

# Effect of Leadership on Organizational Performance in the Health Sector in Kenya

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**Abstract-** Leadership has been identified in research to promote organizational commitment, employee job satisfaction and improved individual productivity which in turn leads to organizational performance. Poor leadership has been identified as the major factor perpetuating strikes and lack of commitment of health workers. This has resulted in loss of lives in the hospitals and poor health services. This study aimed at assessing the role of leadership on organizational performance among health workers in Kenya. Descriptive survey design was adopted in conducting the study and Stratified sampling techniques was employed to select 384 employees from the selected Kiambu and Machakos Level 5 hospitals as well as Kenyatta National Hospital as the respondents to the study. A response of 87.5% was achieved and both primary and secondary data was used for the study. Questionnaires and interview guides were used as data collection instruments. Data was analyzed using qualitative and quantitative procedure. In addition, a multiple linear regression model was applied to examine the relationship between the variables. SPSS version 24 was used for data analysis and generation of tables, figures and relationships. Findings of the study showed that leadership influences the relationship between employee participation and organizational performance. Findings of the current study showed a poor relationship between leaders and the employees. In conclusion, leadership was observed to influence employee performance in the health sector in Kenya. The study recommends that the management should create favourable working environment for their employees and avoid negativism in reviewing employee recommendations for improvement. The study recommends further study on private health institutions to confirm and validate the theories and findings.

**Index Terms-** Leadership, Employee participation, Participative management

## I. INTRODUCTION

The focus of the organizations are turning, not on employing effective technologies, strategies or equipment, but on empowering their employees. Shivangee and Pankaj (2011) posit that since the global changes have led to every organization having access to technology, finance and new methods of working, the only available option for organizations to gain competitive advantage is the differences in the manpower between the organizations. Arising from this assertion, organizational practices have changed from traditional policies to

employee's competitive policies (Mutua, Karanja&Namusonge, 2012). Organizations strengthen their base and competencies by adopting policies through which they empower their employees. The health sector employees in Kenya believe the county governments still lack adequate leadership skills and personnel to effectively run the public hospitals. The main reason however according to World Bank report (2012) is that the decision was made without involving the health sector employees or at the worst their employee representatives. This was further exacerbated by the notion that, county governments are managed by politicians who believe in autonomy for decision making (Centre for Health Solutions - Kenya (CHS), 2014; Gatonye, 2014). If employees are not allowed to participate, they will not comply with the procedures and goals defined in the system (Vloeberghs&Bellens, 1996 as cited in Kimutai et al, 2013).The resulting effect therefore has been industrial actions and boycott of duty subsequently leading to poor health services and loss of lives due to absence of the health workers in the hospitals to provide health care or lack of commitment in delivering health services. Okechukwu and Hilda (2014) posit that such labour disagreements originate from the exclusion of employees in decision making in matters that affect them.

The health industry is a service based sector, operating in situations where employees play important roles in the service exchange and therefore its employees should not be kept in the dark about vital decisions affecting them (Singh, 2009). They should be trusted and allowed to participate in decision making at all levels. Therefore "Command and control" should not be an adequate model in the health sector, but rather a more open and collaborative framework to exploit the talents of all employees (Hewitt, 2002). Kingir and Mesci (2010), postulate that employees must be allowed to participate in decision making if they are to be committed to changing their behavior at work in new and improved ways.

Employee participation in decision making serves to create a sense of belonging among the workers as well as a congenial environment in which both the management and the workers voluntarily contribute to healthy industrial relations (Noah, 2008). However, research on effects of leadership on organizational performance, has been largely ignored in Africa. Following this premise, and tandem to this background, this study seeks to assess the role of leadership on organizational performance of the health sector in Kenya.

