

**PERCEIVED EFFECT OF FUNCTIONAL LEADERSHIP AND EMPLOYEE  
CHARACTERISTICS ON PERFORMANCE OF EMPLOYEES AT LAKE BASIN  
DEVELOPMENT AUTHORITY, KENYA**

**BY**

**PAMELAH MUSUNDI OMONDI**

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## ABSTRACT

Functional leadership is the behaviour exhibited by a team leader in mobilizing employees to perform a given task. Group members in an organization are expected to possess certain inherent traits to execute their duties effectively. For long, it was globally perceived that the effect of functional leadership successfully implements the mandate of an organization. Several organizations; Lake Basin Development Authority (LBDA) included require functional leadership to succeed. However, LBDA, Kenyan parastatal, has been facing multiple management challenges in implementing government initiatives; thus she became integrated since 2005 through Performance Contracting. LBDA (2013b) report revealed that employee performance is below the expected standards, the reason remains unknown. Further, it is unknown whether employee characteristics such as sex, age, job satisfaction, education, compensation and tenure affect employee performance. Scholars established that effective interaction between leaders and followers motivates employee performance. This study assessed the perceived effect of functional leadership and employee characteristics on performance. Specific objectives were; establishing the relationship between functional leadership and employee performance; and examining the relationship between employee characteristics and performance. The study was guided by a theoretical framework which conceptualized how variables were linked. Functional leadership assessed how leaders ranked the needs of the task, teams and individuals while employee performance focused on work targets. The research design was descriptive with a population of 310 employees. Stratified sampling was used to select 174 respondents and 91% was the response rate. Validation of the instruments was through test re-test on 8 employees. Data was collected by questionnaire and presented in percentages, graphs, tables and pie charts. The results revealed that functional leadership does not significantly affect employee performance. The regression analysis indicated a p-value of 0.023 meaning that there was sufficient evidence not to reject results. Education and job satisfaction were the employee characteristics which had a significant effect on performance; meaning that a well-educated workforce is efficient while employees who derive job satisfaction from their jobs remain committed. Conclusions showed that functional leadership does not significantly affect employee performance while education and job satisfaction are vital employee characteristics in employment. The recommendations were that public sector institutions should justify their continued existence and employers should emphasize more on employee characteristics when hiring. The results have added new knowledge that education and job satisfaction are important factors that influence employee performance. Further research on effect of functional leadership and employee performance can be done in other parastatals.

## CHAPTER ONE

### INTRODUCTION

#### 1.1 Background of the Study

There has been a global perception that good leadership requires a foundation of self-awareness, knowledge, skill, agility and wisdom to focus on stewardship of public resources of the organization including clients and employees in order to manage people effectively. Kouzes and Posner (2002) stated that functional leadership is expected to successfully implement the mandate of an organization. Several organizations; Lake Basin Development Authority (LBDA) included require functional leadership as a key to successful performance in achieve their goals.

LBDA is among the six Regional Development Authorities (RDAs) in Kenya. It falls under the Ministry of Environment Water and Natural Resources (MEWNR) established in 1979 by an Act of Parliament, Cap 442 to spearhead regional economic development within Lake Victoria basin (LBDA, 2013b). The Basin region covers an area of 39,000 km<sup>2</sup>, exclusive of Lake Victoria's surface area of 4,000 km<sup>2</sup>, which is 6.8% of the country's area. The geographical area covers eighteen counties across Western, Nyanza and some parts of the Rift Valley altogether hosting a population of 16.2 million people according to the census (2009). This constitutes 42% of Kenya's entire population. The Authority undertakes integrated multi-sectoral projects to optimize utilization of available resources in the region (LBDA, 2013c). LBDA's interest in strategic management is mainly to coordinate economic regional development operations within seven regional offices namely; Lake Shore, Lower Nzoia, Upper Nzoia, Yala-Nyando, Sondu-Miriu, Kuja-Migori and Kibuon-Tende as well as Lake Basin Development Company, a subsidiary of LBDA.

According to LBDA (2013a) report, it states that the parastatal is challenged with functional leadership as evidenced by retarded economic development. This was further seen in the expected employee performance levels falling below the average according to LBDA (2013d). The report further claims that a reduction in employee performance levels has continuously subjected all managers to constant pressure from the top management to improve performance and that of their subordinates in order to increase self-reliance of the Authority. However, it is unknown that functional leadership can enforce performance contracts to employees to increase

revenues. Further, the Kenyan government's lack of knowledge on increasing revenues through performance contracting became a turning point to transform RDA's services through implementation and signing of performance contracts by all employees. This breach was formalized by a circular from the Government of Kenya (GoK) Ministry of Trade (2005) in order to ensure that leaders scale-up service delivery and impact, improve quality control and accountability, and ensure sustainability of all services. LBDA (2013b) defines a performance contract as a signed agreement between the employer and employee where both parties agree on work targets based on given timelines and objectives that the employee has to achieve. It has been argued that when performance contracts are obligatory employee performance is enhanced. Consequently, performance contracts have also been criticized that they are a formality to be fulfilled by both parties. According to LBDA (2013d) most of the time the exchequer delays to remit resources to facilitate employee achievement of targets in time thus challenging for employees to fulfill their obligations on time.

According to LBDA's (2013c), decentralization of its economic development activities from its headquarters in Kisumu to other regions, LBDA still experiences a delay in fully achieving its performance targets on time. This is because of the functional leadership applied across the regional offices, the headquarters and at its subsidiary Lake Basin Development Company (LBDC) is different at each departmental level. Each department or unit is managed by a different leader. The respective employees managed by each leader have different characteristics such as age, gender, educational level, job satisfaction and their compensation. Therefore, the degree to which each employee's characteristics contribute to performance at LBDA is unknown.

On the contrary, House and Shamir (1993) argued that all leaders are viewed as always right and are believed to have all solutions to all problems. However LBDA (2013d) critiques that this is not true. The report indicates that leaders also do not know everything. Consciously or not, leaders often want to make everyone happy although this may not be practical. House and Shamir (1993) added that some leaders assume that work delegation is poor leadership because delegating work that they had been assigned to their juniors leaves them with guilt. They view delegation as the only way to empower and recognize their teams to improve employee

performance. Team participation is further narrowed down to each employee's personal characteristics do determine performance. Furthermore, the responsibility of the team leader is to find out the factors that enhance productivity amongst employees in order to enable an organization to remain competitive. Therefore, unknown at LBDA is type of perceived functional leadership that can enhance employee performance and at the same time the employee characteristics to yield optimal performance.

## **1.2 Statement of the Problem**

Like any other public institution today, LBDA is grappling with internal diversity issues, social equity in service delivery, insufficiently trained workforce, cultural incompetency, discrimination against minorities, team needs, individual needs as well as understanding the task needs. In this regard the strategic plan of LBDA is expected to provide direction in implementing the Authority's mandate in meeting both internal and external environmental expectations of its stakeholders. LBDA is experiencing problems in achieving its performance targets; the clear reason for this is not yet established. Reports have suggested that the manner in which employees perceive leadership can affect performance. However, the perceived effect of functional leadership on performance remains unknown. Further, employee characteristics are individual-based. These include sex, age, job satisfaction, education, compensation and tenure. It is also unknown how each of these characteristics affects employee performance at LBDA. The study assessed the perceived effect of functional leadership and employee characteristics on performance at LBDA.

## **1.3 Objectives of the Study**

The broad objective of the research study was to assess the perceived effect of functional leadership and employee characteristics on employee performance at Lake Basin Development Authority, Kenya. The specific objectives were to:

- i. Establish the relationship between functional leadership and employee performance at Lake Basin Development Authority.
- ii. Examine the relationship between employee characteristics and employee performance at Lake Basin Development Authority.

#### **1.4 Research Questions**

In addressing the broad objective of this research, the study was guided by the following research questions:

- i. What is the relationship between functional leadership and employee performance at Lake Basin Development Authority?
- ii. What is the relationship between employee characteristics and employee performance at Lake Basin Development Authority?

#### **1.5 Scope of the Study**

The research study was confined to Lake Basin Development Authority; a parastatal in Kisumu County, Kenya. According to Cullen *et al.* (2005), a parastatal is defined as an organization or agency-owned, or controlled wholly or partly by the Government. LBDA is one of the 6 Regional Development Authorities (RDAs) in Kenya. According to LBDA (2014), it has 310 employees across Nyanza, Western and some parts of Rift Valley in the eighteen counties and covers 72 constituencies. The respondents were selected from various departments namely; Finance, Human Resource, Procurement, Corporate Affairs, Planning, Transport, Information Communication Technology (ICT), Technical, Administration, Internal Audit, the Executive Office, Lake Basin Development Company as well as the seven regional offices namely Lake Shore, Kuja-Migori, Tende-Kibuon, Lower Nzoia, Upper Nzoia, Yala-Nyando and Sondu-Miriu. The study focused on the perceived effect of functional leadership and employee characteristics on employee performance. LBDA carries out regional development economic activities on dairy and fish farming, bee-keeping, poultry, piggery, tree seedlings and nurseries as well as brick-making and selling. The proposed research study will be conducted and completed by October 2014.

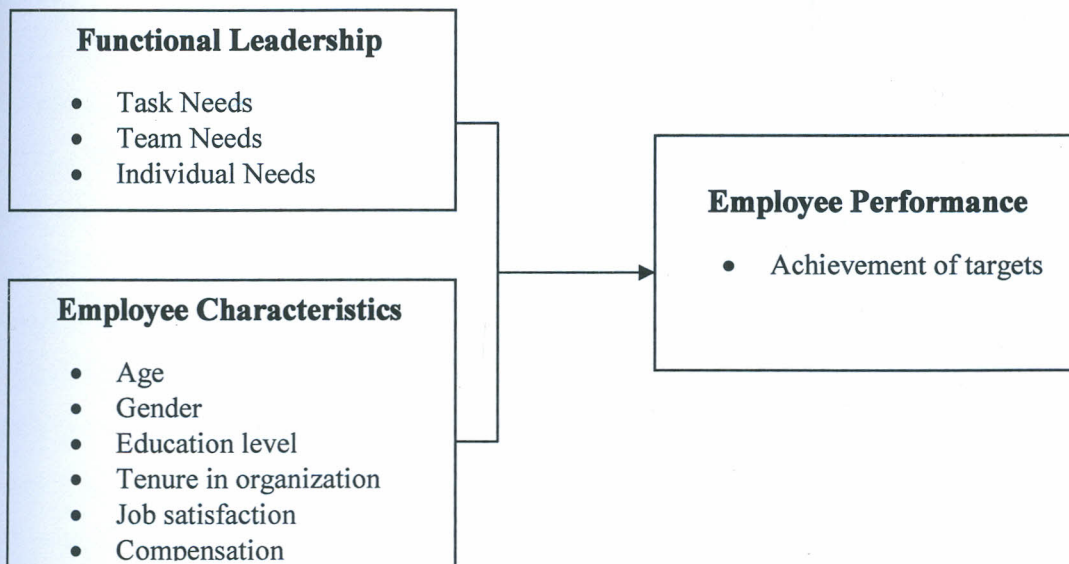
## 1.6 Justification of the Study

The researcher sought to assess the perceived effect functional leadership and employee characteristics on employee performance at LBDA. The choice of this study was made because of its relevance in the regional economic development of Lake Victoria basins' water catchment areas through government subsidies. There has been a widespread global perception for quite a long time that state-owned organizations make huge profits yet they continue benefiting from the government. However, this is not true because in the past parastatals have not performed very effectively to justify their existence without state subsidy funding. To improve efficiency, the government's plan to privatize some state corporations as a means of transformation emerged. If this happens, LBDA's fate on performance is unknown. The study revealed the appropriate functional leadership approaches and the desirable employee characteristics to employers when hiring in future. Besides, it sensitized the government on areas it needs to focus more on in order to boost employee performance towards achieving a common. Finally, this study may enlighten other public institutions, managers, academia groups and researchers on managing challenges of perceived functional leadership and employee characteristics to enhance employee performance.

