### 4.3.2 Age of the Respondents

The highest number of respondents was (58%) aged between 31 – 40 years, 27% were between 41 – 50 years, 9% were above 50 years while 6% were below 30 years as shown in Figure 4.2. This implies that a large number of Human Resource managers and supervisors working in the Kenyan MNCs are middle aged. In the normal facet of life, these are people dealing with work-life balance where they must balance between their own social affairs and the work dynamics. They therefore possess a mixture of knowledge and skills on what constitutes effective leadership and can therefore relate their life experiences to their work environments. From these experiences, they can provide a touch of reality on various aspects of leadership.



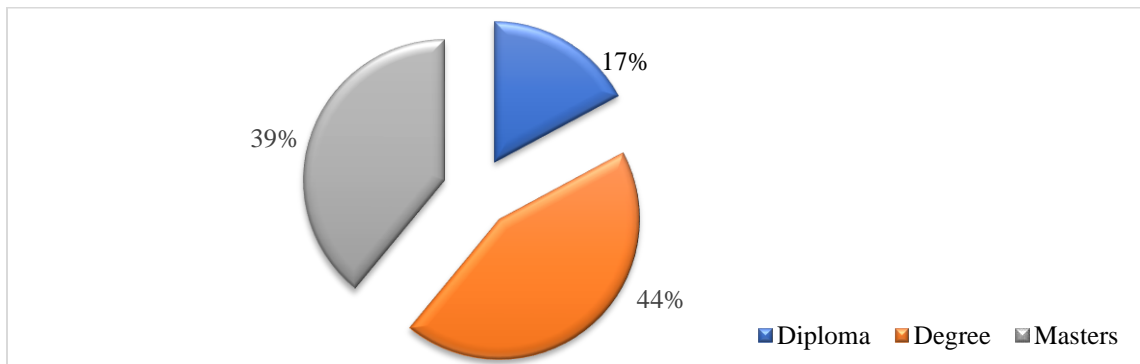
**Figure 4. 2: Age of the respondents**



### 4.3.3 Education Level

Respondents with a bachelor's degree were 44%, 39% master's degree while 17% were educated up to Diploma level as shown in Figure 4.3. This implies that the Human Resource team leaders working in the Kenyan MNCs have basic knowledge and skills relating to team leadership and performance, therefore, they can give their experiences on the application of theory to practice, challenges and leadership roles.

