

**ROLE OF TRANSFORMATIONAL LEADERSHIP, COLLABORATION AND
MACR-ENVIRONMENTAL FACTORS ON PERFORMANCE CONTRACTING
PROCESS IN ROAD AGENCIES IN KENYA**

JOHN NGATIA GITHUI

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DECLARATION

This dissertation is my original work and has not been presented to any other University or College for academic credits

Signature.....Date.....

JOHN NGATIA GITHUI

POLD 14261/0/19

We confirm that the work presented in this dissertation has been carried out by the candidate under our supervision.

Signature.....Date.....

MARY RAGUI, Ph.D.

Department of Business Administration

Kenyatta University

Signature.....Date.....

AUGUSTUS ONCHARI NYAKUNDI, Ph.D.

Department of Humanities

Chuka University

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DEDICATION

This research study is dedicated to my late parents (Richard Githui and Charity Wangechi), dear wife Angela, my lovely kids Charity, Carlins and Charleen for their great love and support.

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ABSTRACT

Leadership in organizations has a critical and central role in assisting teams and members to face challenges and work towards realizing set organizational goals and targets. Leaders in organizations are expected to promote changes through vision, mission and strategies that are beneficial to organizations. This study entailed a diagnostic analysis of the influence of transformational leadership on performance contracting process in road agencies in Kenya. Research objectives were; to determine the influence of transformational leadership, in reference to its four I's which were idealized influence, inspirational motivation, intellectual stimulation and individualized consideration on performance contracting process in road agencies in Kenya. Additionally, the study investigated mediating and moderating roles of collaboration and macro-environmental factors respectively to the relationship between transformational leadership and performance contracting process in these organizations. The theories that guided the study included transformational leadership theory, new public management theory, public value theory and system theory. The research adopted pragmatism philosophical framework and descriptive research design. The target population for the research was all staff members in top management (job group 1 and 2) and other officers in job group 5 (five) and above for the three road agencies in Kenya. The study adopted the three (3) road agencies in Kenya as units of analysis which included Kenya National Highway Authority (KeNHA), Kenya Urban Roads Authority (KURA) and Kenya Rural Roads Authority (KeRRA). The target population was approximately 1519 for the three road agencies with a sample size of 214 respondents. Descriptive and inferential statistics were used for data analysis where regression was computed to determine correlations and relationships between independent and dependent variables. Hypothesis testing was done at 5% significance level using the multiple linear regression model. Observed results indicated that transformational leadership with its four elements which included idealized influence, inspiration motivation, intellectual motivation and individualized consideration were practiced in the three road agencies in Kenya. All null hypotheses were rejected as p values obtained were less than $p < 0.05$ threshold of significance level and the study concluded that the three elements of transformational leadership which were idealized influence, intellectual stimulation and individualized consideration had a significant influence on performance contracting process in road agencies in Kenya when regressed together. All the four elements of transformational leadership when regressed individually, were noted to have significant influence on performance contracting process and the related outcomes. The relationship between transformational leadership and performance contracting process in road agencies in Kenya was noted to be partially mediated by collaboration as p value was ($p < 0.05$). Macro-environmental factors such as political, economic and environmental factors were noted to have a moderating influence on the relationship between transformational leadership and performance contracting process in road agencies in Kenya as $p < 0.005$. The study recommended that policy makers in road agencies should develop and implement programmes that are aimed at mentorship, training, capacity building and establishing appropriate leadership in place to inspire and motivate their employees to perform their tasks and duties as assigned in the performance contracting process. The study identified further areas of research as overall organizational performance, operationalization of other variables such as organizational culture, leadership styles, strategies and other moderating or intervening variables.

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ABBREVIATIONS AND ACRONYMS

ERS- Economic Recovery Strategy for Wealth and Employment Creation

EMP- Environmental Management Plans

IMF- International Monetary Fund

GDP- Gross Domestic Product

KeNHA-Kenya National Highway Authority

KeRRA-Kenya Rural Roads Authority

KURA -Kenya Urban Roads Authority

MOTIHUD -Ministry of Transport, Infrastructure, Housing, and Urban Development

MORT- Ministry of Road and Transport

MOU-Memorandum of Understanding

PESTEL- Political, Economic, Social, Technological, Environment and Legal

PSA- Public Service Agreement

R&D- Research and Development

RSIP- Road Sector Investment Programme

SWOT-Strength, Weakness, Opportunities and Threats

SMART- Specific, Measurable, Achievable Realistic and Timebound

TDEC- Training, Development and Evaluation Committee

OPERATIONAL DEFINITION OF TERMS

Collaboration-This concept is underpinned in the belief that all of us together can be smarter than any of us alone, especially when addressing the multi-faceted problems that are faced by organizations today. In this regard, leaders are supposed to use the power of influence but not the positional authority in engaging and aligning individuals, focusing their teams on the same momentum and performance through collaboration (Assbeihat, 2016).

Economic Factors- These the factors that directly determine the level of funding and budgeting for the programs and projects in a country and ultimately affect overall performance of organizations. These factors include but not limited to gross domestic product (GDP), inflation, exchange rates, and taxes (Miley, 2015).

Natural factors- These are the factors that include natural resources, weather, climatic conditions, topographical factors, rivers, and soils. Organizations, especially those mandated with the management of roads are required to analyse and put into consideration all the existing and prevailing environmental and natural factors that would affect their operations and determine their overall performance (Emeka & Helen, 2016).

Idealized influence- This is the aspect of transformational leadership where leaders act as a role model to the followers due to their high level of morality, ethical values and integrity. Their beliefs in ethical doctrines make these leaders respected, trusted and greatly admired by their followers as they clearly communicate vision and mission of the organizations to the followers ((Northouse, 2016).

Individualized Consideration- This is the aspect of leaders who provide conducive environment and listens to the needs of individual followers. Leaders will coach and advise

followers to become fully actualized by use of delegation in enhancing personal growth and development through challenges in organizations (Ogola et al., 2017).

Inspirational Motivation-This is that component of transformational leadership where the leader has the ability of motivating followers to enhance their performance beyond what is expected of them. Through this process, leaders can encourage, inspire, and motivate their followers by offering them with meaning and challenges in their operations (Northouse, 2016).

Intellectual stimulation- This is the characteristic of leadership that stimulates members of a group or organization's followers to inspire them to become innovative and creative by challenging their beliefs and values including those of the leaders and organizations in general. Organization's leadership will strive to support members or teams as they adopt new dimensions, ways and approaches and develop themselves to being innovative as they deal with challenges in their respective organizations (Khan et al., 2020).

Performance contracts/processes- These are performance agreement that are freely negotiated between the government and Ministry, Department or Agencies and they specifies obligations and responsibilities of each party in the contracts. These contracts provide targets to be achieved by the contracted party and the level of commitment by the government in facilitating process of these contracts (Sila et al., 2018).

Transformational Leadership – This is the leadership that is in line with the new leadership paradigm which gives more focus to the elements of effective leadership and the charismatic leadership style. This leadership style has gained popularity over the years due to its intrinsic motivation and its focus to followers' development who need inspiration and empowerment to ensure their success in times of uncertainty (Northouse, 2019).

Political Factors- These are factors that are commonly associated with activities which include but not limited to governments' regulations on organizations, businesses, changes in governments, late or insufficient funding of projects, policies and regulations. They are particularly important for the survival of businesses, and they have a direct impact on planning, growth and development of businesses and overall performance of organizations (Eruemegbe, 2015).

CHAPTER ONE:

INTRODUCTION AND BACKGROUND TO THE STUDY

INTRODUCTION

The chapter detailed the background to the study, a brief description of transformational leadership which is the independent variable, performance contracting process (dependent variable), collaboration (mediating variable), macro-environmental factors (moderating variable) and road agencies in Kenya. Other sections of the chapter included the statement of the problem, research objectives, research hypotheses, assumptions and justification of the study. Finally, the chapter captured the significance, scope, limitations and delimitations of the study.

BACKGROUND TO THE STUDY

Leadership in organizations has a critical and central role in assisting teams and members to face challenges and work towards realizing set organizational goals and targets (Abbas, 2010). Leaders in organizations are expected to promote changes through vision, mission and strategies that are beneficial to organizations. Organizations' leadership take charge of their operations as they set goals and objectives while steering them in achieving their results through strategies that are efficient and effective (Yazdanifard & Hao, 2015). The construct of leadership originally studied or considered under the functions of directing under general management, is taking a more central focus and attention in organizations' life. The foregoing is due to the strategic role leadership plays in steering organizations in carrying out their obligations in highly turbulent environment. As most organizations

experience increased turbulence there is a lot of growing interest on how leadership can be deployed in offering directions to those organizations for them to survive and achieve their strategic goals to the satisfaction of expectant stakeholders (Kurt, 2018). Even though leadership has traditionally been studied as a component of management, in the era where organizations are experiencing increased turbulence, it is becoming clear that leadership plays a far much greater role in contributing to the success of organizations (Dembowski, 2018). Organizations must therefore take into consideration the foregoing perspective of leadership in making investments in this area for them to realize benefits which are linked to organizational performance and the alignment of systems of organizations that can and will sustain the same level of performance even in future (Karamat, 2016).

Organizational performance is measured as the comparison of the set goals, objectives, actual outputs or results against what was initially intended or planned to be achieved (Almatrooshi et al., 2016). Organizational performance is also considered as a level of achievements during implementation of tasks or jobs in organizations with the aim of realizing set goals, vision and mission. This level of achievement of organizational set goals is determined by employee's individual performance, availability and prudent utilization of resources allocated to the projects or programmes (Silitonga, & Widodo, 2017). Performance of an organization plays a critical role in ensuring either success or failure of the same. Organizational performance can thus be measured either quantitatively or qualitatively and is achieved through efforts of employees or followers in different departments or sections in organizations (Rehman et al., 2019). There is therefore a great need to measure organizational outcomes through various measurement systems that

include balance scorecard, performance prism and performance contracting process which is commonly used in Kenyan public sector (Paul & Sarisar, 2016).

Performance contracting process is a management tool that is meant to assist public sector executives and policy makers in defining responsibilities and expectations between contracting parties in achieving mutually agreed goals. This tool is used in defining roles and expectations of different parties in achieving all set goals and targets in organizations (Kemboi, 2015). Performance contracting process is commonly used in improving public sector budgeting and reporting systems with modernized public management and enhanced efficiency in use of the available resources and effective service delivery. This tool can be trace from France and other countries including Pakistan, India and South Korea and has also been adopted by other countries globally including Kenya, Gambia, Ghana and Nigeria in African context (Paul & Sarisar, 2016).

Performance contracting process in road agencies commences with identifying and formulating targets based on the performance guidelines issued by the public service commission and after allocation of resources after completion of the annual budget cycle. The targets are supposed to be aligned with the budgetary allocations, core mandates of the road agencies should also be specific, measurable, achievable realistic and timebound (SMART). Road agencies are supposed to generate targets which are freely negotiated and starts with carrying out the (SWOT) strength, weakness, opportunities and threats analysis which assists in establishing agencies' capacity to achieve the identified targets (Bommert et al., 2014). The second level of negotiation involves factoring in all issues that have been agreed upon to the performance contracts for road agencies. The road agencies then submit the draft contracts to the performance contracting process secretariat for them to carry out

the vetting process. The process of vetting is conducted to ascertain whether the contracts are in line with the performance contracts guidelines, linked to road agencies' strategic objectives that are part of their strategic plans (Rael & Kiptum, 2017). The road agencies performance contracts are signed at three levels where the first level of signing is between the cabinet secretary, Ministry of road and Transport (MORT) representing the government and the board of directors of road agencies. The performance contracts are subsequently signed between the board of directors and director generals or the chief executive officers of the organization. The foregoing automatically transfers the responsibility of achieving the targets to the management thus providing autonomy of operation as the board of directors are not involved in the daily operations of the organization. There is an ad hoc evaluation committee that carries out the evaluation of the performance contracts based on a comparison of achievements against the set targets and agreed at the signing of contracts (Trivedi, 2020).

Transformational leadership which was used the independent variable was operationalized through its four elements which included the idealized influence, inspirational motivation, intellectual stimulation and individualized consideration. Transformational leaders are accorded respect by their followers as they put interests of their followers before their own by inspiring them to think critically, promoting teamwork and development of everyone in organizations (Shelton, 2015). Transformational leadership is that approach that is in line with the new leadership paradigm which gives more focus to elements of effective leadership and charismatic leadership style. This leadership style has gained popularity over the years due to its intrinsic motivation and focus on followers' development (Northouse, 2016). Transformational leadership goes

beyond aspects of incentives as regards performance in developing and encouraging followers to be intellectual, creative, transforming individual concerns and need in aligning them to organizations' mission. Transformational leadership influences followers in organizations by encouraging them to contribute to the needs of organizations consciously (Putri et al., 2020). This leadership style is considered to get performance of employees' over and above their expectations by motivating them and increasing their psychological empowerment (Khan et al., 2020).

Leaders of the 21st century must be prepared to lead teams that are global in nature, by building dynamic networks which will grow company's ability to compete around the world. These leaders must therefore have strategic approaches where they create and foster collaborative culture in their respective organizations. This culture harnesses knowledge and expertise of all parties involved thus enabling them to be innovate, partner effectively and ultimately achieve overall organizational goals and set targets. The concept of collaboration is underpinned in the belief that all of us together can be smarter than any of us alone especially when addressing the multi-faceted problems that are faced by organizations today (Hurley, 2018). Collaboration is the process through which individuals perceive diverse aspect of a problem by exploring their differences and seeking for solutions that transcend their own limited comprehension of all available possibilities (Callahan et al., 2020). In organizations, members of teams who collaborate internally define boundaries that assist them in developing goals and devise ways to pursue them and attain desired results. Teams that collaborate demonstrate a shared purpose to organization's performance and have accelerated achievements of set goals and objectives (Adler & Heckscher, 2018).

Organizations, whether public or private are regarded as open systems which are directly or indirectly affected by both external and internal environments. Existence of macro-environmental factors impacts on performance of organizations either positively or negatively and they are considered as sources of constraints, contingencies, problems, opportunities, that influence transaction of businesses in organizations (Njoroge, K. et al., 2016). Organizations must therefore adapt to their surrounding environment to ensure achievement of set goals through adaptation of each department and overall structure designed in these organizations. Organizations should also be ready to respond to changes that occur in the external environments where they operate and conduct their business (Muhammad, 2016).

Performance contracting process

Performance contracting process has its origins in France in 1970s and has been adopted by other countries globally as a tool and a strategy that assists in optimizing performance of their human resource especially in public sector (Nyongesa et al., 2018). There is notable infighting in most organizations that in most cases leads to loss of energy and very painful bureaucracy when the same level of energy would have been used in leading others in collaborating and seeking new solutions to identified problems (Ferrazzi & Weyrich, 2020). Performance contracting process constitute a range of management tools which are useful in articulating objectives that are clearer and supports innovation, monitoring, control, and evaluation of achievements of set targets in an organization. This process also imparts managerial and operational autonomy for managers in the public services (Nyaigo et al., 2016). Performance of both individuals and organizations is enhanced through measurement of parameters or set targets which also promotes a culture

of continuous improvement. Measurement of performance in public sector, helps in ensuring that there are gains in public confidence in the utilization of public resources especially tax revenues collected (Cheche & Muathe, 2016).

Performance contracting process as a tool has been used in many countries worldwide, which include France, Australia, Canada, Malaysia, India, and South Korea (Hope, 2013). Other countries followed suit in introduction of this concept in their performance management of public sector. Some of the notable countries that introduced this management tool include Belgium, Denmark, Finland, New Zealand, Norway, Spain among others (Nyaigo et al., 2013). To enable the country, regulate its energy sector, United Kingdom introduced the concept of performance contracting process with the aim of accessing capital and make investments that would guarantee reduction of cost as a long-term solution to the energy raising costs in the country. The foregoing was achieved through streamlining technical solutions, provisions of adequate finances, recording and tracking and delivery of service in a timely manner (Sila et al., 2018). An organization that practices effective management always articulates and defines stakeholder's expectations and aligns individual performance goals with those of organizations (Cheche & Muathe, 2014). Organizations which practice effective performance management define targets and ensure that individuals (employees) performance goals are aligned to the entire organizations' goals. Performance contracting process has ensured that there is a form of commitment by top management to deliver thus improving services being offered to clients or end user (Cheche & Muathe, 2014). The concept also increases transparency and accountability at the public institution and provides that avenue for top management to be

accountable and responsible enough to the overall performance of the organization (Nyaigo et al., 2013).

The concept of performance contracting process is also considered to influence behaviours of employees in organizations. Efficiency and commitment of employees in public sector in Kenya have also increased dramatically due to introduction of performance contracting process (Kemboi, 2015). These are some of the reforms that were adopted in public sector worldwide for the sole purpose of ensuring efficiency and effectiveness with the aim of reducing total cost of production. Performance contracting process as a management tool defines duties and responsibilities of different parties with the aim of achieving agreed targets, goals, and objectives (Rael & Kiptum, 2017). Operational indicators of performance contracting process were measured through performance contracting target setting, performance contracting implementation and performance contract monitoring & evaluation.

Transformational Leadership

This leadership style was influenced by work of McGregor Burns (1978) in his book about political leadership where he greatly contrasted transformational leadership with transactional leadership. He opined that transformative leaders transform and motivate followers in ensuring that followers are aware of the importance of task outcomes (Yukl & Mahsud, 2010). Transformational leadership assists followers in raising their achievement levels and help team members in achieving certain levels of self-development either individually, in groups or as an organization at large. Self-awareness levels are increased through this type of leadership, and it enhances levels of self-confidence of employees or followers in an organization (Abazee, 2018). Transformational leadership has been used in

several studies such as the investigation of its effects on organizational success in tertiary institutions in Nigeria by (Nuel et al., 2021)). The researcher investigated impacts of transformational leadership to organizational success in the context of tertiary institutions in Anambra State of Nigeria. The study concluded that leadership is a critical factor for success of organizations and more particularly transformational leadership. Similar studies have been used in investigating the role of transformational leadership in influencing on organizations' learning as a comparative study in Information and Technology (IT) sector in Nepal. The study established that transformational leadership on generative and adaptive cultures have positive influence on development of learning organizations (Rijal, 2016).

This type of leadership style is very relevant in the aspect of empowering sharing of knowledge and predicting readiness to change thus impacting positively on performance of organizations. Transformational leaders encourage better performance through disseminating quality knowledge that empowers followers through continuous improvement (Effiyanti et al., 2021). The relationship between transformational leadership and organizational performance is very strong and the leadership style motivates followers and encourages them to be efficient, committed and confident thus enhancing organizational standards and performance (Razzaq et al., 2020). According to (Ogolla & Senaji, 2018), transformational leadership indicators of inspirational motivational, intellectual stimulation and individual consideration affect significantly the overall performance of organizations. They further noted that transformational leadership style is considered highly effective as it drives changes in followers which ultimately and positively impacts on desired achievements of organizations.

Idealized influence or charisma is that aspect of transformational leadership where leaders trigger or evoke trust, admiration, respect, and desire to be emulated by their followers. Leaders consider wants and needs of followers at a higher scale than interests of leaders while demonstrating consistency and being ethical in their conduct and affairs. Due to leaders being ethical, followers are encouraged to emulate them which in the long term raises performance bar for organizations at large (Chebon et al., 2019). Concept of inspirational motivation arises from use of both effective and communicative styles of influence. This concept ensures that leaders communicate and articulate expectations of organizations while inspiring and motivating them by challenging them to have shared vision for organizations. Through the process of inspiration, the objectives of organizations and those of individuals are aligned. The foregoing stimulates followers in achieving organizational goals as well as their individual goals. Performance at whatever level either at individual, teams or overall organization is positively affected by transformational leadership style (Ngaithe et al., 2016).

Transformational leaders through intellectual stimulation encourages team members to be innovative, creative thinking and performing their roles in new and different ways. Through intellectual stimulation, leaders are able to infuse positive and effectively and psychologically thus helping teams to increase both performance and their general wellbeing (Cardona et al., 2018). Through intellectual stimulation, transformational leaders can challenge assumptions, taking risk and requesting for followers' input and ideas. Followers are encouraged to be creative while they are being nurtured to develop themselves and think independently. Leaders encourages followers to learn and whenever there is any deviation to what is expected, the same is seen as an opportunity to learn.

Followers are encouraged to ask questions while also thinking deeply on issues and also figuring out better methods and ways of implementing their tasks and jobs as required (Pawar, 2016). Transformational leaders through process of intellectual stimulation encourage followers to question their own beliefs, assumptions, and values. When it is also appropriate followers are also asked to question values and beliefs of leaders if they do not add value in tackling current issues and problems in their organizations. Through the same, commitment of employees to the organizations is developed thus leading to improved achievement of organizational goals. The foregoing is because of dedication of employees who equally work hard to achieve objectives of organizations (Ogola et al., 2017).

Individualized consideration is an aspect of transformational leadership which involves including employees in the process of organization transformation and decision making. Leaders are involved in diagnosing wishes, needs and values of employees in ways that are appropriate and in line with organizations culture. Through these types of activities, followers can trust their leaders and they can understand what motivates team members individually as all human wishes and needs are unique and different which may include certainty, excitement, change, money and freedom. Through Individualized consideration, followers are developed through coaching, mentoring and teaching as the central indicators (Ogola et al., 2017). Individualized consideration is also defined as the consideration of employee's individuality where development of an organization is linked with the priorities of an individual follower. Leaders will always prioritize development and training of the employees which also creates opportunities and chances of promotion in organizations (Ghafoor et al., 2017). The aspect of individualized consideration in transformational leadership increases levels of commitment by followers who also put extra efforts to goals

and outputs of organization, and they are satisfied with their jobs and assignments. Organizations reap benefits from improved performance of employees through improved or increased firm profitability and increased revenue through enhanced sales (Yusof et al., 2017).

Collaboration

Organizations are made of individuals who work in teams to achieve set goals and objectives. Individuals in teams and teams in organizations must work together to achieve overall set targets. The foregoing is achieved and realized when team members themselves adopt a collaborative approach in performing their tasks and responsibilities in organizations (Assbeihat, 2016). Transformation of individuals or groups through sharing of knowledge, skills and experience in organizations is mostly harnessed through collaborative culture in those organizations. Collaborative culture is common in organizations that embrace and adapt cooperation, trust, open communication, and existing diversities within its establishment. The culture of collaboration is enhanced through mutual trust amongst employees, cooperation and team spirit that ultimately enhances overall performance of organization (Ahmed et al., 2016). Most managers would rely on their title, positions, and budgetary control in ensuring that work or assignments are completed as expected. The foregoing leads to increased infightings in organizations and in most cases leads to loss of energy and a very painful bureaucratic process. This same level of energy would be used in leading others to collaborate and seek new solutions to the identified problems. Collaboration is enhanced through activities of trust between members of teams who also practice mutual respect. Through collaboration, teams can be

more creative, smarter, and capable than one person in the group in dealing with issues that are affecting the organization (Ferrazzi & Weyrich, 2020).

The leadership in place must therefore use influence and not authority and guide the individuals focusing on teams in organizations which leads to shared inspiration that can assist teams to collectively attain set goals in the organization (Ang'ana & Kilika, 2022). Collaboration is a joint process where all parties are involved and have input and through the process, members can share resources that jointly come up with solutions to be adopted for the identified problems. Collaboration is also related to result-based management in the execution of all activities at hand in the organization thus achieving the desired goals (Bedwell et al., 2012). Collaboration and teamwork assist members with the opportunity of knowing each other in better ways and using their leadership skills to take their tasks in relations with other team members which promotes flow of idea, listening to one another and also questioning them accordingly. The foregoing assists team members in looking at each other, question themselves while identifying their strengths and weaknesses both individually and as a team with the aim of identifying appropriate objectives for change that is required to eventually enhance their competencies (Laberge, 2016). Investigated mediating role of collaboration included aspects trust, mutual respect among team members, establishment of clear goals and policy guidelines, open communication, shared vision and skilled leadership. The foregoing ensured commitment to set targets in the negotiated performance contracting process which will ultimately improve on the overall performance of selected organizations. It is assumed that four main elements of transformation leadership which are idealized influence, inspirational

motivation, intellectual stimulation and individualized consideration will be influenced (mediated) by the levels of collaboration in these organizations.

Macro-environmental factors

Organizations, whether public or private are regarded as open systems which are directly or indirectly affected by both external and internal environments where they operate. The existence of macro-environmental factors impacts performance of organizations either positively or negatively due to the roles of these factors in organizations' operations (Njoroge et al., 2016). Globally organizations are dependent on the environment where they operate in as they do not operate in isolation or in a vacuum. Organizations largely depend on environment for a quite a range of issues which vary from raw materials, ideas, resources, labour, and finances for their performance. Activities of organizations are shaped by other factors that may include, social, economic, technological, competition, political and other regulations and legislations that are in place (Chikaodili, 2020). According to (Banda, 2020), most organizations measure their performance through financial performance, profits and their turnover but recent studies have also advocated for non-financial dimensions of performance for organizations. Some of the common non-financial parameters include service quality, competitiveness, satisfaction of customers and other stakeholders, utilization of allocated and available resources and general organizational flexibility. The foregoing parameters are affected by external macro-environment factors that are not in the internal control of organizations' management or leadership.

Operations of organizations interact continuously with macro-environmental factors which keep on changing and which are complex in nature. Organizations must set targets,

negotiate and formulate their performance indicators for execution and for the purpose of achieving performance that is superior. Nonetheless, Macro-environmental factors may appear in such a way that relationships between strategy implementation and organizational performance is either accelerated or decelerated (Njoroge et al., 2016). (Kariuki & Nguyo, 2020), argue that industry factors or environment directly or indirectly affect performance of organizations. These industry factors include but not limited to economic factors, regulatory, social and political factors. They further post that industry environment macro-external factors moderate the relationship between internal organizational factors (firm level factors) and the overall performance of organizations.

Macro-environmental factors are those parameters that are exogeneous in relation to firms, and they influence firm's efficiency and effectiveness. This environment is composed of integrated, dynamic factors that include social, economic, political, legal that cannot be controlled by organizations' leadership or internal processes. These factors impose certain limitations to the performance of organizations and their survival is dependent on interaction of organizations to the external environment (Kuznetsova et al., 2017). Organizations' management should always be vigilant to changes in the said environment by conducting an analysis that informs their impacts to performance and devises measures to be adopted to mitigate negative impacts related to these external factors. Organizations must therefore adapt to surrounding environment to ensure achievements of set goals and targets. Through this adaptation, each department will align itself to the overall structure of organization with the focus of responding to changes that are occurring in external environment (Muhammad, 2016). Studying and analysing effects of macro-environmental factors enables organizations to evaluate their competitive

advantage against laid down strategies, internal resources capacity and stakeholders' level of acceptance. Positive firm performance is directly linked to levels of adaptability to organizations to forces of external environment (Mwangi & Wekesa, 2017). Analysis and evaluation of external factors, further informs and provides the understanding of forces outside organizations' boundaries that affect organizations' performance and operations. Factors, though outside organizations, have potential of affecting operations and hence the need to monitor them. Macro-environmental factors or environment are commonly analysed as political, economic, social, technological, environment and legal (PESTEL) (Akpoviroro & Owotutu, 2018). In this study, moderating role of macro-environment factors to the relationship between transformational leadership and performance contracting process in road agencies was operationalized by considering three main factors or elements which included political, economic and natural environment factors.

Roads Agencies in Kenya

The role of leadership in road infrastructure development in Kenya is very instrumental in country's economic development. Development of roads has grown steadily in line with the national government agenda (Ogai et al., 2020). Gross Domestic Product of a country is greatly affected either positively or negatively by quality of road network. Further, high quality road network, leads to reduced transportation cost and increased gains for investment in a country (Gatitu et al., 2020). In Kenya, since independence the road's development and management activities were being handled by several ministries some of their departments and these continued all the way to the year 2006. The foregoing led to poor state of roads in the republic and in the year 2006, Cabinet approved Sessional Paper 5 that provided several policies that were to be pursued by the Government regarding the

medium-term national economic growth. The paper also stipulated the legal and institutional framework for the management of roads in Kenya. It also articulated the ownership, clarification of responsibilities, financing, and commercialized management of all roads network in Kenya (Ministry of Roads, 2016).

The paper led to the enactment of Kenya Roads Act in 2007, which established three Roads Authorities with clearly defined mandate on the management of road network. The three Authorities/Agencies established were Kenya National Highway Authority (KeNHA), Kenya Rural Roads Authority (KeRRA) and Kenya Urban Roads Authority (KURA) (Mugambi, Mwandiki, 2016). These Authorities were mandated to carry out their responsibilities based on classification of roads in the country. KeNHA was mandated to develop, maintain, and rehabilitate S, A, B classes of roads. KeRRA was to handle class C roads while KURA was to handle roads in all municipalities and urban areas in the county (The Kenya Roads Act, 2007, 2007). The government placed all public sector institutions including road agencies under reforms by adoption of prudent management of resources through controls which were either financial or non-financial. One key pillar that has progressed public sector reforms over the years is the introduction of performance contracting process management tool (Muathe & Cheche, 2014). Promulgation of Constitution in the year 2010, provided opportunity of reclassifying roads into new classes and transferring some responsibilities of road management County Governments in Kenya (Ngetich, 2017).

Statement of the problem

From a contextual point of few, performance contracting process as a management tool has instruments that are used in defining expected responsibilities between contracting

parties on mutually agreed goals and objectives. The process provides clear definition of goals and objectives and how the same would be used to support innovation in organizations (Kemei, 2015). As part of new public management, measurement of performance in organizations is very pertinent in delivery of improved services for most organizations. New public management principles place a lot of faith in leadership and its inclination to empowerment of managerial and general performance management principles in organizations (Paul & Sarisa, 2015). However, performance contracting process in Kenya has numerous challenges and problems. These include poor strategy planning, interference from Macro-environmental factors low or unsatisfactory achievement of set targets, lack of legitimacy support, inefficient utilization of resources, insufficient training, low motivation levels of public officers and lack of innovation among public officers (Kemboi, 2015). Notable challenges or gaps in the performance contracting process in the public sector include inadequate capacity development, and lack of awareness of performance contracting process meaning and purpose by the middle and lower-level personnel in most organizations (Gichini, 2015). According to (Kemboi, 2020), other challenges that have greatly hindered performance contracting process in Kenya include lack of leadership, organizational culture, financial constraints and resistance to change. He opines that lack of training and motivation among the workers contributes a lot to low levels of achievement of set targets and goals.

From conceptual literature lack of leadership to sensitize or train on performance contracting process, non-commitment to the organizational goals and poor strategies for motivation of the employees lead to low outputs and performance in most organizations. In addition to the foregoing, lack of adequate resource, poor resource mobilization and

allocation affects achievement of set targets in most organizations' performance contracting. The foregoing is applicable to all public sector agencies including road agencies in Kenya (Kiratu et al., 2017). According to (Mwangi et al., 2017), leadership is a very pertinent aspect in modern management of organizations for their excellent performance. They opine that leadership styles are key components to organizations in ensuring achievement of set targets and their overall performance. (Nawoseing'ollan & Roussel, 2017), argue that leadership styles adopted directly affects performance of individuals and overall performance of organizations. They further note that leadership in place must always communicate organizational goals to employees, motivate, create an environment of innovation, stimulate them intellectually and show empathy for enhanced performance of individuals and organizations in general. The foregoing would greatly influence level of achievement of set targets in performance contracting process of those organizations. (Paul & Sarisa, 2015), note that one of the needs for effective implementation of performance contracting process in organizations is appropriate leadership. Leadership is very key in assisting performance reviews in organizations, providing training and development interventions of all individuals at all levels. The author provides that, for effective performance contracting process, leadership must put in place organizational values which ensure motivation, innovation, integrity and support systems to followers to ensure enhanced performance for the organizations.

Performance contracting process is a key area of study from a research perspective as it informs the achievement of set targets and goals in organizations. Performance contracting process is used by organizations in the public sector to measure the achievement of set targets and also the overall performance of the organizations. From the

studies reviewed above, the findings established that there is a great influence of leadership on performance contracting process and general performance in most organizations. However, there was a notable gap on the studies on the influence of leadership on performance contracting process and overall performance in the roads sector and especially in Kenyan roads agencies. The reviewed literature established that there are limited, or no studies related to leadership and performance contracting process in road sector and particularly in the Kenyan context. The foregoing informed the choice of the road sector and therefore the study facilitated the process of bridging these gaps on relevant studies on leadership and performance contracting process in the identified sector. Secondly, the study investigated how transformational leadership through its four elements can be used to improve on other identified gaps which are training, motivation, capacity development and strategy formulation. The study also addressed the involvement of employees in target setting, performance contracts implementation, monitoring and evaluation in the road agencies in Kenya. Leadership is very key for the achievement of the set targets, however other factors that organizations may not have control over may determine the level of achievement of these goals. The moderating role of macro-environmental factors is very critical in addressing identified gaps especially in the areas of resource mobilization and allocation. The foregoing determines the level of achievement of the set goals and targets in most organizations. The study therefore investigated the moderating role of macro-environmental factors to the relationship of transformational leadership and performance contracting process in road agencies in Kenya. The study also investigated the mediating influence of collaboration on the relationship between transformational leadership and performance contracting process in road agencies in Kenya. Some of the indicators of

collaboration that were investigated included the shared values and trust among followers in the road agencies in Kenya.