## 1.7 Conceptual Framework

### Independent Variables

### Dependent Variable



**Fig. 1.1: Relationship between Functional Leadership and Employee Characteristics on Employee Performance**

Source: Adopted from LBDA (2012)

This study assessed the perceived effect of functional leadership and employee characteristics on employee performance at LBDA. It had three variables conceptualized by a theoretical framework as shown in Figure 1.1 that was adopted from LBDA and literature sources. The independent variables were functional leadership and employee characteristics while the dependent variable was the employee performance. The perceived effect of functional leadership and employee characteristics were assumed to have a great influence on employee performance as illustrated in Figure 1.1 above. When leaders apply functional leadership dimensions appropriately in line with the task needs, teams and in turn individuals enhance performance. Subsequently, when the dimensions of employee characteristics are applied when hiring employees or employers develop competencies in the existing workforce through for instance training, their output is increased. Such dimensions included age, gender, educational level, tenure, job satisfaction and employee compensation. According to LBDA (2013b), it is not known that functional leadership and employee characteristics play a great role in employee performance that this study sought to establish.



## **CHAPTER TWO**

### **LITERATURE REVIEW**

#### **2.1 Introduction**

This chapter presents the literature review of previous research studies conducted on the perceived effect of functional leadership, employee characteristics and employee performance. It brings out the theoretical and empirical frameworks upon which leadership as a sub-set of management is built. It also identifies gaps that were left out by previous authors by bringing out the conceptual framework and finally critically reviews all study concepts.

##### **2.1.1 Theoretical Literature Review**

House and Shamir (1993) defined leadership as the ability of an individual to motivated others to forego self-interest in the interest of a given vision collectively to contribute to the attainment of that vision together by making significant self-sacrifices over and above the call of duty willingly. Hodgetts and Hegar (2008) also defined functional leadership as the ability to manage a group to complete a task whilst keeping the group working together as a team and satisfying the requirements of individual members of that group. Rue and Byars (2003) found that functional leadership influences people to willingly follow one's guidance to make decisions in any organization.

##### **2.1.2 Functional Leadership**

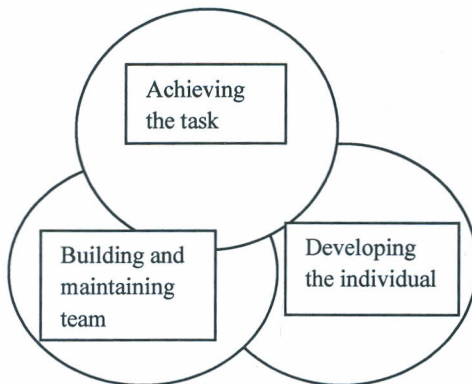
According to House (2005); an effective leader divides their time between three areas of need such as the task, the team and the individuals. This is because the time spent by the leader on each area of need varies depending needs of each area. As explained by Sagimo (2002), leadership is at its best when the vision is strategic, the voice is persuasive and results are tangible. He states that a leader needs guiding concepts to apply to many specific situations so as to have tangible implications for what employees do. The leader's job is to realize which area needs the most attention at any one time and must not forget the most important area that must be completed. A well-knitted team produces the good (finish the task) as and when required. Table 2.1 below highlights the main points for each area of need where some points occur in more than one area of need.

**Table 2.1: Needs for Effective Leadership Behaviour**

<u>Task Needs</u>	<u>Team Needs</u>	<u>Individual Needs</u>
Appreciating the situation	Control of quality/tempo	Motivating, praising
Making/adjusting the plan	Communications	Giving sense of purpose
Allocating work/resources	Team standards	Giving status
Control of quality/tempo	Discipline	Training individuals
Communications	Building team spirit	Recognizing individual abilities
Organizational standards	Motivating, praising	Attending to personal problems
	Giving sense of purpose	
	Giving status	
	Training groups	

*Source: Foy (1994)*

Singh (2000) illustrates that functional leadership behaviour varies depending on the situation. He examined that functional leadership; often called action-centred model, consists of three components known as the individual needs, team maintenance needs and the task to be achieved. He established that a leader must be aware of all the three components by possessing sufficient skills and training to meet all the needs in accordance of their priorities in any given situation. Singh (2000) viewed the action-centred leadership model in Figure 2.1 given below.



**Fig. 2.1: Concern for Tasks, Teams and Individual Needs**

*Source: Betts (2000)*

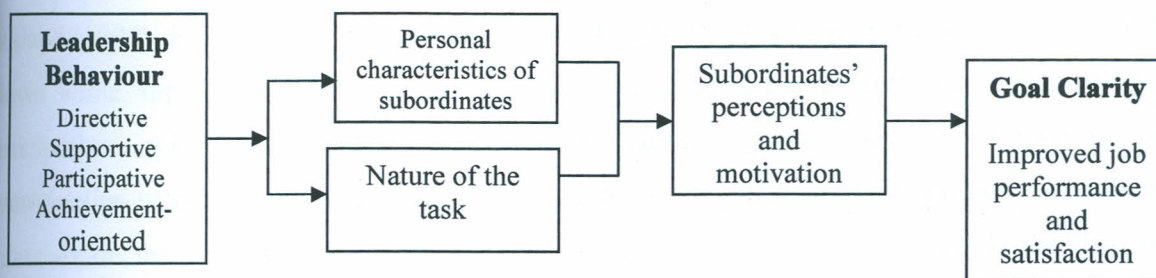
Foy (1994) outlined six functions of functional leadership approach where a leader defines the task, plans, communicates, controls, evaluates, organizes and sets an example. She states that these functions are applied when groups need to take action, perform a task or solve a problem.

The purpose of the leader is to influence behaviour of others by inspiring them to convert plans and decisions into actions.

Foy (1994) states that first, the leader initiates the need by informing all team members how the task is going to be tackled by briefing them in as much details as possible. Jobs and the appropriate equipment needed are provided. The mission is clearly stated in the plan. However, Foy (1994) states that the understanding of the task is dependent on employee characteristics because of their individual perception of what it entails.

Secondly Foy (1994) adds that the leader plans how to tackle the task and presents the final details to the team. Then he communicates with the team and openly welcomes any ideas from other team members. Certain controls are put in place by ensuring the team is working correctly by agreeing on realistic targets against the quality of work. Foy (1994) adds that the leader offers intervention by giving direction and finally evaluates performance through reviews to ensure that the task is on track. Oakland (1999) also adds that a good leader must be adaptable to go through all of the above steps before taking action and should attend debriefs to note any criticisms and good points.

Kouzes and Posner (2002) identified the traits of those leaders who are willingly followed by others. Such leaders secure their leadership positions by investing in work relationships with their followers. Bloch and Whiteley (2003) examined that through the leader's directing, supporting, participating in the task towards its achievement, personal characteristics of employees and their perception determine the motivation path in attaining a goal as shown in Fig. 2.2 below.



**Fig. 2.2: Leadership Behaviour towards Goal Clarity**

*Source: Levine: (2005)*

### 2.1.3 Various Functional Leadership Styles

De Vita (2010) defines a leadership style as the manner in which a leader manages their workload and team. It involves the leader's tendencies, methods and mannerisms in their day-to-day responsibilities as the head of the group. De Vita (2010) adds that members forego self-interest in the interest of a collective vision to contribute to the attainment of a vision through their participation. Mullins (2005) argues that good leaders do not take one form of leadership style and stick to it. Rather, they look for the right situations for each style and they capitalize on the benefits of that style to achieve best results. Various authors came up with different types of leadership styles as detailed below.

De Vita (2010) propounded autocratic leadership; also referred to as authoritarian leadership. It is a leadership in which the leader outlines what he wants and how to achieve it. In many ways, autocratic leadership is not leadership but a form of disciplinarian management. Levine (2000); claims that the focus of power is with the group leader because he coordinates all interactions within the group towards one direction. The leader exercises decision-making on determining policies, procedures for achieving goals, tasks' relationships and controls rewards or punishments. For some routine and unskilled jobs, this style remains effective where the advantages of control outweigh the disadvantages. Levine (2000); states that depending on how well an organization is well-motivated and mature, an autocratic situation may be effective if one has most of the information needed because time needed to achieve a certain goal becomes shorter.

Oakland (1999) defines democratic leadership as a style in which the leader outlines a goal but allows some input from other team members for goal achievement; also referred to as participative style of control. Group members have a greater say in decision-making, determination of policy and implementation of systems. Oakland (1999) examined that although a democratic leader makes the final decision, he invites others to contribute to the decision-making process. This not only increases their job satisfaction; it also helps to develop their skills. All team members are in control of their own destiny and are motivated to work hard for more than just a financial reward. Mullins (2005) says that there is focus of power on the group because of greater interactions within it. Democracy is most suitable where teamwork and information is spread out between the leader and the team members. Bossidy and Charan (2002) viewed that democratic style empowers teams without giving total control to them; if the team falls short, the leaders re-formulate plans by themselves.

Laissez-faire leadership style was founded by Bloch and Whiteley (2003). Laissez-faire is a French phrase meaning "let them do" describing a leader who leaves his or her colleagues to get on with their work through empowering them; as a delegative style. The leader sets an overall goal by taking responsibility for all decisions but leaves the decision-making to the team. Bloch and Whiteley (2003) support that team members are expected to analyze, evaluate and change problems as they move along. Laissez-faire also allows a high amount of independence because employees set their own objectives and decide how to achieve them. This style is appropriate for mature teams for the leader allows members freedom of action without interference but readily gives the necessary support.