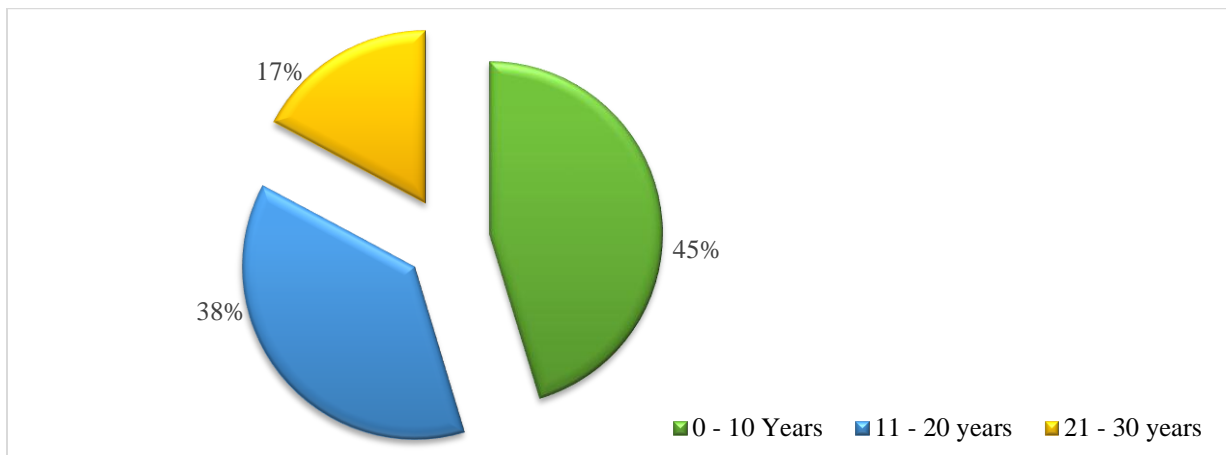
**Figure 4. 3: Level of Education**



#### 4.3.4 Duration Worked

With regard to the duration they had worked in the current organization, majority (45%) had worked for 0 – 10 years, 38% for 11 – 20 years while 17% had worked for 21 – 30 years as shown in Figure 4.4. This implies that a large number of the respondents may lack long term knowledge on the leadership dynamics as they have been with the company for a short period (below 10 years). However, being a team leader and achieving team performance can be attained even within a short period of time. In addition, 58% of the respondents have worked for more than 10 years, thus, they have the necessary knowledge and skills to respond on team performance overtime.

**Figure 4. 4: Duration Worked**



#### 4.4 Transformational Leadership and Team performance

##### 4.4.1 Idealized Influence and Team Performance

The first objective was to examine the effect of idealized influence on team performance among Kenyan MNCs. The results in Table 4.2 show that majority of the respondents (62.4%) agreed when asked whether they delegated some responsibilities to their teams, allowed them to make decisions and held them accountable for those decisions. They however agreed (76.5%) that they voted together with their team members whenever a major team decision needed to be made. The results further showed that majority of the respondents (71.9%) consulted relevant managers and employees before taking decisions concerning them and their departments. Finally, a majority of the respondents (68.7%) agreed that in balancing between building employee relations and achievement of the task at hand, they inclined more towards building employee relations.

**Table 4. 3: Idealized Influence and Team Performance**

<b>Statement</b>	<b>Strongly disagree</b>	<b>Disagree</b>	<b>Neutral</b>	<b>Agree</b>	<b>Strongly Agree</b>
1. Delegation of responsibilities to my team	9.40	12.50	15.60	31.20	31.20
2. Voting when a major team decision has to be made.	3.10	7.80	12.50	51.60	25.00
3. Consultation with relevant managers and employees in decisions	9.40	9.40	9.40	50.00	21.90
4. Relationship oriented leadership	9.40	14.10	7.80	37.50	31.20

From these results, leaders in MNCs portray idealized influence through delegation of responsibility and accountability, involvement of staff in decision making, consultation in issues affecting followers and overall building of employee relations leading to building of trust and respect from followers, which in turn instills pride in the followers. This is supported by various studies such as Hellesøy & Gundersen (2011), who on attempting to analyze leadership within international teams argued that both transformational and transactional leadership directly affected employee satisfaction and performance of teams. In another study by Gundersen, Hellesøy and Raeder (2012) on a similar group of international teams, findings showed that transformational leadership resulted to positive outcomes with trust being a moderate mediator. However, from a research by Depoo & Shanmuganathan (2013) who sought to examine various leadership styles in the multinational context, findings indicated that the most common leadership style was situational leadership that was characterized by delegation. This was followed by transformational, coaching, directing and facilitating which went against the most globally perceived style; charismatic leadership. There is great support of transformational, situational and transactional leader behaviors in a variety of work environments. However, all authors unanimously agree that a leader who is able to bring out excellent role model skills, high ethical behavior, ability to instill pride in the followers in return gains respect and trust from them.

#### **4.4.2 Inspirational Motivation and Team Performance**

In the second objective, the study sought to establish what effect inspirational motivation had on team performance among Kenyan MNCs. The results in Table 4.3 show that majority of the respondents (59.4%) involved their teams in formulating achievable objectives within the set timelines. Results further showed that majority of the respondents (75.0%) agreed that they

focused on achievement of goals and outcomes (end results), rather than following rules and procedures. A further 75.0% agreed that together with their teams, they made optimistic expressions about the organization’s future. Finally, 70.3% agreed that together with their teams, they often reviewed their contribution to the company and its impact on their lives.