Research objectives

The study was guided by the following general and specific objectives.

General Objective

To investigate the influence of transformational leadership on performance contracting process in road agencies in Kenya.

Specific objectives

The following were the specific objectives for the study:

- i) To investigate the influence of idealized influence on performance contracting process in road agencies in Kenya.
- ii) To determine the influence of inspirational motivation on performance contracting process in road agencies in Kenya.
- iii) To investigate the influence of intellectual stimulation on performance contracting process in road agencies in Kenya.
- iv) To determine the influence of individualized consideration on performance contracting process in road agencies in Kenya.
- v) To establish the mediating influence of collaboration on the relationship between transformational leadership and performance contracting process in road agencies in Kenya.
- vi) To establish the moderating influence of macro-environmental factors on the relationship between transformational leadership and performance contracting process in road agencies in Kenya.

Research hypotheses

The following were the research hypotheses which were aligned to the study objectives outlined above.

H₀₁. There is no significant influence of transformational leadership to performance contracting process in road agencies in Kenya.

H₀₂. There is no significant influence of idealized influence to performance contracting process in road agencies in Kenya.

H₀₃. There is no significant influence of inspirational motivation to performance contracting process in road agencies in Kenya.

H₀₄. There is no significant influence of intellectual stimulation to performance contracting process in road agencies in Kenya.

H₀₅. There is no significant influence of individualized consideration to performance contracting process in road agencies in Kenya.

H₀₆. There is no significant mediating influence of collaboration on the relationship between transformational leadership and performance contracting process in road agencies in Kenya.

H₀₇. There is no significant moderating influence of macro-environmental factors on the relationship between transformational leadership and performance contracting process in road agencies in Kenya.

Assumptions of the study

The study had the following assumptions: The employees of the agencies studied understood aspects of transformational leadership and performance contracting. The study also assumed that leadership in place in road agencies in Kenya directly affected

performance contracting process of directorates, departments, sections and also for the individuals in road agencies in Kenya. Performance contracting process in the selected agencies is carried out by individuals who require collaboration and partnership for timely delivery of the intended services or product.

Justification of the study

The study would be useful to the top management of the identified organizations, which will include chief executive officers/director generals, their deputies, section and departmental heads as they are the key decision makers in these organizations. Other groups that would also benefit from the study are the middle level managers, deputy directors who are directly charged with responsibilities and are involved in the implementation of all programmes (technical or core mandate and support) as expected and as per the set targets in performance contracting process in road agencies in Kenya. The study will also be extremely useful to site teams ensuring that the traits of transformational leaders, collaboration, partnership, and teams' commitment are practiced for successful achievement of set targets in each road projects.

The scope and delimitation of the study.

The content scope of the research was designed to investigate the relationship of four number variables which included performance contracting process as the dependent variable, the transformational leadership as the independent variable, collaboration as the mediating variable and macro-environmental factors as the moderating variables. The study focused on all employees of the three road agencies in Kenya who included director generals, directors, deputy directors in all sections of road agencies. Other cadres of officers included assistant deputy directors/principal officers, senior officers and officers.

Geographical scope entailed the head and regional offices of the three road agencies which represented all operations of road agencies in Kenya. Methods of the study entailed mixed methods which were quantitative and qualitative with the hypotheses based on research objectives which were aligned with the study variables. Theoretical models adopted included transformational leadership theory, new public management theory and public value theory. They were all based on variables that were to be investigated which were transformational leadership, performance contracting, collaboration, and external environment factors.

Limitations

The study was carried out by exploring participants' responses to questionnaires and this limited access of the larger group or scope for the identified organizations. Due to lack of existing studies regarding performance contracting process for road agencies in Kenya, the study utilized questionnaires which were structured to collect relevant data and information necessary for drawing well informed conclusions based on the study variables. It was also assumed that data collected from respondents would be biased as there could be fear of revealing organization's shortcomings in the aspect of performance contracting. The study was meant to use cross-sectional survey design which provided limited information regarding the studied institutions and therefore the use of longitudinal study would have provided observations for a longer period.

CHAPTER SUMMARY

The chapter was divided into eight main sections including background of the study which detailed all constructs of the study which included transformational leadership (independent variable), performance contracting process (dependent variable),

collaboration (mediating variable) and macro-environmental factors (moderating variable). The section also briefly explained the establishment of the three road agencies which include KeNHA, KeRRA and KURA. Section two of the chapter explained problem statement for the study by detailing notable gaps that were addressed by the study. Section three explained the research objectives (general objectives and the specific objectives) for the study and section four provided research hypothesis that were tested during the study. Sections five, six, seven and eight covered assumptions of the study, justification of the study, scope and limitations of the study respectively.

CHAPTER TWO

LITERATURE REVIEW AND THEORETICAL FRAMEWORK

Introduction

The chapter was divided into five sections which included introduction, conceptual and empirical literature review for the main constructs of the study which are performance contracting, transformational leadership, collaboration, and macro-environmental factors. The third section of the chapter detailed theoretical framework that guided the study which are transformational leadership theory, collaborative theory, new public management theory and public value theory. The fourth section of the chapter was the conceptual framework detailing variables and their relationships to each other and the corresponding objectives and hypothesis. These variables were transformational leadership as the independent variable, collaboration (mediating variable), macro-environmental factors (moderating variable), and performance contracting process (dependent variable) with their respective indicators.

Conceptual Literature Review

This section entailed documenting reviewed literature based on study concepts or constructs which included performance contracting, transformational leadership, collaboration and external environmental factors.

Performance contracting process

Organizations globally are improving their effectiveness and efficiency through performance management as they set targets and achieve them within a specified period. Due to competitive environment where the organizations operate, they are faced with the challenge of improving their quality of services, the production process and customer

satisfaction. The principle of performance management is based on the agreement by contract as opposed to management by command or coercion (Bommett et al., 2014). The concept of performance contracting process has been practiced in different countries of the world which started with the United Kingdom in regulation of its energy sector. The concept was adopted in New Zealand to aid in pushing for reforms and enhance performance and management for all state and national functions (Sila et al., 2018). According to Gakure et al., (2018), use of performance contracting process tool has been witnessed in countries like Bangladesh, China, Korea, Pakistan and Sri Lanka, Argentina, Brazil, Bolivia, Chile, Colombia, Mexico, Venezuela, Uruguay, Malaysia, USA and Canada. United Kingdom introduced concept of performance contracting process in the late 1990s as a Public Service Agreement (PSA) which outlined a set of performance targets that all government agencies had to act and report on. In Denmark and Finland, performance contracting process has been practiced since 1987 and the same has played a critical role in ensuring efficiency and increasing control of the laid down policies in the public sector.

In Africa like in any other parts of the world, there has been a notable poor performance in public sector which has informed a comprehensive reform aimed at addressing these problems. Performance contracting process was therefore adopted in countries including Ghana, Nigeria, Gambia, and Kenya from the year 2005 (Gakure et al., 2018). East African Countries which include Kenya, Uganda & Tanzania developed a framework for common achievements which included implementation of the strategic plans for the 2012-2017. The foregoing was meant to ensure that appropriated work plans were developed and implemented for a comprehensive set of performance (Rael & Kiptum, 2017). In Kenya

this concept can be traced back to 1990 when performance contracting process was conceived and designed with the aim of realizing tangible impacts in the management of public services. This was meant to create new behaviour and also change employees' attitude in work ethics in delivery of the entire public service. The foregoing would ensure faith on services delivered by Government to citizens and other development partners which included International Monetary Fund (IMF) and World Bank (Gakure et al., 2018).

The Economic Recovery Strategy for Wealth and Employment Creation (ERS) 2003-2007, documented key public reforms measures that included introduction of performance-based management practices in public sector and pegged promotion of individuals on performance. This provision ensured that all Permanent Secretaries and Chief Executives of Parastatals were put on performance contracting process (GOK, 2003). The concept has different components of management which basically constitute definition of responsibilities and what is expected by either party in achieving agreed results. The tool articulates organizations' objectives while at the same time supporting management through innovation, monitoring, and having in place well established control methods (Kogei et al, .2013). This concept of performance management ensures that results are realized from individuals, teams and the whole organization through the set objectives, goal and standards (Mutinda, 2017). The variable of performance contracting process (dependent variable) was operationalized through contract targets setting, performance contract strategy implementation and performance contract monitoring and evaluation.

Implementation of performance contracting process

The strategy of performance contracting process was adopted by the French government to assist in ensuring that there was improvement in taxation and property

evaluation in the country. The foregoing was conducted through management indicators which were meant to indicate levels of productivity and efficiency in public sector in all government ministries. Performance contracting process was also adopted in other countries like Bangladesh, China, Pakistan Korea, India, and Sri Lanka as a measure of performance in all public sector departments. Countries that have adopted this principle in the management of their public sector affairs in Latin America include Argentina, Brazil, Mexico, Venezuela, Bolivia, Chile and Colombia (Muriuki, Kibera, 2019). In Belgium, the strategy of performance contracting process is a very old instrument used in monolithic government from 1830s and it details all necessary conditions of services and utilities to be provided by all government agencies. Finland and Denmark introduced public service reforms with the main aim of transforming public sector into responsible and accountable entities through performance contracting process (Njoroge & Evans, 2017). United States of America introduced strategy of performance contracting process in the year 1993 in the system that is regarded as Government Performance and Results Acts (GPRA). The foregoing accelerated use of performance contracting process worldwide which also gave more legitimacy to the strategy and its use too (Ochola, 2019).

In African context performance contracting process (PC) strategy was adopted in countries like Ghana, Guinea Madagascar, Mali, Mauritania, Niger, Togo, Zaire, Senegal, Morocco, and Mauritania, among others. The main aim of adoption of the PC was to improve performance of public sector entities in these countries that had exhibited poor performance (Gathungu, M & Owanda, A., 2018). Kenya policy on performance contracting process was meant to enable rationalization of Public Management by focusing on the actual output, the efficiency cost effectiveness. The foregoing could only be attained

by ensuring that managers in organizations are accountable of achieved results (Orwa, 2019). Introduction of performance contracting process was also meant to ensure that there was a development of behaviours of employees that would lead to attainment of results. The same would ensure accountability in public services, efficiency and effectiveness in delivery of services (Onyango & Mbatha, 2019).

Performance contracting process and results-based management model

The principal of performance contracting process is based on result-based management model which ensures that public sector focus more into the needs of the recipients of services being offered. The concise precept of this model emphasizes on the aspect of the sector directing their energy in delivering the desired results to citizens and also utilizing resources allocate prudently and in a productively way. The model is composed of several elements which include performance targeting setting, performance planning, performance monitoring and performance appraisal (Njoroge, 2017). The strategy of result-based management model aims at ensuring that all processes, products, and services contribute to the achievement of desired results or outputs with bigger impact. Parties and actors would then utilize the evidence or the attained results in informing their decision-making processes on the designing, resourcing, future delivery of services, accountability and reporting on the achieved targets. The main principle of (RBM) is the paradigm shift from the focus on the activities to be carried out to the change or result that is desired. The strategy mainly utilizes the theory of change or the result chain which include inputs, activities, outputs, outcomes and the impact(United Nations (UN), 2017).

Result based approach mainly focuses on intended results and measuring performance while at the same time adopting and learning about new environment and reporting on the available experiences regarding environment. The aspects of result-based management model monitors progress and the same is linked to the overall success of identified program which is measured through results and resources that are utilized. Indicators that are appropriate to the goal are noted with indicators and the same are measured to indicate the intended results (Lainjo, 2019). The concept of result-based management borrows heavily from life cycle approach that incorporates, planning, monitoring, and valuation. The main goal of the concept is to provide feedback which are meant to aid in decision making and documenting lessons learned from the processes adopted for development. The concept main strategy is meant to give those changes in the organizational systems that assist in improving performance in organization (Bhattarai, 2020).

Result based management programmes focuses mainly on the results than the activities and the approaches. The foregoing assists organizations in articulating their programs while supporting those results that are expected to be produced in organizations. They also monitor progress and performance of these organizations by use of identified indicators, targets and baseline data from surveys conducted prior to implementation of the programs. Result based management strategy focuses on performance of organizations and achievements of set targets of results in outputs, outcome and impacts (Bhattarai, 2020). The following literature on performance targeting setting, performance planning and implementation and performance monitoring and evaluation was reviewed based on the conceptual and contextual of performance contracting.

Performance contracting process targets setting.

Targets setting in performance contracting process is a very important activity for employers as it assists in clearly developing objectives, supporting management and monitoring systems for organizations' projects and programmes. The principle of result-based management systems calls for paradigm shift where leaders or supervisors in organizations are required to define results, set targets to be achieved during implementation of these programmes or projects. Leaders must also measure the achieved performance in comparison with set targets which should be reviewed and interpreted to inform any decision to be made or action to be taken (Opiyo et al., 2020). Employees in any organizations focus on specific tasks and goals if only there are well established and laid down objectives that are also communicated to all staff in organizations. Employees who are involved in the process of setting organizational targets are motivated and inspired to achieve them and create better ways of conducting implementing tasks as allocated. Target formulation definition assists in ensuring that all employees contribute to the overall organizational goals. The process will aid employees in comprehending their roles and duties where they feel valued establish threshold measure of quantity and quality of the work performed by each individual organizations and at the same time monitoring the performance of organizations (Mauya, 2015).

The focus and mechanism of performance contracting process is reforming public sector through establishment of specific, measurable, accurate, realistic and time-bound targets. The process also indicates the performance agent by providing the expected results, enhanced transparency, accountability and having a well-structured monitoring, evaluation and reporting mechanism in organizations (Kinyulusi et al., 2018). According to (Choon

& Kim, 2016), employees without clearly defined goals or targets are found to work ineffectively without a clear direction and knowledge of what is expected of them and the degree of value they add to organizations. They further note that the expected performance and results should be communicated to all employees through the process of target setting as the same clarifies expectations, roles and responsibilities of each party thus enhancing effectiveness of all in organizations.

There is a considerable attention to the concept of performance contracting process due to its' ability and potential of enhancing service delivery in the public sector. There is therefore a great need of linking performance contracting process with the individual targets and facilitate their participation in the process and also enhance involvement of employees' supervisors who may be having a big stake in the process (Cheche, & Muathe, 2014). Organizations must also be allocated with the requisite resources to enable them achieve set targets and the overall performance. Some of the notable resources that are required by organizations in achieving their set goals and objectives include but not limited to technology, human resources, finance among others. Organizational resources are very critical for the growth and the success of organizations currently and also in future (Lemarleni et al., 2017). Specific objectives of performance contracting process involve controlling, monitoring and evaluation of the performance of employees in organizations. Targets are very important and useful tool for employers as they can define with clarity the organizations' objectives and goals to the employees. Through Result Based Management, managers and leaders are required to clearly define expected results, set targets and also measure performance. The approach further provides that measuring of performance must be conducted regularly and in an objective manner. Measurement of performance can only

be achieved when specific and clear targets have been set and indicator and parameters developed clearly (Mabubi, et al., 2020).

For organizations to monitor and carry out assessments of how employees are performing in their respective functional areas, it is important for leadership in place to set clear goals and objectives that are quantifiable. When organizations' leadership involves staff in the process of setting targets, they are motivated in meeting them and become creative in their ways of performing tasks. When organizations clearly define their targets, they ensure that every employee contributes wholly to the goals and the intended performance of the organization as the employees can comprehensively understand their role, feel valued and thus enhancing their performance. Goal clarity has been identified as one of the factors that greatly influence positively performance of teams and organizations in general (Mauya, 2015). The process of target setting in any organization and in performance contracting process is very key as it ensures that there is a focus on each employee. Leaders must ensure target setting process is carried out with involvement of all employees so that all of them can recognize their role and contribution to the larger goals of organizations (Serebwa, 2017). Setting of goals or targets must be a collaborative process that involve all employees and their immediate supervisors. All set goals must be (specific, measurable, attainable, realistic and time bound) SMART which means that leaders must be specific while informing all employees what is expected of them as the same assists managers in measuring expected progress towards completion of goals. Goals must also be measurable which ensures milestones achieved towards tracking records of the achievements in the organizations. All targets must be attainable or achievable with efforts of each employee, relevant and time bound Leadership is very key in ensuring that

all employees in the organization are involved in setting targets. Leaders at every functional area in organizations must also ensure that all these targets are cascaded down to every employee for them to understand their role in ensuring that visions of the organization are achieved (Opiyo et al., 2019). .

Performance contracting process strategy implementation.

Institutions aim at improving the quality of services delivered and customers' satisfaction through implementation of performance contracting. Through implementation of performance contract there is a notable improvement of dialogue, transparency and accountability in delivery of services (Wekoye, 2021). Performance contract implementation in public sector is considered as a tool that improves on budgeting processes and establishing better reporting systems. Performance contracting processes are those processes of management that are modernized with the aim of improving utilization of resources efficiently and improving effectiveness in service delivery in organizations (Mabubi et al., 2020). Implementation of performance contract strategy is considered as very important for organizations as it is valuable as it has tangible results or targets and is introduced as a solution to management of organizations. Performance contracting implementation is enhanced through a well formulated strategy, accurate application to organizations and evaluated to measure levels of achievements for the set objectives (Kabuga, 2021).

According to Bommett (2015), implementation of performance contracts is the obligation of officers in functional areas that ensure that all set targets are achieved. The foregoing can only be realized if requisite resources are available and allocated accordingly. It is the obligation of officers in-charged to ensure that teamwork and

collaboration is enshrined in all activities of functional areas to realize a high level of achievement of set targets. Implementation of performance contracts in Kenyan Public Sectors was informed by the need to secure better value for money, encouraging openness in organization, accountability and improvement in service delivery while dealing with the public and other customers (Ouma, 2018). Implementation of performance contracts in public sector especially in Kenya has resulted in improvement in service delivery and operations of Government Agencies and Ministries, County Governments and other Parastatals (Paul & Sarisa, 2018). The performance contract process constitutes a form of strategies and methodologies that are used in defining responsibilities and what is expected of every party that is in the Contract. Bigger responsibilities are placed on the shoulders of managers in organizations who are supposed to be accountable for what has been done and achieved in their functional areas. Leaders and managers in those functional areas are required to implement performance contracts, carry out monitoring, evaluation and provide feedback on the same. Implementation process involves corporate planning, preparation of annual workplans that are budgeted for and delineation of tasks at every level of operations in organizations (Mabubi et al., 2020).

Implementation of performance contracts is very vital in ensuring that organizations meet the set goals and targets. If the contract is signed and formulated and not effectively implemented, it cannot be expected to deliver the expected results in organizations. Implementation process must therefore integrate people (leaders/managers, employees), structures, processes and any other form of resources as they strive to meet their objectives (Muriuki, 2019). There are notable challenges in implementation of performance contracts which include lack of critical skills amongst employees as they have

not acquired proper training to enable them to implement performance contracts in organizations. Most officers are not aware, or they lack information on implementation of performance contracting in their organizations and this phenomenon leads to failure in achievements of the set goals and targets. Leadership is therefore a very important component and vital element in the implementation of performance contracts whether in private or public sector as they provide guidance and offer direction in ensuring that all employees can acquire requisite skills that will enable implementation of the strategy successful (Songok, 2018).

Performance contracting process monitoring and evaluation.

Monitoring is the strategy that is applied by organizations leadership and management in getting regular feedback from employees on achievements of the agreed targets in performance contract. Managers are required to carry out monitoring and evaluation of employees' level of achievement of targets based on developed workplans at the functional areas (Ouma & Karanja, 2018). Monitoring is the continuous assessment of the functions of a project or a program in context of their implementation and utilization of allocated resources. Monitoring processes allow implementers of programs to check whether activities are being carried out as planned. It further assists in identifying causes of anomalies and what actions should be taken to address noted anomalies (Kabonga, 2018). The process of monitoring and evaluation has the potential of transforming organizations departments into systems that are efficient which can perform their core mandate as stipulated in organizations' strategic plans. There is great need for organizations' leadership to reinforce development of and support of monitoring and

evaluation skills for their employees as they are vital in transformation, achievement of good governance and delivery of services (Mwaguni, 2020). Monitoring and evaluation are considered to be the best checks of achievements of what is expected, and it is a strategic process that is carried out from beginning of the project to the end. Achievements of performance contracting process are monitored and evaluated during the implementation process to ensure that the desirable results and scores are produced for ranking in organizations. Monitoring and evaluation are carried out in conformance with the set negotiated and agreed targets and key performance indicators (KPI) (Kabonga, 2018). The process of monitoring and evaluation at whatever level is carried out for different purposes which include learning of what works and what does not for decision making in organizations regarding programs and projects that are being undertaken. The process also assists in efficient utilization of resources while also tracking progress of programs, its extent of achievement on the intended impact of programmes. The process provides feedback to management, working groups, employees and other stakeholders on progress towards achieving set targets (Mutinda, 2015). Monitoring and evaluation of performance contracting process is carried out in different stages during implementation period and these stages include self-evaluation where each individual organization utilizes evaluation guidelines to assess levels of achievement of the set goals and targets. The second stage of evaluation is conducted by experts who exhaustively undertake assessment of institutional performance for that contracting process year to produce the composite score that indicates overall performance of organizations (Mabubi, 2018). The main objective of monitoring and evaluation tools is to monitor, evaluate and support the effectiveness of and efficiency of performance of organizations whether in private or public sectors. Performance

measurement and management play a very critical role in operations of organizations as same can enhance effective communication in organizations and define performance of the same in line with vision and mission. Performance measurement and management entails the process of aligning operations with strategic direction and objectives of the organizations (Yadav et al., 2017).

One of the most important prerequisites of performance improvement in organization measurement is performance. This is because what gets measured gets done in any sphere of life whether at personal, family, private or public organizations(Goshu & Kitaw, 2017). Measurement of performance in any organization is very critical and vital in performance management as it assists in improving service delivery for organizations. Outputs are the deliverables of organization's performance, and it is the main reason for the existence of organizations (Ndubai et al., 2016). The process of performance measurement monitors the production of information and performance, and the focus is on defining objectives, developing performance indicators (what is to be measured), gathering the necessary data and analysing the same for results. The analysed data would provide required information on performance of organization in relation to set targets and indicators (International Labour Organization {ILO}, 2015). The main objective of monitoring and evaluation is measurement and assessment of performance to manage expected results and outcomes effectively. The foregoing will lead to achievement of desired goals and targets (The United Nations Office for Disaster Risk Reduction {UNISDR}, 2016). Performance evaluation is carried out in two portion which include the self-evaluation and independent evaluation. Self-evaluation is basically conducted during the implementation stages of the projects by use of project performance reports and generally carried out at midterm.

Independent evaluation is carried out through project performance evaluation report which is meant to identify issues, lessons learned and recommendations that will inform other similar or better operations in future (ADB (Asian Development Bank), 2016). Data collected from monitoring and evaluation exercises in organizations will indicate levels of performance against the set indicators, sub indicators and final targets. The findings will be used to analyse any inefficiency or ineffectiveness in the performance of organizations thus informing decisions and all appropriate actions to be taken. All employees in these organizations must be involved in process of performance monitoring and evaluation. The foregoing is to first understand the need of the exercise and secondly to provide all necessary information data and information for the exercise. To ensure that activities related to monitoring, evaluation and measurements are conducted as required, organizations' leadership is required to ensure that employees are equipped with skills that are requisite for monitoring and evaluation of performance in organizations (Njoroge, 2015).

TRANSFORMATIONAL LEADERSHIP

Transformative leaders transform and motivate followers in ensuring they are aware of the importance task outcomes that are expected of them. They also assist followers in transcending their own self-interests for the sake of organizations of the team while also activating their higher order needs. Transformational leadership style is the most used leadership as it plays a critical role in enhancing performance in these organizations. This leadership style enhances individual and organizational performance as it motivates followers to explore available resources and new products for increased organizations' performance (Arif & Akram, 2018). Organizational performance can be largely fostered

by transformational leadership through organizational learning, innovation, and culture. These three variables are considered to mediate the relationship between transformational leadership and organizational performance (Nguyen & Luu, 2019). Transformational leadership has been used widely in organizational and it plays a critical role in performance as the same enhances individual and organizational levels of achievement of the set goals and objectives. This leadership style creates an environment where followers are motivated, inspired and supported which eventually leads to improved performance (Arif & Akram, 2018). Transformational leadership impacts on employees' behaviours and their commitment which ultimately influences the work environment and overall performance of organization. Transformational leadership has a significant relationship with organizational innovation and ultimate performance. This leadership style is also considered to be effective in empowering individuals who are given opportunity of performing their duties in an autonomous way thus enhancing learning and inspiration that assist individuals in stimulating organizational performance (Rawashdeh, 2020). According to Northouse, (2019), transformational leadership is composed of four main elements which include idealized influence or the charisma, inspirational motivation, intellectual stimulation and individualized consideration. All the four elements individually or combined do influence levels of performance whether at individual or organizational level.

According to Northouse (2019), transformational leadership style entails the processes of transforming or changing people which entails emotions, values, ethics, standards, and long-term goal. Transformational leaders assess motives of followers, satisfy their needs while treating them as full human beings thus influencing them to perform and achieve

more than what is expected of them. These leaders also assist followers in transcending their own self-interests for the sake of organizations and the team while also activating their higher order needs. According to Reza (2019), some of the notable skills of transformational leaders involves aspects of creativeness, where leaders are concerned with creativity and innovation among members of the team. These leaders are also visionary as they provide followers with clarity in the vision and mission of the organization. They also portray increased levels of teamwork, educate followers in taking direction of change by teaching, directing, and correcting them. This leadership style is not only concerned with performance of individual followers but also that of the whole group in organizations. Transformational leadership was operationalized through the four main components which are idealized influence, inspirational motivation, intellectual stimulation, and individualized consideration.

Idealized influence

This is the aspect of transformational leadership where leaders act as role models to followers due to their high level of morality, ethical values and integrity. Their beliefs in ethical doctrines, make these leaders respected, trusted and greatly admired by followers as they clearly communicate vision and mission of organizations to followers (Reza, 2019). Through this process leaders instil pride in team members that allows them to connect with others in group or teams in those organizations. Leaders sacrifice their personal interests for the sake of others while showing a sense of power and competence. The foregoing also helps in raising others' respect (Korejan & Shabazi, 2016). According to Northouse (2016), the first character of transformational leadership is the emotional component of the leader. This is the aspect or characteristic that depicts a leader who is a strong role model to the

followers. Followers are always identifying with this type of a leader, and they always want to emulate them and their leadership styles. This aspect of transformational leadership is measured in two main components which are attributional and behavioural.

According to Chebon et al., (2019), idealized influence is that behaviour that provides for leader's consideration of the needs and wants of followers higher than those which are personal. These leaders demonstrate high levels of ethical behaviours which impresses followers and therefore enhancing their level of performance in organizations. Langat et al., (2019), opine that, leaders who exhibit ethical behaviours that are exemplary, by acting as good examples give idealized influence on followers. Subordinates can identify these types of leaders through their values and beliefs and levels of objectivity which naturally gives followers that additional push to perform their duties exemplary. Some of the notable elements of idealized influence are charisma, ethical leadership, and trust. The leader is very authentic and holds to a moral standard and enduring work ethics and sets aside self-interests to ensure that organizations achieve collective vision and mission. This ultimately increases followers' levels of willingness to trust and emulate these leaders. This element informs findings of leaders acting as a role model to followers due to their high level of morality, ethical values and integrity and therefore influence individuals and overall performance of organizations (Shah, 2017).

Through idealized influence a leader applies emotional influence on followers, and they gain regard and respect from them when they act and also behave as good examples by demonstrating ethical behaviours. The resultant effects of what has been demonstrated by leaders is winding up of followers' ideas and self-esteem being identified with leaders. Workers are aroused to exert more efforts into work which ultimately improves

performance for organizations (Langat, 2019). Transformational leaders through the dimensions of idealized influence practice aspects of articulating organization's vision, role modelling and goal setting which ultimately influences performance of employees and organization in general. Motivation levels of followers are enhanced through this style of leadership, and they easily achieve set performance goals and objectives. (Nyokabi, 2017).

Charismatic qualities of leadership do not emanate from formal authority of leaders but rather from follower's perception of a leader being endowed with some exceptional qualities. Charismatic leaders when compelling and articulating vision, arouses enthusiasm to followers and increasing their levels of confidence in performance of their roles in these organizations. Charismatic leaders can achieve changes that are radical in organization and same is transmitted to followers as they also work hard towards achieving goals that are set by the same leaders (Mittal, 2015). Charisma is the personal attraction or the appeal that helps a leader to greatly influence followers. Leaders who are charismatic in nature are different from the majority of others as they leave a deep impression on others. The characteristic of charisma can be used for either positive or negative outcomes which can affect the followers drastically based on the level of impact. Charismatic leaders convey energy to followers in a dramatic style while leaning towards the audience with power and confidence (Williams et al., 2018). Followers use the attributional process as regards the leader which is because of some notable behaviours displayed by leaders.

Inspiration Motivation

Inspirational motivation is a component of transformational leadership where the leader has the ability of motivating follower to enhance their performance beyond what is expected of them. Through this process, leaders can encourage, inspire, and motivate their

followers by way of giving them meaning and challenges in their operations (Reza, 2019). When a leader uses effective and communicative influence, the same is related to inspirational motivation attributes. The leader communicates high levels of expectations to followers while inspiring and providing motivation through the organization. This factor describes a leader who can communicate expectations that are very high to followers by inspiring them with motivation and assisting them to become committed to a shared vision. Leaders use their emotional appeal to enable them to focus on group members to achieve more than their own self-interest. This aspect of team spirit is enhanced by transformational leadership style which is used to encourage team members to perform more than what is expected of them (Northouse, 2016).

This is the aspect of transformational leadership where a leader creates future goals that are attractive and at the same time demonstrating optimism and enthusiasm to followers. The resultant outcome of the foregoing is improved performance of organizations. Through inspirational motivational, followers align their personal goals with organizational goals (Anyiko et al., 2018). A leader uses images and symbols that raise expectations of followers as regards the mission and vision of organization. Leaders can motivate their followers by challenging their outputs and ensuring meaningful engagement in performing their duties. Inspirational motivation ensures team spirit, demonstration of high level of commitment to the organizational goals and leaders' expression of confidence in followers and the shared or common organizational vision (Nyakawa, 2021). Leaders who can use this trait of leadership style have very high level of expectations from their followers and always hopeful that followers will be able to meet their goals as planned. They also show the importance of all duties by motivating and letting their followers have

a sense of purpose as they always strive to move the team forward. The foregoing motivates and encourages followers to invest more efforts in their roles and become more optimistic about future and develop their capabilities (Bradley, 2020).

According to Tonderai & Yousefi (2021), leaders who demonstrate the trait of inspirational motivational, have the ability of promoting emotional commitment and excitement of followers to the mission and course of organizations. This is done through providing challenging tasks and have positive expectations of what is to be done while having that collective commitment to the shared vision and mission of organizations. Followers are provided with energy to serve organization's vision and mission as they are inspired and motivated to perform their duties thus increasing overall performance of organizations (Setiawan et al., 2021). Leaders are required to inspire followers into achieving important goals that are strategic in organizations. In return to that high level of inspiration, organizations achieve high levels of performance and therefore attaining goals and meeting objectives as stipulated in organization's strategic plan (Gitoho et al., 2016).

Intellectual Stimulation

This dimension or component of transformational leadership enables followers to think and develop new ways and aspects of doing their work in a different approach. Followers are also encouraged to be creative and innovative in their way of solving problems in organizations (Gonfa, 2019). This is the characteristic of leadership that stimulates members of group or organization's followers to inspire them to become innovative and creative by challenging their beliefs and values including those of leaders and organization in general. Leadership in place will strive to support members of organizations or teams as they try new dimensions, ways and approaches and develop ways

that are innovative as they deal with issues in organizations (Northouse, 2016). Intellectual stimulation enhances followers' awareness of issues and problems that are affecting organizations thus increasing their ability to develop and come up with solutions to the identified problems and issues. Leaders encourage room and environment of questioning available assumptions, perspectives that are differing, developing new ways of thinking and identification of problems in organizations (Cardona et al., 2018). The workforce in organizations is motivated in the realization of their assigned tasks as they follow the institutional norms and the set values leading to positive behaviours from employees. Followers are encouraged to think and act in innovative and supportive ways as they work toward achieving organizational goals through challenging environment (Khan, et al., 2020).

One major aspect of intellectual stimulation is the promotion of innovative and creative thinking among employees of an organization. The foregoing allows members not to stick to the known norms and forms of handling challenges and issues within the organization. Employees can develop new frameworks and they are able to dismantle past assumptions which are old and develop new approaches and methods that are innovative in nature. Followers can consider and follow new paths and ideas without fearing reprimand from leaders and this positively affects performance of organizations (Nyakomitta et al., 2018). Through the leadership in place, followers are made to realize that they have high levels of insights and thinking which when employed in organizations, they work and achieve the best results for organizations (Rotich, 2019). According to Gonfa, (2019), leaders in organizations create conducive environment that enables growth and realizations of each employee's potential that is then exploited for betterment of

organizations' performance. Leaders recognizes that for employees to perform fully and as expected, they are supposed to be empowered so that they can also contribute to organizations' transformational process. Employees are therefore supported through processes of collaboration, motivation, and reinforcement of positive behaviours and thinking in organizations.