Bloch and Whiteley (2003) found bureaucratic leadership. This is where the leaders "work by the book" ensuring that their staff follow bureaucracy. This style is appropriate for work involving serious safety risks like machinery, toxics or heights or where large sums of cash are involved. Charismatic leadership style propounded by Oakland (1999); was equated to a transformational leadership where the leader injects huge doses of enthusiasm into the team and drives them forward. Charismatic leaders tend to believe more in themselves than in their teams. Maurik (1999) noted that charismatic leaders are very good listeners and great information gatherers. They expose themselves to a wide range of individuals in order to get new ideas through

motivating and inspiring others. They express things simply through positive language, stories, symbols and metaphors. They show empathy, remain optimistic and make everyone feel important. Aamondt and Raynes (2001) viewed that charismatic leaders question the status quo while taking risks to thrive on innovation and change.

Supported by De Vita (2010), was task-oriented leadership. It focuses only on getting the job done but can be quite autocratic where the leader actively defines work and the roles, work structures, plans, organizes and monitors performance. Task-oriented leaders benefit from the Blake-Mouton Managerial Grid which helps in identifying specific areas for development to engage people more. Aamondt and Raynes (2001) on the other hand found the people-oriented leadership to be the opposite of task-oriented. The leader is totally focused on organizing, supporting and developing people in the team. As a participative style, it leads to good teamwork and creative collaboration.

Maurik (1999) founded the servant leadership style. The term "servant" coined by Robert Greenleaf in the 1970s, describes a leader who is often not formally recognized as such. The supporters of this leadership model are increasingly important to achieve power on their values and ideals. Bloch and Whiteley (2003) also found transactional leadership. This leadership style starts with the premise that team members agree to obey their leader totally when they take a job on. The transaction is that the organization pays the members in return for their effort and compliance. The leader practices management by exception by punishing team members if their work doesn't meet pre-determined standards. Bloch and Whiteley (2003) found that the leader could give team members some control of their reward using incentives to encourage higher productivity. Finally Bevan (1974) found transformational leadership which states that a true leader inspires his or her team with a shared vision of the future. Transformational leaders are highly visible and spend a lot of time communicating.

Comparing all the leadership styles, various authors have varied views in the sense that De Vita (2010) argues that due to autocratic restrictions the team's output is compromised because creativity and autonomy is absent while Levine (2000) supports that autocratic leadership behaviour has a negative effect on both employee satisfaction and performance in most

situations. More dependency on the leader generates group hostility and slows down execution of decisions. Mullins (2005) adds that autocratic leadership is a demeaning pattern of leadership for those leaders who secure their leadership positions by what they achieve from their teams.

Aamondt and Raynes (2001) also found that democracy participation takes time and can lead to things happening more slowly than an autocratic approach. Bloch and Whiteley (2003) viewed that in some democratic situations managers are not exerting sufficient control due to less group satisfaction, less productivity and to some extent poorer quality of work results. In other situations, inflexibility and a high level of control demoralizes staff in bureaucratic leadership. These, diminish the organization's ability to react to changing external forces. Oakland (1999) also viewed that an entire organization might collapse if the charismatic leader were to leave because in the eyes of their followers, success is tied up with the presence of that leader.

De Vita (2010) contrarily views that task-oriented leaders have little time for their teams. This approach suffers difficulties like autocracy in motivating and retaining staff. When taken to extremes, people-oriented leadership alone can lead to failure in achieving the team's goals. Therefore most leaders use both task-oriented and people-oriented styles together. De Vita (2010) also found that team members can do little to improve their job satisfaction under transactional leadership. Rather than rewarding better work, a corrective action is a must if required standards were not met and that impacts negatively on employees. Bevan (1974) found that transactional leadership only focuses on short-term tasks and this is detrimental for businesses.

Fielder (2000) also examined that both transactional and transformational leadership run concurrently in most organizations. The transactional leaders ensure that routine work is done reliably, while transformational leaders look after initiatives that add value. Bloch and Whiteley (2003) viewed that laissez-faire is more non-style of leadership, and leads to employee resignation. From comparisons above, the knowledge that gap emerging is that it is unknown which specific leadership style can be regarded as functional or is deemed superior to others in formal organizations. Each leadership style has both positive and the negative sides; in most cases a combination of leadership styles becomes necessary. Therefore it is not clear which

particular leadership styles may be blended to yield an optimal performance at LBDA; the form of leadership that exists is still unknown.

#### **2.1.4 Employee Characteristics**

Hollingsworth (2005) defines employee characteristics as those inherent values or ideals that identify an employee's uniqueness to perform their duties in a formal work environment. Employee characteristics are shaped by work relationships, organizational policies and procedures, rules and regulations and job descriptions. LBDA like any other employer recognizes that instrumental employees are quickly becoming a rare commodity to hire and retain them because hiring effective, productive employees could cause business to soar. Hollingsworth (2005) argues that no matter the position, field or profession, invaluable employees will always be in demand; not just for their skills and talents, but also because their solid track records distinguish them from their peers.

Sagimo (2002) states that attracting and retaining high-quality employees is another important managerial objective but costly. The cost of turnover can be high for companies that have high recruiting costs. Job satisfaction is a positive evaluation of an organization resulting from met expectations and validation of one's identity (traits, values and competencies). Singh (2000) found that an ideal employee is respected by others because his career path is planned and focused. Such characteristics determine an employee's position in the team while also increasing their worth to the entire organization. Regardless of industry, pay, education level, age or gender, ideal employees are determined by some common characteristics that employers are always in search of.

On the contrary, Sagimo (2002) views that while it is clear why employees would seek highly satisfying jobs; it is less clear why managers should be concerned with the morale of their employees. Singh (2000) states that when hiring employees for any size business, it is not what the candidates know today. Rather, information can always be taught later. The most intelligent companies hire on future success when determining the most suitable employees. Therefore, it is unknown that at LBDA employee characteristics play a major role in determining their job



performance. It is also unknown that information can always be taught because an employee does not necessarily need to have all the aforementioned characteristics to be hired at LBDA.

### **2.1.5 Employee Performance**

Whittaker and Cartwright (2000) defined employee performance as a manner in which an employee conducts himself in accordance with the organizational guidelines aimed at improving productivity against the set targets. Fielder (2000) states that a performance management system helps employers simultaneously achieve business goals and employee satisfaction. It is an entire program for measuring more than just how much or how fast employees are doing their jobs rightly.

Foy (1994) further states that employee performance management began in the federal government in the 19<sup>th</sup> Century where engineer Frederick W. Taylor researched on measurement and wise use of time. Taylor's time studies on motion in the workplace conducted by Frank and Lillian Gilbreth formed the earliest version of performance management. Their concept of employee performance management evolved to a comprehensive model to which many forward-thinking employers subscribe. Foy (1994) analyzed that three main factors contribute to employee performance.

The first factor was the mandate of an organization which supports workforce development. It means improving employees through assessing their current skills and providing training, guidance and leadership. Adam and Abert (1992) added that employees who receive support, recognition, training and development are more likely to be productive workers. Secondly were the components of the job. Foy (1994); states that identical employee performance management systems are rare because they need to address specific workforce needs. Such a system consists of job descriptions, performance standards, disciplinary and corrective action forms, performance appraisals and employee recognition. Foy (1994) adds that finally, is an implementation of the workforce systems for one to achieve quality.

Adam and Abert (1992) measured several determinants of employee performance in a research study. The first determinant is a positive attitude and found that a confident and positive

approach towards work is what makes one unique to stand out from others in any organization. A cheerful employee is highly valued and respected by others. Adam and Abert (1992) found that upbeat and optimistic employees create a working environment and spawn new ideas to those involved. Adam and Abert (1992) examined that communication excellent written and verbal skills are essential. Savoie (1993) states that good communication skills requires individuals who can understand the company's policies and then explain them among the subordinates. Adam and Abert (1992) further found that self-motivation is another determinant of a good employee to take up initiatives.

Dipboye (1994); viewed that a hard-working dedicated employee along is the key to success. An employee consistent in performance is the only way that can ensure a company's ladder of success. Dipboye (1994); supports that employees need to be adaptable to work surroundings to allow them flexibility and to become well-accustomed accordingly. An employee interested in learning and growing need not worry too much about the changing conditions rather should adapt soon and perform their best. Dipboye (1994) also claims that employees as team players can lead an organization towards success for efficiency by displaying their skills within a team. Time management in accomplishment of responsibilities without compromising on quality is highly commended as another good determinant; Savoie (1993). Trustworthiness and loyalty to abide by rules and maintaining confidentiality are equally important amongst desirable employees. Savoie (1993) also indicated that autonomous employees can get the job done without extensive hand-holding while Lucey (2002) concluded that work ethics begins with self-confidence, positive reinforcement and repetitive success.

On the contrary, Rue and Byars (2003) viewed that when recruiting, employers' cultural sensitivity determines the difference between an employee who does not stay long and fails to produce results versus an all-star who is going to increase competitive advantage. All-star employees relate very well with other diverse cultures although they do not last for very long in an organization since they are aware that their skills are highly demanded out there. Such employees are noble professionals. Rue and Byars (2003) also noted that implementation of an employee performance management system can be difficult for an existing company because the

process means making significant changes for the workforce. Thus it is unknown that desirable employee characteristics determine their performance that this study was seeking to establish.

## **2.2 Empirical Literature Review**

### **2.1.1 Relationship between Functional Leadership and Employee Performance**

Pradeep and Prabhu (2011) in their study in Singapore analyzed the relationship between effective leadership and employee performance after which they established that the present work focuses on transformational, transactional and laissez-faire leadership models. They compared the relationship between these models and employee performance in selected public and private sector enterprises. The study comprised 43 middle-level managers and 156 subordinates on various factors that add to effectiveness of leadership through Garrett scores. They compared whether there is any difference in leadership choice between the public and private sector enterprises. Pradeep and Prabhu (2011) also examined the relationship between the three leadership models and employee performance using correlation and regression analysis. Their study recommended that leaders must have ability to influence their subordinates, set clear standards of performance and act as their role model. The subordinates expected that their achievements must be recognized and rewarded either with monetary or with non-monetary terms. The Garrett's score gives preferences of middle-level managers and subordinates in both the public and private sector enterprises.

Dipboye (1994) studied effect of transformational leadership on employee performance. It emerged that certain leadership approaches are effective with subordinates in various professional levels. It is unknown that transformational and transactional leadership approaches are more effective when dealing with subordinates in various professional levels that this study sought to determine.