**Table 4. 4: Inspirational Motivation and Team Performance**

<b>Statement</b>	<b>Strongly disagree</b>	<b>Disagree</b>	<b>Neutral</b>	<b>Agree</b>	<b>Strongly Agree</b>
1. Setting of clear goals.	14.10	20.30	6.20	20.30	39.10
2. Focus is on achievement of goals rather than rules and procedures	7.80	4.70	12.50	50.00	25.00
3. Optimism towards the organization	9.40	9.40	6.20	42.20	32.80
4. Impact of organization to individual lives	10.90	12.50	6.20	34.40	35.90

From the results, leaders further portray inspirational motivation among their followers by working with teams in setting clear goals, achieving the goals within set timelines, focusing on end results rather than rules and often coming together to positively review impact of the organizations on their lives. The leader therefore communicates high expectations and inspires and challenges the followers to uphold high moral standards. A study by McCarthy (2010), carried out on three MNCs across Europe and the USA, identified Core Leadership Competence Models to include; visionary and strategic competence that focuses on aligning the leader’s behavior to the organization vision, mission and strategic goal; motivational and interpersonal competency; and communication competency. In a study by Sağ, Kaynak, & Sezen (2016), the leadership role is to inspire and motivate their teams to adapt to the local cultural conditions to be able to achieve good performance, understand the organizational culture and embrace diversity represented by employees from diverse backgrounds. Anttila (2015) identified four specific areas that were most prevalent in the day to day experiences of the mid-level managers; sensitivity to culture, ability to communicate with staff from diverse backgrounds, team unity, trust and motivation. These studies therefore offer support to transformational leadership in that for inspirational motivation to be achieved, the leader must not only have a clear vision, but the ability to communicate this vision to his followers. Cultural sensitivity, cross cultural communication, common language and team cohesion, among a diverse workforce, is paramount in achieving team performance.

### 4.4.3 Intellectual Stimulation and Team Performance

The third objective was to determine the effect of intellectual stimulation on team performance among Kenyan MNCs. Results in Table 4.4 show that 75.0% encouraged creation of new ideas and showed support to their teams. A further 86.0% agreed that they often created opportunities and provided support for their team members to improve themselves while 76.6% agreed that whenever the organization was introducing a new process or strategy, they were involved in the change process and sought opinions from their teammates. Finally, 73.4% agreed that their team often came up with new ways of doing things.

**Table 4. 5: Intellectual Stimulation and Team Performance**

<b>Statement</b>	<b>Strongly disagree</b>	<b>Disagree</b>	<b>Neutral</b>	<b>Agree</b>	<b>Strongly Agree</b>
1. Supports creation of new ideas	6.20	14.10	4.70	31.20	43.80
2. Creates opportunities for self-growth	1.60	7.80	4.70	46.90	39.10
3. Involves team in change process	3.10	7.80	12.50	37.50	39.10
4. My team and I often come up with new ways of doing things	3.10	10.90	12.50	37.50	35.90
<b>Average</b>					

These results thus indicate that leaders in multinational corporations portray intellectual stimulation by encouraging creation of new ideas among the followers, creating opportunities for growth, involving followers in the change processes and supporting innovativeness. Respondents were then asked to express their opinions on which form of leadership they thought was more important between task oriented or relationship-oriented forms of leadership. According to a majority of the respondents, balancing the two forms of leadership is paramount as it leads to overall cost reduction, builds loyalty, improves staff retention thus reducing recruitment costs, increases profits, reduces conflicts, improves motivation and morale and creates a pleasant work environment. This therefore supports transformational leadership which supports building staff relations to achieve better performance.