Through this aspect of transformational leadership, followers are empowered and motivated to make decisions within the confines and environment of delegated authority. They are further motivated and encouraged to use skills which could be innate or acquired to assist them in bringing the best in them thus improving performance of organizations. Through intellectual stimulation, followers position their organizations at high level of competitive advantage and enabling them to respond better to various circumstances especially when faced by challenging situations (Karuthi, 2022). Leaders who intellectually stimulate their followers, bring out the aspect of togetherness and integrating diverse range of individual perspectives which lead to genuine creation of ideas and initiatives thus enhancing general performance of organizations. Organizations' leadership that encourages employees' growth and learning of new ideas, promote positive emotions which ultimately leads to higher level of performance for those organizations (Chebon et al., 2019). Intellectual stimulation is considered as the driving force behind improved performance of organizations as followers are encouraged to think creatively and giving their best through innovation and developing new ideas in solving existing and emerging problems (Jandaghi et al., 2019).

Individualized consideration

This is the aspect of leaders who provide that conducive environment where they listen to the needs of individual followers. Leaders will advise followers to become fully actualized by use of delegation in enhancing personal growth and development of followers through challenges. Leaders give followers strong affiliation, and in other cases direct followers on the right direction (Northouse, 2016). This is the involvement of leaders in coaching and mentoring followers in the organization where leader always treat followers individually to raise their maturity and enhance effective ways of addressing goals and challenges in organizations. Special attention is paid to individual follower's need for them to achieve whatever goals and objectives that are in line with organizations' strategic plan. Leaders can successively develop followers in organization to a higher level of potential and growth with new learning opportunities which are provided through supportive climate in organizations. The foregoing can be identified through noting differences in terms of needs and desires of individual followers (Ondari, 2018).

Consideration of employees' individuality, in organization is considered as individualized consideration. The priority of every follower is linked to the development agenda of the organization and leaders can create and focus on development and training of organizations employees that would ultimately create promotion opportunities. Through individualized consideration, leaders are able to include followers in the transformation process and agenda of organizations while diagnosing needs, wishes, values and abilities of employees (Ogola et al., 2017). According to Latif et al., (2018), individual consideration is that part of transformational leadership, which provides that leaders should always consider followers individually separately. It is further considered as the support of

leaders to the efforts of followers and through this process leaders can divert mindset of followers and also increase their commitment to organizations' goals and objectives.

Transformational leaders can focus on peoples' bond and maintain the association with all team members in organization. The foregoing enables leaders to identify followers needs, sentiments, expertise and their ambitions which are capitalized on to produce results in organizational performance (Jaroliya & Gyanchandani, 2022). Leaders extend personalized attention to followers by playing coaching and mentoring role which involves extending empathy and any other support. The leader also is able to maintain a close communication with followers where they create a culture of respect from both end and at the same time recognizing contribution of others in organization. Through individual consideration all employees or followers in the organization are included in the transformational process or initiative. Duties are delegated to followers which facilitates efficient and general performance of the organization (Tamunomiebi & Okwudiri, 2021).

COLLABORATION

The type of leadership that can be considered effective, in the current set of environments would demand collaboration, listening skills, influencing, and flexible adaptation in contrary to command and control. Leaders must always show that willingness to make those strategic choices and investments of networking and collaboration constantly and always and create that virtuous circle of collaboration (De, 2010). Organizations are made up of individuals who work together in teams which must always collaborate. A collaboration concept in an organization would consist of the establishment of goals and reasons for its existence. Secondly the team will collaborate in gathering requisite data and information, for assigned roles, for leadership positions as designed, and negotiated level

of commitment as undertaken. At the third stage teams collaborate in analysing the collected data which is processed and interpreted to inform expected results or goals in organizations. Collaboration is very key in the implementation stage where teams move to motion and start to perform as per the outcomes of the previous stages of collaboration (Assbeihat, 2016).

Collaborative processes and leadership in organizational context are composed of those techniques that are meant to drive organizational agenda ahead by getting desired outcomes through collective efforts and intelligence. The concept believes in the power of a team or group and performance of groups, and their inputs is greater than the input of an individual. The process is persuasive in that leaders in organizations will influence colleagues for their valuable inputs and collectively attain desired organizational goals (Ang'ana & Kilika, 2022). Organizations are currently embracing collaboratively styles of management where collaboration, multidisciplinary and interdisciplinary functional teams are the norms. The process of teamwork and collaboration allows members to know each other in teams and to discover themselves better to take responsibilities in relation to others and promoting their ideas. The same also assist in the ability to listen and question ideas of others in organization and in group (Laberge, 2016).

Collaboration in organizations entails aspects of having right mentality and reducing all charges related to operations of organization while establishing requisite harmony and connection between employees in organizations (Maalouf, 2018). Teams or functional areas in organizations cannot work separately or in silos as they are all interlinked. Organizations structures are made of different sections or departments which may include planning, design, procurement, project implementation department,

maintenance, monitoring and evaluation, audit and finance. All these sections must collaborate for the common goal of organization as they are all interlinked and one feeds into the other. Collaboration was operationalized through the indicators of trust building, employees' commitment and shared understanding.

Trust building

According to (Collins & Chou, 2018), trust building is very fundamental as the same affects team cooperation and effectiveness. Trust in team assists in increasing cohesion and reduces conflict in the functional areas in organizations which ultimately enhances performance of organizations. They further posit that confidence and expectations are very significant elements of trust because confidence in other people is very fundamental in building trust in teams. One of the key factors that underpins cooperation in organization is trust and has a significant change in performance and attainment of goals. Where a climate and culture of trust is fostered in work engagement and employment relationship, there is likelihood of enhanced level of trust among members. In an environment where there is lack of trust there will be failures in communication amongst members, lack of delegation, no empowerment and low quality of service (Erdem et al., 2022). It is the desire of team members that actions of any of other members will facilitate achievement of interdependent objectives and that can only be achieved through trust among themselves. Teamwork that is effective is associated with trust amongst members as the same define the functionality and dynamics and the foregoing ultimately affect performance either positively or negatively (Yangu, 2014). Trust building in teams is regarded a very key factor for success of any organization. Team building in an organization is the most conscious factor for success of any organization.

The main goal of team is to maximize synergy between members and functional areas in organization which can only be achieved through trust building (Hakanen et al., 2015).

Whatever leadership style is in place, trust in team members is key for excellence performance of organizations. Organizational outcomes are greatly predicted by the trust exhibited in teams through collaboration and it is seen as a key factor in the performance for the success of organization (Breuer et al., 2019). Trust among team members and in all functional areas within organizations enhances performance by ensuring that issues and goals are agreed on and sorted together before they escalate to conflicts. On the other hand, mistrusts in teams negatively impacts performance as members of team always pull in different directions and this leads to disagreement and ultimately affecting performance in organizations. Organizations' leadership must work in enhancing trust among team members as the same will ensure that goals and objectives are achieved as envisaged (De et al., 2015).

Employees' commitment

Employees' commitment in organizations is considered as the willingness of employees to make extra efforts that may benefit organizations. For organizations to create and maintain a very robust competitive advantage and achieve high levels of performance for both organization and individuals, employees' commitment is very key and paramount. Organizations are increasingly working hard in promoting commitment as they increase and enhance efficiency in achieving strategic goals and objectives (Timoti, 2020). Employees commitment is a very key aspect in organization as the same reduces withdrawal behaviours within employees which may include but not limited to lateness, absenteeism, and their turnover. The foregoing values are critical in ensuring that

organizations can meet all the objectives as outlined in the organization's strategic plan. Employees who exhibit certain levels of commitment do not engage in withdrawal behaviours and they are also able to accept changes as employees are very core to organization's performance (Irefin & Mechanic, 2015).

Employees' commitment is the attachment that they have to their organizations and is used to measure their levels of satisfaction and engagement. Strengthening employees' commitment in organizations is a key element in ensuring growth and development of organizations. High levels of commitment of employees to organizations results to high level of performance as they are dedicated to set goals and objectives (Rebeka & Princy, 2019). This represents the emotional attachment of individuals to organizations. Commitment in organizations can be categorized into three categories which are the affective commitment which is the manifestation of commitment through emotional and identification of employees with the organization. The second type is the continuous commitment where employees estimate the cost associated with leaving organization. The third type is the normative commitment which generally is associated with feelings of obligations of employees to stay in organizations for various types of benefits (Dordevic et al., 2020). Affective commitment is concerned with emotional attachment employees within the organization and their level of identification and involvement. These employees continue working with organizations as they want to have close link with same firm. They also feel that their employment is congruent with goals and values of the organizations which is influenced by factors which include but not limited to job challenge, clarity of goals, roles, receptiveness of the management, cohesion in the organization participation and feedback (Andrew, 2017).

(Theresa et al., 2021), argue that continuance commitment for the employees is the willingness to remain in the organization due to the non-transferable investments which include but not limited to personal relationship with other peers in the organizations, retirement among others. Employees who share the same kind of commitment as employer, find it difficult to leave organizations due to the associated gains. According to Ikyanyon & Agber (2020), continuance is related to the costs that are associated with leaving organizations. Costs of leaving organizations is associated with this type of commitment and these costs include but not limited to waste of time and efforts that is normally spent in the acquisition of skills, loss of benefits, privileges that comes with many years of service. This type of commitment develops also when there is lack of or absence of other employment opportunities for employees. Normative commitment is related to work ethics and implicit involvement and responsibilities of employees to organizations. It is the sense of responsibility for employees to continue working with organizations where they are employed and given responsibilities and they are committed to the organizations based on the value they attach to it (Chelliah et al., 2015). Some of the factors that influence employee's commitment to organization are fairness, trust, wages, autonomy and open communication channels, affiliation, and concern for employees. Employees' commitment is a key factor that affect performance of organizations, but the foregoing is determined and influenced by this type or dimension of commitment (Ikyanyon & Agber, 2020). In additional to the above, employees' commitment to a particular organization is determined or influenced by work characteristics, the support offered by the organization to employees and loyalty to organizations. Any fluctuation on any of foregoing factors, will greatly impact on commitment of employees to the organization which will ultimately affect

overall performance of the organization (Amalia & Faisal, 2020). Organizations' leadership should always ensure that employees' commitment is enhanced at all levels of functional areas for them to realize desired performance and attain all set goals and objectives in performance contracts.

Shared understanding

Group members are not supposed to have acquired all expertise in all fields in organizations, but they should be able to integrate and use their knowledge bases so that they all benefit the whole organization. The foregoing is referred to as shared understanding and the same can be defined as the ability of group members to coordinate their behaviours in respect to other members to enable the team to realize organizational goals and objectives (Bittner & Leimester, 2016). Shared understanding is a very critical and key component in the process of any action taken in organizations. Lack of shared understanding indicates that decisions are not supported by all members in the group and therefore common goals are not achieved. From the contextual point of view, groups that do practice shared knowledge and understanding are able to respect behaviours of each other to support realization of common goals and objectives in organizations (Gomes et al., 2016).

Shared understanding in organization allows for the coordination and realization of common objectives and values which include mutual knowledge, assumptions, and beliefs through processes of learning. The process of learning includes feedback mechanisms, exchange, reflection motivation and expression of values among others. The process of creating shared understanding is dynamic in nature and involves interactive process between individuals in the groups and the understanding in the groups' individual which

ultimately leads to high levels performance among group members (Keranen et al., 2021). Team members who practice shared understanding can integrate their behaviours and coordinate them to achieve the common or shared goals for the organization. Shared understanding leads to strategic consensus which ultimately leads to an enhanced team corporation and organizational performance (Berggren, 2016). Lack of or failure to build a shared understanding within team members in organizations leads to members acting unilaterally thus undermining collaboration and ultimately performance. Shared experience is also very important as it also enhances shared understanding and thus increasing output in the organizations. Organizations' leadership should always ensure that there exists shared understanding amongst team members for enhanced collaboration and performance for organizations. Performance contracting process which provides details of levels of achievement of set goals and objectives, is also enhanced through the processes of shared knowledge amongst employees of functional areas as they cannot deliver in silos (Kniel & Comi, 2021)..

MACRO-ENVIRONMENTAL FACTORS.

Organizations' environmental involve internal and external conditions and their impacts and which affect their existence and performance. Macro-environmental factors that affect performance of organization include but not limited to economic, political, legal, social and technological factors. Organizations' leadership cannot control effects of these factors and they are only, but they are examined to identify areas of opportunities and challenges to performance of organizations. Macro-environmental factors are continuously changing, uncontrollable, unpredictable, chaotic and unstable (Albulushi et al., 2020). Organizations as a system must always strive to ensure that they are adapting to the

surrounding environment as the same affects their operations activities and choices of business. The foregoing always and ultimately affects their opportunities and the risks associated with operations of organizations (Sunday, 2017). Organizations must always adopt to the existing external environment for them to remain viable and attain their competitive edge in the marketplace. Performance of publicly owned organizations are directly affected by external environment factors that are in their surroundings. Such factors include political factors, economic factors, technological factors, social and environmental factors, and legal factors. This study examined the extent to which these macro-environmental factors moderate the relationship between transformational leadership and performance contracting process in road agencies in Kenya. The variable macro-environmental factors was operationalized using the political, economic and natural environmental factors.

Political factor

Domestic and international political factors contribute greatly to organizations' work and the performance of organizations can be restricted by or energized by political factors as they aid in determining the market and economic activities of organizations (Muscalu et al., 2016). Humphrey & George (2020), opined that there is great level of influence that is exerted by political environment on performance of firms regardless of their sizes. These political forces are completely out of organizations management control and the same cannot be defined, predicted, or aligned to organizations' objectives. Organizations must always operate in line with existing political systems in the Country of its operations. All public sector organizations are characterized with aspects of dependency on the political principals for resource allocations that are all financial in nature (Andersen

& Jakobsen, 2018). Factors that are commonly associated with political activities are governments' regulations on organizations' businesses and these relationships are particularly important for the survival of businesses. Political stability in a Country has a direct impact on the aspects of planning, growth and development of businesses and overall performance of organizations (Eruemegbe, 2015). Some of the notable political factors that would greatly impact on performance of organizations include political changes, late and insufficient government funding, policies, and regulations. Government regulations that would affect performance of organization either positively or negatively consisting of tax policies, fiscal policies and trade tariffs (Khalid, & Rahman, 2019).

Economic Factors

Performance of road agencies and development of road infrastructure is greatly impacted by economic conditions and situations prevailing in a country. These factors determine levels of funding and budgeting for the road infrastructure and ultimately affecting overall performance of organizations mandated with the core responsibilities of providing these services (Rastogi & Trivedi, 2016). The main economic factor that determines performance for a national economy in a certain sector is Gross Domestic Products (GDP). This indicator provides a partial measure of economic factors while inflation is also considered to be a factor that adversely affect cost of raw materials and other inputs that are required by a firm in the process of producing products or services being offered or delivered by organizations (Miley, 2015). Exchange rates that fluctuate lead to low or higher prices for purchase or sale of goods and services provided by organizations. It is also noteworthy that taxes that are higher lead to less or higher disposable income for customers thus increasing or reducing purchasing power of

customers. The quantum of interest rates affects organizations' cost of capital thus influencing extent to which organizations can develop or expand (Buye, 2021). Road sector and infrastructure development in general is greatly affected by country's economic development as this sector depends on revenue collected by governments. Road infrastructure play a critical role in ensuring safe and efficient movement of people and services while providing access to land and other commercial and social activities (Law et al., 2018).

Natural factors

Organizations are affected by external components that influence their operations and thus impacting on their outputs and they must therefore adapt to these surroundings. These factors are considered to exert pressure to performance and operations of organizations. These factors are considered not to be in the control of the organization's leadership and therefore the need of identifying their strength, limitations and available opportunities to be exploited (Fehan & Aigbogun, 2022). Organizations operate in an open system that are affected by natural factors and organizations must always strive to protect natural environments from pollution due to their operations. Organizations' management must put into consideration the aspect of government regulations regarding protection of environment and comply with all laws that regulate and govern such operations (Oguya & Muturi, 2016). Global warming must be considered during planning stages of organizations' activities as they impact majorly on the performance of these organizations. Some of the occurrences that are associated with global warming include flooding, drought, desertification, wildfire and melting of ice. The foregoing has negative bearing on performance of organizations and in particular road agencies (Oguya & Muturi, 2016).

These natural factors include weather, climatic conditions, topographical factors, rivers and soils and organizations are required to analyse and put into consideration all the existing environmental and natural factors that would affect their operations and also determine their overall performance (Emeka & Eyuche, 2014).

Natural occurrences such as drought, earthquake, pandemic outbreaks affect performance of organizations to a great extent. There are business losses that are occasioned by these natural factors and organizations must always factor in such natural phenomenon and occurrences in their operations and insurances to curb or prevent major losses in case of their happening (Daniel, 2018). Road agencies are charged with responsibilities of construction and maintenance of roads which are determined by availability of raw materials like gravel, cement, water, soils, and other inputs that are of bituminous in nature. Availability of these materials is in most cases determined by location of projects and topography of these areas where project road is situated. There are changes and disruptions that are mainly as a result of roads construction and maintenance that ultimately affect physical environment thus affecting overall performance of organizations (Mungai, 2018).

EMPIRICAL LITERATURE REVIEW

This section documented the reviewed empirical literature that is related to the study variables as detailed in the conceptual model. The section also reviews empirical literature on how independent variables is related to the dependent variable. Further to the foregoing, the section details the empirical findings for the moderating and mediating role of macro-environmental factors and collaboration respectively.

Influence of idealized influence on performance contracting

According to Nyokabi et al., (2017)), in their study on the effects of Idealized Influence and inspiration motivation of the CEO on performance in the Private Sector in Kenya, established that CEO's idealized influence significantly predicts performance of senior managers in organizations. The study adopted the concepts of idealized Influence, inspiration motivation and performance in the private sector. The study adopted the positivism research philosophy and descriptive correlational research design. The target population consisted of 984 senior managers reporting to the CEOs of 183 private sector companies under the umbrella of the Kenya Private Sector Alliance (KEPSA). A sample size of 284 was drawn using stratified random sampling, and data was collected using structured questionnaires. A response rate of 92% was realized. Data was analysed using descriptive statistics namely frequencies, means, and standard deviation. Inferential statistics were also used in the analysis which included Pearson's correlation, Analysis of Variance (ANOVA) and multiple linear regression. There was therefore a contextual gap in relation to the current study as the same determined influence of idealized influence and inspiration motivation on performance contracting process in road agencies (public sector). The context of the reviewed study was private sector, but the context of the current study is on Road Agencies in Kenya which are public institutions.

Idealized Influence had a positive relationship with HR performance but did not have a significant effect. A positive relationship could have been interpreted that if the Idealized Influence increased, HR performance would have also increased. These findings were not in line with the results of previous studies conducted by Top et al. (2020), Soegiarto (2016), which showed that HR performance was significantly influenced by

Idealized Influence (Hery et al., 2021). The above study was carried out in santri Ponpes Anwar Futuhiyyah in Indonesia (Asia) to investigate the influence of idealized influence to Human Resource (HR) performance in Islamic Boarding School. The study adopted quantitative research design only while the current study adopted embedded mixed methods which were quantitative and qualitative. The reviewed study only provided that abstract part of research but did not capture emotional feelings of respondents. The current study bridged that gap by conducting structured interviews that helped to note and document the feelings of the respondents as regards all variables investigated through the research in the selected organizations.

Ngaithe et al., (2016), examined influence of idealized influence and inspiration motivation on performance of staff in State Owned Enterprises in Kenya. They established that idealized influence and inspirational motivation significantly predicted and influenced overall performance of staff in these organizations. The study used positivism philosophy and descriptive research design. The current study determined influence of idealized influence on performance contracting process in road agencies in Kenya which are also in the domain of public sector organizations. The current study adopted pragmatism philosophy which is different from what has been adopted in the reviewed study. There was therefore a philosophical gap between the two studies.

Kariuki (2021), conducted a review of extant conceptual, theoretical and empirical literature on the idealized influence and inspiration motivation dimensions of transformational leadership style in microfinance context. The study established that idealized influence and inspiration motivation have a direct link to staff retention and performance organizations. The context of the study was microfinance institutions in the

private sector while the current study determined the influence idealized influence on performance contracting process in road agencies in Kenya. The methodology used in the reviewed study was literature review or desktop analysis of the extant conceptual, theoretical and empirical while the current study employed mixed method (qualitative and quantitative). There is therefore a contextual and methodological gap between the two studies.

Chebon et al., (2019), carried out an investigation on influence of transformational leadership on employees' performance with evidence from Moi Teaching and Referral Hospital (MTRH) in Kenya. The study established that employees were motivated to high levels of performance by their leaders through creativity and innovation and they ensured existence of clear flow of information between departments in that organization. The study further established that leaders in this organization were regarded as role models as they influenced high quality of service among employees by their ethical behaviours and they also participated in decision making processes for the organization. The study used a descriptive research design and used stratified sampling methods for the recruited sample population. The study was based on Health Organization context, but the current study examined influence of Idealized Influence constructs in the context of road agencies in Kenya. There was therefore a contextual and conceptual gap between the reviewed and the current study.

Idealized Influence, Inspirational Motivation, Intellectual Stimulation, and Individual Consideration are the components of Transformational Leadership, and these components can develop sustainability on employee's performance. Through review process, it has been clear that Idealized Influence, Inspirational Motivation, Intellectual

Stimulation, and Individual Consideration has a direct and significant impact on sustainable employee's performance. Intensive work system force employees to perform in their full ability. But in the long run, employees become less loyal, and organizations face low outcome from employees. The transformational leadership style works for employees to enhance their performance and help employees to cope with the needed changes in the organization. Based on the discussions from the literature reviewed, it was concluded that Idealized Influence component helped employees to get influence from the leaders to work with their full potential (Asma et al., 2021). The reviewed study was conducted through literature review (secondary data) in University of Putra in Malaysia, and thus not capturing the current affairs in these organizations. The current study adopted questionnaires and structured interviews to captured primary data thus capturing the current affairs and feeling of the respondents in road agencies in Kenya thus bridging the gap between the two reviewed studies.

Influence of inspiration motivation on performance contracting process

Otieka (2018), conducted a study to investigate the relationship between performance contracting process and employees' motivation in selected commercial banks in Nairobi City County Government. The study was carried out in the financial sector where descriptive research design was adopted, and data collected through structured questionnaire. The study established that there was a strong relationship between employees' motivation and performance contracting process in commercial banks in Nairobi city county in Kenya. The study used quantitative method while the current adopted embedded mixed methods of quantitative and qualitative. It was noted that the reviewed study feelings of respondents through collection of qualitative data and the

current study bridged that gap by conducting structured interviews captured that aspect of personal feelings the respondents as regards all variables investigated through the research in the selected organizations. The study was also carried out in financial sector while the current study was carried out in road sector in Kenya. From the foregoing, there were methodological and conceptual gaps between the two studies.

The study by Luedech & Chutikarn (2020), with the main objective of examining the impact of the employee motivation on the performance. The study adopted the survey-based methodology, and the data was gathered from the academic staff in the ten leading business schools in Indonesia. The data was gathered with the aid of questionnaires and structural equation modelling was employed for the data analysis. The results indicated that there was significant relation between employee performance and employee motivation in this academic business school. The reviewed study adopted structural equation modelling to investigate the relationship between employees' performance and employee motivation. The current study adopted descriptive and inferential statistics to determine the relationship between inspiration motivation and performance contracting process in road agencies in Kenya. There were notable methodological and conceptual gaps which the current study successfully bridged.

Nyakawa (2021), carried out a study to investigate the effect of inspiration motivation on organizational performance of state corporations in Kenya. The study used descriptive research design, data collected through structured questionnaire and used leader-member-exchange (LMX) theory. The study established that there was a very strong and significant relationship between inspiration motivation and organization performance. The current study used embedded mixed method (quantitative and qualitative) while the

reviewed study used quantitative method to collect primary data and information. The current study adopted four theories which were transformational leadership theory, new public management theory, public value theory and systems theory while the reviewed study used leader-member-exchange (LMX) theory. There were therefore methodological, theoretical and contextual gaps between the two studies.

Uka & Prendi (2021), investigated the factors that influence motivation of employees in organizations to enhance their performance. The study adopted quantitative research methods in different companies in Albania. The study established that there was a strong and significant relationship between the employees' motivation and companies' success. The reviewed study adopted a quantitative method while the current study adopted embedded mixed method and from the two studies it was established that there were methodological and contextual gaps. Arnold et al., (2023) carried out a study in Norwegian naval cadets and study variables were measured using short daily surveys that were distributed to the cadets every day requiring that they fill all qualities that were exhibited by the acting transformational leaders for that day. The study established that the central goal of transformational leadership is to motivate followers to lead themselves. They further noted that transformational leaders challenge followers to think creatively and independently and encourage proactive behaviour by developing, stimulating, and empowering employees. The study demonstrated that when leaders showed transformational leadership behaviours such as inspiration motivation, they inspired their followers to use their strengths and became proactive. These behaviours, in turn, seemed to foster work engagement and enhanced performance amongst the followers. The reviewed study adopted short questions survey and because the study was only for few

individuals working in a controlled environment, the results could have been biased and skewed. The current study bridges the gap of baseness by having many respondents totalling to approximately 214 and spread across three road agencies each with different mandate.

Influence of intellectual stimulation on performance contracting process

Otieno et al., (2019), conducted a study to investigate the influence of intellectual stimulation on engagement of employees in energy sector parastatals in Kenya. The research adopted positivist research philosophy and data was collected by use of questionnaires thus using quantitative method for data analysis. The study also adopted correlational research design in determining the strength of the relationship between parameters of intellectual stimulation and employee's engagement and performance. The study established that there was a significance relationship between intellectual stimulation and employees' engagement and performance. The study was carried out in the energy sector context and used the positivist research philosophy while the current study was based on the road sector context and adopted pragmatist research philosophy. There were therefore two distinct research gaps both in terms of context and the philosophical approach adopted between the two studies.

Fat'Chatus et al, (2023), carried out research scrutinizing the impact of intellectual capital on firm performance, identifying pertinent scientific publications using a systematic literature review in Small and Medium Enterprises in Indonesia. The results revealed that an upward annual trend in empirical research concerning the effect of intellectual capital on company performance. The study was carried out through the analysis of 35 empirical research articles. This study underscored the importance and prevalence of intellectual

capital concepts that various firms leverage on to bolster their performance. The reviewed adopted literature review method for data collection and it was based on financial sector while the current study was used mixed embedded method for data collection and descriptive analysis. There were therefore methodological and conceptual gaps between the two study.

Nyakomitta et al., (2018), intellectual stimulation affects performance of commercial banks in Kenya. This conclusion was arrived at after carrying out a study to investigate influence of intellectual stimulation on employees' performance of tier 1 (one) commercial banks in Kenya. The study adopted a descriptive and inferential research design which included both qualitative and quantitative methods. The choice for the tier 1 Banks was due to their significant fifty percentage (50%) contribution to the banking employees in the country. The banks included Kenya Commercial Bank, Equity Bank, Cooperative Bank, Standard Chartered Bank, Barclays Bank, Diamond Trust Bank and Bank of Africa. The data was collected by use of questionnaires and multiple regression model was used to estimate coefficient by use of SPSS statistical packages. The theories adopted in the research included competency theory, shareholders' wealth maximization theory while current study adopted the Transformational Leadership theory, New Public Management Theory and Public Value Theory and System Theory. There were therefore theoretical, contextual, and methodological gaps between the reviewed study and the current study. Ngaithe et al., (2016), examined effect of intellectual stimulation on performance of staff in State owned enterprises in Kenya. The study was guided by the following research question, does Intellectual stimulation affect performance of the state-owned enterprises in Kenya. The research used positivism research philosophy and

descriptive research design. The study used structured questionnaire to collect data that was analysed by factor analysis, correlational analysis, and Analysis of Variance (ANOVA) to examine relationship between Intellectual Stimulation and staff performance in the selected organization. The study established that Intellectual Stimulation significantly and positively affected and increased staff performance in State-Owned Enterprises. The study therefore concluded that leaders should always inspire staff to be creative, innovative, and participative in all organizations processes. There were gaps that were identified between the reviewed study and the current study, and they included the methodological, theoretical, and the contextual gaps.

Influence of individualized consideration on performance contracting process

research methods investigated influence of individualized consideration on job satisfaction for employees in private sector universities organizations. The study adopted correlation research design and linear regression to investigate the influence of individual consideration to Job Satisfaction in Private Sector Universities. The study findings established that individualized consideration have a positive impact on job satisfaction in the organizations that were investigated. The current study used embedded mixed methods and descriptive research design and therefore there were methodological and contextual gaps between the reviewed research and current study.

Ogola et al., (2017), investigated influence of individualized consideration leadership behaviours on performance of employees in small and medium enterprises (SMES) in Kenya. The study population was 100 SMES as listed in the KPMG report of 2014. The study adopted a correlational research design to investigate relationship between independent variable and dependent variable. Stratified proportionate random sampling,

closed ended questionnaire for data collection and Pearson's correlational analysis techniques were used in the research. The study established that there was a significant correlation between Individualized Consideration leadership behaviours and employees' performance in the identified SMES in Kenya. The current study used an embedded mixed methods approach in examining influence of individualized consideration to performance contracting process in roads agencies in Kenya. The study also adopted descriptive research design contrary to what the reviewed research employed. There were therefore contextual, methodological and theoretical gaps between the two studies.

Chebon et al., (2019), investigated influence of transformational leadership on employees' performance for Moi Teaching and Referral Hospital (MTHR) in Kenya. They particularly concentrated on influence of the construct of individualized consideration to employees' performance. They adopted descriptive research design to investigate the relationship between independent and dependent variables. The study targeted a total of 3739 employees comprising of top management, middle level management and staff at the operational level. Stratified random sampling method was used accompanied by simple random sampling for each stratum and thus having a sample size of approximately 463 respondents. The study established that there was a significant relation between individual consideration and employees' performance and productivity in the Referral Hospital as supervisors celebrated individual contribution to the overall production of the organization. The study was carried out in the context of health sector while the current study was carried out in road sector and hence there exist a contextual gap between the two studies.

Njiraini et al., (2018), examined the extent to which the construct of individualized consideration influenced job satisfaction among employees in commercial banks in Kenya.

The study adopted a positivism research philosophy and descriptive correlation research design. The study targeted a total of 10,310 with a sample size of 424 among managerial employees in commercial bank in Kenya. Primary data was collected using structured questionnaires and response rate was at 82% of the sample size. Descriptive and inferential statistics were used to analyse the collected data. The study established that individualized consideration was significantly collated with job satisfaction and performance in commercial bank in Kenya. The current study used pragmatism research philosophy and mixed methods in data collection and analysis and therefore there were two identified gaps between the two studies.

Mediating role of collaboration to the relationship between transformational leadership
and performance contracting process

Soieb et al., (2015), investigated the mediating role of collaboration between the relationship of employee engagement and leadership styles for Government officers working in different Ministries in the federal Territory of Putrajaya. The study adopted quantitative research method where 400 questionnaires were distributed to approximately 400 respondents. Two hundred and forty-three (243), responded to the distributed questionnaire and the collected data was analysed using Structural Equation Modelling (SEM). The study established that there was a significant effect of leadership on collaboration and collaboration significantly affected employees' engagement. The study further concluded that collaboration had a mediating effect on the relationship between leadership styles and employees' engagement. There were notable methodological, contextual and conceptual gaps between the two studies.

Gachiengo, (2018), investigated the effect of interorganizational collaboration on the performance of courier firms in Nairobi County. Particularly the study was to investigate effects of resource-based, cost-based and relational based collaboration and the performance of courier firms in Nairobi County. The theories that guided the study included the Transaction Cost Theory, Resource Based View Theory, and the Resource Dependency Theory. The research philosophy adopted was the positivism and both the descriptive and explanatory research design. The study adopted unit of analysis of 141 courier firms and used the stratified sampling methods which grouped the organizations into strata by using licensing. The data was mainly primary and the same was collected by use of self-administered questionnaires. Data analysis was carried out through descriptive and inferential statistics. The study established that resource-based, cost-based and relational based collaboration had a positive impact on the performance of organizations. There were methodological and contextual gaps between the reviewed and current study.

Paolucci et al., (2018), investigated effects of transformational leadership on team effectiveness. They carried out a diagnostic analysis of the effects of this type of leadership on three criteria of team effectiveness which included improvement process for team, viability and group experience quality. They also investigated the mediating role of teamwork effectiveness and commitment. The study was carried out in the different organizational context in Portugal where two types of questionnaires were administered to the team members and their leaders. A total of 445 members were surveyed and study hypotheses were tested through structural equation modelling. The results revealed that effective team commitment or collaboration mediated the relationship between transformational leadership and the quality of the performance of teams and their

experiences. The reviewed study was based on the team effectiveness and its commitment. The current study investigated the mediating effects of collaboration between transformational leadership and performance contracting process in road agencies in Kenya.