Azman *et al.* (2009) in Sarawak in Malaysia established that organizational leadership highlights the interaction between leaders and followers in two major features; the participative style and consultative style. This study measured the effect of interaction between leaders and followers on job performance. It revealed that the ability of leaders to implement such leadership styles has a significant impact on job performance. It also emerged that participative styles are significantly correlated with job performance than consultative styles; Azman *et al.* (2009). It was concluded

that interaction between leaders and their followers acts as an important antecedent of job performance which should be implemented to motivate employees' performance. Maria (2009) in Romania also studied effective leadership and organizational culture. She found that successful organizations are the result of effective leadership. As the organization evolves and its culture develops, this new culture shapes the leader and influences their actions. On the contrary, Azman *et al.* (2009) state that even though the nature of participative and consultative styles has been studied, little is known about the role of interaction between leaders and followers as an antecedent of job performance on people-oriented leadership; the same is also unknown at LBDA.

The scholars (Pradeep, and Prabhu, 2011; Dipboye, 1994; Maria, 2009 and Azman *et al.* 2009); studied leadership and employee performance but never articulated functional leadership ethics and values to others or even set expectations. This was because in a higher performing organization, ethics go beyond compliance with legal standards, laws, rules, and regulations in enhancing employee performance. Therefore the perceived effect of functional leadership and performance is not known.

### **2.1.2 The Relationship between Employee Characteristics and Employee Performance**

Voon *et al.* (2011) carried out a study in Malaysia to determine the relationship between transactional leadership aspects such as contingent reward, active management by exception and passive management by exception with job satisfaction among employees in the public sector. They examined the relationship between aspects of transformational leadership such as idealized influence, intellectual stimulation, individual consideration and inspirational motivation with job satisfaction among employees in the public sector. The results showed that transformational leadership has a stronger relationship with job satisfaction and is suitable for public institutions.

In New York, Saari (2004) measured employee attitudes and job satisfaction. It was found that even though organizations cannot directly impact employee personality, using sound selection methods and a good match between employees and jobs ensures people that are suitably placed into their jobs. Ristow *et al.* (1999) found that effective leader behaviour facilitates attainment of the followers' desires. They concluded that success or failure of an organization is directly

connected to the leadership style and the founders' beliefs, values, opportunities and constraints confronting that organization currently.

Jing-zhou (2008) in China studied the role of leadership between the employees and the organization. He ascertained that the relationship between the leaders and members not only affects employee performance, but also affects the relationship between employees and an organization. As the people in-charge, leaders manage the organization's affairs and employees' face-to-face relationships. The results showed that the transformational leadership has a stronger relationship with job satisfaction for managing government organizations.

Contrary to some commonly-held practitioner beliefs, Judge and Church (2000) and Jurgensen (1998) in New York established that the most notable situational influence on job satisfaction is the nature of the work itself called "intrinsic job characteristics." Furthermore, it is generally accepted that the effectiveness of any set of people is largely dependent on the quality of its leadership. The employees require motivation as an encouragement to take more ownership for their work. (Voon et al., 2011; Saari, 2004; Ristow, et al. 1999; and Jing-zhou 2008) none of these scholars looked at performance management as a way of determining performance in relation to their characteristics such as age, gender, tenure, compensation and education that this study established.

The scholars did not examine the all indicators of the employee characteristics (age, sex, compensation, tenure and education) to know if they affect their performance. Therefore the effect of employee characteristics on performance remains unknown. The study sought to assess each of these indicators of employee performance. Therefore, the effect of employee characteristics on performance is unknown.

### **2.3 Summary of Literature Review**

From various studies conducted by scholars (Pradeep, and Prabhu 2011; Dipboye 1994; Maria 2009; and Azman *et al.* 2009); none of them articulated functional leadership ethics and values to others or even sets expectations for others. (Voon et al., 2011; Saari, 2004; Ristow, et al. 1999; and Jing-zhou 2008), none of them looked at performance management as a way of determining

performance in relation to employee characteristics such as age, gender, tenure, compensation and education that this study established. It is apparent that the perceived effect of functional leadership and employee characteristics on performance in public institutions is a subject matter that needs to be addressed. According to Kouzes and Posner (2002), effective leaders also must be intelligent, fair-minded, broadminded, supportive, straightforward, dependable, cooperative, determined, imaginative, ambitious, courageous, caring, mature, loyal, self-controlled and independent. Most of these characteristics are emotional and social intelligence skills for leaders but none of the scholars discussed them as being crucial for leaders; they only focused on characteristics of employees. With regards to LBDA, the perceived effect of functional leadership and employee characteristics on performance is still unknown. It is clear that none of the scholars attempted to assess the perceived effect of functional leadership and employee characteristics on performance in public institutions that this study was aimed at examining at LBDA.

## **CHAPTER THREE**

### **RESEARCH METHODOLOGY**

#### **3.1 Introduction**

This chapter focuses on the research techniques adopted by the study in order to achieve the research objectives. It describes the research design and provides details of the population, the study area, the sampling frame, sampling techniques and the research instruments used in collecting data for the study. It also discusses the data collection methods and data analysis.

#### **3.2 Research Design**

This study adopted a descriptive survey research design. Fraenkel and Wallen (2012) define a descriptive survey as a research method that involves asking a scientifically selected group of people about a particular problem to describe an existing phenomenon to justify current conditions or practices and to make more intelligent plans of improving them. The research design enables comparing and generalization for findings. A descriptive design was chosen since participants were expected to describe through the questionnaire, their insights on perceived functional leadership of the Authority and how it affects their performance.

#### **3.3 Study Area**

The study was conducted at LBDA targeting eighteen counties in which LBDA conducts regional economic development in Western, Nyanza and a few parts of the Rift Valley. The counties included Kisumu, Homabay, Kisii, Migori, Nandi, Kakamega, Busia, Bungoma, Trans-Nzoia, Uasin Gishu, Bomet, Nyamira, Vihiga, Kericho, Elgeyo Marakwet, Nakuru, Siaya and West Pokot. It covers 72 constituencies with a population of 16.2 million people; census (2009) and constitutes 42% of Kenya's population. The geographical coverage lies between latitudes 10 16'N and 10 54'S and longitudes 330 55' and 350 51'E around the equator as given in Appendix V. LBDA was chosen as a study area because her customers and stakeholders who according to LBDA report (2013a) justified due to declining performance of LBDA; there was need to find out how leadership affects performance and the large population of 16.2 million that the Authority serves within its geographical coverage.

### 3.4 Target Population

For this study the target population was 310 LBDA employees. They comprised several heads of divisions, regional managers, heads of departments, drivers, accountants, secretaries, engineers, auditors, marketers, clerks, ICT officers and support staff as shown in Table 3.1 below.

**Table 3.1: Target Population and Proportionate Sample Size with background information on Employee Characteristics**

Division/Department	Target Population	Percentage (%)	Sample Size
Heads of Divisions	3	0.9	2
Regional Managers	7	2.3	4
Heads of Departments	16	5.2	9
Drivers	24	7.7	13
Accountants	27	8.7	15
Secretaries	26	8.4	15
Engineers	11	3.5	6
Auditors	10	3.2	6
Marketers	15	4.9	8
Clerks(137)			
• LBDC	21	44.2	77
• Regional offices	71		
• Headquarters	45		
ICT Officers	7	2.3	4
Support Staff	27	8.7	15
<b>Total</b>	<b>310</b>	<b>100%</b>	<b>174</b>

Source: LBDA (2013e)

### 3.5 Sampling Frame

Cooper and Schindler (2001) defined a sampling frame as a list of elements from which the sample is drawn where all elements have similar characteristics to the population. This study had a sampling frame of 310 employees of LBDA according to LBDA (2014). All the elements were



subdivided into strata after which the number of elements in each stratum was further narrowed down into smaller proportions of the population; Kothari (2009).

### 3.5.1 Sample Size

The statistical sample was 174 respondents who were determined using stratified sampling according to LBDA (2014). The sample was determined by Yamane's statistical formula (2007) to obtain the required sample. This was because the population was large, finite and subdivided into strata. The sample was determined according to as shown below.

$$n = \frac{N}{1+N(e)^2} \dots\dots\dots(3.1)$$

- Where            n = desired responses
- e = error limit (0.05%)
- N = sample size

Therefore  $n = \frac{310}{1+310(0.05)^2} = 174$  employees

The confidence level used was 95%. The population of 310 employees was subdivided into strata, (i.e. departments) from which random samples were drawn from each stratum) as shown in Table 3.1 below. All the job groups cut across the entire LBDA's strata.

### 3.5.2 Response Rate

Only 161 respondents completed their questionnaires and their views were captured. Among them, 3 questionnaires were discarded because 2 of them had been wrongly completed while 1 was incomplete. The other 13 respondents did not return questionnaires despite the researcher's several attempts reaching them through email and telephone calls; none responded due to other logistical reasons. Therefore, 158 respondents who successfully participated in the study represent 91% response rate. The researcher had distributed 200 questionnaires in order to obtain 100% response rate. The minimum response rate is usually from 57% and above; therefore the quality of the results was not compromised; states Lucey (2002).

### **3.6 Data Collection Methods**

The researcher developed a questionnaire and used it to collect primary data from the respondents. As defined by Kothari (2009), a questionnaire is a research instrument consisting of a series of questions and other prompts for the purpose of gathering information from the respondents (see Appendix II). Since the study area is vast, the researcher distributed the questionnaire with the help of two research assistants who assisted in data collection between one to two weeks' time.

#### **3.6.1 Data Sources**

The study utilized primary data obtained from the selected sample respondents of LBDA employees. The secondary data sources were also obtained from previous LBDA's survey reports such as LBDA (2013a), (2013c), (2013d) as well as the internet.

#### **3.6.2 Data Collection Procedures**

The researcher having conducted a pre-test of the tool before going to the field to administer the questionnaire and collect data, it was possible to travel to all LBDA's regional offices. The researcher guided respondents on how to complete the questionnaires at their own convenience, states Mugenda and Mugenda (2003). All questionnaires were returned in two weeks' time as had been scheduled by the researcher. Thereafter, the data was compiled in preparation for analysis.

#### **3.6.3 Data Collection Instrument**

The data collection instrument was the questionnaire. It was divided into three parts namely A, B and C to assess respondents' opinions on an original Likert Scale of 1-5. The highest score was 1 and 5 was the lowest score; coded as: Strongly Agree (1), Agree (2), Moderate (3), Disagree (4) and Strongly Disagree (5). Part A covered functional leadership, B was Employee Characteristics (A and B are independent variables) while C covered Employee Performance (dependent variable). The instrument is appended as Appendix II.