In a study by Fok-Yew (2015) on leadership within Malaysian MNCs, it was found that transformational leadership was paramount as it ensured clarity of follower goals, promotion of their morality and elevation of self-efficacy that leads to improvement in performance. He further argues that these leaders articulate a clear vision that influences the followers' work

characteristics and task performance. Ekkirala & Goute (2013) further argued that transformational leadership focuses on empowerment of the followers and emotional intelligence elements like empathy and social skills. This enhances interpersonal facilitation, job dedication, self-disciplined and taking initiative to solve problems at work leading to high performance. He also showed support for transactional leadership which tends to explain job dedication better than transformational leadership through appealing to self-interest among followers. Czarnecka & Szymura (2013), in a study to determine the most successful leadership skills in a multinational context argued that ability to extract the best from employees and risk taking were among the best qualities a leader was required to have.

Thus, different scholars have argued differently on the role of leadership in achieving intellectual stimulation with mixed reactions on whether it is transformational or transactional leadership that brings out the best from employees. Those in favor of transactional leadership argue that the leader appeals to the self-interest of followers in achieving rewards or punishments while the proponents of transformational leadership argue that the ability to support creativity, participation in decision making, ability to learn from employees and encouraging self-improvement bear positive results in achieving team performance and overall organization success.

#### **4.4.4 Team Performance**

The Respondents were then asked to indicate what extent they agreed or disagreed with statements regarding team performance in their organizations. Results in Table 4.5 showed that majority of the respondents (78.10%) agreed that their organization had incorporated diversity and inclusion into its team objectives. A further 73.4% agreed that their team was able to effectively interact with colleagues and customers from different cultures. Another 84.3% agreed that team members understood the company and team objectives as well as performance targets and were committed to achieving them. Majority (78.1%) also agreed that conflicts were resolved openly with respect while 78.1% agreed that the success of the team was celebrated within the group, rather than individually. Finally, 64.1% agreed that there was an effective feedback process in place that was often followed with 56.2% agreeing that the top management of the organization supported teamwork and rewarded team performance.

**Table 4. 6: Team Performance**

<b>Statement</b>	<b>Strongly disagree</b>	<b>Disagree</b>	<b>Neutral</b>	<b>Agree</b>	<b>Strongly Agree</b>
1. There is diversity and inclusion	4.70	6.20	10.90	48.40	29.70
2. Effective interaction	7.80	9.40	9.40	23.40	50.00
3. Understanding and achievement of team objectives	3.10	6.20	6.20	48.40	35.90
4. Proper conflicts resolution	7.80	4.70	9.40	32.80	45.30
5. Open celebration of team success	10.90	6.20	4.70	29.70	48.40
6. Effective feedback process	15.60	14.10	6.20	18.80	45.30
7. Support by top management	20.30	20.30	3.10	28.10	28.10
<b>Average</b>					

From these results, there is support for team diversity, clarity of team roles, conflict resolutions, team work and reward for team performance. Respondents were asked to explain what role a leader could play to improve team performance in a multinational context. Different responses were given some of which included; allowing teams to be self-managed and building interpersonal relationships especially in the face of diversity. Other respondents argued that there was need to have effective cross-cultural communication through working on language barriers, non-verbal communication skills and listening skills as their meanings differed in different cultures. A deep understanding of all other cultural aspects of various employees such as religious aspirations, beliefs and values would also help achieve team effectiveness. The leader further needs to promote work-life balance, team building exercises, team empowerment as well as promote change by infusing new corporate values that embrace multiculturalism.