Moderating role of macro-environmental factors to the relationship between transformational leadership and performance contracting process

Jabeen et al., (2016), examined moderating role of external environment (macro-environmental factors) in the relationship between market orientation and performance of businesses on small medium enterprises (SMES) in Punjab, Pakistan. The study adopted descriptive research design while data was collected by use of questionnaires with 5-point Likert scale and was analysed using SPSS statistical package. The study established that external environment played a moderating role between market orientation and business performance. The context of the study was the banking sector while the current study was in the context of road sector and specifically for road agencies in Kenya. The concept of the reviewed study was on the aspects external environment and market orientation while the current study was based on the concept of macro-environmental factors and transformational leadership in road sectors. The external environment factors in the reviewed study were operationalized by market turbulence and competitive intensity while the current study was operationalized by political, economic and natural environment factors. There were therefore notable gaps which included contextual, conceptual and operational between the reviewed study and the current study.

Wanjiru et al., (2019), examined the moderating effects of the external environment on the relationship between firms' strategies and performance for

manufacturing firms in Nairobi City County Kenya. The study used multiple probability sampling technique to select the study sample out of the targeted population of 373 firms located in the county which accommodates approximately 80% of the manufacturing firms in Kenya. Semi structured questionnaires were used to collect primary data and the data was analysed using descriptive and inferential statistics for quantitative data for qualitative data, content analysis was used. The study indicated that external environmental factors where organizations operate in, have moderating effects on the relationship between corporate strategies and organization performance. The study was based on the context of manufacturing sector while the current study was based on road sector to examine moderating role of the macro-environmental factors on the relationship between independent (transformational leadership) and dependent variable (performance contracting process).

Arokodare & Asikhia, (2020), investigated mediating effects of strategic entrepreneurship on organizational performance and adopted a cross-sectional survey research design and a target population of 9,324 owners and managers of all energy and gas services companies in Lagos and River States in Nigeria. The sample technique used was multi-stage and a sample size of 733 was adopted through the Cochran Formula. The data collected was analysed using descriptive statistics the findings there off indicated that macro-environmental factors moderated the relationship between strategic entrepreneurship and organizations' performance. The study was based on context of the energy and gas services while the current study investigated the moderating role of macro-environmental factors to the relationship between transformational leadership and performance contracting process in the road agencies in Kenya.

Waithaka, (2016), investigated the moderating effects of organizational factors between competitive intelligence practice and performance of firms which are listed in Nairobi Stock exchange. The study evaluated performance of firms by use of both financial and non-financial measures. The study adopted both descriptive and explanatory research design for optimal results. The target population for the study was all 60 listed companies in Nairobi Stock Exchange targeting managers and directors in-charge of planning and strategies for the firms as the unit of observation. The study established that organizational environmental factors moderate the relationship between the competitive intelligence practices and firm performance for the listed firms in Nairobi Stock Exchange. The current study adopted a descriptive research design and embedded mixed methods in road sector context and leadership concept. There were identified gaps which were methodological, contextual and conceptual.

Abbas, & Hassan, (2017), investigated the moderating effects of environmental turbulence on the relationship between customer relationship management effectiveness, business innovation and organizational performance. They used the Structural Equation Modelling (SEM) and self-administered questionnaires were used to collect primary data with the use of the Likert Scale that had five questions. A sample size of 390 respondents was adopted but after filtering the same, the received number of questionnaires was 382 responses and the same was used for analysis. The findings of the research established that environmental turbulence moderates the relationship between customer relationship management effectiveness and organization performance in tourism sector in Pakistan. The current study investigated the moderating effect of macro-environmental factors in road sector (road agencies) in Kenya. The study adopted mixed methods and descriptive

research design unlike the reviewed study that adopted Structural Equation Modelling (SEM) from Amos software. There were therefore gaps in terms of methods, concepts and context between the two studies.

Njoroge (2015), conducted a study in Kenyan State Corporations to establish the influence of performance contracting process and the external environment on the relationship between strategy implementation and performance of Kenyan State corporations. The study established that performance contracting process and external environment had a significant influence on organizational performance. The external environment was operationalized by complexity, dynamism and munificence while performance contracting process was operationalized by involvement, negotiation, cascading, target setting and monitoring and evaluation. Theories that were used in the reviewed study included the institutional theory, contingency theory, open systems theory, result based management theory and stakeholder theory while the current study used transformational leadership theory, new public management theory, public value theory and system theory. There were therefore notable gaps between the reviewed study and the current in terms of theoretical, contextual and conceptual frameworks.

Nyongesa (2021), investigated the moderating effects of implementation factors on the relationship between performance contracting process and service delivery in Huduma centres in Western Kenya. The study was anchored in the vroom's expectancy theory and goal setting theory and utilized correlational survey research design. Implementation factors were operationalized by personal factors which included working conditions, level of education, remuneration, management styles, workers attitudes and beliefs, PC perceptions, technology and rewards. Resource factors included budget,

communication, channels, rules and regulations, employees' involvement, computer and internet, office and office space. Performance contracting process was considered as the independent variable in the reviewed study while service delivery was considered as the dependent variable. From the foregoing there were contextual, conceptual and theoretical gaps between the reviewed study and the current study.

RESEARCH GAPS

There are several studies that have explored the relationship between transformational leadership and organizational performance, and some have been reviewed in the preceding section. However, there are no known studies that have been carried out on the effects of transformational leadership on performance contracting process in the road sector (Road Agencies in Kenya). There was also very limited information that regards the mediating influence of collaboration between transformational leadership and performance contracting process in road sector and more specifically in Kenya. Further there were no known studies carried out in the road agencies to examine or determine influence and moderating role of macro-environmental factors between transformational leadership and performance contracting process in Kenya. During the review of the empirical literature, other gaps were identified which included methodological, contextual, conceptual and theoretical as detailed in the preceding section. The current study entailed bridging these gaps by carrying out a diagnostic analysis to examine influence of the four (4) Is or constructs of transformational leadership on performance contracting process in road agencies in Kenya. The study further investigated the mediating and moderating roles of collaboration and macro-environmental factors respectively to the relationship between

transformational leadership and performance contracting process in road agencies in Kenya.

THEORETICAL FRAMEWORK

This study was underpinned on four main theories which included transformational leadership theory as the main theory regarding leadership. New Public Management and the Public Value theories were considered to provide the analysis of performance contracting process as public management paradigm shift in the public sector while system theory was informed the analysis of collaboration (mediating variable) and (macro-environmental factors (moderating variable).

Transformational leadership theory

Transformational leadership theory was first introduced by James V. Downton in 1973 and was further developed by Burns in 1978 as a form of relationship of mutually stimulations and elevations which is believed to converts followers into leaders while transforming leaders to moral agents. Burns believed that transforming leader alters, elevates and shapes values, and goals of followers and therefore achievement of huge changes in the process (Northouse, 2019). The theory indicated that leaders and followers elevate one another to higher levels of motivation and morality. According to Burns, other leadership theories that had been developed prior to transformational leadership lacked ethical and moral dimensions and he elaborated fact that there is a crucial role that is played by followers in leadership spectrum. The theory therefore made of powerful relations and has the aspect of trading, compromising, bargaining among leaders and followers (Khan et al., 2017).

In the 1980s, Bass provided an expanded and refined version of transformational leadership theory based on Burns model but not consistent on the same. Bass modified the work of Burns by placing more attention to the followers' needs than the leaders. He suggested that transformational leadership could be applied in areas where outcomes were not positive. He gave more attention to the emotional elements in this leadership but not only on charisma which he described as necessary but not sufficient for transformational leadership (Northouse, 2019). Bass further argued that transformational leadership is virtuous or villainous based on the individual values of leadership. Howell and Avolio posted that truly transformational leaders are socialized and are always concerned with the common good for both leaders and followers in organizations (Niphadkar & Kuhil, 2017).

According to (Yukl, 2013), transformational leadership is defined as the type of leadership that appeals to moral values of followers through enhancing their consciousness as regards ethical issues and their strength in reforming and changing organizations. Transformational leadership is practiced by individuals who seeks to create prosperity and chart way forward for growth of organizations they lead. These leaders develop commitment and loyalty among managers and staff by encouraging them to embrace changes which will ensure organizations are able to move in new directions to higher levels of peak performance (Korejan & Shabazi, 2016). Transformational leadership theory aligns itself with greater good as followers who are involved in the whole process. Through this leadership, leaders interact with followers on various common values, goals and inspiration which impacts directly to performance of everyone and overall attainment of organizational goals (Khan et al., 2016). This theory was important for the study as it provided elements of transformational leadership which was the independent variable and the four Is of the

theory were investigated to determine their individual influence on performance contracting process in road agencies in Kenya.

New public management theory

New Public Management (NPM) theory can be traced back to the neo-liberal ideas' ascendancy in the 1980s in the United States and the United Kingdom. The same was associated with the accession of "new right intellectuals" and the choice economist of American ideas. The concept of NPM increased its effects to New Zealand, Canada, and other European Countries due to then ongoing economic crisis (Fredriksson & Pallas, 2018). The NPM theory posted that managerial and market-oriented shift to the delivery of public services did not simply reform the role of citizen and the public administrator but propelled them to a new shift. NPM theory drew much attention to the growth of management-oriented service delivery of public against traditional administrative approach. The focus of the theory was on professional approach while subjecting the same to performance management and drawing lessons from private sector operations and service (Indahsari & Raharja, 2020). According to (Ferdous, 2016), the theory provided interface between private and public sector management thus affecting the traditional attention of public administration against organizations and their actions. The theory provided an adapted form of progressive public administration where it also introduced effect-based forms of accountability and fairly forms of responsibilities contrary to procedures. The New Public Management paradigm is basically results of 1980s idea of "private is better that public" and borrowed heavily in the concept that the tools that are used in private sector can also be successful in public sector.

Performance contracting process is anchored on the New Public Management (NPM) theory or movement. The concept of New Public Management is regarded as a conceptualization that is normative in nature for public administration and it consists of providing services that are valued by citizens. The idea of management increases the autonomy of public managers, rewarding the organizations and individuals based on set targets. Due to the criticism associated with the inefficiency of the existing bureaucracy, most government developed the model of New Public Management (NPM) (Islam, 2015). Other elements of New Public Management (NPM) theory, include attention to lessons from private sector management, focus on entrepreneurial leadership within public sector, input output control and performance management evaluation and audit. The concepts of markets, competitions and contracting for resource allocation and delivery of services in public sector (Robinson, 2015). The main aim of New Public Management theory or concept is to improve performance of Government or the public sector by promoting the three Es which are efficiency, effectiveness, and economy especially in all sectors of the economy. The foregoing was achieved through application of management principles that heavily borrow from private sector operations (Ferdous, 2016). This theory was useful for the study as it informed the levels of efficiency, effectiveness, and economy as the factors that contribute to optimal performance in organizations. The theory further aided in the analysis for the three Es for performance contracting process (dependent variable) indicators or constructs in the study.

Public value theory

This theory was developed in 1995 by Moore as an alternative to New Public Management and was to provide public managers with the understanding of challenges,

constraints, and opportunities in performing their duties and not being able to achieve expected outcomes that are publicly valuable. The theory aimed at describing value that the corporations contribute to society. The same assisted the public managers with the understanding of how their activities will contribute to the common good of society (Rael & Kiptum, 2017). This theory provided a focus on the role of public engagement with an emphasis that the public sector and its services are completely different from the private sector. The theory provided that public sector managers with instruments that enable them to articulate their plans and goals of their organizations. It also helps managers in identifying what is most valuable in the service that they provide and consider to what extent management can improve that service. The theory further can be represented by the strategic triangle which consist of legitimacy and support, operational capacity and then the public value (Yotawut, 2018). The strategic triangle has features of corporate strategies. Managers in public sector can use strategic triangle model in orienting their goals which must be based on three criteria that must be substantively valuable, politically sustainable, and feasible administratively. These leaders must always ask themselves whether whatever the organization is producing is valuable regardless of the support from the political angle. Public value aim at ensuring prudent use of available resources and also the aspect of practicality of achieving the intended goals and the operational capability (Eli & Gerald, 2016).

Public value theory focused on shaping employees' techniques and principles in public sector to enhance performance which was contrary to the traditional or conventional public management. Public Values theory included those values that were identified, inculcated, and also realized by employees, organizations and also the leadership of organizations

(Eriko & Bozeman, 2019). Public Value theory underscores values that public sector managers can create for citizens through their assignments. The theory highlights need of citizen while also ensuring products and services that are offered by government of the public sector are valuable to communities and to individuals. The theory puts forward a public administration that is guided by democracy, objectivity, equality, and justice. Leadership in the public sector must create that value which all the stakeholders and the general public needs from any form of investment rather than only the aspect of efficiency (Naidoo & Holshausen, 2020). The theory was useful for the study in determining levels of service deliveries, outcome (performance) and trust of followers to leaders or managers in the identified organizations (road agencies) in Kenya. The foregoing assisted in determining whether performance contracting process (dependent variable) in road agencies aided in achieving the desirable targets that are related to the service delivery and outcomes of these organizations.

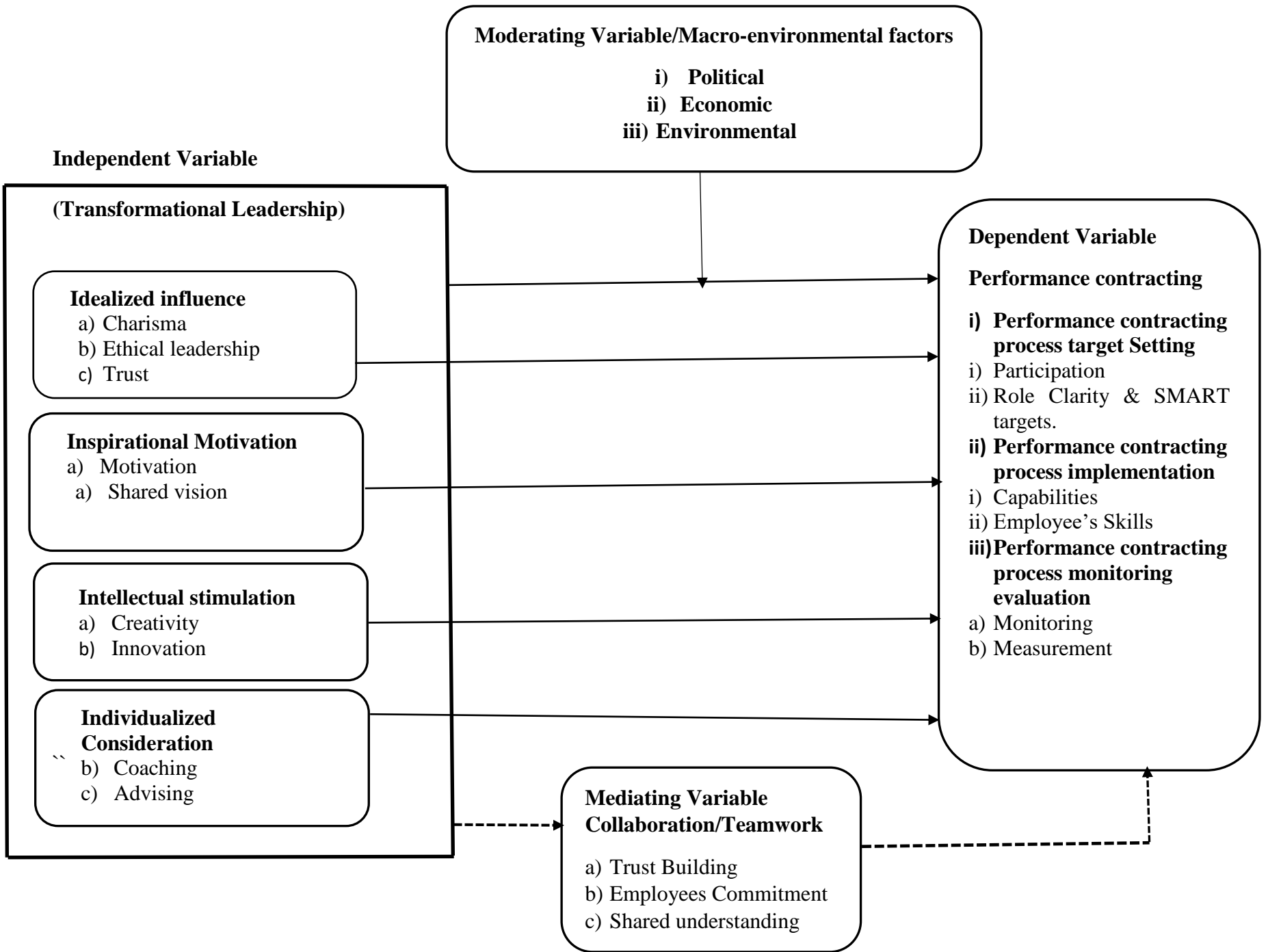
Systems theory

Management of organizations is composed of several internal subsystems that are interlinked with each other. These subsystems must coordinate with each other for efficient and effective performance and delivery of the services. The interdependence of the subsystems (sections, departments or directorates) is very important and must be well managed as any minor event in one section of the organization may have major effects and consequences in other parts of the whole of the organization (Chikere & Jude, 2015). The systems theory explains the relationship and interdependence between the different parts of the system and the organizations environment. The system dynamic is established in terms of the structure and patterns of the relationship because of the interaction between

the components in the organization. System theory was developed around 1950s by Von Bertalanffy and Boulding was intended to develop a science-bound skeleton which was meant to provide a system that are assembled to make one unit. The other approach of system was based on mechanical engineering by Ashby in 1954 and Wiener who indicated that mechanical engineering systems are cybernetic in controlling the functioning of the engine and all its other parts (Khuzwayo, 2020). The third approach of system theory was provided by Parson in 1951 who noted that environmental demands play a critical role in the functioning of the systems The system theory enables organizations and their leadership to think of their operations in a holistic approach when addressing their issues and solving the problems on how the internal structure and external environment interact with each other (Vakharia & Jung, 2019). The system theory provides that organizations are no longer considered as closed system but rather open systems that have interdependence with the external environment. Organizations as open systems are considered to get energy and important inputs from external environment an endeavour to change them to outputs (Yang, Battulga, & Mooweon, 2022). This theory was useful for the study as it informed the collaboration (mediating variable) as a very important component in the functioning and performance of organizations from an internal subsystem perspective. Further the theory aided in the analysis for the three macro-environmental factors (moderating variable) focusing at organization as open systems that interacts with their external environment. These factors were considered as very key in the operation and performnce of organization through form the external environment.

CONCEPTUAL FRAMEWORK

The main aim of the study was to explore the relationship between transformational leadership through its 4 (four) elements which were idealized influence, inspiration motivation, intellectual stimulation and individualized consideration and performance contracting process in the road agencies in Kenya. Further the study explored the mediating and moderating role of collaboration and Macro-environmental factors to the relationship of transformational leadership and the performance contracting process in the road agencies in Kenya respectively. The study was carried out by reviewing the available literature and the use of the available data (primary and secondary) from road agencies in Kenya. The foregoing was useful in bridging the identified gaps between theories and the practical aspects of transformational leadership and performance contracting process in the selected organizations. The operational indicators of all variables are as indicated in the figure below as guided by the conceptual and empirical literature reviewed in this chapter.



CHAPTER SUMMARY

The chapter was divided into five main sections which include a brief introduction for all the other sections. Section two of the chapter detailed the conceptual literature review for all study constructs. The reviewed literature was for the constructs of performance contracting process, transformational leadership, collaboration, and macro-environmental factors. The third section involved review of empirical literature in line with research objectives and hypothesis as detailed in chapter one of the study. The section also captured the identified gaps which included theoretical, methodological, contextual and conceptual gaps. The fourth section entailed review of theories under which the study was anchored on. Finally, section five of the chapter, provided the conceptual framework that was used to analyse the relationships between the study variables.

CHAPTER THREE:

RESEARCH METHODOLOGY

Introduction

The chapter was divided into ten sections which detailed research philosophy, research design, the target population, samples and sampling methods, type of data collected, data collection methods and procedures, instrument pre-testing, data analysis plan and ethical consideration.

Research philosophy

The study used embedded or nested mixed methods which were qualitative and quantitative and adopted pragmatism as the philosophical framework for the research study. The choice of the pragmatic philosophy was informed by the fact that pragmatic approach would give less influence on philosophical assumptions for the conduct of the research methods (Creswell, 2019). The research approach embraced a plurality of methods where it was generally assumed that researchers use methods that are best suited to answer research questions for research problem being investigated. The focus of this philosophical approach is on the consequences of research questions and not entirely on methods (Kaushik & Walsh, 2019). This philosophy provided less restriction in terms of how to carry out research and approach also assists in the amalgamation of both quantitative and qualitative data as collected from the field (Kelly & Cordeiro, 2020).

Pragmatism philosophy focuses mainly on the nature of experience while other philosophies which are post positivism and constructivism focuses on nature of reality. This paradigm provides that world is full of unique human experiences and that there is no universal truth but warranted beliefs which are shaped by actions that are repeated in

similar situations, experiences and outcomes (Kausshik & Walsh, 2019). Pragmatism is commonly considered as the appropriate paradigm in the mixed method literature review approach. The adopted research philosophy gave room of flexibility in adopting appropriate and practical approach in answering research questions (Brierley, 2017). Pragmatism is a notion that considers what works and it refers to the theory of truth and leans towards solving practical problems in the world that are considered real rather than building the same on assumptions about the nature of knowledge. Pragmatism philosophy is related to research procedures that are action oriented and thus justifying its use in this study which adopted mixed methods approach (Maarouf, 2019). This research study utilized mixed methods that involved collection and analysis of both quantitative and qualitative data based on study variables. These two sets of results and findings were integrated at some point in the research which also drew inferences from the amongst other recommendations.

Research design

Descriptive research design was adopted for the study and was used in describing situations and phenomenon as they existed in the selected organizations which were road agencies in Kenya. Descriptive research design is normally used or meant to describe status of an existing situation or phenomena as accurately as they are already available. This research design allows researcher to use or collect data for available information through research instruments that may include questionnaires, interviews and observations (Haryanto, 2018). According to Kothari, (2019), this research design allows researchers to only report what has happened in the past or happening and they have no controls over the chosen study variables. He argues that this research design is commonly used to measure

frequency, the peoples' preferences, or data that is similar for a certain phenomenon and uses research methods that could be either correlational, or comparative in nature. Descriptive research design was adopted due to the study scope, nature of data collected, and methodology used for data analysis. Collected descriptive data was subjected to statistical analysis aligned with the proposed study hypotheses and objectives to draw conclusions and recommendations accordingly.

Population

The target population for the research was in the selected road agencies in Kenya which were Kenya National Highway Authority (KeNHA), Kenya Rural Roads Authority (KeRRA) and Kenya Urban Roads (KURA). All staff in those organizations were considered as respondents and they included head offices personnel and other regional offices across the country for the road agencies in Kenya. The study focused on respondents from the selected road agencies in Kenya as they played a critical role in providing requisite data and information for the finalization of the research especially in performance contracting process. The foregoing was mainly due to their level of understanding of issues related to all programmes, activities and projects being implemented in road agencies and are subjected to performance contracting process as required in the public sector. Employees of the road agencies were divided into two different groups that included top management which were director generals and directors in job group 1 and 2. Middle managers and other cadres included deputy directors, principal officers/assistant deputy directors, senior officers and officers in job group 3, 4, 5 and 6. The table 3.1 indicated the road agencies and the population size in these organizations. The target total population for the three road agencies was 1519 as indicted in the table below.

Table 3.1. Road agencies population

S/No.	Agencies	Staff Size
1	Kenya National Highway Authority (KeNHA)	516*
2	Kenya Rural Roads Authority (KeRRA)	681**
3	Kenya Urban Roads Authority (KURA)	322***
Total		1519

*Source: KeNHA Annual Report Financial 2020/2021,

**Source: KeRRA Annual Report of Financial Year 2019/2020,

***Source: KURA Strategic Plan of 2018-2022

Table 3.2. Population and sampling frame

Population	All Employees of roads agencies in Kenya
Sampling Frame	CEOs (Director Generals), directors, deputy directors, assistant deputy directors/principal officers, senior officers,
Sampling Procedure	Random sampling
Sample Size	As computed below
Sampling Unit	Individual/employees

Samples and sampling methods

The study research adopted random sampling method as the same focused on the population for smaller samples from the big population. Each member of the subset carried an equal opportunity of being chosen as part of the target population. Random sampling was meant to be an unbiased representation of the total population and it was chosen for this study as it facilitated collection of data from the total population (Taherdoost, 2016). The sample size was determined using the Nassiuma (2000) formula as indicated below.

$$n = \frac{NC^2}{C^2 + (N - 1)e^2}$$

Where n was the sample size, N was the population, C was the coefficient of variation (0.5) and e was the precision level of (0.05). The sample sizes were computed as follows for each agency and the study adopted a total sample size of 214 respondents from the three road agencies. Sample size from KeNHA, KERRA, and KURA were 84, 87 and 43 respectively.

a) KeNHA

$$\begin{aligned} n &= \frac{516(0.5)^2}{0.5^2 + (516 - 1)0.05^2} \\ &= 83.9 \approx 84 \end{aligned}$$

b) KeRRA

$$\begin{aligned} n &= \frac{681(0.5)^2}{0.5^2 + (681 - 1)0.05^2} \\ &= 87.3 \approx 87 \end{aligned}$$

c) KURA

$$\begin{aligned} n &= \frac{322(0.5)^2}{0.5^2 + (322 - 1)0.05^2} \\ &= 43.4 \approx 43 \end{aligned}$$

The purposive sampling technique is also referred to as judgment sampling and is commonly used to choose participants due to the qualities they possess. The sampling method does not need underlying theories and the researcher decides the topic of the study and finds individuals who are able to provide that information based on their level of knowledge and experience. The technique mainly concentrates with individuals with

characteristics who are proficient and well informed with a phenomenon of interest and willing to participate in the research (Etikan et al., 2016). The techniques involved in the purposive sampling methods include maximum variation sampling, homogeneous sampling, typical case sampling, total population sampling and case sampling (Sharma, 2017). The purposive sampling was used in the scheduled interviews for respondents in job group 1 and 2 which included director generals and directors in road agencies in Kenya. The foregoing was informed by the fact that these officers were well versed and knowledgeable in areas of expertise which included corporate services, planning, designing, development, maintenance, rehabilitation of roads and supporting activities programmes in the performance contracting process in road agencies in Kenya.

Table 3.3 Strata and sample size

S/N	Description	Respondent Strata	Sample Size
1	Scheduled Interviews	Director Generals, Directors	21 (7 persons/road agency)
2	Questionnaire	Deputy directors, assistant director/principal officer, senior officer and officers	214

Data collection tools

The data was collected from road agencies in Kenya which were Kenya National Highway Authority (KENHA), Kenya Urban Roads Authority (KURA) and Kenya Rural Roads Authority (KeRRA). This data was considered as the primary data that was collected through interviews and questionnaires. Questionnaires were administered to the cadres of officers from deputy directors, assistant directors/principal officer, senior officers and officers. Questionnaire as a tool of data collection was considered and adopted guided by

the fact that it was easy to design and to administer respondents in these organizations. Further, the questionnaires are considered as main means of collecting quantitative data for research as they are less costly and consumes less time in their administration to the respondents (Roopa & Satya, 2012). Questionnaires were designed to have only structured questions which were based on the 5 points Likert scale and were used to collect data on relationships between constructs as adopted in the study. These constructs included transformational leadership (independent variable), performance contracting process (dependent variable), external environmental factors (moderating variable) and collaboration (mediating variable). Questionnaires were selected and considered as appropriate as they collected data and information that could not be observed directly in those organizations. Questionnaires assisted in collecting data and information that was concerned with idealized influence, intellectual stimulation, inspiration motivation and individualized consideration, collaboration, macro-environment factors and performance contracting process.

Interviews are mainly used to collect qualitative data for the research and process involves asking interviewee/s questions through face-to-face contact. Through this approach interviewer is required to collect information directly from the targeted sources (Kothari, 2019). Personal interviews were administered to purposively sampled respondents within certain cadre of officers which included director generals and directors in road agencies in Kenya. These groups were interviewed as key informants to the study as they were considered knowledgeable in their areas of expertise and therefore provided data and information that was used on the qualitative analysis through emerging thematic areas in the research.

Data collection procedures

Authority or permission to collect data from these road agencies was sought from National Commission of Science and Technology and Innovation (NACOSTI) after clearance from Graduate school of Pan African Christian University (PAC). Secondly, the researcher introduced the study and requested leadership of road agencies to formally grant authority to collect data and information from their employees. Once this authority was granted, questionnaires were administered accordingly to the targeted population and distributed to the cadre of officers from the level of deputy directors up to officers in road agencies. Questionnaires were delivered to respondents and collected within an agreed timeframe and scheduled interviews were pre-arranged with identified officers as indicated in table 3.3 above and the same was structured with set of predetermined questions aligned with study objectives and variables.

Instrument pre-testing and pilot study

Pre-testing of the research instruments was done using expert opinion which was majorly with supervisors and other researchers for their input on the questions and the format of questionnaires. There was a pilot study that was conducted to subject research instruments to a small sample of twenty (20) of respondents in the three road agencies. The participants of the pilot study were randomly selected and were composed of all personnel from job group three (3) to five (5) in the three road agencies in Kenya. The composition of the participants in the pilot study was like those who participated in the actual study. The pilot study was intended to enhance reliability and content validity and at the same time determine level of understanding of questions by respondents and to determine the required changes if any. Pilot study was carried out to reflect all the procedures meant for

the main study while validating feasibility of the study. The pilot study assisted in providing inclusion and exclusion criteria of participants and testing of the instruments to be used in measurement of the study (Jungong, 2017).

The pilot study was used to test steps outlined in the research plan and results obtained assisted in revising or making amendments to the plans and questions in the research instruments. The pilot study also assisted in identifying some of the potential problems of the research that could be addressed before commencing the actual or main research. The pilot study was used to identify design flaws, refine the data collection methods and the intended plan for the data analysis (Fraser et al., 2018). The study was conducted with a small sample size which was approximately 10 % of the targeted sample size of the population of the road agencies in Kenya according to (Mugenda & Mugenda, 2019). These respondents of about 20 numbers used in the pilot study were not included in the sample size of the main study, and they were selected from all the cadres of the employees. The pre-testing of the instrument included the following tests.

Validity of the research instrument

Research instrument validity test is concerned with the degree to which the research instrument measure the intended variables and is generally the truthfulness of the research findings. Validity test is classified into four main categories which include content validity, face validity, construct validity and the criterion-related validity test (Creswell, 2011). Content validity of the research instrument refers to the level at which items in the instrument indicate content universe for the generalization of research instrument. This validity test is achieved through the process of evaluating the survey instrument while

ensuring that all items that are critical are included while removing those which are not intended for the research (Taherdoost, 2016).

The face validity ascertains whether the measure appears to be assessing the intended constructs that is being studied or researched. The foregoing is considered as the reasonable measurement of construct under investigation and a particular indicator in research (Kubai, 2019). Criterion related to validity is used to predict performance that could either be current or future and this validity deals with relationships between scales, scores and other measurable criterion (Haradhan, 2017). Construct validity refers to the constructs that are used to develop a variable and the same is divided into discriminant validity and convergent validity (Hajjar, 2018). The validity test was carried out for the questionnaire developed to ascertain whether it met all the requirements of the two validities which included the construct and content validity. Validity tests provide accuracy of the data obtained representing proposed theoretical and conceptual concepts of the study. These tests reflect consistency of responses obtained with what was expected to be measured (Li, 2016). For construct validity this was achieved by ensuring that the questionnaire was divided into specific sections that were aligned with the objectives and the variables of the study. On the content validity, the questionnaire was thoroughly examined by supervisors to ascertain adequacy of the data that was to be collected through the study instruments.

Reliability of the research Instrument

Reliability of an instrument is concerned with the ability of the instrument measuring its parameters consistently. It is the stability and consistency of the research instrument developed by researchers and represented by the Alpha Cronbach value. Reliability of a research instrument is considered high and acceptable when the Alpha Cronbach value is above 0.7 and vice versa (Daudet al., 2018). Reliability is the extent by which measurement through research instruments provides stable results that are consistent and in line with what was expected to be measured. The same is related to the repeatability of the measurement using the same tool in different areas of study under constant conditions. This testing refers to the level of consistency for the instrument while measuring certain constructs of the study (Taherdoost, 2016). Most common measure of reliability includes internal consistency, test-retest, and inter-rater reliabilities and the most common method of checking the internal consistency reliability is the Cronbach's alpha. Test-retest measures correlation that occurs in the administration of the instrument at different times intervals which may vary from 2 to 3 weeks. The inter-rater reliability is meant to determine level of agreement between those who are rating and completing items (Li, 2016)

This test was carried out to assess degree of reliability of the data collected throughout the research with the questionnaires administered to the sampled respondents. These tests were to ensure that the data collected was reliable and this was carried out by computing Cronbach Alpha using SPSS as a measure of the construct reliability for the research. Cronbach values that were greater than 0.7 were considered of acceptable reliability while values less than 0.7 were considered as low reliability (Hair & Anderson, 2019). For this study testing of reliability was established from twenty (20) questionnaires that were filled

by respondents from the three road agencies that were used for the pilot study which were 10% of the computed sample size for the study. The participants of the pilot study were randomly selected and were composed of all personnel from job group three (3) to five (5) the in the three road agencies in Kenya and their composition was like those who participated in the actual study. These respondents were not included in the final analysis. The results of Cronbach Alpha coefficients from the above process are as outlined in table 3.4.