## II. LITERATURE REVIEW

Leaders are the individuals in the organization who set the tone and culture. Northouse (2004) defines leadership as a process whereby one individual influences a group of individuals to achieve a common goal. Fiedler (1996), one of the most respected researchers on leadership, has provided a recent treatise on the importance of leadership by arguing that the effectiveness of a leader is a major determinant of the success or failure of a group, organization, or even an entire country. Indeed, it has been argued that one way in which organizations have sought to cope with the increasing volatility and turbulence of the external environment is by training and developing leaders and equipping them with the skills to cope (Torka&Loise, 2010). These claims are based on the assumption of a direct link between leadership and organizational performance. This assumption requires critical review. Moreover, leadership has long been seen as a key factor in organizational effectiveness, but interest in public sector leadership has increased over recent decades (Peris&Namusonge, 2012).

An interest in transforming the public sector by learning from the business world contributed to this interest, as leadership was seen as one of the key elements that made private companies more effective than the public sector was perceived to be. It was therefore necessary to ascertain this kind of An effective leader is able to influence his or her followers to reach the goals of the organization (Ng'ethe et al. 2012). However this demands that leaders develop and build relationship with his/her followers to enable them be willing to give their energy and talents to accomplish shared objectives (Bass, 1985). Various leadership theories have evolved to define the characteristics, traits, and styles of various leaders and leadership styles (Bass, 1985). In the study transactional leadership, leader-member exchange theory, and transformational leadership are explored.

Transactional leaders use conventional reward and punishment to gain compliance from their followers (Burns, 1978). These leaders tend to be action oriented and results focused. Three characteristics define transactional leaders: contingent reward, management by exception, and laissez-faire (Bass, 1985). Contingent rewards refer to a practice where leaders provide rewards if they believe subordinates perform adequately and/or try hard enough. Consequently, if they do not believe that subordinates have tried hard enough, no reward is provided. Management by exception is a conservative approach whereby resources are applied in response to any event falling outside the established parameters. This characteristic of transactional leadership seeks to minimize the opportunity for exceptions by enforcing defensive management processes. Lastly, the laissez-faire characteristic where a leader only gets involved when there is a problem (Northouse, 2004). Team members can do little to improve their job satisfaction under transactional leadership.

Leader-Member Exchange (LMX) theory focuses on the dyadic and quality of the relationship between leader and follower (Center for Leader Development, 2006). In this style, a successful leader is characterized by high LMX that refers to a high quality relationship where members feel a part of in-group. As a result, they have more responsibility, decision influence, higher satisfaction, and access to valuable resources. Reciprocally, when members feel in the out-group, this

relationship is characterized by low LMX. Here, the leader offers low levels of support to the member, and the person has less responsibility and ability to influence decisions. Leader-member relationships emerge as the result of a series of exchanges and interactions during which these roles develop.

Burns (1978) defines transformational leadership as a process that occurs when one or more persons engage with others in such a way that leaders and followers raise one another to higher levels of motivation and morality. The four dimensions of transformational leadership are:(a) idealized influence, which deals with building confidence and trust; (b) inspirational motivation, which deals with motivating the entire organization; (c) intellectual stimulation, which involves arousing and changing followers' awareness of problems and their capacity to solve those problems; and (d) individualized consideration, which involves responding to the specific, unique needs of followers to ensure they are included in the transformation process of the organization. These four dimensions enable leaders to behave as strong role models fostering followers' transformation into more successful and productive individuals (Hay, 1995).

Transformational leaders are often highly visible and known for their passion and energy in all aspects of their work. They spend most of their time communicating with others and looking for initiatives that add value to their teams' future. Transformational leaders motivate and empower their followers, often transcending short-term goals by focusing on higher order intrinsic needs (Meyer & Allen, 1997).

Leaders impact organizational performance through their followers (Ng'ethe et al., 2012). Leadership can have a great impact on participation of employees within the organization. However, transactional leadership limits the leader to using reward based behaviors in order to achieve higher performance from employees, which only have short-term effects. Additionally, LMX Theory (Center for Leader Development, 2006) supports the development of privileged groups in the workplace which appears unfair and discriminatory. LMX theory does not explain how to develop trust or how members can become part of the in-group. However, this theory although could lead to biasness, allows employees to participate in decision making within the organization.