### 3.6.4 Reliability Test

Reliability is the degree to which an assessment tool (questionnaire) produces stable and consistent results. For this study, test re-test reliability of the tool was administered to 8 senior management employees of LBDA. The same test was again administered after one week to the same employees. The scores from Time 1 and Time 2 after one week were correlated in order to evaluate the test for stability of time, (Phelan and Wren, 2005). The data collected was then entered into SPSS where Cronbach's  $\alpha$  alpha was used to perform reliability test for comparison consistency. The results of both tests revealed that the values were  $> 0.7$  (Tavakol and Dennick, 2011) as shown in Table 3.2 below. All the 8 in the two tests were excluded from the main study therefore there was no possibility of contamination of data.

**Table 3.2: Reliability Statistics before administration of final Questionnaire**

<b>Reliability Statistics</b>			
	Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	No. of Respondents
Test	0.767	0.719	8
Re-test	0.729	0.702	8

*Source: LBDA survey data (2014)*

Table 3.2 above shows that ( $\alpha$ ) alpha was at 0.767 and 0.729 respectively before administering the questionnaire to the final list of respondents for the research study. The average score of 0.748 score for both tests confirmed reliability of the data collection tool.

### 3.6.5 Validity Test

According to Fraenkel and Wallen (2012), validity refers to how well a test measures what it is purported to measure. The type of validity was construct validity; used to ensure that the tool actually measured what it was intended to measure. The researcher assessed the instrument by correlating the results of two sets of data collected during pre-test on 8 senior managers and compared the two sets. The results indicated a-level of  $> 0.76$  and  $> 0.72$  respectively; (Phelan & Wren, 2005). Therefore this confirmed validity because it obtained an acceptable level of  $> 0.7$  in both tests.

### 3.7 Data Analysis

Descriptive statistics were used to summarize the data. This method was preferred in order to demonstrate data relationships and to describe the phenomenon as it is. Nguyen (2011) further suggests that descriptive studies can answer questions such as “what is” or “what was.” Data was analyzed and presented in percentages, tabulations and mean as a measure of central tendency to produce quantitative reports. In establishing LBDA’s employee insights of the perceived effect of functional leadership and employee characteristics on performance, descriptive statistics of average mean scores were used. The study also used percentages to determine the correlation and regression analysis of variables.

#### 3.7.1 Model Specification

To determine the effect of functional leadership and employee characteristics on employee performance at LBDA, an estimation model established by Nguyen *et al.* (2011) was adopted and modified as below.

$$Y_i = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \beta_5 X_5 + \beta_6 X_6 + \beta_7 X_7 + \beta_8 X_8 + \beta_9 X_9 + \varepsilon_i. \quad (3.2)$$

Where:

$Y_i$	=	a factor score of employee performance
$\alpha$	=	Constant
$\beta_1, \dots, \beta_9$	=	Are the loading for variable $x$ on $X_1, \dots, X_9$
$X_1$	=	Task Needs measured on a Likert Scale
$X_2$	=	Team Needs measured on a Likert Scale
$X_3$	=	Individual Needs measured on a Likert Scale
$X_4$	=	Age measured on an ordinal Scale by number of years
$X_5$	=	Gender measured on a nominal scale as male/female
$X_6$	=	Education level measured by one’s qualifications
$X_7$	=	Tenure in the organization measured on a Likert Scale
$X_8$	=	Job satisfaction measured on a Likert Scale
$X_9$	=	Compensation measured on a Likert Scale
$\varepsilon$	=	Error term

$Y_i$  = a mean score of product realization measured on Likert scale anchored between 1-5 where 1 = Strongly Disagree and 5 = Strongly Agree



Task Needs	–	measured on a Likert scale at LBDA
Team Needs	–	measured on a Likert scale at LBDA
Individual Needs	–	measured on a Likert scale at LBDA
Age	–	measured on an ordinal scale by number of years
Gender	–	measured on a nominal scale by male or female
Education	–	measured on a nominal scale by qualifications at LBDA
Job satisfaction	–	measured on a nominal scale
Compensation	–	measured by level of one's income in relation to duties performed
Tenure	–	measured on an ordinal scale of the experience at LBDA
Error Term	~	$N(0, \sigma^2)$

### 3.8 Data Presentation

Churchill (1996) states that data presentation is the form in which analyzed results are presented by the researcher to the readers. The results were analyzed using regression analysis. Churchill (1996) defines regression analysis as techniques used to derive an equation that relates a variable to one or more independent variables. Thereafter, data was presented in tables, graphs and charts.

## **CHAPTER FOUR**

### **RESULTS AND DISCUSSIONS**

#### **4.1 Introduction**

This chapter summarizes the results of the research study descriptively and interprets the findings of the perceived effect of functional leadership and employee characteristics on employee performance at LBDA. It presents the variables namely functional leadership, employee characteristics and employee performance. The data was presented in tables, graphs and pie charts and results were analyzed by correlation and regression techniques.

#### **4.2 Descriptive Statistics of Variables**

This section presents an analysis of the research study in accordance with 158 respondents who participated in the study as stated below.

#### **4.3 Perceived Effect of Functional Leadership on Employee Performance**

The results indicated in Table 4.1 show that there is the perceived effect of functional leadership is supported by various factors that enhance performance at LBDA. It was established that the mean score is tending towards 1. Therefore this means that majority of the respondents strongly agreed that the perceived effect of functional leadership and employee characteristics influences employee performance at LBDA. The leadership approaches are highly favourable and the management is flexible to employees concerns on performance. The Authority having been ISO certified in 2012, it conforms and complies with the regulatory requirements in as far as performance is concerned. It also means that it the supervisors are aware of their team needs, individual needs as well as the task needs towards performance. The departmental annual workplans are also monitored closely through the service charter. Finally the management is objective in delivery of timely and quality results hence this makes employees perform better.

In effective leadership, the leaders must be familiar with the different personalities of the staff members working under them and understand them better in terms of their different capabilities. This allows the leader to interact with each staff member in an appropriate manner by aligning their strengths and weaknesses to their jobs they do. By facilitating dialogues, promoting principles and values, fostering collaboration and a sense of belonging, leaders influence employees towards better performance.

House (2005) says that an effective leader divides their time between three areas of need; the task, the team and the individual needs of the team to become successful. Sagimo (2002) also explained that leadership is at its best when the vision is strategic, the voice is persuasive and employee results are tangible. On the basis of relevant literature already reviewed, a significant relationship was expected to exist between the perceived effect of functional leadership and employee performance in line with the first objective. Therefore this study confirms that expectation. The findings of this research support the conclusions drawn by House (2005) and Sagimo (2002).

**Table 4.1: Descriptive Statistics of Functional Leadership**

Leadership Factors	N	SA:1	A:2	M:3	D:4	SD:5:5	M	St D
a) LBDA's leadership approaches are aligned to its mission, vision, core values and the strategic plan.	158	55(35)	85(54)	1(1)	11(7)	4(3)	0.97	0.55
b) LBDA's management determines employee performance.	158	47(30)	74(47)	26(17)	15(6)	0(0)	1.28	0.821
c) LBDA's management monitors employee performance through performance contracts and ISO compliance.	158	96(61)	31(20)	6(4)	17(11)	6(4)	0.94	0.567
d) LBDA management is flexible and understands the work-life balance in my performance.	158	41(26)	31(20)	25(16)	47(30)	12(8)	0.94	1.008
e) My supervisor's is aware of the task needs; team needs as well as my individual needs required for my performance.	158	25(16)	107(68)	12(8)	11(7)	1(1)	1.09	0.632
f) LBDA's management develops workplans based on departmental objectives to realize employee performance.	158	28(16)	96(61)	14(9)	17(11)	4(3)	1.04	0.726
g) The management is objective in the delivery of timely and quality results.	158	88(56)	36(23)	18(12)	11(7)	3(2)	1.15	0.742
Average	100	34	42	10	11	3		

N: Total Number, SA: Strongly Agree, A: Agree, M: Moderate, D: Disagree, SD: Strongly Disagree, M: Mean, St D: Standard Deviation

Source: LBDA survey data (2014)

From Table 4.1, the respondents who indicated that they strongly agreed and those who agreed were grouped together as being in agreement with the perceived effect of functional leadership at LBDA. Generally, 76% agreed, while those who strongly disagreed or just disagreed were 14%

and 10 % were neither in agreement nor in disagreement. In the parenthesis was the frequency of their responses.

#### 4.4 Descriptive Statistics of Employee Performance

**Table 4.2: Descriptive Statistics of Employee Performance**

Determinants of Employee Performance	N	SA:1	A:2	M:3	D:4	SD:5	M	St D
a) Employee performance is in tandem with the Authority's strategic plan to achieve the vision.	158	30 (11)	31(20)	12(8)	113(72)	74(47)	3.78	1.202
b) The departmental objectives are SMART because they are: S - Specific M - Measurable A - Achievable R - Realistic, and T - Time bound	158	14(9)	36(23)	47(30)	123(78)	28(18)	3.46	1.057
c) LBDA has a strong employee performance culture that recognizes and rewards employees for their achievements.	158	37(24)	42(27)	112(71)	18(28)	12(8)	2.80	1.062
d) My work contribution is significant and my supervisor always provides timely feedback.	158	23(15)	39(25)	18(12)	146(93)	20(13)	3.41	1.140
e) My supervisor is a supportive and trustworthy leader in providing the necessary guidance towards target achievement.	158	26(17)	50(32)	22(14)	131(83)	18(12)	3.26	1.185
f) Adequate work equipment is always provided to facilitate and support goal achievement.	158	25(16)	36(23)	58(37)	77(49)	52(33)	3.07	1.163

N: Total Number, SA: Strongly Agree, A: Agree, M: Moderate, D: Disagree, SD: Strongly Disagree, M: Mean, St D: Standard Deviation

*Source: LBDA survey data (2014)*

The results in Table 4.2 indicate that the mean tending towards 3 revealed that majority of the respondents agreed that employee performance is dependent on the perceived effect of functional leadership at LBDA. It was established that employee performance is aligned to the strategic plan to achieve the mission and vision hence this is good for an organization continued existence. It was also found that the departmental objectives are specific, measurable, achievable, realistic and time-bound. This means that the objectives are good enough for employees' target achievement. It was also found that LBDA has a strong employee performance culture for



employee recognition in their achievements and this makes everyone to strive to be the best so as to be recognized. This also means that employees are motivated, compete as a team, performance is enhanced, and some get promotions for their hard work. It was also found that employees receive regular feedbacks from their supervisors and this makes them feel more valued since they learn more and improve on their skills. It was also found that the supervisors are trustworthy and provide the necessary support to teams. At the same time, employees are provided with the right working equipment such as computers and this improves their knowledge, speed and efficiency. The frequencies are also indicated in the parenthesis.