Table 3.4: Reliability tests

Variables	Cronbach's Alpha	No of items
Transformational Leadership	.782	20
Performance Contract	.868	20
Idealized Influence	.805	20
Inspiration motivation	.786	20
Intellectual Stimulation	.813	20
Individual Consideration	.813	20
Collaboration	.813	20
Macro-environmental factors	.899	20
Average	.822	20

From the table 3.4, the Cronbach Alpha coefficients of transformational leadership, performance contract, idealized influence, inspiration motivation, intellectual stimulation, individual consideration, collaboration and macro-environmental factors were 0,782, 0.868, 0.805, 0.786, 0.813, 0.813, 0.813, 0.899 respectively. Average value of the Cronbach was computed as 0.822. According to (Daud, Mat, Azhar et al., 2018) if the value of Cronbach Alpha is greater than 0.7 which is the threshold of reliability, then the research tool is considered to be reliable. Findings from this analysis indicated that questionnaires used in the study and for the analysis of the data were reliable.

Data analysis methods

Analysis of the collected data was to aid in describing existing phenomenon in the road agencies in regard to performance contracting process. Other processes involved testing of the hypotheses for purposes of establishing statistical inferences for the data collected. A step-by-step pre-analysis was carried out which entailed cleaning, editing, coding and establishing missing data in questionnaires according to (Kothari & Garg, 2019). In addition to the foregoing, the following analyses and diagnostic tests were carried out.

Data presentation

Data presentation entailed capturing analysed data findings and the results thereof. Presentation of results and findings in this study was done through tables as outlined in the subsequent sections in chapter 4 of this study.

Descriptive statistics

Descriptive analysis statistics was used to describe how sample scores were distributed and describing trends by computing means and standard deviations for the collected data. The measure gave the representation of the data's distribution and included use of central tendency, measure of dispersion, asymmetry and finally measure of relationships and the data was presented in tables (Kothari & Garg, 2019). Descriptive statistics and analysis were used to provide summary of the data in an organized way as the same described relationships between variables from the sample or the entire population (Yellapu, 2018). The thematic areas from the structured interviews were also summarized along with demographic survey, descriptive analysis and tested hypotheses as depicted in chapter 4.

Diagnostic tests

Diagnostic tests are carried out for data before analysis to determine compliance level of regression model with assumption of the study (Kariuki, 2021). Diagnostic tests that were carried out for the data included normality test, multicollinearity tests and heteroscedasticity tests. These diagnostic tests were carried out before commencement of data analysis process.

Normality Tests

Data collected should always be examined to establish whether the same is normally distributed for all variables that are being investigated in this study. Normally distributed data is characterized with certain properties which include symmetric regarding mean distribution where the median and modes are assumed to be normal (Shukla, 2015). To determine whether data collected is normally distributed, parametric comparison tests such as t-test and analysis of variance (ANOVA) are required with assumption that data has equal variance and normality. There are a number of normality tests which include Shapiro-Wilk Test, Kolmogorov Tests, Anderson Darling Tests among others (Orcan, 2020). The data was prepared before the analysis to facilitate process of editing, filling in the blank responses, and categorizing the data where SPSS was used for processing and analysing the collected data to determine normality of data and Shapiro-Wilk Test was used. Collected data was subjected to the skewness and Kurtosis measure to establish whether the data was symmetrical or asymmetrical (Kothari & Garg, 2019). This test was carried out to ensure that the data collected, or the target population was symmetrical or normally distributed. Any violation of the assumptions resulted to rejection of the outlier data to ensure normality for the data to be used in subsequent analysis.

Multicollinearity test

The data that was collected included several variables and it was assumed that they were collated not only with the dependent variable but also with each other. The presence of multicollinearity in data analysis increases standard errors of each coefficient and this can change results obtained from the analysis in the model. There are different techniques for detecting multicollinearity which include correlation coefficient, variance inflation factor and eigenvalue. Pairwise scatterplot and correlation coefficient (r) indicate or signifies linear relationship between pairs of independent variables (Daoud, I., 2017). If the correlation coefficient value is higher, there is a possibility of collinearity. To determine the inflation of the estimated regression coefficient that has been estimated, variance inflation factor (VIF) is used. If estimated values of VIF are between 5 to 10, the results specify that there is presence of multicollinearity amongst study constructs used in the regression model. When the resultant values of VIF are greater than ten, it is concluded that the coefficient are feebly not strong with the presence of multicollinearity. Eigenvalue is meant for the variance of the linear combination of the variables. The sum of eigenvalues should always be equal to the same number of independent variables and the smaller the number of eigenvalues approaching 0.05 indicate the level of collinearity for the data collected. Multicollinearity in data must always be confirmed and any problem identified should be resolved prior to modelling of the data (Shrestha, 2020).

Heteroscedasticity tests

Basic assumptions in linear regression model are that there is homogeneity in error variance which is referred to as homoscedasticity. This assumption is generally violated and there is existence of error of variance differences in the study in some situations as

function of multiple explanatory variables in research. These violations when they appear in the study, it is assumed that there exists heteroscedasticity (Zhou, 2015). Violation of homoscedasticity in data and the research in general can adversely affect the expected outcomes and findings which may increase type I error and decrease the statistical power of the analysed data and conclusions to be drawn from the research. If the phenomenon of heteroscedasticity is not well detected and managed the same can lead to serious effects on theories and practices. There are three major steps in determining, detecting and managing heteroscedasticity which include fitting a model based on theory and saving residuals, analysis of residuals and statistical inferences (testing hypothesis and confidence intervals) (Rosopa et al., 2015).

Data collected was subjected to heteroscedasticity tests to determine compliance with variance errors assumptions and when an error was detected it was managed at all levels of violation. These tests were used to confirm equality for the independent variable and if there was any noted violation of homoscedasticity, the same was resolved by use of weighted square regression. During the analysis the values of p obtained determined the presence of heteroscedasticity or not and hence rejecting null hypotheses or accepting alternative hypotheses. If p was ≥ 0.05 , the null hypothesis was not rejected due to lack of heteroscedasticity and if $p \leq$, the null hypothesis was rejected due to presence of heteroscedasticity.

Linearity Tests

Linearity test was used for the data collected to determine linear relationships between independent variable (transformational leadership and dependent variable (performance contracting process) in road agencies in Kenya using Pearson's correlation

coefficient. Correlation coefficient gave strength and direction of each variable for the study. Any correlation that had a resultant value <0.05 , then a linear relationship was established and any value $p > 0.05$ non-linear relationship existed. It is considered that a negative correlation would indicate an inverse relationship which implied that an increase in one variable led to a decrease in the other. A positive correlation implying an influence that is direct indicating that an increase in one variable led to an increase to the other variable.

Inferential statistics

Principal component was done for each variable for the component scores which was used for regression analysis as the data was expected to be categorical in nature. Multiple regressions were used to study the functional relationship between two variables to assist in determining effect of each variable to the other. Data generating process is referred to as statistical model and the same represents a combination of probability and distribution of set of data. Regression analysis is the technique which is used in statistical modelling to establish relationships between research variables. The technique provides the process through which dependent variables are affected by an independent variable while all other independent variables are held constant. There are different types of regression analysis models which include the linear regression which depicts relationship between two variables only and the polynomial regression model which is commonly used for multiple variables (Gupta et al., 2017). Multiple linear regression model was adopted in for the study research since the predictor variable was continuous and the same aided in explaining and establishing the explanatory factor.

Primary model/empirical model

Regression model representing the relationship between independent variable (transformational leadership and its indicators) and dependent variable performance contracting process in road agencies in Kenya was represented by:

$$PC = \beta_0 + \beta_1 II + \beta_2 IM + \beta_3 IS + \beta_4 IC + \varepsilon$$

Where PC = performance contracting process in road agencies in Kenya

β_0 = Constant

$\beta_1, \beta_2, \beta_3$ and β_4 = Coefficients or slope for II, IM, IS, and IC respectively

II = Idealized Influence (II)

IM = Inspirational Motivational (IM)

IS = Intellectual Stimulation (IS)

IC = Individual Consideration (IC)

E = Error Term

Influence of each element of transformational leadership namely idealized influence, inspirational motivation, intellectual stimulation, and individualized consideration on performance contract was determined using the following simple linear regression model:

Idealized influence (II): $PC = \beta_0 + \beta_1 II + \varepsilon$

Inspirational motivation (IM): $PC = \beta_0 + \beta_2 IM + \varepsilon$

Intellectual stimulation (IS): $PC = \beta_0 + \beta_3 IS + \varepsilon$

Individualized consideration (IC): $PC = \beta_0 + \beta_4 IC + \varepsilon$

Mediating Model

Mediation influence of collaboration was tested using path mediation model developed by Baron and Kenny (1986) and the figure below represents the relationship which is composed of four steps as outlined below.

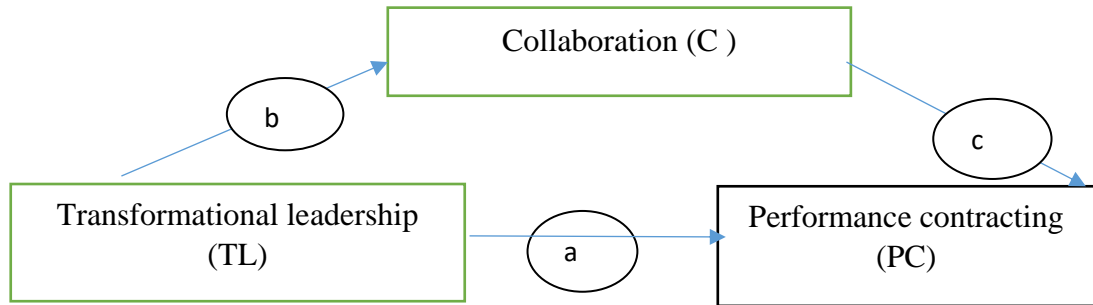


Figure 3.1. Mediating Model

a) $PC = \beta_{02} + \beta_{11}TL + \varepsilon_2$

Where PC= performance contracting process (dependent variable) in road agencies in Kenya (path a)

β_{02} = Constant

β_{11} = Coefficients or slope for TL

TL = Independent variable (transformational leadership)

ε_2 = Error Term

Performance contracting process was regressed on transformational leadership to establish the significant effect of the direct relationship.

b) $C = \beta_{02} + \beta_{22}TL + \varepsilon_2$

Collaboration was regressed on transformational leadership to establish the relationship between the two variables (path b).

Where C= Collaboration (mediating variable).

β_{02} = Constant

β_{22} , = Coefficients or slope for TL

TL = Independent Variable (transformational leadership)

ε_2 = Error Term

c) $PC = \beta_{02} + \beta_{33}C + \varepsilon_2$

Performance contracting process was regressed on collaboration to establish the relationship between the two variables (path c).

Where PC= performance contracting process (dependent variable)

C= Collaboration (mediating variable)

β_{02} = Constant

β_{33} , = Coefficients or slope for C

ε_2 = Error Term

d) $PC = \beta_{02} + \beta_{44}TL + \beta_{55}C + \varepsilon_2$

Performance contracting process was regressed on transformational leadership and collaboration to establish the significant effects of that relationship (path b and c).

Where PC= performance contracting process (dependent variable) in road agencies in Kenya

TL = Independent variable (transformational leadership)

C= Collaboration (mediating variable)

β_{02} = Constant

β_{44} , = Coefficients or slope for TL

β_{55} , = Coefficients or slope for C

ε_2 = Error Term

The regression model representing mediating influence of the mediating variable (collaboration) to the relationship between the independent variable (transformational leadership) and dependent variable (performance contracting process) in road agencies in Kenya was represented by:

$$PC = \beta_{02} + \beta_{44}TL + \beta_{55}C + \varepsilon_2.$$

Table 3.5 provides the summary of model used for the testing mediation relationship.

Table 3.5. Summary of mediating model

Model	Beta Coefficient significance		Conclusion
Model A	β_{11} ($\rho > 0.05$)		There was not conclusion on the mediation relationship
Model B	β_{22} ($\rho \leq 0.05$)		The relationship was mediated
Model C	β_{33} ($\rho \leq 0.05$)		The relationship is mediated
Model D1	β_{44} ($\rho \leq 0.05$)	β_{55} ($\rho \leq 0.05$)	There was existence of partial mediation for the relationship
Model D2	β_{44} ($\rho > 0.05$)	β_{55} ($\rho \leq 0.05$)	There was existence of full mediation for the relationship

Source: Baron and Kenny (1986)

Moderating model

Baron and Kenny (1986) described a moderator as that factor that influences the direction or the strength and outcome between predictor and the criterion. Moderation effects of a moderating variable is also referred to as an interaction between independent variable and dependent variable (Mark, 2018). In view of the foregoing the following steps were adopted for regressing the independent variable (transformational leadership),

moderating variable (macro-environmental factors) and the dependent variable (performance contracting process).

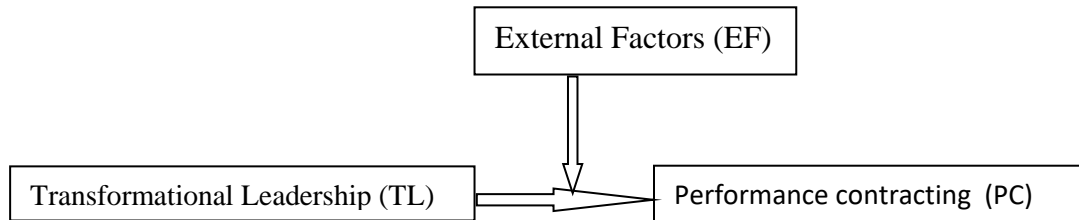


Figure 3.2. Moderating model

1st Step: Regression model was formulated using only one predictor variable (transformational leadership).

$$PC = \beta_{03} + \beta_1 TL$$

2nd Step: The moderator variable (macro-environmental factors) was taken into the regression model/equation together with the predictor variable (transformational leadership)

$$PC = \beta_{03} + \beta_1 TL + \beta_{21} EF$$

3rd Step: The sum of the product of transformational leadership and macro-environmental factors (TLEF) was regressed as follows.

$$PC = \beta_{03} + \beta_1 TL + \beta_{21} EF + \beta_{23} TLEF$$

Testing of hypothesis

Testing of hypothesis was carried out by the use the empirical models outlined above statistic values were computed to establish whether independent variable predicted dependent variable significantly while utilizing different sets of variables (Kothari & Garg, 2019). If the computed values of was $p < 0.05$, the hypothesis was rejected and if the figure of $p \geq 0.05$, the hypothesis was accepted. Collected data was also summarized and

composite indices computed for all variables for the three road agencies selected for the study. Research hypothesis as outlined in chapter one of this study were tested where F-statistic was computed, and it assisted in determining whether one or several independent variables had a significant prediction of the dependent variable. Table 3.6 illustrates the criteria used to test the hypotheses.

Table 3.6: Criteria for hypotheses tests 1

Hypotheses	Statistical Test	Inference
H ₀₁ . There is no significant influence of transformational leadership to performance contracting process in road agencies in Kenya.	$PC = \beta_0 + \beta_1 II + \beta_2 IM + \beta_3 IS + \beta_4 IC + \varepsilon$	All the values of R^2 , β_1 , β_2 , β_3 , β_4 , and F for the model were recorded. The hypothesis H ₀₁ was rejected if $p < 0.05$ and accepted if $p > 0.05$.
H ₀₂ . There is no significant influence of idealized influence to performance contracting process in road agencies in Kenya.	Idealized Influence (II): $PC = \beta_0 + \beta_1 II + \varepsilon$	All the values of R^2 , β_1 , and F for the model were recorded. The hypothesis H ₀₂ was rejected if $p < 0.05$ and accepted if $p > 0.05$.
H ₀₃ . There is no significant influence of inspirational motivation to performance contracting process in road agencies in Kenya	Inspirational Motivation (IM): $PC = \beta_0 + \beta_2 IM + \varepsilon$	All the values of R^2 , β_2 , and F for the model were recorded. The hypothesis H ₀₃ was rejected if $p < 0.05$ and accepted if $p > 0.05$.
H ₀₄ . There is no significant influence of intellectual stimulation to performance contracting process in road agencies in Kenya.	Intellectual Stimulation (IS): $PC = \beta_0 + \beta_3 IS + \varepsilon$	All the values of R^2 , β_3 , and F for the model were recorded. The hypotheses H ₀₄ was rejected if $p < 0.05$ and accepted if $p > 0.05$.

Hypotheses	Statistical Test	Inference
H ₀₅ . There is no significant influence of individualized consideration to performance contracting process in road agencies in Kenya.	Individualized Consideration (IC): $PC = \beta_0 + \beta_4 IC + \varepsilon$	All the values of R ² , β_4 , and F for the model were recorded. The hypotheses H ₀₅ was rejected if $p < 0.05$ and accepted if $p > 0.05$.
H ₀₆ . There is no significant mediating influence of collaboration on the relationship between transformational leadership and performance contracting process in road agencies in Kenya.	Model A $PC = \beta_{02} + \beta_{11} TL + \varepsilon_2$	The values of R, β_{11} and F were recorded. Where β_{11} was significant, there was existence of mediation.
	Model B $C = \beta_{02} + \beta_{22} TL + \varepsilon_2$	The values of R, β_{22} and F were recorded. Where β_{22} was significant, the model indicated that TL has an impact on C.
	Model C $PC = \beta_{02} + \beta_{33} C + \varepsilon_2$	The values of R, β_{33} and F were recorded. Where β_{33} was significant, the model indicates that collaboration mediates the relationship between TL and performance contracts.

Hypotheses	Statistical Test	Inference
	Model D $PC = \beta_{02} + \beta_{44}TL + \beta_{55}C + \varepsilon^2$	The values of R, β_{44} and F were recorded, and C was controlled. The variation in beta coefficient of TL were also recorded ($\beta_{44} - \beta_{11} < 0$). In situations where β_{44} , is not significant the Collaboration, is controlled, there is full mediation of the relationship. Where β_{55} is significant, when collaboration is controlled, there is existence of partial mediation for the relationship.
H ₀₇ . There is no significant moderating influence of Macro-environmental factors on the relationship between transformational leadership and performance contracting process in road agencies in Kenya.	1 st Step: $PC = \beta_{03} + \beta_1 TL$	Step 1. The values of R, β_1 and F were recorded. Where β_1 was significant, there was positive prediction of PC outcomes by TL.
	2 nd Step: $PC = \beta_{03} + \beta_1 TL + \beta_{21} EF$	Step 2. The values of R, β_1 , β_{21} and F were recorded. Where β_1 and β_{21} were significant, there was positive prediction of PC outcomes by both TL and the combined effects of TLEF
	3 rd Step: $PC = \beta_{03} + \beta_1 TL + \beta_{21} EF + \beta_{23} TLEF$	Step 3. The values of R, β_1 , β_{21} , β_{23} and F were recorded. Where β_{23} , was significant, this implied that Macro-environmental factors had a significance moderating influence on the relationship TL and PC in road agencies in Kenya.

Operationalization of the study variables

Operationalization of study variables was indicated in the table below and indicators and sub indicators were derived from the proposed conceptual model in section 2.4 of this research report as indicated in the table 3.7.

Table 3.7: Operationalization of variables

Variable type	Variable	Indicators	Operationalization	Measured in the questionnaire
Dependent Variable	Performance Contracting	Performance contacting process target setting.	i) Participation ii) Information flow iii) Allocation of resources	Appendix 1 Part II Section 1
		Performance contract process Implementation	i) Capabilities ii) Employee's Skills	
		Performance contract monitoring measuring and reporting	i) Measurement ii) Evaluation iii) Analysis	
Independent variable	Transformational Leadership	Idealized Influence	i) Charisma, ii) Ethical leadership Trust	Appendix 1 Part II Section, II & III
		Inspirational Motivation	i) Motivation ii) Shared vision	
		Intellectual Stimulation	i) Creativity ii) Innovation	
		Individualized Consideration	i) Coaching ii) Advising	
Mediating Variable	Collaboration	Teamwork	i) Trust Building ii) Commitment iii) Shared Understanding	Appendix 1 Part II Section IV
Moderating Variable	Macro-Environmental factors	Political Factors	i) Political changes ii) Insufficient funding iii) Policies, iv) Regulations	Appendix 1 Part II Section, V
		Economic Factors	i) Gross Domestic Products (GDP). ii) Inflation iii) Exchange rates	

Variable type	Variable	Indicators	Operationalization	Measured in the questionnaire
			Taxes	
		Environmental Factors	i) Weather, ii) Climatic conditions, iii) Topographical factors iv) Rivers Soils	

Ethical Consideration

Research study commenced with acquisition of clearance from Pan African Christian (PAC) University and acquisition of relevant permit from NACOSTI (National Commission of Science, Technology, and Innovation). There was also necessary approval and authority by the leadership of the three road agencies in Kenya to collect data from their establishments. Regarding the structured interviews, transmittal letters were issued to the participants who signed and gave their considered consent to participate in the interviews. The PAC university clearance letter, Nacosti certificate, letters from the road agencies and interview transmittal letters are as attached in the appendix of this report. Some of the data and information that was collected through the research were confidential to both the respondents and the institutions and therefore the respondents were assured the data collected was only for academic exercise. It was also expected that some responses could be coded especially those geared towards specific individuals or institutions. While designing the questionnaire aspects of demeaning language were addressed and avoided in all questions. There was also the need to obtain permission from individuals as these measures would increase objectivity and willingness of the respondents in answering the questionnaires.

CHAPTER SUMMARY

The chapter was divided into eleven main sections which include a brief introduction for all the other sections. Section one and two of the chapter detailed research philosophy and research design that were adopted for the study respectively. The third section provided details of the study population, and section four and five captured samples, sampling methods and data collecting tools used for the study respectively. Section six, seven eight and nine detailed data collection procedures, instrument pretesting and pilot study, data analysis methods, and model specifications respectively. Section ten captured operationalization of the study variables while the last section (eleven) detailed ethical considerations for the study.

CHAPTER FOUR: RESULTS AND DISCUSSION

Introduction

This chapter summarized findings and results that were obtained based on data and information that was collected from the three road agencies in Kenya. It detailed the response rate, demographic results, descriptive statistics results, diagnostic tests, correlation analysis, testing of study hypotheses and regression results. The qualitative analysis was also detailed and captured in this chapter and the final section provided the summary of the chapter.

The following were the study objectives as captured in chapter 1 of this study:

- 1) To investigate the influence of transformational leadership on performance contracting process in road agencies in Kenya.
- 2) To investigate the influence of idealized influence to performance contracting process in road agencies in Kenya.
- 3) To investigate the influence of inspirational motivation to performance contracting process in road agencies in Kenya.
- 4) To investigate the influence of intellectual stimulation to performance contracting process in road agencies in Kenya.
- 5) To investigate the influence of individualized consideration to performance contracting process in road agencies in Kenya.

- 6) To investigate the mediating influence of collaboration on the relationship between transformational leadership and performance contracting process in road agencies in Kenya.
- 7) To investigate the moderating influence of macro-environmental factors on the relationship between transformational leadership and performance contracting process in road agencies in Kenya.

Response Rate

Response rate is very critical in any research as it determines aspects of generalization of the study findings and results based on collected data from road agencies in Kenya. Response rate also determines whether the final envisaged output will be of required quality or not. In circumstances when response rate is low, the quality of the data collected is low and significantly impacts on the findings and results of the study (Sivo et al.,2016). The foregoing also affects levels of generalization of the obtained results while high response rate results to large data thus enhancing statistical power for the data collected. A response rate that is greater than 70% is generally accepted to provide strong support to the analysis and presentations of the findings (Faizan Ali et al., 2021). Response rate for this study was determined by comparing the number of questionnaires issued as guided by the sample size which was 214 against total number of questionnaires filled and returned. Table 4.1 provided the summary of response rate.

Response rate recorded in the table below was approximately 83% of the total estimated sample of 214 respondents for quantitative survey. These results represented a response rate of 9.6% and 10.7% for respondents in job group 3 (deputy directors) and job

group 4 (assistant director/principal officers) respectively. Lower level of personnel in job group 5 (senior officers) and job group 6 (officers) represented a response rate of 35.4% and 34.3% respectively. Response rate for the structured interview was 52% of the total sample size of about 21 respondents.

Table 4.1 Response rate

Details	Frequency	Percentage
Response	178	83.2%
None response	36	16.8%
Total	214	100%
	Actual Response	Percentage
Deputy Directors	17	9.6%
Assistant Directors/Principal officers.		
Resident Engineers	19	10.7%
Senior Officers	18	10.1%
Officers	63	35.4%
Total	61	34.3%
	178	83.2%

DEMOGRAPHIC ANALYSIS OF RESPONDENTS

This study embarked on establishing characteristics of respondents in the three road agencies in Kenya. The demographic survey included the highest level of academic qualifications, position in the organization as depicted by the rank they held and number of years the respondents had worked in the same institutions. These characteristics were

considered relevant as they could influence respondents' answers to questionnaires based on education, experience and rank in these organizations.

Academic Qualifications

Respondents were required to indicate their highest level of qualification and the selection criteria ranged from doctorate degree, bachelor's degree, higher national diploma and any other form of academic qualification. Academic qualifications were considered as very important and relevant attributes for the research. The foregoing was informed by the fact that more learned individuals are considered to provide credible information due to their comprehension of operations in their organizations. Table 4.2 provided a summary of the results as obtained from data collected from the three roads agencies. The results indicated that most of the respondents had their highest level of education as bachelor's degree at 63% followed by masters' degrees at 30.5%. The results also indicated that only 0.6% (1) of respondents had attained doctorate degree. Respondents with higher national diploma, diploma and others represented percentages of 4.0%, 0.6% and 0.6% respectively. About 93.5% of all the respondents had at least attained bachelor's degrees and above. The foregoing indicated that most of the respondents were well informed about the performance contracting process management tool in the three roads agencies in Kenya and other variables that were investigated through the study.

Table 4.2 Academic qualifications

Description	Frequency	Percent
Others	1	.6
Diploma	1	.6
Higher National Diploma	7	4.0
Bachelors	114	64.0
Masters	54	30.3
PHD	1	.6
Total	178	100.0

Position held in the institutions

Respondents were supposed to indicate the position held in their organizations (road agencies) in Kenya which included KeNHA, KURA and KeRRA. These positions included officers, senior officers, assistant directors/principal officers and deputy directors. These ranks were relevant due to the level of understanding of concepts and the processes of performance contracting process in road agencies in Kenya. The results obtained from the analysis are as indicated in table 4.3

From table 4.3, the results indicated that 69.7% of the respondents were at senior and officers' levels in management. Other respondents which included assistant directors/principal officers and deputy director were at 10.1%, 10.7% and 9% respectively. The foregoing indicated that respondents at the lower senior and officers' job groups of these organizations were available and willing to respond to questions in the distributed questionnaire.

Table 4.3 Position held in the institution

	Frequency	Percent
Officer	61	34.3
Senior officer	63	35.4
Resident Engineer	18	10.1
Assistant Director/Principal officer	19	10.7
Deputy Director	17	9.6
Total	178	100.0

These results indicated that most of the officers in these organizations are on the lower cadre and they also understood the concepts and performance contracting process in road agencies in Kenya.

Number of years worked in the current institution

Through the study, respondents were required to provide details on the number of years they had worked in road agencies in Kenya. Table 4.4 provided the results of the analysis on the years worked in the organizations by the respondents. The results indicated that the majority of about 62.9% of respondents had worked at the current organization for a period of 11-15 years. About 17.4% and 15.7% of the respondents had worked in the current organization for less than 5 years and 6-10 years respectively. These results as obtained indicated that the majority of the respondents had adequate experience as regards the study variables that were being investigated. The foregoing led to the conclusion that data collected was reliable and credible in the investigation of study objectives as depicted in chapter one of this report.

Table 4.4; Years worked

	Frequency	Percent
Less than 5 years	31	17.4
6-10	28	15.7
11-15	112	62.9
16-20	7	3.9
Total	178	100.0

DESCRIPTIVE STATISTICS

Descriptive analysis was carried out to provide elements of describing variables that were studied or analysed based on established trends which led to inferential statistics which facilitated in testing study hypotheses. Descriptive statistics adopted for the study included standard deviation and the means. Means analysis provided central tendency of the collected data and standard deviation which provided degree of dispersion and the spread of the data collected. This section detailed descriptive analysis of all study variables which included idealized influence, inspiration motivation, intellectual stimulation, individualized consideration, collaboration, macro-environmental factors and performance contracting process in road agencies in Kenya. For purposes of carrying out descriptive analysis of all variables, Likert scale was converted to continuous scale of 0-1.5 strongly disagree, 1.6-2.0 disagree, 2.1-3.0 neither, 3.1-4.0 agree and 4.1-5.0 strongly agree.

Idealized influence

Descriptive analysis of the first indicator of transformational leadership which was idealized influence was computed for mean and the standard deviation and the results are as tabulated in table 4.5. The average mean of this indicator idealized influence was

established to be 4.05. The foregoing indicated that there was a general agreement on questions in the questionnaire for this particular indicator among the respondents in road agencies in Kenya. The general conclusion on the aspect of idealized influence was that most respondents agreed that leadership in their organizations demonstrated integrity, admirable behaviours, did not demonstrate selfish behaviours during the performance contracting process in road agencies in Kenya. From the findings there was a consensus that leaders in some of these organizations are role models, demonstrated competence and followers are keen to emulate them while implementing performance contracting process in these organizations.

The aggregate value of standard deviation of 0.805 indicated that the leadership of the studied organizations or road agencies in Kenya practiced idealized influence in the performance contracts process. The foregoing was in line with the study of (Nyokabi et al., 2017), who established that there was correlation between leaderships' idealized influence and the performance of senior managers in organizations. (Ngaithe et al., 2016), also examined the impact of idealized influence and inspiration motivation on performance of staff in state owned enterprises in Kenya. Their findings established that leaders' idealized influence and inspirational motivation significantly predicted the overall performance of managers in those studied state-owned organizations. From the findings on the structured interviews conducted in road agencies to collect qualitative data, the study noted that about 50% of the interviewed senior directors were aware of transformational leadership and its four elements which included idealized influence among others. Director Generals and directors interviewed indicated that idealized influence was being practiced in these organizations though at varying degrees which was at approximately 50%. They pointed

out that, during performance contracting the process, the organizations' leadership demonstrate aspects of integrity and admirable behaviours that can be emulated by their followers in road agencies in Kenya.

Table 4.5: Descriptive results for idealized influence (II)

	N	Mean	Std. Dev.
The organization's leadership demonstrates integrity while setting, implementing, monitoring, and measuring targets in performance contracts.	178	4.11	.763
The organization's leadership behaviours are admirable during the process of setting, implementing, monitoring, and measuring targets in performance contracts.	178	4.04	.769
The organization's leadership does not demonstrate selfish interests during setting, implementing, monitoring, and measuring of targets in performance contracts.	178	3.98	.833
The organization's leaders are role models to their followers in the process of setting, implementing, monitoring and measuring of targets in performance contracts.	178	4.02	.792
The organization's leaders demonstrate competence while setting, implementing, monitoring and measuring of targets in performance contracts.	178	4.14	.786
The followers emulate the organization's leader's behaviours in the process of setting, implementing, monitoring, and measuring of targets in performance contracts.	178	4.03	.875
Average/Aggregate	178	4.05	.805

They also indicated that leaders in these organizations do not demonstrate selfish interests in the whole process of implementing performance contracts. The study noted that these leaders also demonstrated a high level of competence as they set targets, implement,

monitor, measure and evaluate performance contracting process in road agencies. About 18.5% of the directors at management level felt that the element of idealized influence was not practiced at the senior most positions of organizations especially in the aspects of leaders being role models to followers. Leaders at the levels of directors and above did not demonstrate behaviours that are admirable to the followers or the organizations' employees. Leaders in these positions did not instil a sense of pride and honour to followers, they did not connect well, they lacked power and competence to deliver the vision of the organization. The foregoing demonstrated high levels of personal interests which were considered selfish over followers and overall organization's needs and goals. In view of the above the study noted this as one of the main reasons that some targets such as core mandate, research and innovation in performance contracts were not achieved as expected in the affected organizations. All (100%) interviewed director general and directors in Kenya Urban Roads Authority (KURA) indicated that leaders played a critical role by being role models in critical aspects which included time management, setting good examples and exemplifying strength and attitudes towards execution of work in this organization. These leaders indicated that they demonstrated and led by being good examples to their followers which significantly and positively impacted on the achievement of the set targets in performance contracts in KURA. There was however a major contrast between the findings of the lower cadres officers and the directors interviewed in senior management. This contrast was however noted in only one of the road agencies as the findings of the quantitative in the other two road agencies largely agreed with the results from the structured interviews. From the findings, the study noted that it was important to

enhance leadership training skills in this road agency and streamline cascading of information of performance contracting process to all personnel in the organizations.