A study by Ha-Vikström & Takala (2016) across 20 different geographical zones around the world suggested that culture, gender, education, working experience and the number of team players had an impact on the behavior of the transformational leaders. According to Burke, et al., (2006) transformational leadership results to effectiveness of teams with other scholars arguing that the relationship may be indirectly influenced by other mediators at play such as empowering the team (Jung & Sosik, 2011), recognizing competence, togetherness, management of conflicts (Gupta, Huang, & Niranjana, 2011) and a well-articulated vision (Schippers, Den Hartog, Koopman, & Knippenberg, 2008). By clarifying the goals and purpose of task at hand, a leader increases the teams' performance (West, et al. 2003). Bish and Kabanoff (2014) argue that aligning the perceptions that managers have on good performance, the willingness of employees

to be self-directed and the leaders' willingness to lead influence team performance. From the above studies, success of teams in MNCs can be attributed to the leadership styles and team management skills. They therefore support results on team performance from the study.

#### 4.5. Pearson Correlation Analysis

Correlation results presented in Table 4.6 showed a positive and significant association between idealized influence and team performance ( $r = 0.465$ ,  $p = 0.000$ ), inspirational motivation and team performance ( $r = 0.526$ ,  $p = 0.000$ ) and intellectual stimulation and team performance ( $r = 0.426$ ,  $p = 0.000$ ).

**Table 4. 7: Correlational Analysis**

		<b>Team performance</b>	<b>Idealized influence</b>	<b>Inspirational motivation</b>	<b>Intellectual stimulation</b>
Team performance	Pearson Correlation Sig. (2-tailed)		1		
Idealized influence	Pearson Correlation Sig. (2-tailed)	.465**		1	
Inspirational motivation	Pearson Correlation Sig. (2-tailed)	.526**	0	0.172 0.175	1
Intellectual stimulation	Pearson Correlation Sig. (2-tailed)	.426**	0	0.213 0.091	0.188 0.137

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

This is a measure of the strength of the linear association between the independent and the dependent variables. These results indicate that there was a positive association between each independent variable and team performance. This means that a leader portraying idealized influence, inspirational motivation and intellectual stimulation within their teams would in return achieve team performance.

The other values in the Table (0.172, 0.175, 0.213, 0.091, 0.188 and 0.137) show the association among the independent variables. Based on these values, the independent variables are not significantly correlated since their p values are greater than 0.05



## **4.6 Summary of Findings**

### **4.6.1 Idealized Influence and Team Performance**

On the effect of idealized influence on team performance among Kenyan Multinational Corporations, respondents delegated some responsibilities to their teams, allowed them to make decisions and held them accountable for those decisions. They further voted together with their team members whenever a major team decision needed to be made, consulted relevant managers and employees before taking decisions concerning them and their departments and they inclined more towards building employee relations as opposed to focusing on just task performance.

### **4.6.2 Inspirational Motivation and Team Performance**

With regard to inspirational motivation on team performance among Kenyan Multinational Corporations, respondents involved their teams in setting clear goals and were able to achieve these goals within the set timelines. They focused on achievement of goals and outcomes (end results), rather than following rules and procedures, made optimistic expressions about the organization's future and often reviewed their contribution to the company and its impact on their lives.

### **4.6.3 Intellectual Stimulation and Team Performance**

On the issue of intellectual stimulation on team performance among Kenyan Multinational Corporations, respondents encouraged creation of new ideas and showed support to their teams. They further created opportunities and provided support for their team members to improve themselves, involved the teams in the change process and encouraged creativity and innovation among their teams.

## CHAPTER FIVE

### SUMMARY, CONCLUSION AND RECOMMENDATIONS

#### 5.1 Summary

The first objective was to examine the effect of idealized influence on team performance among Kenyan MNCs. According to the results, idealized influence was highly seen through delegation, consultation, involvement in decision making and relationship-oriented form of leadership. Therefore, idealized influence by the leader results to increased team performance.

The second objective was to establish the influence of inspirational motivation on team performance among Kenyan MNCs. Our results indicate that respondents inspired their teams by having clear visions, setting and communicating clear goals and encouraging them to focus on their futures rather than just the present. Thus, inspirational motivation led to increased team performance.