However, transformational leadership emerges as a style that fosters the development of employee participation. As Kaiser, Hogan, and Craig (2008) suggest, transformational leadership changes the way followers see themselves as isolated individuals to members of a larger group. When followers see themselves as members of a collective, group they tend to adore group values and goals, and this enhances their motivation to contribute to their performance (Kaiser et al., 2008).

Transformational leaders provide an inspiring vision of goals that can help overcome self-interest and narrow factionalism in organizations. They summon new and broader energies among followers. Bakker and Schaufeli (2008) found that employees who have positive interactions with their managers have increased levels of engagement. Additionally, Walumbwa, Orwa, Wang, and Lawler (2005) found that using a transformational leadership style leads to increased organizational commitment and job satisfaction, and still Cartwright and Holmes (2006) found that leaders who focus on

relationship building and trust development increase employee participation and eventually the performance of their organizations. Ng ‘ethe, Mike and Namusonge (2012) consider leadership as a relationship through which one person influences the behaviour or actions of other people for the purpose of achieving goals and to maximize results in the organization.

Transformational leaders are not viewed as a power figure but as mutual support for a common purpose for the collective good of an organization. From this perspective, transformational leaders have the capacity to directly impact the participation levels of their employees and are able to steer their employees to better performance (Nohria, Groysberg, & Lee, 2008). It hence follows that when there exists employee participation but the leadership style is not conducive to support participation, the resultant effect will be low level of organization performance. The relationship between employee participation and organizational performance is moderated by the leadership style in the organization such that when there is effective leadership, there is positive influence on the relationship between employee participation and organizational performance.

Of these practices, leadership has been advocated for by most managers and organizations in the public sector based on the premise that when the employees are allowed to participate in decision making, they will feel responsible for all the decisions made and therefore their commitment to their duties will improve subsequently increasing their productivity and organizational performance. Following this premise, and tandem to this background, this study seeks to assess the role of leadership on organizational performance of the health sector in Kenya.

### III. RESEARCH METHODOLOGY

A descriptive survey design was adopted to capture the categorical description of attitudes of the study population. The study population constitutes employees from the major level 5 hospitals in the Nairobi Metropolitan which includes Kiambu County, Nairobi City County and Machakos County. The major level 5 hospitals in Nairobi Metropolitan was chosen as the target population in this study because they have been prone to strikes with workers citing lack of participation opportunities in decision making as some of the reasons causing their dissatisfaction

(Kimutai et al, 2013). The major hospitals included Machakos District Hospital, Kiambu District Hospital and the Kenyatta National Hospital.

The Kenyatta National Hospital (KNH) has a total population of 3000 employees (<http://knh.or.ke/>), Kiambu Hospital 864 employees while Machakos Hospital has a total workforce of 736 employees - making a total population of 4600 employees. The employees were categorized as under: Management, Nurses, Doctors, and Operatives. This is because these groups of health workers are represented by different trade unions with different type of management.

The Fishers formula was used to determine the appropriate sample size of this study. This is because the target population consists of a large number of units (health workers) (Yates, 2004). The researcher assumed 95% desired level of confidence, which is equivalent to standardized normal deviate value of 1.96, and an acceptable margin of error of 5% (standard value of 0.05).

$$n = Z^2pq/d^2$$

Where:

n = the desired sample size (if target population is large)

z = the standard normal deviate at the required confidence level.

P = the proportion in the target population estimated to have characteristic being measured.

q = 1-p

d = the level of statistical significance set.

Assuming 50% of the population have the characteristics being measured, q = 1-0.5

Assuming we desire accuracy at 0.05 level. The Z-statistic is 1.96 at this level

$$\text{Therefore } n = (1.96)^2(.5)(.5)/(0.05)^2 = 384$$

The targeted respondents from the selected level 5 hospitals were categorized into three groups. These groups included: Management, Nurses, Doctors, and Operatives.