Inspiration motivation

Table 4.6 presented findings of means and standard deviations for the second indicator of the independent variable which was inspiration motivation. About 74.5% of the respondents noted that inspiration motivation was practiced in road agencies in Kenya as the mean aggregate value for this indicator was at 4.08. They agreed that their organizations' leadership articulated vision and mission of the organization during the process of implementing performance contracts. About 25.5% of the respondents in road agencies however felt that they were not adequately motivated and inspired by organizations' leadership as the mean score for this sub-indicator was at 3.90. Aggregate standard deviation of 0.830 led to the conclusion that leaders in these road agencies practiced and embraced inspirational motivation during performance contracting process which entailed target setting, implementation, monitoring, measuring and evaluation of the achieved targets.

According to (Chebon et al., 2019), inspirational motivation increases employees' levels of performance as they are encouraged to be creative and innovative by their leaders due to clear flow of information between departments in organizations and high level of motivation. Their study supported findings of this research that inspiration motivation is a critical component of transformational leadership that enhances performance in organizations.

Table 4.6: Descriptive results for inspiration motivation (IM)

	N	Mean	Std. Dev.
The organizational leadership articulates vision and mission clearly while setting, implementing, monitoring, and measuring targets in performance contracts.	178	4.25	.653
The organization's leadership clearly clarifies my tasks and goals while setting, implementing, monitoring, and measuring targets in performance contracts.	178	4.06	.858
Am motivated and inspired by the organizational leaders while setting, implementing, monitoring, and measuring targets in performance contracts.	178	3.90	.900
The organization's leadership encourages shared vision amongst the employees while setting, implementing, monitoring, and measuring targets in performance contracts.	178	4.02	.823
The leadership encourages me to align my goals with those of the organization while setting, implementing, monitoring, and measuring targets in performance contracts.	178	4.11	.869
The organization's leadership encourages me to be more optimistic while setting, implementing, monitoring, and measuring targets in performance contracts.	178	4.12	.874
Average/aggregate value	178	4.08	.830

Findings in this analysis were further supported by the results from structured interviews that were conducted among director generals and directors in job groups 1 and 2 in the three road agencies in Kenya. The study noted that inspiration motivation was practiced by 66.7% of leadership in these organizations whilst about 33.3% did not as they did not properly articulate organization's vision, nor did they motivate followers to

participate fully in the implementation of performance contracts in their organizations. About 50% of the interviewees noted lack of proper mechanism to motivate followers in KeRRA and KeNHA through optimistically convincing them about the future and the vision of the organization. About 60% of followers in these categories were not aware of their contribution to the greater goal of performance contracting process in their organizations as they did not have clear foresight and hope about the future. The foregoing was contrary to what the findings were KURA where leaders interviewed indicated that followers were always and routinely informed of the organization's visions through meetings that were aimed at reminding them of the set targets, implementation mechanisms and monitoring processes for the achieved output. Through such engagements, leaders were also able to get feedback and challenges encountered by followers during the implementation process. The foregoing enabled leaders to take necessary actions and make appropriate and informed decisions either in terms of facilitations, resources allocation and mobilization to ensure that the process was not interrupted thus effectively achieving set targets in performance contracts. These leaders noted that inspiration motivation was one of the main reasons why KURA scored excellent in two subsequent years of performance contracting process evaluation and also awarded the highest score among the three road agencies. The study further noted that this organization had established reward mechanisms in place where all officers were entitled to thirteenth (13th) salary which was in a form of bonus after the excellence performance and achievement of set targets in performance contracts.

Intellectual Stimulation

The third indicator of transformational leadership was intellectual stimulation and results of the descriptive analysis are as indicated in the table 4.7.

Table 4.7: Descriptive results for intellectual stimulation (IS)

	N	Mean	Std. Dev.
The organization's leadership encourages creativity and innovation while setting, implementing, monitoring, and measuring targets in performance contracts.	178	3.99	.873
The organization's leadership encourages different views and opinions while setting, implementing, monitoring, and measuring targets in performance contracts.	178	3.87	.945
The leadership does not criticize or oppose new ideas publicly while setting, implementing, monitoring, and measuring targets in performance contracts.	178	3.87	1.000
The leadership does not interfere with my work while setting, implementing, monitoring, and measuring targets in performance contracts.	178	3.80	.949
The organization's leadership encourages me to formulate and work in new ways while setting, implementing, monitoring, and measuring targets in performance contracts.	178	3.76	.894
The organization's leadership encourages me to follow new paths and ideas without fear of reprimand while setting, implementing, monitoring, and measuring targets in performance contracts.	178	3.69	.985
Average/Aggregate	178	3.83	.941

The mean aggregate score for intellectual stimulation was 3.83 which indicated that majority of the respondents agreed that intellectual stimulation was embraced in road agencies in Kenya in the performance contracting process. A mean value of 3.99 of the respondents indicated that their leaders encourage creativity and innovation while setting, implementing, monitoring, measuring and evaluating outputs of performance contracting process in their organizations. On the other hand, a mean of 3.69 of the respondents felt that the organizations' leadership did not significantly encourage them to follow new paths and ideas without fear of reprimand during the process of implementing performance contracts. About 33.7% of directors who were interviewed in these organizations noted that the element of intellectual stimulation was not practiced as followers were not encouraged to be creative and innovative especially during implementation of performance contracts. The study through the structured interviews noted that though KeRRA had a research and development department, it did not have the requisite personnel to undertake duties pertaining to research and innovation. Leaders in this organization, cited the foregoing as one of the impediments in achieving the set targets in performance contracting process especially in the targets related to creativity and innovation. The foregoing was contrary to findings of about 66.7% of the interviewees in KeNHA and KURA where the study established that creativity and innovation was a critical part of their operations and that the two are accorded priority in these organizations.

The study noted that KURA had automated their reporting processes for their evidence which were linked to set targets in performance contracts. Further, it was noted that this road agency had partnered with local Universities such as Kenyatta University, Kimathi University, University of Nairobi, through memorandum of understanding

(MOUs) which enhanced research and innovation through these collaborations. One example of these collaborations was aimed at establishing alternative materials for road furniture (signs). The foregoing would drastically reduce vandalism of the installed signage on road thus enhancing safety and security for road users. In addition to the foregoing, it was noted that KURA was encouraging creativity and innovation in the field of intelligent transport system (ITS) and leaders at all levels encouraged research and knowledge sharing among followers and with other development partners too. The study also noted that KURA had established fully resourced departments in terms of human capacity and financial resources that were charged with activities geared towards research and development (R&D) thus creating an enabling environment for achievement of set targets in performance contracts. Innovation and creativity were noted as part of the core values in this organization and that leaders encouraged followers to use new ideas and creativity in their operations. The foregoing was necessary especially in the areas of information and technology which was noted to be very focal in reporting and achievement of set targets in the performance contracting process processes. All leaders interviewed in KeNHA also noted that there was a robust research and development department which was fully staffed and equipped to carry out research on issues related to highway development, rehabilitation, maintenance and other related activities and programmes in this organization. They further indicated that the agency collaborated with other institutions (local and international) in enhancing their research programmes. Some of the notable areas of research that KeNHA focused on were concrete/rigid pavements, bridge maintenance systems and mobile weighbridge along their corridors. The foregoing was noted to be very instrumental in enhancing creativity and innovation for the employees of this road agency

thus intellectually stimulating them especially in the process of implementing performance contracts.

Individualized consideration

The fourth and final indicator of the independent variable for the study was individualized consideration. Findings of the descriptive analysis for this indicator were indicated and summarized in table 4.80. The average score for this indicator was 3.96 which indicated that the majority of the respondents agreed that individual consideration was embraced in road agencies in Kenya. The respondents specifically indicated that, their leaders' delegated duties to employees thus enhancing efficiency, effectiveness and achievement of set targets and overall implementation of performance contracting process in road agencies as indicated by the highest mean score of 4.12.

Findings however indicated that organizations' leadership did not adequately meet the needs of employees in the whole performance contracting process in road agencies in Kenya as was indicated by the lowest mean score of 3.76. The results were in line with the findings of Ogola et al., (2017), through their study on the influence of individualized consideration and leadership behaviour on employees' performance in small and medium enterprises in Kenya. Their study established that individualized consideration had a significant influence on the performance of the organization. Further, Njiraini, et al., (2018), established that individualized consideration was significantly collated with job satisfaction and performance in commercial bank in Kenya. All the interviewed leaders (100%) in the three road agencies indicated that there were clear mentorship programmes established in these organizations and leadership supported followers during the

performance contracting process in road agencies in Kenya. These mentorship programmes were through internship and training sessions especially in all the

Table 4.8: Descriptive results for individualized consideration (IC)

	N	Mean	Std. Dev
The organization's leadership mentors employees while setting, implementing, monitoring, and measuring targets in performance contracts.	178	4.05	.881
The organization's leadership provides employees with necessary support while setting, implementing, monitoring, and measuring targets in performance contracts.	178	3.95	.818
The organization's leadership provides a conducive environment to employees while setting, implementing, monitoring, and measuring targets in performance contracts.	178	4.03	.801
The organization's leadership meets the needs of the employees while setting, implementing, monitoring, and measuring targets in performance contracts.	178	3.76	.925
The organization's leadership delegates duties to employees thus enhancing efficiency and achievement while setting, implementing, monitoring, and measuring targets in performance contracts.	178	4.12	.754
The organization's leadership provides the employees with new learning opportunities while setting, implementing, monitoring, and measuring targets in performance contracts.	178	3.87	.879
Average/Aggregate	178	3.96	.843

operations of road agencies in Kenya. All graduates who joined these organizations were placed under the watch and training of an experienced officers who mentored them with the aim of ensuring their career development and acquisition of other professional

accreditation. The leadership of Kenya Urban Road Authority (KURA) particularly, indicated that they had established a training, development and evaluation committee (TDEC) that was charged with the responsibility of collecting, analysing and evaluating training needs among followers or employees in this organization. The results of the analysis were used to aid in developing training programme tool based on demand and on individual needs. The training programmes were then structured to be implemented in a certain way that was impactful to the employees thus contributing to the overall achievement of the set targets in KURA. There was also the aspect of having licensed coaches in this road agency who were charged with the responsibility of mentoring and counselling employees or followers in this organization. Leaders interviewed in KeRRA and KeNHA noted that similar programmes had been established in their respective organizations though their impacts were not significant. On delegation of duties, all (100%) interviewed leaders in the three road agencies noted that duties were delegated to followers as they were required to own the process and also implement the set targets in performance contracting process in their respective directorate, department and sections. This phenomenon of delegation of duties, ensured that all participants were involved in the performance contracting process in road agencies in Kenya.

From the above analysis of all the four indicators of transformational leadership, it was concluded that this leadership style was practiced in road agencies in Kenya in performance contracting process though at varying degrees. The practice of this leadership style was however not uniform as the mean scores for different indicators differed from each other as depicted in the descriptive analysis above. It was further noted that inspiration motivation was highly practiced as the mean score was at 4.08, followed by idealized

influence at a mean score of 4.05. The principle of individualized consideration was third at a mean score of 3.96 and lastly intellectual stimulation was at mean score of 3.83. From the research findings, it can therefore be concluded that there was a consensus between respondents that transformational leadership through its four elements which included idealized influence, inspiration motivation, intellectual stimulation and individualized consideration was present and can be enhanced for effective and efficient implementation of performance contracting process in road agencies in Kenya.

These findings were in line with the conclusion of (Rawashdeh et al., 2020), who established that transformational leadership had a significant influence on the employees' behaviours and their level of commitment on the overall performance of the organization. They further established that this style of leadership had a direct relationship with organizational innovation, creativity and the performance of employees. This style of leadership was also found to be effective in empowering individuals who were given opportunity of performing their duties in an autonomous style which led to individual intellectual stimulation and high level of achievement of the set goals and targets in organizations.

Collaboration mediating variable

Collaboration was considered as the mediating variable in the study, and it was operationalized and measured through trust building, employees. Table 4.9 provided the findings and summary of the descriptive analysis of the mediating variable. The aggregate mean score for this variable was 3.98 which implied that the majority of the respondents agreed that collaboration was emphasized and practiced in road agencies in Kenya. The standard deviation aggregate value was 0.828 which implied that there wasn't a significant

variation on the consensus on collaboration among the staff members in road agencies in Kenya. The above findings are in line with the results of Soieb, et al., (2015), who investigated the mediating role of collaboration between the relationship of employee engagement and leadership styles for government officers working in different Ministries in the Federal Territory of Putrajaya.

Table 4.9: Descriptive results for collaboration (C)

	N	Mean	Std. Dev.
There is collaboration between different officers in different sections/departments of the organization in the process of setting, implementing, monitoring, and measuring targets in performance contracts.	178	4.12	.795
There is team cooperation and effectiveness in the organization while setting, implementing, monitoring, and measuring targets in performance contracts.	178	3.99	.819
The climate of the culture of trust is fostered in the workplace when setting, implementing, monitoring, and measuring targets in performance contracts.	178	3.88	.862
Employees are committed to the organization's goals and objectives during setting, implementing, monitoring, and measuring targets in performance contracts.	178	4.07	.713
The organization's leadership practices fairness thus enhancing performance in setting, implementing, monitoring, and measuring targets in performance contracts.	178	3.87	.883
The employees integrate and share knowledge effectively for the benefit of the organization of while setting, implementing, monitoring, and measuring targets in performance contracts.	178	3.94	.893
Aggregate/Average	178	3.98	.828

The research study established that collaboration had a mediating effect or role on the relationship between leadership styles and employees' engagement which also impacted on the overall performance of organizations. Other departments and sections which included supply chain management, finance and accounts, information communication and technology, human resource and administration and public relations must also collaborate and offer support systems to ensure smooth implementation of the set targets in performance contracts in road agencies in Kenya. The interviewed director general and directors noted that collaboration can be harnessed through teamwork, staff motivation and rewarding high achievers as exemplified by KURA through their thirteenth (13th) salary bonus to enhance achievement of set targets in performance contracting process. They indicated that all departments in these organizations must work as one team in support of the organizations' vision, objectives and goals which would ultimately lead to excellent achievement of set targets in performance contracting process in road agencies. These leaders also noted that collaboration and teamwork was one of the core values in these organizations which was fostered and ultimately impacting positively implementation of set targets in performance contracts. The foregoing findings were in line with the study of Gachiengo (2018), who investigated the effect of interorganizational collaboration on the performance of courier firms in Nairobi County. The study established that resource-based, cost-based and relational based collaboration had a positive impact on performance of organizations. From the findings of both quantitative and qualitative analysis, the study concluded that collaboration or teamwork had a mediating role on the relationship between transformational leadership and performance contracting process in roads agencies in Kenya.

Macro-environmental factors (moderating variable)

The moderating variable for this study was macro-environmental (factors) and the results of the findings are as indicated in table 4.10. This variable was operationalized or measured through political, economic and natural factors as described in chapter two of this report. The aggregate mean score for this variable was 3.99 which indicated that the majority of the respondents agreed that macro-environmental factors had an impact on the successful implementation of performance contracting process in road agencies in Kenya. The standard deviation aggregate for this variable was computed as 0.828 which implied a consensus among respondent that macro-environmental factors are key indicators for achievement of the desired targets in performance contracting process in road agencies in Kenya. The eleven (11) interviewed directors indicated that macro-environmental factors played and continued to play a critical role in the performance contracting process in road agencies. Political factors were noted to influence the process as it affects target setting, implementation processes and measuring and evaluation due to political interferences. They all (100%) indicated that some decisions especially in the budgeting process are made by politicians which may lead to skewed allocation of resources thus affecting performance contracting process and thus affecting achieved targets. The Director General (KURA) recommended implementation of Road Sector Investment Programme (RSIP) which stipulates roads investment priorities.

Table 4.10: Descriptive results for Macro-environmental factor (EF)

	N	Mean	Std. Deviation
The existing international and national politics impacts on the process of setting, implementing, monitoring, and measuring targets in performance contracts.	178	4.09	.885
Organizations must operate in line with the existing political environment while setting, implementing, monitoring, and measuring targets in performance contracts.	178	4.03	.898
National or global political stability is key while setting, implementing, monitoring, and measuring targets in performance contracts.	178	4.01	.864
The organization's process of setting, implementing, monitoring, and measuring of targets in performance contracts is dependent on the prevailing national and global economic conditions.	178	4.00	.897
Economic factors such as tax rates, inflations, and exchange rates greatly impact on the process of setting, implementing, monitoring, and measuring targets in performance contracts.	178	3.99	.830
Natural conditions such as weather, climate, soils and topography greatly impact on the process of setting, implementing, monitoring, and measuring targets in performance contracts.	178	3.81	.907
<i>Average/Aggregate</i>	178	3.99	.880

He advised that RSIP should be utilized to guide resource allocation as the same would ensure that only roads and programmes that are in the priority list are developed, maintained or rehabilitated based on analysed needs and available resources. The leader indicated that when resources are allocated on need basis and without political interference, the same will ensure that there are no pending bills that are a burden to road agencies and

country in general. Leaders interviewed in the three road agencies noted that the prevailing economic situations in the country play a key role in budgetary allocation for the available resources to fund road projects and other government programmes in the country. The study noted that when prevailing economic situations are not favourable, financial resources allocated to road agencies and to the projects in particular are not adequate which led to low production and achievement of set targets in performance contracts. The foregoing also led to stalling and suspension of projects as a result of non or delayed payments and ultimately high pending bills, interests on delayed payments and cost claims which result to increased costs to the implementation of road projects and other programmes in road agencies in Kenya.

These leaders also noted and indicated that economic factors that affect the implementation of the performance contracts in road agencies can be mitigated through provision of requisite budget and only on prioritized road projects. The prevailing economic conditions in the country do affect either positively or negatively implementation and achievement of the set targets for performance contracts in road agencies in Kenya. They finally indicated that physical and natural environmental factors do affect the implementation process of performance contracts in road agencies in Kenya. The prevailing weather conditions either famines or floods negatively impact on the implementation of performance contracts in road agencies in Kenya as they can lead to delayed progress and implementation, thus affecting the total achieved targets for performance contracts in road agencies in Kenya. All 100% directors in these organizations noted that environmental factors can be mitigated through proper planning and implementation of environmental management plans (EMPS) in road projects

contracts and other programmes in road agencies. The study thus noted that from the results of quantitative analysis (descriptive) and the findings of the structured interview, that macro-environmental factors which included political, economic and environmental moderate the relationship between transformational leadership and performance contracting process in road agencies in Kenya. The findings were aligned with the findings of a study by (Jabeen et al., 2016), who examined moderating role of external environment for the relationship between market orientation and performance of small medium enterprises (SMES) in Punjab, Pakistan. Findings of the study indicated that external environment factors played a moderating role between market orientation and business performance in small and medium enterprise (SMES) in Punjab Pakistan. (Wanjiru, Irungu et al., 2019), also examined the moderating effects of the external environment on the relationship between firms' strategies and performance for manufacturing firms in Nairobi City County Kenya. They established that external environmental factors including political, economic and environmental where organizations operate in, have moderating effects on the relationship between corporate strategies and performance of organization.

Performance contracting process

The dependent variable for the study was performance contracting process and was measured through target setting, implementation, monitoring, measuring and evaluation of achievement of the set targets. Firstly, the respondents were asked to indicate whether the organization leadership fosters participation of employees and encourages uninterrupted flow of information during the target setting process of performance contracts. Secondly, respondents were required to indicate whether the organizations' leadership allocate

adequate resources and the level of utilization of the available capabilities and skills during performance contracting process in road agencies in Kenya.

The third and final part of this variable was the role of employees in the process of monitoring, measuring and evaluation of the achieved targets. The findings of the descriptive analysis for the three main areas are as indicated and summarized in table 4.11. Aggregate value for the mean score was 3.89 which implied that the majority of respondents agreed with the three main areas which the dependent variable was operationalized or measured through.

Table 4.11: Descriptive results for performance contracting process (PC)

	N	Mean	Std. Dev.
The organization's leadership fosters participation of employees in performance contracting process target setting process.	178	4.07	.793
There is uninterrupted flow of information from organization's leadership during target setting phase.	178	3.76	.904
The organization's leadership allocates adequate resources to facilitate the achievement of the set targets.	178	3.76	.997
Organization's leadership fosters utilization of the available capabilities and skills during implementation of the set targets.	178	3.96	.875
The organization's leadership encourages employees' involvement in the process of monitoring, measurement of the achieved targets.	178	3.92	.948
The organization's leadership encourages employees' involvement in evaluation and analysis of achieved targets.	178	3.92	.837
<i>Average/aggregate</i>	178	3.89	.892

Specifically, respondents indicated that their organization leadership fostered participation of employees in the process of target setting at a mean score of 4.07. Secondly, respondents indicated that their organizations' leadership fostered utilization of the available skills and capabilities during the process of implementation of performance contracting process where the mean score was 3.96. On monitoring, measuring and evaluation, majority of respondents indicated that their organizations' leadership encouraged involvement of the employees in the process as the mean score was at 3.92. Surprisingly, through the findings, the respondents noted that organizations' leadership allocate inadequate resources and that there was low flow of information while setting and implementing set targets in performance contracting process in road agencies in Kenya. The computed mean score for the two focus areas was at 3.76.

All interviewed directors (100%) indicated that leaders are the vision bearer in organizations especially during the phase of target setting and they should communicate the same to the followers in a clear and inspiring manners. They further indicated that employees are also supposed to participate in the process of target setting in performance contracting process for them to own the process and be able to implement set targets as planned in the performance contracting process in road agencies. Organizations' leadership must allocate adequate resources and facilitate followers or employees during implementation process for the set targets in performance contracting process in road agencies in Kenya. Leaders must also ensure that there is availability of requisite skills and capabilities in organizations during implementation process of performance contract in road agencies to facilitate smooth implementation of planned activities. The foregoing will ensure that proper mechanisms are in place in achieving all set targets as appropriate

execution and control measures are put in place through knowledgeable individuals or followers. During monitoring and evaluation, leaders must lead the process by ensuring that the followers are participating in monitoring, measuring and evaluation process. The foregoing will ensure that feedback regarding efficiency, effectiveness, and economy and other lessons learned are documented for utilization and improvement in the next cycle of performance contracting process in road agencies in Kenya.

The above findings were also in line with the provision of the New Public Management (NPM) theory where the tenets of the theory were to improve accountability and maximizing utilization of scarce resources when providing quality goods and services to the general public (Cheche & Muathe, 2014). The theory emphasized on the idea of management by increasing the autonomy of managers, rewarding the organizations and individuals based on set targets which is the primary concept of performance contracting process (Islam, 2015). The sole aim of New Public Management theory or concept is to improve performance of Government by promoting the three Es which are the efficiency, effectiveness, and economy which are the primary core objective of performance contracting process especially in all sectors of the economy in any country (Osmani, Wali, 2014). Further the findings are also anchored to the Public Value Theory whose aim was to ensure prudent use of available resources and also the aspect of practicality of achieving the intended or set goals and the operational capability of the organization (Eli & Gerald, 2016). The public value theory focuses on three main pillars which are services, outcomes and trust. The foregoing was in line with the principles of performance contracting process which is the new public governance paradigms is to improve service delivery, enhancing outcomes and trust in the performance of public sector (Osmani, Wali, 2014).

DIAGNOSTIC TESTS

The data collected was subjected to diagnostic tests that included normality, heteroscedasticity, multicollinearity and linearity tests. These tests were essential and critical for the data collected as they would ensure that all regression assumptions were not violated during the study. It is always advisable that statistical assumptions should hold true for the data for the developed model and also ensure that findings are reliable and credible (Kothari & Garg, 2019). The results for the diagnostic tests are detailed in the following section.

Normality Tests

Data collected was subjected to normality tests and this test was necessary to ensure that the data was normally distributed. Values of skewness and kurtosis were used for these tests. Normality assumptions in research must be taken into account and analysed critically because in situations where they do not hold, then the conclusions drawn and recommendations made are not accurate or reliable. Values of skewness and Kurtosis that are within the range of + or -3 indicates that the data collected is normally distributed (Kothari & Garg, 2019). From the findings, the average values of Skewness and Kurtosis were -.193 and .397 respectively indicating that the data used for the study was normally distributed. Based on the foregoing, the study noted that all conclusions and recommendations drawn from this data were accurate and reliable it was also possible to undertake inferential and parametric statistical analysis since the chance of outliers was minimal. The computed finding are summarized in table 4.12

Table 4.12. Skewness and Kurtosis for normality tests

	Skewness			Kurtosis	
	Statistics	Statistics	Std. error	Statistics	Std error
Idealized influence	178	-.343	.182	-.226	.362
Inspiration Motivation	178	-1005	.182	+1.588	.362
Intellectual Stimulation	178	-.752	.182	.294	.362
Individualized Consideration	178	-.790	.182	.990	.362
Collaboration	178	-.497	.182	-.660	.362
Macro-environmental factors	178	-.795	.182	.920	.362
Performance Contract	178	-.603	.182	-.125	.362
Average	178	-193	.182	.397	.362

Heteroscedasticity Tests

Heteroscedasticity test was conducted to determine and detect the presence of equal variance between independent variables and the dependent variable. The foregoing is considered very important in carrying out regression analysis of all variables in the study. The presence of heteroscedasticity is not desirable as the same would lead to violation of assumptions in regression analysis. The study assumed that the error value would be constant and during the analysis, if $p \leq 0.05$, the hypothesis was rejected and if the value of $p \geq 0.05$, the hypothesis was accepted. Tests to ensure compliance with homogeneity and lack of heteroscedasticity for the collected data was conducted and results of this analysis are summarized in table 4.13.

Table 4.13. Homogeneity Test for variance

Variable	Levene Statistics	Significance
Idealized influence	1.103	0.359
Inspiration Motivation	1.372	0.167
Intellectual Stimulation	1.036	0.423
Individualized Consideration	1.944	0.206
Collaboration	1,625	0.077
Macro-environmental factors	0.572	0.893

From table 4.13, the findings for the Levene statistics for idealized influence, inspiration motivation, intellectual stimulation, individualized consideration, collaboration and Macro-environmental factors were 1.103, 1.372, 1.036, 1.944, 1.625 and 0.572 respectively. The significance levels of all the variables were all greater than 0.05 as indicated in the table above, implying that there was homogeneity among the study variables and therefore the study could not reject the null hypotheses. There was therefore no significant difference for variances and therefore the data complied on the test of heteroscedasticity.

Multicollinearity Tests

Multicollinearity is that scenario where one variable may be correlated in a big way with each other. The indication of multicollinearity among the independent variables while being regressed, the findings would be considered inaccurate (Hair et al., 2019). This assumption was tested through the computation of Variance of Inflation Factors (VIF). The results of this analysis are summarized in the table 4.14.

Table 4.14. Multicollinearity Test

	Collinearity Statistics	
	Tolerance	VIF
Idealized Influence	.483	2.072
Inspiration Motivation	.344	2.906
Intellectual Stimulation	.526	1.900
Individualized Consideration	.373	2.681
Collaboration	.438	2.282
External Factors	.928	1.078
Average	0.515	2.153

Results and findings in table 4.14 indicate that the average values of VIF was 2.153 which was less than $VIF < 10$ implying that there was no presence of multicollinearity ((Hair, Babin, & Anderson, 2019). The results also indicated that VIF values for all the variables were less than ten but greater than one thus implying lack of multicollinearity on individual variables for the collected data. Lack of multicollinearity in data analysis reduced standard errors of each coefficient and the results obtained were accurate and reliable.

Linearity tests

Results from the scatter plot indicated that there was presence of linearity as indicated in the figure 4.1 as the same was confirmed by the observed trend of the plotted data. Linearity significance as summarized in the table 4.15 below were at 0.000 implying

that there was linearity in the collected data and therefore no deviation from the linearity assumption.

Table 4.15. Linearity tests

	Linearity Statistics	
	Linearity Significance	Deviation from Linearity
Idealized Influence	.000	0.258
Inspiration Motivation	.000	0.721
Intellectual Stimulation	.000	0.308
Individualized Consideration	.000	0.448
Collaboration	.000	0.212
External Factors	.000	0.911

Normal P-P Plot of Regression Standardized Residual

Dependent Variable: PeformanceC

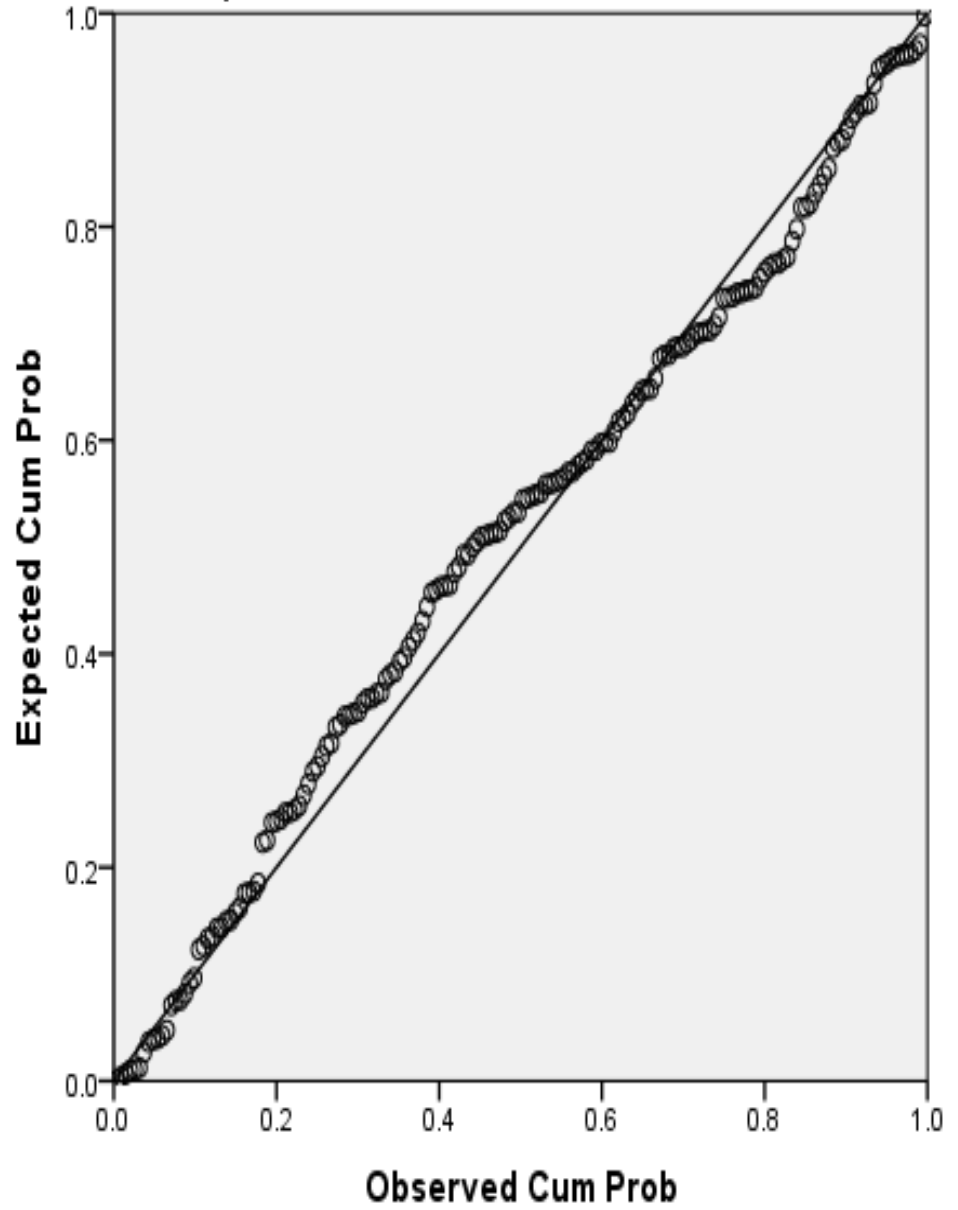


Figure 4:1 Scatter Plot

CORRELATIONAL ANALYSIS

Correlational analysis assisted in establishing the relationship between study variables.

Table 4.16 Correlations analysis:

		PC	II	IS	IM	IC	C	M-E Factors
Performance contracting process	Pearson Correlation	1						
	Sig. (2-tailed)							
	N	178						
Idealized Influence	Pearson Correlation	.538**	1					
	Sig. (2-tailed)	.000						
	N	178	178					
Intellectual Stimulation	Pearson Correlation	.507**	.497**	1				
	Sig. (2-tailed)	.000	.000					
	N	178	178	178				
Inspiration Motivation	Pearson Correlation	.569**	.705**	.631**	1			
	Sig. (2-tailed)	.000	.000	.000				
	N	178	178	178	178			
Individualized Consideration	Pearson Correlation	.559**	.576**	.617**	.686**	1		
	Sig. (2-tailed)	.000	.000	.000	.000			
	N	178	178	178	178	178		
Collaboration	Pearson Correlation	.643**	.521**	.555**	.610**	.705**	1	
	Sig. (2-tailed)	.000	.000	.000	.000	.000		
	N	178	178	178	178	178	178	
External Factors	Pearson Correlation	.297**	.118	.134	.091	.128	.249**	1
	Sig. (2-tailed)	.000	.116	.074	.227	.088	.001	
	N	178	178	178	178	178	178	178

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

This analysis assisted in determining whether there exists a linear relationship among the studied variables (Kothari & Garg, 2019).