The third objective was to determine the effect of intellectual stimulation on team performance among Kenyan MNCs. The results indicate that respondents achieved this through encouraging creativity, innovation and providing opportunities for further growth, not just for the organization, but for the individual employees. Therefore, intellectual stimulation led to increased team performance.

#### 5.2 Conclusions

Following the complexity and team diversity of international assignees within the MNCs environment, the ability to identify effective team leadership behaviors is paramount for the organizations' performance. Based on the study findings, transformational leadership is highly effective in achieving team performance as it leads to a more satisfied work force and high performing teams. Transformational leaders are able to bring out excellent role model skills, high ethical behavior and an ability to instill pride in the followers, thus gaining respect and trust from them. In addition, they not only have a clear vision, but also the ability to communicate this vision to the teams, are culturally sensitive and encourage team cohesion among the diverse workforce. They support creativity and innovation, encourage participation in decision making, learn from employees and enhance self-improvement in order to achieve team performance and overall organization success. We therefore conclude that a leader who is able to influence his

team with positive ideas, inspire motivation and intellectually stimulate them in return achieves good team performance.

### **5.3 Recommendations**

#### **5.4.1 Training**

Previous studies have supported the need to train transformational leaders; therefore, findings from this study may be used to prepare programs to be used during strategic leadership training for international assignees before undertaking international projects. Organizations may additionally use the results to carry out leadership development processes such as mentoring, coaching and succession planning by identifying long serving leaders with exceptional transformational skills and matching them with upcoming new leaders.

#### **5.4.2 Managerial Contributions**

The results of this study may further be used to offer direction when selecting leaders from among employees. This is from carrying out a talent review in order to identify and tap into transformational qualities among them. The results may additionally facilitate the top management in the MNCs to understand the importance of achieving transformational leadership skills so as to support leaders exhibiting such qualities. As a result, they can gain competitive advantage and in the long run achieve performance.

### **5.5 Areas of Further Study**

This study focused on the effect of transformational leadership on team performance in the Kenyan multinational corporations. From the previous studies reviewed in other countries, other leadership styles such as transactional and situational leadership come out strongly as contributing to team and organizational performance. Future studies could be carried out to establish what other leadership styles exist and which among them is the most appropriate in achieving team performance. A similar study may be carried out on Kenyan owned Companies that have gained multinational status in order to establish whether they also exhibit transformational leadership skills. Comparative studies may be done between the multinational companies headquartered in Kenya and Kenyan companies with subsidiaries outside with an aim of determining the most appropriate leadership styles.

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**APPENDIX 1: RESEARCH STUDY QUESTIONNAIRE**

I am Martha Gitonga, a student at The University of Nairobi studying Master of Arts in International Studies. I am doing a Research Project as part of my course work on effectiveness of transformational leadership on team performance among Kenyan Multinational Corporations and would like to request your assistance in answering the attached questionnaire.

Kindly note that all the information you provide will be handled with utmost confidentiality and will only be used for data analysis.

**Instructions**

- i. Please place a tick on the space provided on your right or below to answer the questions asked.
- ii. Do not put your name on the questionnaire.

**SOCIAL DEMOGRAPHIC DATA**

- 1. a) Gender
  - Male [ ]
  - Female [ ]
  
- b) What is your age?
  - Below 30 yrs [ ]
  - 31-40 yrs [ ]
  - 41-50 yrs [ ]
  - Above 50 yrs [ ]
  
- c) What is your highest Level of education
  - Certificate [ ]
  - Diploma [ ]
  - Degree [ ]
  - Masters [ ]
  - Any other .....

- e) Are you a
- Junior staff [ ]
  - Supervisor [ ]
  - Manager [ ]

f) How many years have you worked in this Company?

- 0-10 yrs [ ]
- 11-20 yrs [ ]
- 21-30 yrs [ ]
- Above 30 [ ]

**EXTENT TO WHICH TEAM LEADERS DISPLAY TRANSFORMATIONAL LEADERSHIP**

Select by ticking the extent to which you agree with the following statements (Your response may fall in either of the following categories; 1 stands for strongly agree, 2 for agree, 3 for neutral, 4 for disagree and 5 for strongly disagree).