The study employed cluster sampling technique. The cluster sampling technique involves the dividing of the population into mutually exclusive groups and then drawing random samples from each group to interview. The cluster samples from the three selected level 5 hospitals composed of respondent employees as shown on table 3.1 below:

**Table 3.1: Composition of the Cluster Samples**

Selected Hospitals	Management		Doctors		Nurses		Operatives		Total	
	Actual	Cluster	Actual	Cluster	Actual	Cluster	Actual	Cluster	Actual	Cluster
<b>KNH</b>	234	<b>20</b>	443	<b>37</b>	1180	<b>98</b>	1143	<b>95</b>	3000	<b>250</b>
<b>Kiambu Hospital</b>	24	<b>2</b>	62	<b>5</b>	458	<b>38</b>	320	<b>27</b>	864	<b>72</b>
<b>Machakos Hospital</b>	18	<b>2</b>	34	<b>3</b>	386	<b>33</b>	298	<b>24</b>	736	<b>62</b>

<b>Grand Total</b>	276	24	539	45	2024	169	1761	146	4600	384
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Purposive sampling was also used to include top managers and directors of departments because the researcher was interested in obtaining data from specific individuals who had the knowledge and information on employee participation thus giving the study its internal validity.

The data collection tools used for the study were a questionnaire and interview schedules to obtain data from primary sources and a document review and analysis for secondary sources. These tools were selected after carefully considering the nature of the data to be collected, the target population, the time frame and the objectives/ research questions of the study. Interview guide was used because of its flexibility and adaptability to individual situations. The questionnaire was the main data collection tool and it contained both open ended and closed ended questions. The questionnaires administered by participants in the pilot study as well as the actual study to investigate the role of employee participation on organisational performance in the health sector.

The questionnaire was pretested before its administration to ensure validity and reliability of the data collected. During questionnaire construction, various validity checks were constructed to ensure the instrument measure what it was supposed to measure and perform as it was designed to perform. The validity tests conducted were: Face validity, content validity, Convergent validity and discriminant validity. Face validity tests if the questions appear to be measuring the intended sections. On the other hand, content validity tests whether all the important aspects of the sections are measured. This was done by first testing the instruments on 10% of the target population and reviewing the findings. Cronbach’s alpha ( $C\alpha$ ) a coefficient of reliability that gives an unbiased estimate of data generalizability was used to test reliability of the answered questionnaires. The researcher tested the questionnaire on ten (10) respondents who were not part of the target population and the results were as shown in table 3.2.

**Table 3.2: Reliability Test Results**

Variables	Cronbach’s alpha	Cases
Leadership	0.8551	10
Organizational Performance	0.8984	10

Data analysis methods employed involved qualitative and quantitative procedures. Qualitative data was analysed using content analysis. Content analysis entails categorizing responses into open ended questions based on emerging themes for making conclusions. Quantitative data was analysed using descriptive and inferential statistical methods and tools. Descriptive analysis involved mean and standard deviations. In addition a linear regression model on role of employee participation versus organizational performance was applied to examine the relationship between the variables. The model treated organizational performance as the dependent variable while independent variables were forms of employee participation. Quantitative data analysis was aided by SPSS Version 24 to generate those measures because it has got descriptive statistical features that assist in variable response comparison and gives a clear indication of response frequencies. Data from the questionnaires was edited and coded and then keyed into statistical Package for Social Sciences (SPSS) Version 24. Responses on each item for the open ended questions were keyed in.

Data processing operations were carried out by data editing/ cleaning and classification. Data editing/ cleaning is the examination of the collected data so as to detect omissions and errors and make corrections whenever possible. Data classification is the arranging of the collected data in classes or groups with common characteristics. Qualitative data obtained from questionnaires and the interviews was edited/cleaned and classified into classes or groups with common characteristics or themes. The content within the themes were then analysed guided by the research objectives.