The study used the Pearson Product-Moment to determine the relationship between variables. Thresholds values used to interpret the findings of the correlation coefficients were ± 0.5 for a strong relationship, ± 0.3 and ± 0.5 for a middle relationship and ± 0.1 and ± 0.29 for a weak relationship. Results and findings are as summarized in table 4.16. From the findings, it was established that idealized influence was strongly and positively correlated with performance contracts as R value was $r=0.538$. These findings are in line with the results of a study by Kariuki (2021), who established that idealized influence and inspiration motivation have a direct link and correlation to staff retention and performance in microfinance institutions in Nairobi County in Kenya

The study further established that the R value for inspiration motivation was $r= 0.569$ implying a very strong and positive correlation between inspiration motivation and performance contracting process in road agencies in Kenya. The results are in line with the findings of the study of Nyakawa (2021), who established that inspirational motivation ensures team spirit, displays high level of commitment to organizational goals due to the shared or common organizational vision thus ensuring high levels of performance. In regard to intellectual stimulation, the R value was $r= 0.507$ implying a positive and a strong relationship between intellectual stimulation and performance contracting process in road agencies in Kenya. The results were in line with the findings of (Ogola, et al., 2017) who established that through intellectual stimulation, the commitment levels and innovation of the employees in organizations are developed leading to improved achievements of set organizational goals and targets. On individualized consideration, the study established that

the R value was $r=0.559$ implying a strong and positive correlational between individualized and performance contracting process in road agencies in road agencies in Kenya. The above findings were in line with the study of (Khalil, Haider & Sahibzadah, 2017), who through a review of literature and use of quantitative research methods, investigated the influence of individualized consideration on job satisfaction for employees in private sector universities. The study findings established that individualized consideration has a positive impact on job satisfaction in organizations that were investigated.

On collaboration, the study established that the R value was $r=0.643$ indicating a strong and positive correlation between collaboration implementation of performance contracting process in road agencies in Kenya. The significance threshold p value was less than 0.05 implying a partial mediation for the relationship between transformation leadership and performance contracting process in road agencies in Kenya. These findings were in line with the findings of the study by (Paolucci et al., 2018), who investigated the mediating role of effective team commitment or collaboration on the relationship between transformational leadership and the quality of team performance. The results thereof revealed that effective team commitment or collaboration mediates the relationship between transformational leadership and the quality of the performance of the team and its experience. Further the study established that there was a positive correlation between macro-environmental factors and performance contract process where $r =0.297$. The findings therefore established there was a positive but moderate correlation between macro-environmental factors and performance contracting process in roads agencies in Kenya. The findings were in line with the results of the study of (Waithaka, 2016), who

investigated the moderating effects of organizational factors between competitive intelligence practice and performance of firms which are listed in the Nairobi Stock Exchange. The study established that organizational environmental factors moderated the relationship between the competitive intelligence practices and firm performance for the listed firms in Nairobi Stock Exchange.

TESTING HYPOTHESES

A total of seven hypotheses had been developed for the study and all of them were tested by use of regression analysis. Resultant of p-values were analysed at the threshold of 5% or 0.05 significant to decide whether to be accepted or rejected as presented in the table below. The hypotheses tested were:

- H₀₁. There is no significant influence of transformational leadership to performance contracting process in road agencies in Kenya.
- H₀₂. There is no significant influence of idealized influence to performance contracting process in road agencies in Kenya.
- H₀₃. There is no significant influence of inspirational motivation to performance contracting process in road agencies in Kenya.
- H₀₄. There is no significant influence of intellectual stimulation to performance contracting process in road agencies in Kenya.
- H₀₅. There is no significant influence of individualized consideration to performance contracting process in road agencies in Kenya.

H₀₆. There is no significant mediating influence of collaboration on the relationship between transformational leadership and performance contracting process in road agencies in Kenya.

H₀₇. There is no significant moderating influence of Macro-environmental factors on the relationship between transformational leadership and performance contracting process in road agencies in Kenya.

Hypothesis one tests

The study conducted multiple regression to determine the influence of transformational leadership on performance contracting process in road agencies in Kenya. The results of the analysis are as indicated in table 4.17. Results summarized in the table 4.17 indicated that the correlation coefficient was 0.642 implying a positive and a strong correlation between transformational leadership and performance contracting process in road agencies in Kenya. Adjusted R square (R^2) was at 0.409 implying that transformational leadership predicted 40.9% of the outcomes of performance contracting process in road agencies in Kenya. These results therefore indicated that other variables accounting for about 59.1% apart from transformational leadership, would explain outcomes and the anticipated success of performance contracting process in road agencies in Kenya.

Table 4.17: Model Summary for transformational leadership and performance contracting process

Mode	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.642 ^a	.412	.409	.54618

The study also conducted the (ANOVA) analysis of variance to establish the significance of the proposed regression model. Findings of the analysis are as summarized in table 4.18.

Table 4.18: ANOVA analysis for transformational leadership and performance contracting process

	Sum of Squares	df.	Mean Square	F	Sig.
Regression	36.843	1	36.843	123.505	.000 ^b
Residual	52.503	176	0.298		
Total	89.346	177			

F statistic for the regression model is $123.505 > F$ critical $F = 2.416$) and therefore the model was considered as a good fit for predicting the dependent variable. Also, the model was considered to be fit to predict the dependent variable as P-value was at 0,000 which was less than the significance threshold level of 0.05. The significance beta coefficients for the model were also computed and determined and the values of the same are as summarized in table 4.19.

Table 4.19: Regression coefficient for transformational leadership and performance contracting process

	Unstandardized Coefficients B	Std. Error	Standardized Coefficients Beta	t	Sig.
(Constant)	.621	.305		2.037	.043
Idealized influence	.252	.099	.213	2.556	.011
Inspiration Motivation	.176	.105	.164	1.674	.096
Intellectual Stimulation	.158	.080	.158	1.985	.049
Individualized Consideration	.236	.089	.226	2.643	.009

Results in table 4.20 above for the primary regression model were indicated and summarized in the following equation.

$$PC = 0.621 + 0.213II + 0.164IM + 0.158IS + 0.226IC + \varepsilon$$

Findings from the regression equation above indicates that if all other elements (idealized influence, inspirational motivation, intellectual inspiration and individualized consideration) of transformational leadership were held constant, then performance contract would be at 0.621. From the table above, the results for individual coefficients were 0.213 for idealized influence, 0.164 for inspirational motivation, 0.158 for intellectual stimulation and 0.266 for individual consideration. The results indicated that an increase in the unit of idealized influence would give an increase of 0.213 to the process of performance contracting process in road agencies in Kenya. Secondly, it was established that if all other factors are held constant, increasing a unit of inspirational motivation would also result to an increase of 0.164 of performance contract implementation process in road agencies in Kenya. In regard to intellectual stimulation, the results indicated that an increase in a single unit of this indicator, would result to an increase of 0.158 of the performance contracting process in road agencies in Kenya. Further the results indicated that an increase in a single unit of individualized consideration would result in an increase of 0.266 of performance contracting process implementation in road agencies in Kenya.

The results revealed that individualized consideration had the highest impact or influence on the process of implementation of performance contracting process in road agencies at $B=0.266$. Idealized influence was second at $B=0.213$, inspirational motivational was at $B=0.164$ and the last one was intellectual stimulation at $B=0.158$. On significance, it was noted that three variables were significant as computed p values were less than 0.05

level. The values were for idealized influence $p=0.011 < 0.05$, intellectual motivation $p=0.049 < 0.05$ and for individualized consideration $p=0.009 < 0.05$. Inspirational motivational was not significance at 0.05 as the p value was $p=0.096 > 0.05$, when regressed with all other transformational leadership indicators. The model could be adjusted by regressing the three indicators without inspirational motivation though when the indicator is regressed alone it was noted to have a significant influence in predicting the outcomes of performance contracting process in road agencies.

These study results indicated that the model was fit to determine implementation of performance contracting process in road agencies in Kenya as it was significant at 0.05. In view of the foregoing, the study rejected the null hypothesis that there is no significant influence of transformational leadership to performance contracting process in road agencies in Kenya. The study therefore concluded that transformational leadership and all its three elements which included idealized influence, intellectual motivation and individual consideration had a significant influence to the performance contracting process in road agencies in Kenya. The fourth indicator which is inspiration motivation was found not to have significant influence on the implementation of performance contract when regressed together with other indicators. However, when regressed alone, the indicator was noted to have a significant influence on performance contracting process as detailed in table 4.19.

The above findings were explained through the results of the demographic survey, descriptive statistics, empirical literature reviews and the theoretical frameworks of the study. The demographic results indicated the majority of respondents (93.5%) had at least attained bachelor's degrees and above. The foregoing indicated that most of the

respondents were well informed about performance contracting process management tool in the three roads agencies in Kenya and they comprehended the impact of leadership (transformational leadership) on performance contracting. Further regarding the position held in the organization, the results indicated that the majority of the respondents (69.7%) were at senior and officers' levels in management. The foregoing indicated that the majority of the respondents were directly or indirectly impacted by the decisions made by senior level management leadership. Finally, the demographic results indicated that the majority of respondents (96%) had worked at the current organization for a period of 6-15 years implying that the majority of respondents had adequate experience and were conversant with the study variables that were being investigated through the study.

From the discussions and the analysis, majority of the respondents indicated that the aspect of idealized influence was well established and practiced in road agencies in Kenya as the aggregate mean value was at 4.05. Secondly, the majority of respondents noted that inspiration motivation was practiced in road agencies in Kenya as the mean aggregate value was at 4.08 implying that the leadership in these organizations motivated and articulated organizations' vision and mission during the process performance contracting. The mean aggregate score for intellectual stimulation was 3.83 indicating that the majority of the respondents agreed that intellectual stimulation was embraced in road agencies in Kenya in the whole process of performance contracting. The average score for the indicator on individualized consideration was at 3.96 implying that the majority of the respondents noted that aspects of individualized consideration was embraced in road agencies in Kenya. From the foregoing all elements of the independent variable were noted to be embraced in road agencies in Kenya which implied a high and significant influence of transformational

leadership (independent variable) on the process of performance contracting process in road agencies in Kenya.

The findings of this study were also explained based on the theoretical frameworks that the study was underpinned on. As captured in chapter two of this study, the three theoretical frameworks were transformational leadership, new public management and public value theory. In regard to transformational leadership theory, leaders and followers elevate one another to higher levels of motivation and morality. Further according to Burns, the theory provided that for ethical and moral dimensions and he elaborated the fact that there is a crucial role that is played by followers in leadership spectrum (Khan, et al., 2017). The findings were further noted to be anchored on the provisions of the New Public Management (NPM) theory which were to improve accountability, and maximizing autonomy of managers in organizations while promoting the three Es which are the efficiency, effectiveness and economy. The foregoing was noted to be the primary core objective of performance contracting process in all sectors of the economy which include roads and transport sector (Islam, 2015). The findings were also in line with the principles of public value theory which aimed at prudent utilization of available resources and tangible achievements of the set goals and targets for the organizations. These principles were in line with the provisions of performance contracting process in the public sector which also included the road and transport sector (Osmani, Wali, 2014).

The findings were in line with the empirical literature review as they agreed with the findings of Njiiri, et al., (2021), who established that transformational leadership comprising of the four indicators which were idealized influence or the charisma, inspirational motivation, intellectual stimulation and individualized consideration,

individually or combined do influence level of performance in organizations. Also, the results were in line with results of (Arif & Akram, 2018), who established that transformational leadership style enhances individual and organizational performance as it motivates followers to explore available resources and new products for increased organizations' performance. Further Nguyen & Luu (2019), established that organizational performance was largely fostered through transformational leadership by organizational learning, creativity, innovation, and culture. They noted that the three variables mediated the relationship between transformational leadership and organizational performance.

Hypothesis two tests

Based on study objectives and hypotheses, the study investigated the impact of idealized influence on performance contracting process in road agencies in Kenya. The hypothesis tested was that there is no significant impact of idealized influence on performance contracting process in road agencies in Kenya. The results of the regression analysis for this model are as summarized in table 4.20.

Table 4.20: Model summary for idealized influence and performance contracting

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.538 ^a	.289	.285	.60080

Results indicated that the factor of analysis was 0.538 implying that there was a positive and a strong correlation between idealized influence and performance contracting process in road agencies in Kenya. The coefficient of determination adjusted R squares (R^2) was 0.285 which implied that though relatively low, idealized influence determined 28.5% of the outcomes of the process of performance contracting process in road agencies in Kenya. These results therefore indicated that other factors about 71.5% other than

idealized influence determined outcomes of performance contracting process in the three road agencies in Kenya.

The study further determined the significance of the model in determining outcomes and of performance contracting process in road agencies in Kenya. ANOVA analysis was conducted, and the results are as summarized in table 4.21.

Table 4.21: ANOVA results for idealized influence and performance contracting process

	Sum of Squares	df	Mean Square	F	Sig.
Regression	25.817	1	25.817	71.524	.000 ^b
Residual	63.529	176	.361		
Total	89.346	177			

Results indicated that the F factor was 71.524 and was greater than F factor critical F=2.416. This model was therefore considered significant for determining outcomes in the process of implementing performance contracting process in road agencies in Kenya. Regarding significance, the results indicated that the p-value was 0.000 and was less than 0.05 the significance threshold level and therefore the study concluded that this model was fit for determining outcomes of the process of implementing performance contracting process in road agencies in Kenya.

The significance beta coefficient of idealized influence for the study was determined by conducting student t-test and the results are as presented in the table 4.22.

Table 4.22: Regression coefficients for idealized influence and performance contracting

	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	1.325	.308		4.306	.000
Idealized influence	.635	.075	.538	8.457	.000

The linear regression equation from the findings in table 4.22 is as indicated in the following equation.

$$PC = 1.325 + 0.538II + \varepsilon$$

The above equation indicates that, if all other factors were held constant, then performance contracting process in road agencies in Kenya would be at 1.325 as provided for by the constant value in the above equation. Standardized beta coefficient for idealized influence was 0.538 implying that increasing one unit of idealized influence while holding all other factors constant would result to an increase of 53.8% of the process of performance contracting process in road agencies. Results further indicated that the significance level of the model was at $0.000 < 0.05$ which indicated that the model was significant thus rejecting the null hypotheses that there is no significant influence of idealized influence to performance contracting process in road agencies in Kenya. The study thus concluded that there was a significant influence of idealized impact on performance contracting process in road agencies in Kenya. These findings are in line with the results of Ngaithe et al., (2016), who examined the impact of idealized influence and inspiration motivation on performance of staff in state owned enterprises in Kenya. Their study established and concluded that idealized influence significantly predicted and influenced overall performance of staff in the studied organizations. The study noted that similar results were obtained when idealized influence was regressed alongside other indicators of transformational leadership which included inspirational motivation, intellectual stimulation and individualized consideration.

The demographic results indicated that the majority of respondents (93.5%) had at least attained bachelor's degrees and above indicating that they comprehended the aspects

of idealized influence in their organizations and its impact on performance contracting process in road agencies in Kenya. The results further indicated that 69.7% of respondents were at senior and officers' levels in management and 96% respondents had worked at the current organization for a period of 6-15 years. The foregoing implied that the respondents had adequate experience and knew their leaders and could confidently evaluate and rate their capability, integrity level, behaviours among other characteristics that could affect their performance and the performance contracting process in road agencies in Kenya. The study noted that the majority of the respondents at a mean of 4.05 concurred that idealized influence was practiced in road agencies in Kenya. The foregoing implied that the aspects of idealized influence which included integrity, admirable behaviours, lack of selfish behaviours were embraced by the organizations' leadership during the performance contracting process in road agencies in Kenya.

The study results were anchored to the provisions of the theoretical frameworks adopted for the study which included transformational leadership theory, new public management theory and public value theory. Regarding transformational leadership theory, the study noted that leaders in road agencies influenced the process of performance contracting process in road agencies in Kenya by demonstrating high and admirable levels of integrity and being role models thus impacting on the achievement of set targets and goals (Gosling, R. et al., 2003). The results were also noted to be anchored on the tenets of the New Public Management (NPM) which provided that the growth of management-oriented service delivery of public, in a more admirable against traditional administrative approach. The theory focused a lot on professional approach while subjecting the same to performance management and drawing lessons from private sector operations and service

delivery (Osborne, P. et al., 2013). The results were also noted to be aligned to the principles of public value theory which provided that public sector managers have instruments that enable them to articulate their plans and goals of their organizations. The theory further provided that the foregoing can be represented by the strategic triangle which consist of legitimacy and support, operational capacity and then the public value (Yotawut, 2018). The study findings were also in line with the results of Ngaithe et al., (2016), who established that idealized influence significantly predicted and influenced overall performance of staff in State Owned Enterprises. Also, the study concurred with the findings of Kariuki (2021), who established that idealized influence had a direct link and impact to staff retention and performance organizations in microfinances in Nairobi County in Kenya.

Hypothesis three tests

The third objective of the study was to determine the influence of inspirational motivation to performance contracting process in road agencies in Kenya. The hypothesis of this objective of was that there was no significant influence of inspirational motivation to performance contracting process in road agencies in Kenya. Table 4.23 summarizes the results of the regression model.

Table 4.23: Model summary for inspirational motivation and performance contracting

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.569 ^a	.324	.320	.58581

The results in the table above indicated that the correlation coefficient was (R=0.569) implying that there was a strong and positive relationship between inspirational motivation and performance contracting process in road agencies in Kenya. Adjusted R

squared (R^2), was 0.320 indicating that 32.0% of the outcomes of performance contracting process in road agencies in Kenya could be predicted by inspirational motivation. From the foregoing this study concluded that 68.0% of performance contracting process and outcomes would be explained or predicted by other factors other than inspiration motivation.

The significant of the model in determining performance contracting process as the dependent variable of the study in road agencies in Kenya was carried out by conducting out ANOVA for the variable. Results for ANOVA analysis are summarized in table 4.24.

Table 4.24: ANOVA analysis results for inspirational motivation and performance contracting process

Model	Sum of Squares	df	Mean Square	F	Sig.
Regression	28.947	1	28.947	84.351	.000 ^b
Residual	60.399	176	.343		
Total	89.346	177			

From the results summarized in the table above, the F-statistics was 84.351 and the study established that it was greater than the critical F-value which is $F = 2.416$. The results indicated that this model was fit and significant in determining implementation of performance contracting process in road agencies in Kenya. The obtained p-value was observed to be 0.000 which was less than 0.05 indicating that the developed model was significant in determining the implementation process and outcomes of performance contracting process in road agencies in Kenya.

Further, the study investigated beta coefficient for inspirational motivation and the findings were as summarized in the table below.

Table 4.25: Regression coefficients for inspiration motivation and performance contracting process

Model	Unstandardized		Standardized	t	Sig.
	Coefficients		Coefficients		
	B	Std. Error	Beta		
(Constant)	1.416	.274		5.173	.000
Inspiration Motivation	.609	.066	.569	9.184	.000

Results from table 4.25 above were as indicated and summarized in the following linear regression equation.

$$PC = 1.416 + 0.569IM + \epsilon$$

The model constant was 1.416 which indicated that if inspirational motivation was not present, then performance contract process in road agencies in Kenya would be at 1.416. The standardized coefficient beta was also observed to be at 0.569 which indicated that if all other factors were constant, a unit increase of inspirational motivation would result to an increase of 0.569 of performance contracting process and outcomes in road agencies in Kenya. The p-value for the model was also observed to be 0.000 which was less than 0.05 implying that this variable inspirational motivational was significant. From the above, the study rejected the null hypotheses that there was no significant influence of inspirational motivation on performance contracting process in road agencies in Kenya. The study therefore concluded that inspirational motivation has a significant influence on performance contracting process implementation process in road agencies in Kenya. The above findings are in line with the results by Kariuki (2021), who conducted a review of extant conceptual, theoretical and empirical literature on the idealized influence and inspiration motivation dimensions of transformational leadership style in the microfinance

context. Through the study, it was established that inspiration motivation had a direct link to staff retention and overall performance of organizations.

The demographic results indicated that the majority of the respondents (69.7%) were at senior and officers' levels in management. The foregoing indicated that the officers in this category required motivation and inspiration to perform their duties and ultimately affecting the process of performance contracting process in road agencies in Kenya. The category of respondents in this category desired leaders who were able to articulate the vision and mission of the organization clearly detailing their contribution to the process of performance contracting process in road agencies in Kenya. The demographic results further indicated that the majority of respondents (96%) had worked at the current organization for a period of more than 6 years. The foregoing led to the conclusion that respondents were adequately experienced to evaluate their leaders in regard to articulating organizations' vision and mission, clarifying duties and tasks to the followers and inspiring and motivating employees in performance contracting process in road agencies in Kenya.

The study also indicated that about 74.5% of the respondents noted that inspiration motivation was embraced in road agencies in Kenya as the mean aggregate value was at 4.08. The results indicated that their leaders clearly articulated vision and mission of their organization during the process of contracting in road agencies in Kenya. The foregoing indicated that when leaders in these organizations are able to articulate the vision clearly, inspires, delegates duties and tasks appropriately, they demonstrate confidence and passion, employees are motivated and inspired to perform their duties as stipulated in performance contracting process in road agencies in Kenya.

The results were also in line with the transformational leadership theory which indicated that transformational leaders align themselves with greater good as followers are involved in the whole process. Through this leadership, leaders interact with followers on various common values, goals and inspiration, motivation, which impacts directly to performance of everyone and overall attainment of organizational goals (Khan et al., 2016). Further the study noted that the results supported the provisions of New Public Management Theory and Public Value theory which postulated that their concepts are normative in nature for public administration and consist of providing services that are valued by citizens (Islam, 2015). The foregoing is aligned to the core principles of performance contracting process which are to increase accountability and value of services delivered within the public and specifically for road agencies in Kenya. The study results are in line with the findings of Nyokabi et al., (2017)), who established that inspirational motivation of chief executive officers significantly predicted performance of managers and employees in organizations.

Hypothesis four tests

The research study also investigated the influence of intellectual stimulation on performance contracting process in road agencies which was the fourth objective of the study. The hypothesis that was tested was that there was no significant influence of intellectual stimulation on performance contracting process in road agencies in Kenya. The dependent variable, which was performance contracting, was regressed on intellectual stimulation. The findings and results of the above analysis are as summarized in table 4.26. From the results it was observed that the correlational coefficient was 0.507 implying that there was a positive and strong correlation between intellectual stimulation and

performance contracting process and its outcomes in road agencies in Kenya. R adjusted R² square, was also noted to be 0.253 indicating that 25.3% of the performance contracting process and the outcome in road agencies in Kenya was predicted by intellectual stimulation. The findings also indicated that 74.7% of performance contracting process would be determined by other factors other than intellectual stimulation.

Table 4.26: Model summary for intellectual stimulation and performance contracting

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.507 ^a	.257	.253	.61420

The study further conducted ANOVA to check the fitness of the regression model in determining the performance contracting process in road agencies in Kenya and the results of the analysis were summarized in table 4.27.

Table 4.27: ANOVA results for intellectual stimulation and performance contracting process

Model	Sum of Squares	df	Mean Square	F	Sig.
Regression	22.953	1	22.953	60.844	.000 ^b
Residual	66.394	176	.377		
Total	89.346	177			

The results for ANOVA analysis from table 4.27 indicated that F-Statistic factor was 60.844 which is greater than F=2.416. The study therefore concluded that the model was fit to determine the outcomes of performance contracting process in road agencies in Kenya. The model was also significance as the observed P-value was 0.000 which was lower than 0.05 level of significant. This study thus concluded that the model was fit in determining the outcomes of performance contracting process in road agencies in Kenya.

The study further conducted a test to determine the coefficient beta of intellectual stimulation and the results are also as summarized in the table 4.28.

Table 4.28: Regression coefficients for intellectual stimulation and performance contracting

	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	1.949	.254		7.669	.000
Intellectual Stimulation	.508	.065	.507	7.800	.000

The results in table 4.28 were summarized in the following linear regression equation,

$$PC=1.949+ 0.507IS+ \varepsilon$$

From the above analysis and results in table 4.28, it was observed that the constant was 1.949 implying that if all other factors were held constant, the performance contracting process would be at 1.949. The study further observed that the beta value was at 0.507 which indicated that if all other factors were held constant, intellectual stimulation would result to an impact of about 0.507. The model was found to be significant at 0.000 which was less than 0.05 level of significance implying that the variable was significant. The study thus rejected the null hypotheses that there was no significant influence of intellectual stimulation to on performance contracting process in road agencies in Kenya. The study therefore concluded that intellectual stimulation has a significant influence on the process of performance contracting process in road agencies in Kenya. The above results were similar to what was obtained when intellectual stimulation was also regressed with other indicators of transformational leadership which included idealized influence, inspiration motivation and individual consideration.

The above results were supported by the demographic findings which indicated that the majority of respondents (93.5%) had at least attained bachelor's degrees and above and therefore clearly understood aspects of creativity and innovation in regard to performance contracting process in the three roads agencies in Kenya. The results further provided that the majority of the respondents (69.7%) were at senior and officers' levels in management and that 96% of them had worked in the current organization for more than six years. The study therefore concluded that the respondents clearly understood creativity and innovation and their relationship with performance contracting process in road agencies in Kenya. The study further concluded that the respondents were able to confidently evaluate whether their leadership encouraged creativity, innovation and new ideas and their impacts to performance contracting process in road agencies in Kenya. The study also noted that the mean aggregate score for intellectual stimulation was 3.83 indicating that the majority of the respondents agreed that intellectual stimulation was embraced in road agencies in Kenya in the whole process of performance contracting. The foregoing provided that the employees of these organizations were intellectually stimulated and would perform their duties and tasks in new ways without interference from their leaders.

The findings were also in line with the theoretical framework of transformational leadership which provided that transformational leaders are accorded respect when they put interests of followers before their own by inspiring them to think critically, creatively and in an innovative way while promoting teamwork and the development of each individual in the team (Shelton (2012)). Further the findings were noted to be in line with the New Public Management Theory (NPM) themes that relate to processes of reforming organizations and procedures of the public sector with the aim of being competitive,

creative and innovative in utilizing available resources in an efficient and effective way in delivery of services (Cheche & Muathe, 2014). In regard to public value theory, the study established that the findings supported the aspects of shaping employees' techniques through innovation and identifying and inculcating creative values. These values can be realized by employees in organizations thus enhancing performance and achievement of the set goals and targets which are the main tenets of performance contracting process in road agencies in Kenya (Eriko & Bozeman, 2019). These findings are also in line with the results of (Nyakomitta et al., 2018), who established that intellectual stimulation which involve creativity and innovation affects performance of commercial banks in Kenya.

Hypothesis five tests

The study investigated the influence of individualized consideration to performance contracting process in road agencies in Kenya. The hypothesis for this objective was that there was no significant influence of individualized consideration on performance contracting process in road agencies in Kenya. The hypothesis was tested through a linear regression equation and the results are as summarized in table 4.29.

Table 4:29: Model Summary for individualized consideration and performance contracting

Model	R	R Square	Adjusted R Square	Error of the Estimate
1	.559 ^a	.313	.309	.59075

The results in table 4.29 indicated that the correlation coefficient was 0.559 implying that there was a strong and positive correlation between individualized consideration and performance contracting process in road agencies in Kenya. The R adjusted (R^2) was 0.309 indicating that 30.9% of the process of performance contracting and the associated outcomes in road agencies in Kenya was determined or predicted by

individualized consideration. The foregoing also indicated that 69.1 percentage of the process of performance contracting process in road agencies in Kenya was determined by factors other than individualized consideration.

The fitness of the model was determined by conducting ANOVA analysis and the results of this analysis are as summarized in table 4.30.

Table 4.30: ANOVA for individualized consideration and performance contracting process

Model	Sum of Squares	df	Mean Square	F	Sig.
Regression	27.925	1	27.925	80.016	.000 ^b
Residual	61.422	176	.349		
Total	89.346	177			

The computed F-Statistics was 80.016 which was greater than $F=2.416$ and based on the foregoing, the study concluded that the model was fit to determine or predict the process of performance contracting process in road agencies in Kenya. The computed F-statistics signifies that there was greater dispersion between the means of individualized consideration and performance contracting process in road agencies in Kenya

Table 4.31: Coefficients for intellectual stimulation and performance contracting

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
	(Constant)	1.590	.262		
Individualized Consideration	.582	.065	.559	8.945	.000

From table 4.30, the results indicated that significance p -value was 0.000 which was also lower than the significance level 0.05 threshold implying that the developed model was fit to predict the implementation process of performance contracting process in road agencies in Kenya.

Further, the study conducted the test to determine and establish the beta coefficient of this indicator (individualized consideration). The results of the same are as summarized in table 4.31.

The results from the table 4.31 above were summarized in the following linear regression equation:

$$PC = 1.590 + 0.559IC + \varepsilon$$

Results from table 4.31 indicated that if all other factors were held constant at zero, the performance contracting process and its outcome in road agencies in Kenya would be at 1.590. The study further established that the coefficient beta for individualized consideration was at 0.5591 which implied that a unit increase in individual consideration would result to 0.559 increase in the performance contracting process and its outcome in road agencies in Kenya if all other factors were held constant. On the basis of significance, the study established that the significance was 0.000 which was lower than 0.005 significance level implying that the variable was significant. The study therefore rejected the hypothesis that there was no significant influence of individualized consideration to performance contracting process in road agencies in Kenya. The study therefore concluded that individualized consideration had a significant influence on outcomes of performance contracting process in road agencies in Kenya. The same results were obtained when this

indicator was regressed together with other indicators in transformational leadership which included idealized influence, inspiration motivation and intellectual stimulation.

From the demographic results it was noted that the majority of respondents (93.5%) had at least attained bachelor's degrees and above. This indicated that most of the respondents clearly understood the construct of individualized consideration and they would therefore desire leaders who would practice empathy and meet their personal needs especially during the process of implementing performance contracting process in road agencies in Kenya. The study further established that 69.7% of the respondents were at senior and officers' levels in management and therefore they would prefer to be accommodated, valued and their personal growth and developments embraced by their leaders. The study further noted that the average score for the indicator on individualized consideration was at 3.96 implying that the majority of the respondents agreed that aspects of individualized consideration were embraced, and they were supported by their leaders during the performance contracting process in road agencies in Kenya.

In regard to the theoretical framework, the study established that the findings were in line with transformational leadership theory which states that transformational leaders enhance individual and organizational levels of achievement of the set goals and objectives. This leadership style creates an environment where followers are accommodated, supported and their capabilities valued which eventually leads to improved performance (Arif & Akram, 2018). The study further established that the results were in line with the provisions of New Public Management theory in improving performance of public sector by promoting the three Es which are the efficiency, effectiveness, and economy by accommodating all followers or employees' views. In regard to public value theory, the

study noted that the results supported the principles of democracy, objectivity, equality, and justice in public sector by creating that value that all stakeholders and the general public needs from any form of investment rather than only the aspect of efficiency (Naidoo & Holshausen, 2020). The study findings were aligned to a study by Ogola et al., (2017), who established that there was a significant correlation or influence of individualized consideration to leadership behaviours to employees' performance in SMES in Kenya. Additionally, (Khalil, Haider & Sahibzadah, 2017), established that individualized consideration had a positive impact on job satisfaction in the organizations and their overall performance. Transformational leadership has been used widely in organizational and it plays a critical role in performance as the same enhances individual and organizational levels of achievement of the set goals and objectives. This leadership style creates an environment where followers are motivated, inspired and supported which eventually leads to improved performance (Arif & Akram, 2018).

Hypothesis six tests

The study also investigated the mediating influence of collaboration on the relationship between transformational leadership and performance contracting process in road agencies in Kenya. The study tested the hypothesis that there was no significant mediating influence of collaboration on the relationship between transformational leadership and performance contracting process in road agencies in Kenya. The test was carried out through the following steps;

- a) Testing the relationship between transformational leadership and performance contracting process in road agencies in Kenya.

The above was conducted by developing a linear regression model to establish the relationship between transformational leadership and performance contracting process in road agencies in Kenya. The results are as summarized in table 4.32.

Table 4.32: *Model summary step a, mediating testing*

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.642 ^a	.412	.409	.54618

The results from table 4.32 above indicated that the correlation factor or coefficient was 0.642 implying the presence of a positive and strong correlation between transformational leadership and performance contracting process in road agencies in Kenya. The study further noted that the adjusted R square (R^2) was 0.409 implying that transformational leadership predicted 40.9% of the outcomes for performance contracting process in road agencies in Kenya. The rest of 59.1% performance contracting process was explained by other factors other than transformational leadership.

The study further carried out the analysis for variance (ANOVA) to determine the model fitness and determining or predicting the performance contracting process in road agencies in Kenya. The results of the ANOVA analysis are as indicated in table 4.33.

Table 4.33 *ANOVA results and findings, step a mediation test*

Model	Sum of Squares	df	Mean Square	F	Sig.
Regression	36.843	1	36.843	123.505	.000 ^b
Residual	52.503	176	.298		
Total	89.346	177			

From the results summarized in table 4.33, the F-statistics was established to be 123.505 which was greater than the F-critical value of $F = 2.416$. The study therefore concluded that the model was a good fit to determine outcomes of the performance contracting process in road agencies in Kenya. The observed P-value for model was at 0.000 which the study noted that it was less than the significance level of 0.05 and concluded that the model was fit to determine the performance contracting process in road agencies in Kenya.