On comparing findings, other scholars (Yukl, 1998; and Fielder, 2000) found that a performance management system helps employers to simultaneously achieve business goals and employee satisfaction. Adam and Abert (1992) also found that a positive attitude, confidence and positive approach towards work attributes that make one unique from other employees in any organization. Therefore, responses given in Table 4.2 indicate that majority of the respondents strongly agreed with the factors influencing employee performance. The type of management at LBDA is supportive and is sensitive to employee needs in as far as their performance is concerned in achieving their goals.

On the basis of relevant literature already reviewed, the results investigating the relationship between employee characteristics and employee performance indicated that two characteristics are significant for employers to have in an organization. These included educational levels and job satisfaction of employees. This implies that well-educated employees perform their jobs adequately. Those employees who are perceived to be having job satisfaction tend to remain longer and committed to working in an organization. Therefore the two factors are good for the continuity of LBDA as growing organization. Other factors such as sex, gender, tenure and employee compensation were insignificant in employee performance.

While Hollingsworth (2005) argues that no matter the position, field or profession, invaluable employees will always be in demand not just for their skills and talents, Sagimo (2002) stated that job satisfaction is a positive evaluation of an organization resulting from met expectations and validation of one's identity (traits, values and competencies). Sagimo (2002) adds that

attracting and retaining high-quality employees is another important managerial objective but costly. The cost of turnover can be high for companies that have high recruiting costs. Contrary to LBDA, employees can be hired at any given time and are trained to acquire the necessary skills to perform their jobs. This means that one does not necessarily need to have all the necessary skills to be employed at LBDA.

Singh (2000) found that an ideal employee's characteristics determine their position in the team while also increasing their worth to the entire organization. Regardless of industry, pay, education level, age or gender, ideal employees are determined by some common characteristics that employers are always in search of. This means that at LBDA, teamwork ranks highly for employees to achieve their targets. On the other hand, job satisfaction is a positive evaluation of an organization resulting from met expectations and validation of one's identity (traits, values and competencies). Therefore, job satisfaction at LBDA helps in reducing the staff turnover while improving her image as an employer. LBDA has also been able to meet her long-term serving employees' expectation that is why they have been working there for a long time. Some employees indicated that they would continue working there until retirement.

Adam and Abert (1992) found that communication excellent written and verbal skills are essential. This further supports why LBDA's employees are well-educated thus it enables the organization to compete effectively with other parastatals. Well-educated employees are able to express themselves clearly. Savoie (1993) states that good communication skills require individuals who can understand the company's policies and then explain them among the subordinates. Therefore, both education and job satisfaction are key factors for employees to have them if they are to work effectively.

#### **4.5.1 Employee Characteristics by Geographical Location**

From Table 4.3, headquarters had the highest number of respondents as 93 indicating a frequency of 59%, while Upper Nzoia, Kuja Migori and Sondu Miriu each had 8 respondents representing 5 per cent. Lower Nzoia and Kibuon-Tende had 11 each representing 7%, Yala-Nyando 10 representing 6% while Lake Shore 9 and that represented 7 per cent of the employee characteristics sample per location. This means that the headquarters carries the largest number

of employees compared to the regional offices therefore most of the respondents' data was obtained from headquarters. Majority of the staff are hosted at the headquarters for administrative functions and these functions are further cascaded to other regional offices.

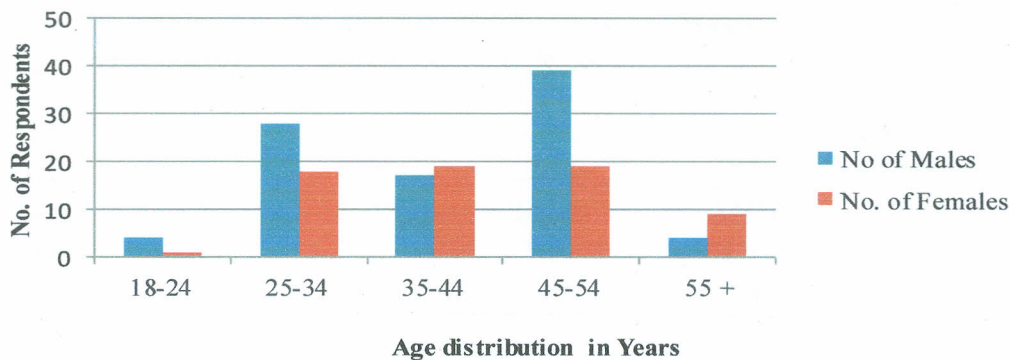
**Table 4.3: Employee Characteristics by Geographical Location**

<b>Geographical Location</b>	<b>No. of Respondents</b>	<b>Frequencies %</b>
Headquarters	93	59
Upper Nzoia	8	5
Lower Nzoia	11	7
Kuja Migori	8	5
Sondu Miriu	8	5
Yala Nyando	10	6
Kibuon Tende	11	7
Lake Shore	9	7
<b>Total</b>	<b>158</b>	<b>100</b>

*Source: LBDA survey data (2014)*

#### **4.5.2 Gender and Age Distribution**

It was broadly determined that out of 158 respondents, 66 represented 42% females while 92 represented 58% males. Accordingly, the legal retirement age in Kenya's Civil service is 60 years of age. In this study therefore, the age ranges were grouped into 5 categories to capture data effectively because some employees were skeptical about revealing their exact ages according to Figure 4.1 below.



**Fig. 4.1: Gender and Age Distribution**  
*Source: LBDA survey data (2014)*

It was established that the highest number of respondents' age ranges between 45-54 years of age was males to be 39%, followed by 25-34 males as 29%, 35-44 years males as 18%, 55 and above 6 as 14% while the lowest was 18-24 years as 4%. This means that LBDA needs to put in place a succession plan soon to replace the majority of employees aged between 45-54 years as they will be retiring in less than 10 years from now. This report will inform the management of the human resource planning strategies to be put in place; for example a succession plan. Succession planning is an important part of estate planning. It helps eliminate confusion as to who will carry on the legacy of certain duties when an employee is no longer available to make decisions. It defines the new job holder by outlining specific details of importance for a smooth transition between exiting employee and successor.

#### 4.5.3 Educational Levels and Training

Stratifying the sample by their ages again, the respondents' highest levels of education and training were ascertained according to Table 4.5 below. Majority of the respondents had tertiary level of education as 47%, university education were 23%, those with secondary education were 19% while those with primary school level of education were 11 per cent. Therefore LBDA's workforce is well-educated because their stratum ranked highest with 47 per cent. This also indicates that there is optimal performance at LBDA.

**Table 4.4: Educational Levels and Training**

Age Range	Primary School	Secondary School	Tertiary(some College)	University	Total
18-24 Years	1(0)	0(0)	1(0)	3(1)	5(1)
25-34 Years	5(1)	9(3)	20(15)	12(4)	46(23)
35-44 Years	2(3)	7(2)	22(16)	5(2)	36(23)
45-54 Years	8(1)	12(19)	24(18)	14(5)	58(43)
55 and above	1(0)	3(1)	7(5)	2(1)	13(7)
Total	17	31	74	36	158

Source: LBDA survey data (2014)

#### 4.5.4 Tenure in the Organization

For this category, the researcher focused on the number of years an employee has worked and intends to continue working at LBDA. One's tenure in an organization was crucial in determining their job satisfaction level and experience gained because a contented employee will tend to continue working longer and exhibits long-term commitment to an organization as shown in Table 4.5 below.

**Table 4.5: Tenure in the Organization**

Time in Years	Frequency	Percent	Cumulative Percent
Until Retirement	38	24	24
More than 10 years	37	23	47
Between 5-10 years	51	32	80
Between 3-5 years	13	8	88
Less than 3 years	12	7	96
Not sure	7	4	100.0
Total	158	100.0	

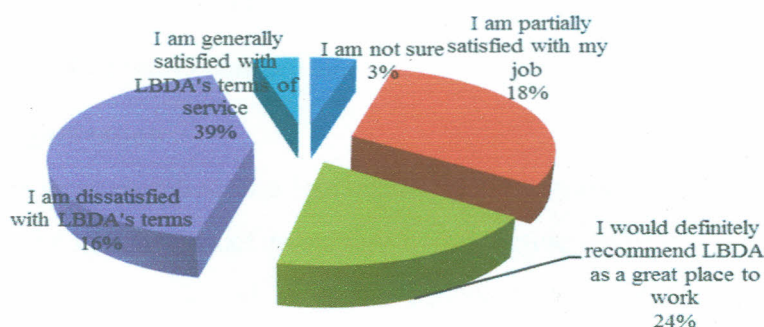
Source: LBDA survey data (2014)

It was found that the highest number of respondents was 51 representing 32% who indicated that they would continue working at LBDA between 5-10 years, 38 were 24% indicating that they would work until retirement while the least was 7 were 4% who were not sure. It can therefore be concluded that 32% were majority indicating their commitment and willingness to continue working for LBDA. This means that there is a low staff turnover and majority of the employees

are well settled in their careers as they indicated that they would continue working at LBDA until their retirement.

#### 4.5.5 Job Satisfaction Levels

Several job aspects were covered as shown in Figure 4.3 below to assess job satisfaction levels amongst employees. It was found that 39% were satisfied with LBDA's terms and conditions of service, 24% felt that they were happy to recommend LBDA as a great place to work, 18% were partially satisfied with their jobs, 16% were dissatisfied while 3% were not sure of LBDA's terms and conditions of service. It can authoritatively be concluded that about 81% of respondents were satisfied to work at LBDA. Generally, a person with a high level of job satisfaction maintains a positive attitude towards their job, is more productive, creative, committed and vice versa. This indicates that at LBDA most respondents are satisfied with their jobs.



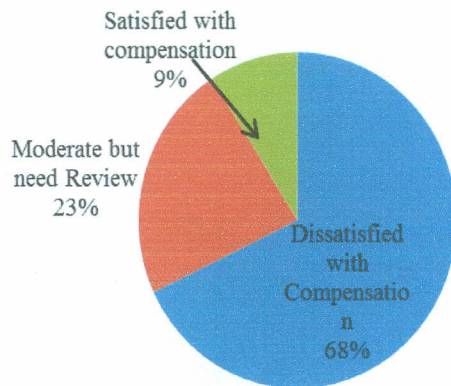
**Fig. 4.2: Job Satisfaction Levels**

*Source: LBDA survey data (2014)*

#### 4.5.6 Compensation Level of Satisfaction

The compensation satisfaction level of the respondents was assessed. It was found that majority of respondents were not happy with the compensation received for their services. A majority of 68% were dissatisfied, 23% indicated moderate but needs a management review while only 9% indicated were satisfied with the compensation terms as shown in Figure 4.4 below. This means that majority of LBDA's workforce is generally dissatisfied with the compensation package meaning that the management needs to consider a compensation review in order to motivate the employees to enhance LBDA's service delivery. Generally, if employees are dissatisfied with

their compensation, some resort to look for job openings elsewhere and when an organization has a high staff turnover; it becomes difficult to remain competitive amongst the rivals.