Quantitative data was tabulated and analyzed using both descriptive and inferential statistics. Descriptive statistics included parameters such as measures of central tendencies and the measure of dispersion. Inferential data analysis techniques such as factorial analysis, Mann-Whitney test and regression analysis were also used to analyze the collected data. Factorial analysis (Principal Component Analysis) was used to establish the number of principal components which accounted for most of the variance within the employee participation, leadership and organizational performance. Mann-Whitney test was used to assess the mean difference between KNH and the level 5 hospitals in terms of employee participation, leadership style and organizational performance. Linear regression was used to ascertain the relationship among employee participation, leadership style and organizational performance. Data analysis and presentation of findings were carried out using statistical software which includes SPSS and Microsoft Excel. These software aided in the generation of suitable graphs, charts and tables which were used in drawing conclusions as well as presenting the research findings.

#### IV. RESEARCH FINDINGS, CONCLUSIONS AND RECOMMENDATIONS

Seven statements on Likert scale were used to assess leadership. Most of the respondents (65%) disagreed with the view that there is quality relationship between leaders and employees and therefore they feel a part of in-group. Most of the respondents (66%) disagreed that leaders in their organization only get involved in work place issues when there is a problem.



The view that leaders provide rewards only when they believe employees performed adequately and or try hard enough was disagreed by 65% of the respondents with another 68% disagreeing that their leaders use conventional reward and punishment to gain compliance from them. Most of the respondents disagreed (61%) on the statement that they not view their leaders as power figure but as people offering them mutual

support for the collective good of their organization. On the other hand most of the respondents disagreed that their leaders focus on relationship building and trust development and another 64% agreed with the view that when they have a positive interactions with their leaders they have increased levels of engagement.

**Table 4.1: Leadership in the organizations**

Statement	SD	D	N	A	SA	Mean
There is quality relationship between leaders and employees and therefore we feel a part of in-group	24%	41%	24%	8%	3%	2.25
Leaders in my organization only gets involved in my workplace issues when there is a problem	12%	54%	24%	7%	3%	2.35
Our leaders provide rewards only when they believe we have performed adequately and or try hard enough	11%	54%	28%	5%	2%	2.32
Our leaders use conventional reward and punishment to gain compliance from us	10%	58%	25%	3%	4%	2.45
We do not view our leaders as power figure but as somebody offering us mutual support for the collective good of our organization	14%	47%	30%	4%	4%	2.36
Our leaders focus on relationship building and trust development	13%	35%	27%	11%	13%	2.75
When we have a positive interactions with our leaders we have increased levels of engagement	3%	5%	28%	49%	15%	3.69

Most of the respondents disagreed with the view that there is quality relationship between leaders and employees and therefore they feel a part of in-group. Most of the respondents disagreed that those leaders in their organization only gets involved in workplace issues when there is a problem. The view that leaders provide rewards only when they believe employees performed adequately and or try hard enough was disagreed by close to three quarters of the respondents with another more than half disagreeing that their leaders use conventional reward and punishment to gain compliance from them. Most of the respondents disagreed on the statement that they not view their leaders as power figure but as people offering them mutual support for the collective good of their organization. On the other hand most of the respondents disagreed that their leaders focus on relationship building and trust development and another more than half agreed with the view that when they have a positive interactions with their leaders they have increased levels of engagement.

Findings of the current study showed a poor relationship between leaders and the employees. According to Bakker and Schaufeli (2008), employees who have positive interactions with their managers have increased levels of engagement. Additionally, Ng'ethe et al. (2012) found that using a transformational leadership style leads to increased organizational commitment and job satisfaction while Olesia, Namusonge and Iravo (2013) found out that the leaders who focus on relationship building and trust development increase employee participation and eventually the performance of their organizations.

In conclusion, leadership was observed to influence employee performance in the health sector in Kenya. The study recommends that the management should create favourable working environment for their employees and avoid negativism

in reviewing employee recommendations for improvement. If the suggested idea does not make sense, explain why in honest terms. If employees are adamant about the improvement recommendation's soundness, then the management should reconsider it with an open mind. Failure to respond to employee recommendations is another sure-fire way to kill an employee participation and empowerment effort. If management does not acknowledge employee recommendations, employees will rapidly conclude that management has no interest in their ideas. Management must acknowledge all improvement recommendations, including the ones that are not deemed feasible. The study recommends further study on private health institutions to confirm and validate the theories and findings.

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