---

<b>Idealized Influence</b>	1	2	3	4	5
----------------------------	---	---	---	---	---

---

- a) I delegate some responsibilities to my team, allow them to make decisions and hold them accountable for those decisions
- b) My team members and I vote whenever a major team decision has to be made.
- c) I consult relevant managers and employees before taking decisions concerning them and their departments
- d) In balancing between building employee relations and achievement of the task at hand, I incline more towards relationship

---

oriented

---

**Inspirational Motivation**

1 2 3 4 5

---

- a) My team and I set clear goals and we are able to achieve within the set timelines.
- b) I focus on achievement of goals and outcomes (end results), rather than following rules and procedures
- c) My team and I often make optimistic expressions about the organization's future
- d) My team and I often review our contribution to the company and its impact on our lives

---

**Intellectual Stimulation**

1 2 3 4 5

---

- a) I encourage creation of new ideas and show support to my team when this happens
  - b) I often create opportunities and provide support for employees to improve themselves
  - c) Whenever the organization is introducing a new process or strategy and am involved in the change process, I seek opinions from my teammates
  - d) My team and I often come up with new ways of doing things
-

Effective leadership may be ascribed to a balance between building employee relations and achievement of the task at hand. In your opinion, which is more important and why?

.....

.....

.....

.....

.....

.....

.....

Select by ticking the extent to which you agree with the following statements (Your response may fall in either of the following categories; 1 stands for strongly agree, 2 for agree, 3 for neutral, 4 for disagree and 5 for strongly disagree).

<b>Team performance</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
a) The organization has incorporated diversity and inclusion into its team objectives					
b) My team is able to effectively interact with colleagues and customers from different cultures					
c) Team members understand both the company and team objectives as well as performance targets and are committed to achieving them					
d) Conflicts are resolved openly with respect					
e) The success of the team is celebrated within the group, rather than individually					



- 
- f) There is an effective feedback process in place that is often followed
  - g) The top management of the organization supports teamwork and rewards team performance
- 

In your opinion, what role can a leader play to improve team performance in a multinational dimension?.....

.....

.....

.....

.....

.....

.....

## **APPENDIX 11: MULTINATIONAL FIRMS WITH HEADQUARTERS IN NAIROBI**

### **Freight, Courier and Moving Companies**

<b>No</b>	<b>Company</b>
1	AGS International Movers
2	Cube Movers
3	Keson Freight International
4	TNT Express
5	DHL Express
6	Nellions Moving and Relocations
7	AGS Frasers
8	Seahourne Worldwide
9	Panalpina

### **Pharmaceutical and Chemicals Category**

1	Beta Healthcare
2	BASF Corporation
3	Merck Group
4	Pfizer
5	Jotun Chemicals
6	Johnson and Johnson
7	Bayer
8	Glaxo Smith Cline

### **Construction and Engineering Category**

1	Zakhem International
2	Norken International
3	Rayden
4	Noble Gases
5	Elephant International
6	Bosch
7	Hill International

### **Electric and Software Companies**

- 1 Eclectics International
- 2 Africa Geothermal
- 3 ABNO Softwares
- 4 International Energy Technik
- 5 Sage Group

### **Computer Accessories and Electronics**

- 1 General Electric
- 2 ASUS Corporation
- 3 IBM
- 4 Intel Corporation
- 5 Kaspersky Lab
- 6 LG Electronics
- 7 Sony Corporation

### **Automotive**

- 1 Avic International
- 2 Mitsubishi
- 3 Scania
- 4 Toyota
- 5 Ford
- 6 Honda
- 7 Kia Motors

### **Telecommunication**

- 1 Bharti Airtel
- 2 Cisco Systems
- 3 Eltek
- 4 GSM Association
- 5 Huawei
- 6 Motorola
- 7 Nokia
- 8 Qual Communications