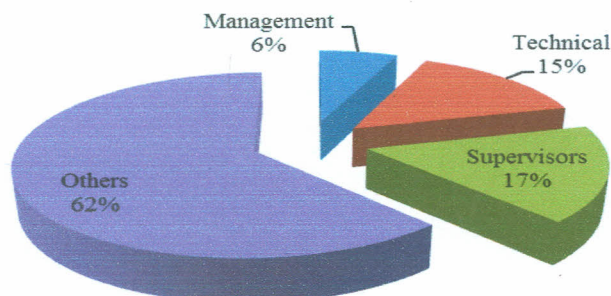


**Fig. 4.3: Compensation Level of Satisfaction**

*Source: LBDA survey data (2014)*

#### 4.5.7 Role in the Organization

The respondents' roles were stratified into four namely management, technical, supervisory and others. The management included chief managers of respective divisions, departmental heads and regional managers. The technical included accountants, auditors, machine operators, technicians, electricians and plumbers. The supervisory were sectional heads, while others included the secretaries, drivers, clerks and support staff as shown in Figure 4.5 below. Majority was 62% categorized as others, supervisors were 17%, technical were 15% while management was 6 per cent. This shows that at LBDA majority of employees are from the lower cadre.



**Fig. 4.4: Role in the Organization**

*Source: LBDA survey data (2014)*

#### 4.5.8 Departments of LBDA

LBDA has 12 departments as shown below in Table 4.6. The respondents' distribution according to their departments is given below. It was established that the highest number of respondents was from Administration department. It had the biggest number of respondents 36 representing 23%, followed by technical with 17%, finance 11% and transport 8% the least was LBDC with 4% as shown in Figure 4.9 below.

**Table 4.6: Departments of LBDA**

<b>Name of Department</b>	<b>No. of Respondents</b>	<b>Percentage</b>
Human resource	9	6
Administration	36	23
Finance	17	11
Executive office	8	5
Planning	10	6
ICT	7	4
Corporate Affairs	8	5
Procurement	10	6
Internal Audit	8	5
Technical	26	17
Transport	12	8
LBDC	7	4
<b>Total</b>	<b>158</b>	<b>100</b>

*Source: LBDA survey data (2014)*



#### 4.6 Logistics Regression Analysis and Discussion of Results

**Table 4.7: Logistic Regression Analysis on Functional Leadership and Employee Performance**

Predictor	Coefficient	$\beta$ or SE Coefficient	Z	p	Odds Ratio	95% CI	
						Lower	Upper
Constant	18.7142	14739.8	0.00	0.999			
Functional Leadership	0.356344	1.65396	0.22	0.829	1.43	0.06	36.53
Gender female	0.482061	0.576078	0.84	0.403	1.62	0.52	5.01
Educational Level	1.30824	0.640503	2.04	0.041	3.70	1.05	12.98
Age in Years							
25-34	-20.0185	14739.8	0.00	0.999	0.00	0.00	*
35-44	-21.1442	14739.8	0.00	0.999	0.00	0.00	*
45-54	-19.9512	14739.8	0.00	0.999	0.00	0.00	*
55 +	-21.4324	14739.8	0.00	0.999	0.00	0.00	*
Job satisfaction Agrees	1.59073	0.652223	2.44	0.015	4.91	1.37	17.62
Compensation Agrees	1.15619	0.699772	1.65	0.098	3.18	0.81	12.53
Tenure 10+ years	0.798827	0.715534	1.12	0.264	2.22	0.55	9.04

Log-Likelihood = -46.211

Test that all slopes are zero:  $G = 20.754$ ,  $DF = 10$ ,  $P\text{-Value} = 0.023$

#### Goodness-of-Fit Tests

Method	Chi-Square	DF	P
Pearson	38.6790	52	0.915
Deviance	38.2580	16	0.922
Hosmer-Lemeshow	1.7554	8	0.988

#### Observed and Expected Frequencies of Analyzed Data

Value	1	2	3	4	5	6	7	8	9	10	Total
1											
Observations	6	8	12	12	10	12	11	12	13	8	104
Expected	5.9	8.3	11.9	12.7	10.5	11.6	11.2	11.4	12.6	7.9	
0											
Observations	7	4	3	3	2	1	1	0	0	0	21
Expected	7.1	3.7	3.1	2.3	1.5	1.4	0.8	0.6	0.4	0.1	
Total	13	12	15	15	12	13	12	12	13	8	125

#### Measures of Association between the Response Variable and Predicted Probabilities on Employee Performance

Pairs	Number	Percent	Summary Measures	
Concordant	1733	79.3	Somers' D	0.61
Discordant	398	18.2	Goodman-Kruskal Gamma	0.63
Ties	53	2.4	Kendall's Tau-a	0.17
Total	2184	100.0		1

Source: LBDA survey data (2014)

The logistics regression analysis in Table 4.6 analyzed various tests performed to show how the variables are related. The researcher estimated the coefficients for the perceived effect of Functional Leadership ( $z = 0.22$ ,  $p = 0.829$ ,  $\beta = 1.65396$ ). It means that functional leadership has weak correlation with employee performance. Therefore the results are contracting with those of other scholars like House (2005) who says that an effective leader divides their time between three areas of need; the task, the team and the individual needs of the team to become successful. Sagimo (2002) also explained that leadership is at its best when the vision is strategic, the voice is persuasive and employee results are tangible.

Gender ( $z = 0.84$ ,  $p = 0.403$ ,  $\beta = 0.576078$ ) revealed that gender has a weak correlation with functional leadership. This means that the state of being either male or female does not affect much of employees' level of performance at LBDA. It shows that both male and female employees' performance is good.

Educational level ( $z=2.04$ ,  $p=0.041$ ,  $\beta =0.640503$ ) revealed that education has a significant effect on employee performance. This means that at LBDA majority of the employees are well-educated; this further means that a well-educated employee's level of understanding is high thus the performance level is high. It also means that during recruitment educational qualifications play a great role in the recruitment processes. Age ( $z = 0$ ,  $p = 0.999$ ,  $\beta =14739.8$ ) established that employees age in employment does not affect their performance. This means that all employees are committed to their rendering their services despite their age differences because each of them performs adequately.

Job satisfaction to be ( $z=2.44$ ,  $p=0.015$ ,  $\beta =0.652223$ ) established that it has a great influence on employee performance. This means that majority of employees at LBDA derive job satisfaction from their employment. Therefore it implies that through training and job descriptions each employee is motivated thus majority of them are settled in their jobs. Employee compensation ( $z=1.65$ ,  $p=0.098$ ,  $\beta =0.699772$ ) revealed that it has less significance to employee performance. This means that employee compensation does not affect their performance levels.

Employee tenure ( $z=1.12$ ,  $p=0.264$ ,  $\beta =0.715534$ ) established that it plays no major role in employee performance. This means that majority of the employees who have worked for sometime at LBDA appear to be well-settled in their jobs. This is good for the organization because of its continued existence in the future. All employee performance determinants analyzed above indicate that there is sufficient evidence that the coefficients are not zero using an  $\alpha$ -level of 0.05. For this model the researcher obtained Log-Likelihood = -46.211 and tested that all slopes are zero:  $G = 20.754$ ,  $DF = 10$ ,  $P\text{-Value} = 0.023$

This statistic model tests the null hypothesis that all the coefficients associated with predictors equal zero versus these coefficients not all being equal to zero. In this example,  $G = 20.754$  with a  $P$ -value of 0.023, indicates that there is sufficient evidence that at least one of the coefficients is different from zero, given that the researcher's accepted  $\alpha$ -level is greater than 0.023.

The Goodness-of-Fit Tests displays Pearson, Deviance and Hosmer-Lemeshow tests in order to determine the relationship between employee performance and functional leadership. The Chi-square test was preferred because it is appropriate for almost any kind of data that is either ordinal or nominal in nature. It was found that  $p$ -values range from 0.915 to 0.988; where Pearson was 0.915; Deviance was 0.922 while Hosmer-Lemeshow was 0.988. These results indicate that there is insufficient evidence to claim that the model does not fit the data adequately. The  $p$ -value is tending towards an accepted  $\alpha$ -level 1; therefore this model perfectly fits the data well. Hence, the higher the significance values, the more likely it is that the two variables are dependent therefore employee performance is less dependent on functional leadership at LBDA and vice versa.

It was also established that the total number of observations made and observations expected was 125 given by the total number of frequencies. This number is less because there were some missing entries in the questionnaire. Results showed that the model fits the data by comparing the two sets of observed and expected frequencies. Therefore, there is insufficient evidence that the model does not fit the data because both sets of frequencies values are almost similar. This test equally supports the conclusions made by the Goodness-of-Fit tests.

The Measures of Association between the response variable and predicted probabilities on employee performance measures the association between the observed responses and the predicted probabilities. The concordant, discordant, and tied pairs were calculated by pairing the observations with different response values. It shows that 104 individuals agreed with the Employee Performance while 21 did not agree with the performance. Therefore,  $104 \times 21 = 2184$  pairs with different response values. Based on the model, a pair is concordant if the individual agrees and has a higher probability of agreeing with the Employee Performance, discordant if the opposite is true, and tied if the probabilities are equal. In this case, 79.3% of pairs are concordant, 18.2% are discordant while 2.4% are ties. Somers'D Goodman-Kruskal Gamma and Kendall's Tau-a summarized concordant and discordant pairs and found that pairs lie between 0 and 1 where larger values indicate that the model has a better predictive ability. Therefore majority of them are concordant; and can be concluded that employee performance is strongly correlated to functional leadership at LBDA.

Brown (2009) explored the determinants of employee performance at Cambridge by examining the relationship between job performance and individual attributes when hiring as an important topic. He found that selecting the best workforce from a pool of applicants is an essential function to survive competition in the public service delivery because it creates a positive impact on employees. Imran (2007) also found that public sector performance has a positive relationship between enforcement of rules, transparency of decisions; meritocracy, honesty and lack of resources in employees' performance. He found that politicization of decisions and lack of autonomy negatively affects performance of public sector employees.

Both Brown (2009) and Imran (2007) studies relate to this study in such a way that job performance, individual attributes and decision making are equally important in employee performance. Therefore, this confirms that the results obtained are true thus supports the findings as there is need for employee involvement in decision-making right from the top management to the bottom level at LBDA. This will not only enhance public service delivery but also increase LBDA's competitiveness over other public institutions in achieving the desired goals.

#### 4.7 The Relationship between Functional Leadership and Employee Performance

This section presents the findings of the relationship functional leadership and employee performance at LBDA. The researcher used C Somers' D and Goodman-Kruskal Gamma measures of association to demonstrate the fineness of the model befitting the non-parametric type of data. Two tests were conducted for comparability reasons according to Table 4.6 above.

The correlation analysis performed found that the coefficient of the tests was 0.61 and 0.63 respectively. This coefficient measures the strength of association of the non-parametric data and it ranges from -1 to +1. In this case the coefficient is tending towards 1. Therefore it was concluded that there is an insignificant positive relationship between functional leadership and employee performance at LBDA.

On the other hand, the determinants of employee performance analyzed revealed that certain employee performance factors were seen to influence employee performance. They included gender, educational level, age, tenure, job satisfaction and compensation using the following regression equation.

$$\text{Employee performance (18.71)} = 0.023 + \text{Functional leadership (0.3563)} + \text{Gender (0.4821)} \\ + \text{Education level (1.3082)} - \text{Age (20.0185)} + \text{Job Satisfaction (1.5907)} + \text{Compensation (1.1562)} + \text{Tenure (0.7988)}$$

The findings in Table 4.6 indicate the estimated coefficients, standard error of coefficients, z-values, and p-values. It was found that functional leadership ( $z= 0.22$ ,  $p=0.829$ ) does not significantly influence employee performance while educational level ( $z=2.04$ ,  $p=0.041$ ) and job satisfaction ( $z=2.44$ ,  $p=0.015$ ) have a significance effect on employee performance. Gender ( $z=0.84$ ,  $p=0.403$ ), age ( $z=0.00$ ,  $p=0.999$ ), compensation ( $z=1.65$ ,  $p=0.098$ ) and tenure ( $z=1.12$ ,  $p=0.264$ ); all revealed that there is insignificant relationship between the perceived effect of functional leadership and employee performance at LBDA.

The reason why functional leadership does not significantly influence employee performance is that it has a lower significance correlational value ( $z=0.22$ ,  $p=0.829$ ); thus the less it is likely to affect employee performance. It was also established that educational level ( $z=2.04$ ,  $p=0.041$ )

and job satisfaction ( $z=2.44$ ,  $p=0.015$ ) significantly affect employee performance and these are employee characteristics. The significance values for these two employee characteristics were higher thus provide evidence that educational level and job satisfaction plays a significant role at LBDA in enhancing employee performance. Therefore these two predictor employee characteristics greatly assist LBDA's in achieving her desired goals. On comparison, the literature findings show that at LBDA functional leadership exists because the management has a great influence on the subordinates by acting as their role model.

Durga and Pradeep (2011) in Singapore empirically ascertained that the relationship between effective leadership and employee performance was that the present work performance focuses on functional leadership models. Fielder and House (2000) also supported that the effectiveness of any set of people is largely dependent on the quality of its leadership to facilitate attainment of results in effective performance. Contrary to these findings is that this study found that functional leadership and almost all employee performance indicators have no significant relationship with performance at LBDA; except education and job satisfaction.

#### 4.8 The Relationship between Employee Characteristics and Employee Performance

This section outlines the respondents' perception on how their own characteristics influence their level of job performance. Generally, a satisfied employee performs better and vice versa.

**Table 4.8: Response Information on Employee Characteristics and Employee Performance**

Variable	Value	Count
Employee Performance	Agrees	109 (Event)
	Disagrees	23
Total		132

\* Note\* 132 cases were used

\* Note\* 26 cases contained missing values

Source: LBDA survey data (2014)

A logistic regression performed established the relationship between the two variables (employee characteristics and employee performance) are binary in nature because they are either “yes” or “no” if a respondent agrees or does not agree as shown in Table 4.8.

In a study by Voon *et al.* (2011), it confirmed that certain employee characteristics are significant for employers to realize the vision of their organization. They found that when the employee characteristics are matched with the right positions, an organization’s labour turnover is significantly reduced while at the same time it increases employee output and organizational profits. Voon *et al.* (2011) found that having the right employee characteristics in an organization increases not only their own level of commitment to their jobs but the longevity of the organization’s future business. This also justifies that employee characteristics play a great role in enhancing employee performance at LBDA since majority of the employees possess these characteristics.

## **CHAPTER FIVE**

### **SUMMARY, CONCLUSION AND RECOMMENDATIONS**

#### **5.1 Introduction**

This chapter presents the summary of findings and conclusions of the study. This is followed by recommendations of the findings. The research limitations were also identified and discussed.

#### **5.2 Summary of Findings**

The summary of findings was made in the order of the objectives of the study. Having examined the perceived effect of functional leadership and employee characteristics on performance of employees at LBDA, a Kenyan parastatal using descriptive statistics it was found that the perceived effect of functional leadership does not significantly affect employee performance at LBDA. It means that leadership is flexible, with several approaches that make it flexible for today's leaders to consider which particular style works best under any given circumstances to enhance employee performance. The literature review also presented in great detail what various scholars feel as the perceived effect of functional leadership on performance. Most scholars were in concurrence that both leadership and performance have a significant relationship although this is not true from the findings of this study. This is because these two variables have an insignificant relationship meaning that functional leadership does not greatly influence performance. It thus reveals new knowledge that in public institutions, functional leadership does not significantly influence employee performance.

The relationship between employee characteristics and employee performance at LBDA established that there is a significant relationship between certain employee characteristics and employee performance. These employee characteristics were educational level and job satisfaction which were found to influence employee performance. When educated employees are hired, an organization receives their pre-existing skill-set from them. In their process of acquiring education, individuals also develop their capacity to observe, analyze and act on information appropriately. In translating this ability at the workplace, educated employees exhibit a greater aptitude for handling large, complex projects in a more productive and efficient manner as compared to their less-educated workers. In addition educated employees generally exhibit higher levels of motivation, which in turn leads to higher quality output and fewer errors thereby increasing efficiency. Moreover, companies can benefit from the dynamic perspective



and innovative thinking of such high performers. Therefore, employee empowerment through education at LBDA leads to greater employee engagement by encouraging all employees to take leadership within the Authority.

Job satisfaction on the other hand shows that employees who are satisfied with their jobs to succeed will also work productively to create more efficient job processes. This means that LBDA creates a satisfying workplace that is privy to feedback from employees through work experience and creating open communication between management personnel and subordinates. Employees' feedback is necessary in order to maintain a positive workplace atmosphere besides portraying a positive image of an organization to customers as well as stakeholders. Employees who are satisfied in their jobs are more apt to offer suggestions to make a transition smoother than disgruntled employees. Additionally, as changes are made, motivated employees work as a team to implement those changes as quickly and efficiently as possible.

When job satisfaction is high, employee absenteeism is low and vice versa. Less satisfied employees are more likely to be absent from work due to avoidable reasons perhaps due to illness or other emergency reasons only. Therefore at LBDA, employee absenteeism is low because their job satisfaction is high. A satisfied worker will always be careful and attentive towards his job. Highly satisfied employees tend to have better physical and mental health, learn the new job related tasks easily and have less job stress and unrest. Such employees will become more co-operative in helping coworkers with teamwork to improve an organization's effectiveness. Therefore, job satisfaction results from the employee's perception that the job content and context actually provide what an employee values in the work thus resulting in attracting and retaining better workers at LBDA.

### **5.3 Conclusion**

From an assessment of the perceived effect of functional leadership and employee characteristics on performance of employees as the broad objective, it was concluded that functional leadership does not significantly affect employee performance at LBDA. Therefore LBDA as an Authority in the public sector the functional leadership styles which are being used vary depending on



situations and this does not affect employee performance. Since leadership does not significantly affect employee performance there are other ways through which employees are made aware of their performance expectations. This is through ISO regulatory requirements, the Kenyan Constitution, the Employment Act of 2007, the Human Resource Policy Manual, Performance Contracting obligations, performance appraisals and the induction processes where all new employees are sensitized before they take up their new positions at LBDA.

It was also concluded that LBDA highly values education and job satisfaction as vital employee characteristics in employment. This is done through the highly competitive recruitment processes when hiring employees. Highly educated employees are also more goal-oriented, delivering better work performance than less-educated employees. From time to time, employees attend training to gain more competencies and this makes them more knowledgeable. Through employee satisfaction surveys conducted annually, job satisfaction improvement is realized every year. This means that majority of LBDA employees are motivated due to the job satisfaction they derive from their jobs. After performance reviews are conducted, employees are provided with training and mentorship opportunities thus it improves their job satisfaction. Therefore, education and job satisfaction among LBDA's employees makes them efficient in performing their duties consistently.

#### **5.4 Recommendations**

Taking cognizance of the conclusions of this study, it was recommended that there is still need for public sector institutions to justify their continued existence in order to realize their vision. All parastatals should aim higher through applying the right leadership approaches in order to achieve the best results from employees. They need to know which desirable leadership approaches work well for given situations in order to maximize employee performance. Since the perceived effect of functional leadership and employee performance has no significant effect on performance, each employee's performance should be reviewed independently after which a feedback should be provided. This will not only highlight the strengths and weaknesses of employees at LBDA but also other institutions so as to remain focused and competitive.

It was also recommended that employers should give more emphasis to certain employee characteristics when hiring. Besides, employers should make every effort to develop desired the competencies in the existing workforce in order to realize their organizational vision. Education and job satisfaction are key employee characteristics that every employee needs to have in order to perform their duties optimally. Additionally, for employees to continue performing their duties excellently, LBDA continue reviewing their performance regularly.

### **5.5 Limitations**

LBDA's geographical area is very vast as it covers Nyanza, Western and parts of the Rift Valley provinces. Therefore reaching all regional offices to distribute the questionnaire and collect data within in two weeks' time was quite hectic for the researcher. Compiling the collected data was another challenge because the researcher had to be very keen to understand it well before analyzing it. However, the researcher was able to manage all these.

### **5.6 Suggestions for further Research**

The data collection method was purely by questionnaire. A suggestion for further research was using qualitative data collection methods such as focused group discussions. This would help to bring out other innovations and help generate strategies for implementing leadership in public institutions. As LBDA strives to become a world-class parastatal, she needs to enhance employee performance through employee recognition because employees are invaluable. It was also suggested that such a study can also be conducted in other parastatals for comparability reasons.

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