- 9 Siemens
- 10 Black berry

**Financial Institutions**

- 1 Bank of China
- 2 Chartis
- 3 Kiva
- 4 Mastercard
- 5 Visa Inc
- 6 Standard Chartered Bank

**Food and Beverages**


- 1 Coca Cola
- 2 Diageo
- 3 Heineken
- 4 Nestle
- 5 British American Tobacco

**Consultancy and Other Companies**

- 1 DXN International
- 2 SMEC International
- 3 IMG Kenya
- 4 NIIT Manufacturing Training
- 5 Bata Shoe Company
- 6 L'Oreal
- 7 Biersdoff

Source: Kenya Investment Authority, Kenya Manufacturers Association (2018)

## APPENDIX 111: UNIVERSITY OF NAIROBI INTRODUCTION LETTER

  
**UNIVERSITY OF NAIROBI**  
College of Humanities and Social Sciences  
**Institute of Diplomacy and International Studies**

Tel : (02) 318262  
Telefax : 254-2-245566  
Fax : 254-2-245566  
Website : www.uonbi.ac.ke  
Telex : 22095 Varsity Ke Nairobi, Kenya  
E-mail : director-idis@uonbi.ac.ke

P.O. Box 30197  
Nairobi  
Kenya

July 30, 2018

**TO WHOM IT MAY CONCERN**


**RE: MARTHA KAGENDO GITONGA – R50/871998/2016**

This is to confirm that the above-mentioned person is a bona fide student at the Institute of Diplomacy and International Studies (IDIS), University of Nairobi pursuing a **Master of Arts degree in International Studies**. She is working on a research project titled, **“EFFECTIVENESS OF TRANSFORMATIONAL LEADERSHIP ON TEAM PERFORMANCE AMONG KENYAN MULTINATIONAL CORPORATIONS”**.

The research project is a requirement for students undertaking Masters’ programmes at the University of Nairobi, whose results will inform policy and learning.

Any assistance given to her to facilitate data collection for her research project will be highly appreciated.

Thank you.

  
**Professor Maria Nzomo,**  
**Director, IDIS**  
&  
**Professor of International Relations and Governance**

## APPENDIX IV: NACOSTI LETTER



### NATIONAL COMMISSION FOR SCIENCE, TECHNOLOGY AND INNOVATION

Telephone: +254-20-2213471,  
2241349,3310571,2219420  
Fax: +254-20-318245,318249  
Email: dg@nacosti.go.ke  
Website: www.nacosti.go.ke  
When replying please quote

NACOSTI, Upper Kabete  
Off Waiyaki Way  
P.O. Box 30623-00100  
NAIROBI-KENYA

Ref: No. **NACOSTI/P/18/38663/24651**

Date: **18<sup>th</sup> August, 2018**

Gitonga Martha Kagendo  
University of Nairobi  
P.O. Box 30197-00100  
**NAIROBI.**

#### RE: RESEARCH AUTHORIZATION

Following your application for authority to carry out research on *“Effectiveness of transformational leadership on team performance among Kenyan Multinational Corporations,”* I am pleased to inform you that you have been authorized to undertake research in **Nairobi County** for the period ending **17<sup>th</sup> August, 2019.**

You are advised to report to **the County Commissioner and the County Director of Education, Nairobi County** before embarking on the research project.

Kindly note that, as an applicant who has been licensed under the Science, Technology and Innovation Act, 2013 to conduct research in Kenya, you shall deposit a **copy** of the final research report to the Commission within **one year** of completion. The soft copy of the same should be submitted through the Online Research Information System.

  
**BONIFACE WANYAMA**  
**FOR: DIRECTOR-GENERAL/CEO**

Copy to:

The County Commissioner  
Nairobi County.

The County Director of Education  
Nairobi County.