The beta coefficient for transformational leadership and performance contracting process was tested to establish level of significance and these findings are as summarized in the table 4.34.

Table 4.34. Coefficients for mediation testing

	Unstandardized Coefficients		Standardized Coefficients	t	Sig
	B	Std. Error	Beta		
(Constant)	.662	.294		2.249	.026
Transformational Leadership	.813	.073	.642	11.113	.000

The regression model for the above results is as summarized in the equation below.

$$PC = 0.662 + 0.642TL + \varepsilon$$

The above results indicated that by holding all other factors constant the performance contracting process would be at 0.662. The standard beta coefficient for the model was also observed to be at 0.642 implying that when all other factors were at constant and there was a unit change in transformational leadership, then there will be a change of 0.642 in performance contracting process in road agencies in Kenya. The P-value was also observed to be at 0.000 which was less than 0.05 significance level which

implied that the variable was significant. The foregoing led to the rejection of the null hypothesis that there is no significant influence of transformational leadership to performance contracting process in road agencies in Kenya. The study therefore concluded that transformational leadership has a significant influence on performance contracting process in road agencies in Kenya.

b) Testing the relationship between collaboration and transformational leadership

The second step was to establish the relationship between collaboration and transformational leadership. This process entailed regressing collaboration on transformational leadership which could assist in determining the level of variation in collaboration determined by transformational leadership. The result of the above analysis is as summarized in table 4.35.

Table 4.35 Model summary for step b, mediation tests

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.709 ^a	.503	.500	.45238

From the findings summarized in table 4.35 above, it was established that the factor of correlation was 0.709 which implied a very strong and positive correlation between collaboration and transformational leadership. The value of adjusted R squared (R^2) was at 0.500 which indicated that 50.0% of collaboration was determined by transformational leadership in road agencies in Kenya. On the other hand, the study established that the other 50.0% of collaboration was explained by other factors other than transformational leadership.

Further the study also conducted ANOVA analysis and the results of the same are as summarized in table 4.36.

Table 4.36: ANOVA for step b, mediation test

	Sum of Squares	df	Mean Square	F	Sig.
Regression	36.487	1	36.487	178.295	.000 ^b
Residual	36.018	176	.205		
Total	72.505	177			

. From the results in table 4.36, the F statistic factor was observed as 178.295 which was greater than F-critical F=2.416. P-value was also observed to be at 0.000 which was less than 0.05 significance level and therefore the model was considered to be a good fit in determining the relationship. The coefficient beta analysis was also carried out and the findings are as indicated in the table 4.37

Table 4.37. Coefficients results for step b mediation test

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	.762	.244		3.126	.002
Transformational Leadership	.809	.061	.709	13.353	.000

The above results were summarized in the following linear regression equation.

$$C=0.762+0.709TL + \varepsilon$$

The results from table 4.37 above indicated that the constant coefficient was at 0.762 implying that when all other factors were held constant and without transformational leadership, then the collaboration levels in road agencies in Kenya would be at 0.762. The standardized beta coefficient was observed to be at 0.709 which indicated that when all other factors were held at constant, an increase by one unit of transformational leadership, would results to 0.709 of collaboration in road agencies in Kenya. The P-value observed for transformational leadership was at 0.000 which was less than 0.05 significance level

implying that transformational leadership was significant. The study therefore rejected the null hypothesis that transformational leadership has no significant influence on collaboration in road agencies in Kenya.

c) Testing the relationship between collaboration and performance contracting

The study also regressed the relationship between collaboration and performance contracting process in road agencies. The purpose of this analysis was to determine the level of variations in performance contracting process that can be predicted by collaboration. The results of the above analysis are summarized in the table 4.38.

Table 4.38: Model summary for collaboration and performance contracting process step c

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.643 ^a	.413	.410	.54568

From the results in the table 4.38, the factor of analysis was observed to be 0.643 indicating a very strong and positive correlation between the collaboration and performance contracting process in road agencies in Kenya. The results also indicated that the adjusted R, (R^2) squared was 0.40 which implied 41.0% of all variation on performance contracting process would be predicted by the level of collaboration in road agencies in Kenya. The study also carried out the analysis of variance (ANOVA) for the two variables and the results were summarized in table 4.39.

Table 4.39: ANOVA for step c, mediation test

Model	Sum of Squares	df	Mean Square	F	Sig
Regression	36.939	1	36.939	124.054	.000 ^b
Residual	52.407	176	.298		
Total	89.346	177			

The result from the table 4.39 indicated that the F-statistic was 124.054 which was greater than F-critical $F = 2.416$. which implies that the model was fit to predict variations of performance contracting process in relation to level of collaboration in road agencies in Kenya.

Table 4.40: Regression coefficients for step c mediation test

Model	Unstandardized Coefficients		Standardized Coefficients Beta	t	Sig.
	B	Std. Error			
(Constant)	1.056	.259		4.084	.000
Collaboration	.714	.064	.643	11.138	.000

The results for table 4.40 were summarized in the following linear regression equation.

$$PC = 1.056 + 0.643C + \epsilon$$

The model indicated that holding all other factors constant, the performance contracting process will be at 1.056 as indicated in the results in table 4.40. The study also observed that whenever there was a unit variation in collaboration, there was a 64.3% increase in performance contracting process and its outcomes in road agencies in Kenya.

- d) Testing the relationship between performance contract process, transformational leadership and collaboration.

The study conducted a test to determine the model fitness for the relationship between performance contract process, transformational leadership and collaboration. The test was carried out to predict the amount of variation that can be determined or predicted by the combined effect of transformational leadership and collaboration. The summary of the results is as indicated in the table 4.41.

Table 4.41 Model summary for step d, mediation testing

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.695 ^a	.483	.477	.51372

The results in table 4.41 indicated that the coefficient of determination was 0.695 implying that there was a strong and a positive correlation between the three variables which are performance contracting process, transformational leadership and collaboration. The adjusted R squared (R^2) was observed to be at 0.477 which implied that 47.7% of performance contracting process was actually predicted by combined effect of transformational leadership and collaboration.

Table 4.42 summarized the results of the ANOVA tests which indicated that F-statistics was at $F=81.778$ which was greater than F critical $F = 2.416$ and the p value was 0.000 which was less than the significance level of 0.05. The foregoing indicated that the model was good fit to predict the relationship between the three variables.

Table 4.42 ANOVA for step d of mediation testing

Model	Sum of Squares	df	Mean Square	F	Sig.
Regression	43.163	2	21.582	81.778	.000 ^b
Residual	46.183	175	.264		
Total	89.346	177			

The study further carried out the regression modelling to determine the beta coefficients for transformational leadership and collaboration. The results of the test are summarized in table 4.43. The results were summarized in the following regression equation:

$$PC=0.343+0.374TL+0.377C + \epsilon$$

The results indicated that the p-values for transformational leadership and collaboration were both at $p=0.000$ which were less than the significance level of 0.05

($p < 0.05$) implying that the relationship between performance contract, transformational leadership and collaboration was significant.

Table 4.43. Regression coefficients for step d, mediation test

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	.343	.284		1.205	.230
Transformational	.474	.098	.374	4.856	.000
Collaboration	.419	.086	.377	4.894	.000

The study rejected the hypothesis that there was no significant mediating influence of collaboration on the relationship between transformational leadership and performance contracting process in road agencies in Kenya. The study thus concluded that the relationship between transformational leadership and performance contracting process was partially mediated ($p < 0.05$) by collaboration in road agencies in Kenya. The above findings were in line with the results that indicated that about 75% of the respondents noted that collaboration was emphasized and practiced in road agencies in Kenya as the mean aggregate value was 3.98. The standard deviation aggregate value was 0.828 which implied that there wasn't a significant variation on the consensus on collaboration among the staff members in road agencies in Kenya.

The findings were also in line with the results of the structured interview, where all leaders 100% (director generals and directors) noted that collaboration between various directorates, departments and sections is critical to ensure achievement of the set targets in performance contracting process in road agencies in Kenya. They noted that there was no single directorate, department, or section that would execute its mandate alone without the

support of other sections. On the theoretical framework, the findings were in line with transformational leadership theory which indicated that transformational leaders are accorded respect by their followers as they put interests of followers before their own by inspiring them to think critically, promoting collaboration (promoting teamwork, trust commitment and sharing of knowledge) and fostering development of each individual in the team (Shelton, 2012). The findings were also in line with the provision of New Public Management Theory which provided that collaboration in workplaces increases production as team work together to achieve complex goals and targets within the organization. The findings are also aligned with the findings of Soieb et al., (2015), who established that collaboration had a significant mediating role between the relationship of employees' engagement and leadership styles for government officers in various ministries in the federal Territory of Putrajaya. Further, Paolucci et al., (2018), established that effective team commitment or collaboration mediated the relationship between transformational leadership and the quality of the performance of the team and its experience in organizations.

Hypothesis seven tests

The study further investigated the moderating influence of macro-environmental factors on the relationship between transformational leadership and performance contracting process in road agencies in Kenya. The hypothesis that was tested was that there is no significant moderating influence of macro-environmental factors on the relationship between transformational leadership and performance contracting process in road agencies in Kenya. The testing was carried out through three steps.

- a) 1st Step: Regression model was formulated using only one predictor variable (transformational leadership).

Table 4.44: Model summary for step 1 for the testing of moderation

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.642 ^a	.412	.409	.54618

The results from table 4.44 are a reflection of the preceding sections where it was noted that the correlation factor or coefficient was 0.642 implying presence of positive and strong correlation between transformational leadership and performance contracting process in road agencies in Kenya. The same is indicative of the adjusted R square (R^2) which was 0.409 implying that transformational leadership predicted 40.9% of the outcomes for performance contracting process in road agencies in Kenya. The rest of the performance contracting process outcomes at 59.1% were explained by other factors other than transformational leadership.

Table 4.45. ANOVA for step 1 for the testing of moderation

Model	Sum of Squares	df	Mean Square	F	Sig.
Regression	36.843	1	36.843	123.505	.000 ^b
Residual	52.503	176	.298		
Total	89.346	177			

From the results summarized in the table 4.45, the F statistic was observed to be at 123.505 which was greater than the F-Critical $F = 2.416$. Regarding p-value, the value observed was 0.000 which was less than significance level threshold of 0.05. From the two findings, the study concluded that the model was a good fit to predict the performance contracting process and transformational leadership in road agencies in Kenya.

Table 4.46: Coefficients for step 1 for the testing of moderation

Model	Unstandardized Coefficients		Standardize d	t	Sig.
	B	Std. Error	Beta		
(Constant)	.662	.294		2.249	.026
Transformational Leadership	.813	.073	.642	11.113	.000

The results from table 4.46 were summarized in the following linear regression equation:

$$PC = 0.662 + 0.642TL + \varepsilon$$

The results obtained in this step were similar to those observed while testing hypothesis H01 and H06 in the preceding sections which indicated that performance contracting process outcomes can be predicted by transformational leadership in road agencies in Kenya.

- b) 2nd Step: The moderator variable (external factors) was taken into the regression model or equation together with the predictor variable (transformational leadership).

Table 4.47. Model Summary for step 2 for the testing of moderation

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.676 ^a	.456	.450	.52683

The results summarized in table 4.47 indicated that coefficient of determination was observed as 0.676 and the adjusted R Square (R^2) was observed as 0.450. This implied that 45% of the outcomes of performance contracting process in road agencies in Kenya was determined by the combined effect of transformational leadership (independent variable) and macro-environmental factors (moderating variable). The 55% of the

outcomes were however determined by other factors other than transformational leadership and macro-environmental factors.

Table 4.48. ANOVA results for step 2 for the testing of moderation

Model	Sum of Squares	df	Mean Square	F	Sig.
Regression	40.775	2	20.387	73.454	.000 ^b
Residual	48.572	175	.278		
Total	89.346	177			

The results in table 4.48 indicated that the F statistic was 73,454 which was greater than F critical which is $F = 2.416$ and the observed p-value was also at 0.000 which was less than the significance level of 0.05. The study therefore concluded that the model was a good fit for determining the relationship between the three variables which are transformational leadership, macro-environmental factors and performance contracting process outcomes in road agencies in Kenya.

Table 4.49 Coefficients for step 2 for testing of moderation

Model	Unstandardized Coefficients		Standardized Coefficients Beta	t	Sig.
	B	Std. Error			
(Constant)	.688	.344		-.197	.844
Transformation Leadership	.775	.071	.613	10.882	.000
External Factors	.220	.059	.212	3.764	.000

The results in table 4.49 were summarized in the regression equation indicated here below.

$$PC = 0.688 + 0.623TL + 0.212EF + \varepsilon$$

- c) 3rd Step: The sum of the product of transformational leadership and Macro-environmental factors (TLEF) was regressed as follows.

Table 4.50. Model Summary for step 3 for the testing of moderation

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.677 ^a	.458	.448	.52768

The results summarized in the table 4.50 above indicated that the coefficient of determination was observed as 0.677 and the adjusted R Square (R^2) was observed as 0.448. This imply that 44.8% of the outcomes of performance contracting process in road agencies in Kenya was determined by the combined effect of transformational leadership (independent variable) and macro-environmental factors (moderating variable). The balance of 55.2% of the outcomes were determined by other factors other than transformational leadership and external factors.

Table 4.51. ANOVA for step 3 for the testing of moderation

Model	Sum of Squares	df	Mean Square	F	Sig.
Regression	40.897	3	13.632	48.958	.000 _b
Residual	48.450	174	.278		
Total	89.346	177			

Table 4.52 Coefficients for step 3 for the testing of moderation.

Model	Unstandardized Coefficients B	Std. Error	Standardized Coefficients Beta	t	Sig.	Collinearity Statistics Tolerance VIF
(Constant)	3.903	.040		97.270	.000	
Zscore (Transformational Leadership1)	.438	.040	.616	10.880	.000	.973 1.028
Zscore (External Factors)	.152	.040	.214	3.786	.000	.978 1.023
Interaction IN/SUM	-.032	.049	0.370	-.662	.009	.988 1.012

The results in table 4.51 indicated that the F statistics was 48.958 which was greater than F critical which is $F = 2.416$. P-value was also observed to be 0.000 which was less than the significance level of 0.05 threshold and therefore the study concluded that the model was a good fit for determining the relationship between the four variables which are Zscore (transformational leadership), Zscore (external factors), interaction (sum of the Zscore variables) and performance contracting process in road agencies in Kenya. The results from the table 4.52 were summarized in the following regression equation below.

$$PC = 3.903 + 0.616TL + 0.214EF + 0.37TLEF + \varepsilon$$

The VIF values observed from the table indicated that they were all less than 10 implying lack of multicollinearity between the study variables. P-values of the Zscore (transformational leadership), Zscore (external factors) were observed to be at 0.000 which were less than 0.05 implying that there was a significant relationship between the two variables and performance contracting process in road agencies in Kenya. The study further noted that the p-value of IN/Sum was observed to be at 0.009 which was less than the significant level of 0.05. This implied that Macro-environmental factors have a significance moderating influence on the relationship between the transformational leadership and performance contracting process in road agencies in Kenya. The study thus rejected the hypothesis that there was no significant moderating influence of macro-environmental factors on the relationship between transformational leadership and performance contracting process in road agencies in Kenya.

The results are in line with the findings where majority of the respondent at about 75% indicated that macro-environmental factors influenced the process of performance contracting process in road agencies in Kenya as the mean score value was at 4.10. These

factors included but not limited to political, economic and natural. The findings were in line with the results of the structured interviews where eleven (11) directors indicated that macro-environmental factors influenced greatly the success of the process of performance contracting process in road agencies in Kenya. They noted that factors that are related to national politics, economic and natural conditions were very key and required consideration while setting of targets, implementing, measuring and monitoring the process of performance contracting process in road agencies in Kenya. The findings were explained based on the theoretical frameworks that the study was underpinned on as detailed in the testing of the hypothesis one of this section. The findings were in line with the results of a study by Jabeen et al., (2016), who established that external environment plays a moderating role between market orientation and business performance of small medium enterprises (SMES) in Punjab, Pakistan. Wanjiru et al., 2019), concluded that external environmental factors where organizations operate in, have moderating effects on the relationship between corporate strategies and organizational performance for manufacturing firms in Nairobi City County Kenya.

Summary of the hypotheses testing

The results from the tested seven hypotheses are as summarized in the table 4.53.

Tabel 4:53. Summary of hypotheses tests results.

Hypotheses	Findings	Decision	Remarks and conclusion
H01- There is no significant influence of transformational leadership to performance contracting process in road agencies in Kenya.	p<0.05	Rejected the H ₀₁	Transformational leadership has significant influence on performance contracting process in road agencies in Kenya
H02- There is no significant influence of idealized influence to performance contracting process in road agencies in Kenya.	p<0.05	Rejected the H ₀₂	Idealized influence has significant influence on performance contracting process in road agencies in Kenya
H03- There is no significant influence of inspirational motivation to performance contracting process in road agencies in Kenya	p<0.05	Rejected the H ₀₃	Inspirational motivation has significant influence on performance contracting process in road agencies in Kenya
H04- There is no significant influence of intellectual stimulation to performance	p<0.05	Rejected the H ₀₄	Intellectual Stimulation has significant influence on performance contracting

Hypotheses	Findings	Decision	Remarks and conclusion
contracting process in road agencies in Kenya.			process in road agencies in Kenya
H05- There is no significant influence of individualized consideration to performance contracting process in road agencies in Kenya.	P<0.05	Rejected the H ₀₅	Individualized Consideration has significant influence on performance contracting process in road agencies in Kenya
H06- There is no significant mediating influence of collaboration on the relationship between transformational leadership and performance contracting process in road agencies in Kenya.	P<0.05	Rejected the H ₀₆	The relationship between transformational leadership and performance contracting process is partially mediated (p< 0.05) by collaboration in road agencies in Kenya.
H ₀₇ . There is no significant moderating influence of macro-environmental factors on the relationship between transformational leadership and performance contracting process in road agencies in Kenya.	P<0.05	Rejected the H ₀₇	The relationship between transformational leadership and performance contracting process is moderated p <0.0 05 by Macro-environmental factors in road agencies in Kenya.

CHAPTER SUMMARY

The chapter detailed the findings and the results of the analysed data which were in line with study objectives and hypotheses. The chapter detailed the response rate that was at 83% for all respondents. The chapter also detailed the descriptive statistics results where it was noted that all elements of transformational leadership were being practiced in road agencies, but it was done at varying or different levels. The mean scores for the different elements were as follows idealized influence at 4.05, inspiration motivation at 4.08, intellectual motivation at 3.83 & individualized consideration at 3.96. Regarding the mediating variable (collaboration), the aspect of collaboration amongst different department had the highest score at 4.12, followed by employees' commitment to the organizational goals and objectives at 4.07. Team effectiveness and cooperation was third at 3.99, fourth was shared knowledge amongst the employees at 3.94 and fifth was culture and climate of trust at 3.88. The last one was the aspect of leadership practicing fairness which was at 3.87. Findings from the structured interviews were documented and embedded along with the descriptive analysis summarizing the themes that were emerging for the qualitative data. The chapter also documented the diagnostic tests that included normality tests, heteroscedasticity, tests, multicollinearity tests and linearity tests. Also, the results of correlational analysis were documented where it was established that transformational leadership, mediating and moderating variables positively correlated with performance contracting process in road agencies in Kenya. Finally, the chapter documented results for the regression analysis and hypothesis testing where all the hypotheses were rejected as p values were less than the threshold of 0.05.

CHAPTER FIVE:

SUMMARY OF FINDINGS, IMPLICATIONS, CONCLUSIONS, RECOMMENDATIONS AND AREAS FOR FURTHER RESEARCH

Introduction

All the findings and results of study objectives and hypotheses are documented in this chapter providing conclusions drawn from the analysis detailed in chapter 4 of this report. All recommendations which were considered as critical in informing policy directions in performance contracting process in road agencies in Kenya were also detailed in this chapter. The recommended further areas of research and contribution to the body of knowledge were also elaborated in this chapter and the final section provided chapter's summary on all the documented findings and results.

SUMMARY OF FINDINGS

The main objective of the study was to investigate the influence of transformational leadership on performance contracting process in road agencies in Kenya. The following were the specific objectives for the study:

- i) To investigate the influence of idealized influence to performance contracting process in road agencies in Kenya.
- ii) To investigate the influence of inspirational motivation to performance contracting process in road agencies in Kenya.
- iii) To investigate the influence of intellectual stimulation to performance contracting process in road agencies in Kenya.

- iv) To investigate the influence of individualized consideration to performance contracting process in road agencies in Kenya.

- v) To investigate the mediating influence of collaboration on the relationship between transformational leadership and performance contracting process in road agencies in Kenya.

- vi) To investigate the moderating influence of macro-environmental factors on the relationship between transformational leadership and performance contracting process in road agencies in Kenya.

The study adopted embedded or nested mixed methods approach which were qualitative, and quantitative and pragmatism as the philosophical framework for the research. The choice of this research philosophical framework was informed by the fact that pragmatic approach would give less influence on philosophical assumptions for the conduct of the research methods. The research design adopted for the study was descriptive and was used to describe situations and phenomenon regarding performance contracting process as they existed in road agencies in Kenya. The study targeted a population of approximately 1,519 and sample size adopted was 214 respondents from the three road agencies in Kenya. The data collection tools or instruments included structured questionnaire for quantitative survey and scheduled interviews for the qualitative survey.

The quantitative data was analysed through the use of descriptive and inferential statistics which assisted in obtaining means, standard deviations, and central tendencies for the data collected. Linear regressions (simple and multiple) were used to determine the

coefficient of determination and adjusted R (R^2) was used to determine the level of prediction for the developed model. F-statistics was used to determine the fitness of the model at 5% significance level during testing of all study hypotheses.

Transformational leadership and performance contracting process

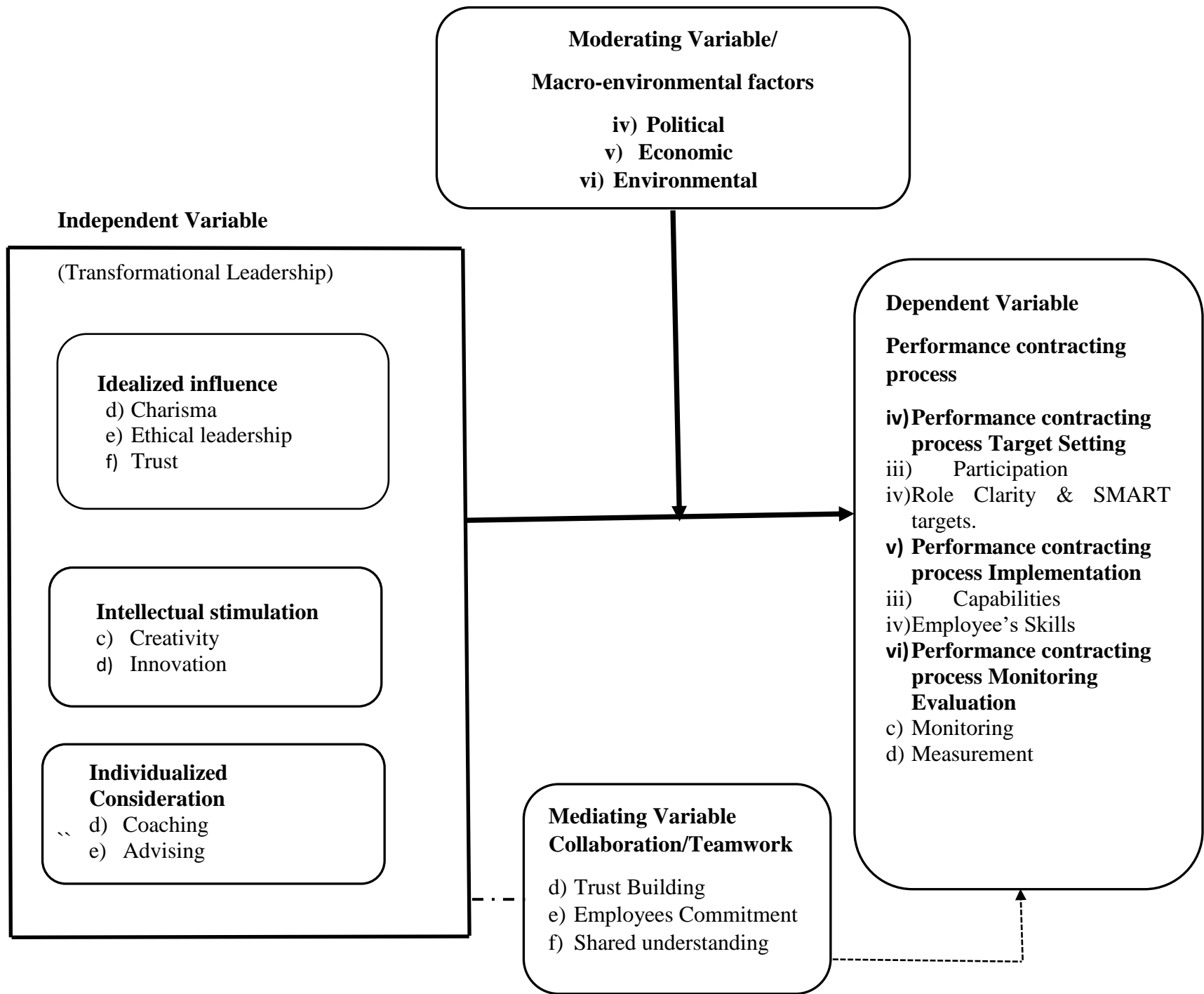
As indicated in the preceding section, the main objective of the study was to investigate the influence of transformational leadership in performance contracting process in road agencies in Kenya. In this regard, the null hypothesis that was tested was that there is no significant influence of transformational leadership to performance contracting process in road agencies in Kenya. The hypothesis was rejected as the tests established that there was a significance influence of transformational leadership on performance contracting process in road agencies in Kenya. From the demographic survey and analysis, most respondents agreed that transformational leadership through its four elements idealized influence, inspiration motivation, intellectual stimulation was practiced during performance contracting process in road agencies in Kenya. Leaders interviewed in the road agencies indicated that they led by being example by inspiring, motivating and empowering their followers or employees as they implemented set targets in the performance contracts. The findings of the study were also line with demographic results, descriptive statistics, empirical literature and the provisions of the transformational leadership theory. The demographic results indicated that the majority of the respondents (93.5%) had at least attained bachelor's degrees and above and therefore clearly understood the aspects of all the variables that were being studied. It was further noted that the majority of respondents (69.7%) were at senior and officers' levels in management. The foregoing indicated that respondents were directly or indirectly impacted by the decisions made by senior level

management leadership. Finally, the demographic results indicated that the majority of respondents (96%) had worked at the current organization for a period of 6-15 years implying that respondents had adequate experience to clearly articulate issues that were related to the variables in the study and their impact to performance contracting process in road agencies in Kenya. The descriptive statistics results indicated that respondents agreed on the need of embracing the elements of transformational leadership which included idealized influence, inspirational motivation, intellectual stimulation and individualized consideration in road agencies in Kenya.

The findings were also in line with the theoretical frameworks adopted for the study which included transformational leadership theory, new public management theory and public value theory. The results were in line with what is postulated in transformational leadership theory as the leaders in road agencies were able to influence the performance contracting process in road agencies in Kenya. The foregoing was demonstrated through their integrity, being role model, inspiring and motivating, intellectual stimulating and supporting their employees as they performed their assigned tasks. The findings are further anchored on the provisions of the New Public Management (NPM) theory which are to improve accountability while promoting the three Es which are the efficiency, effectiveness and economy. The foregoing is the primary core objective of performance contracting process in all sectors of the economy which include road and transport sector. The findings were also in line with the principles of public value theory which aimed at prudent utilization of available resources and tangible achievements of the set goals and targets for the organizations. The results were consistent with the demographic survey, descriptive statistics, empirical literature and theoretical frameworks indicating that the

results could be generalized in other sectors, organizations and research. The study therefore concluded that the first and main objective of the study was achieved.

The findings for the hypothesis one indicated that only three indicators of transformational leadership which included idealized influence, intellectual stimulation and individual considerations were significant to determine the outcome of performance contracting process in road agencies in Kenya. The indicator of inspirational motivational was however noted not to be statistically significant to determine the outcome of performance contracting process when regressed with other indicators in transformational leadership. Based on the foregoing and in line with the general objective of the study, it was established performance contracting process, and its outcomes could be determined or predicted through the new proposed model as outlined below. The indicators of transformational leadership were therefore reduced to three as they were found to be statistically significant to determine the outcomes of performance contracting process in road agencies in Kenya.



Idealized influence and performance contracting process

The second objective of the study was to investigate the influence of idealized influence on performance contracting process in road agencies in Kenya. Hypothesis that was tested was that there was no significant influence of idealized influence to performance contracting process in road agencies in Kenya. Findings and results indicated that idealized influence had a significant influence on performance contracting process in road agencies in Kenya. The study rejected the null hypothesis that there is no significant influence of idealized influence to performance contracting process in road agencies in Kenya. The foregoing was supported by both results and findings from descriptive statistics, hypothesis tested and interviews that were conducted in the three road agencies. Leaders who were interviewed in these road agencies indicated that they also practice integrity and leadership behaviours that could be emulated by their followers. They also indicated that they participated fully in performance contracting process in road agencies to act as role models. They also noted that this was an element of leadership which required fostering in these organizations as followers would be encouraged to perform much better as leaders set good examples.

The above findings were supported by the results from the demographic surveys which indicated that the majority of respondents (93.5%) had attained bachelor's degrees and above indicating that they therefore understood the tenets of idealized influence in their organizations and its impact on performance contracting. It was further established that 69.7% of respondents were at senior and officers' levels in management and 96% respondents had worked at the current organization for more than 6 years. The study therefore concluded that the employees were able to adequately evaluate and rate their

leaders in terms of capability, integrity level and behaviours among other characteristics. From the descriptive results the majority of the respondents at 75% agreed that idealized influence was practiced in road agencies in Kenya during the process of performance contracting. The study results were anchored to the provisions of the theoretical frameworks adopted for the study. Regarding transformational leadership theory, the study noted that leaders demonstrated high and admirable levels of integrity and being role models thus impacting on the achievement of set targets and goals. The results were also anchored on New Public Management (NPM) which provided that the growth of management-oriented service delivery of public, is more admirable against traditional administrative approach. The results were also aligned to the principles of public value theory which provided that public sector managers have instruments that enable them to articulate their plans and goals of their organizations. The results were consistent with the demographic survey, descriptive statistics, empirical literature and theoretical frameworks indicating that the results could be generalized in other sectors, organizations and research. The study therefore concluded that the first and main objective of the study was achieved. The findings were also in line with the empirical literature which established that idealized influence significantly predicted and influenced overall performance of staff in organizations.

Inspirational motivation and performance contracting

Third objective of the study was to investigate influence of inspirational motivation on performance contracting process in road agencies in Kenya. Tested hypothesis was that there was no significant influence of inspirational motivation to performance contracting process in road agencies in Kenya. Results from the analysis

indicated that there was a significant influence of inspirational motivation to performance contracting process processes in road agencies in Kenya. The null hypothesis that there was no significant influence of inspirational motivation to performance contracting process in road agencies in Kenya was rejected. The findings from the structured interviews also indicated that this element of transformational leadership was practiced in road agencies especially during the process of implementing performance contracting process in road agencies. All leaders (100%) interviewed indicated that they ensured that the vision and goals of performance contracting process are clearly articulated to followers as they are required to own and fully participate in all steps involved in the process. The study established that leaders must inspire and motivate their followers by encouraging and supporting them with necessary and adequate facilitations as they implement set targets for performance contracting process in road agencies.

The study findings were in line with the demographic results of this indicator which indicated that about 69.7% of respondents were at senior and officers' levels in management who required motivation and inspiration to perform their duties and attaining the set targets in performance contracting process in road agencies in Kenya. Through the findings, it was also established that employees in these organizations would prefer leaders who could confidently articulate organizations' vision and mission, inspiring and motivating them in the process of performance contracting. The foregoing would enhance achievement of the set targets for all programmes, portfolio and projects undertaken in road agencies in Kenya. The descriptive analysis indicated that about 74.5% of the respondents noted that inspiration motivation was embraced in road agencies in Kenya where leaders clearly articulated vision and mission of their organization during the

process of performance contracting. The study results were also in line with the transformational leadership theory which provided that leaders are able to align with greater good as followers are involved in the whole process. This leadership style enables leaders to interact with followers on various common values, goals and inspiration, motivation, which impacts directly to performance and overall achievement of organizational goals (Khan, Ahmed et al., 2016). The results also supported the provisions of New Public Management Theory and Public Value theory in that their concepts are normative in ensuring that the services provided are valued and accepted by the citizens (Islam, 2015). The foregoing concepts of the two theoretical frameworks are aligned to the core principles of performance contracting process which are to enhance accountability and value of services delivered. On the empirical literature, the findings supported the results that inspirational motivation of chief executive officers (leaders) significantly predicted performance of managers and employees in organizations.

Intellectual stimulation and performance contracting process

The fourth objective of the study was to investigate the influence of intellectual stimulation on performance contract processes in road agencies in Kenya and the hypothesis that was tested was that there is no significant influence of intellectual stimulation to performance contracting process in road agencies in Kenya. The findings and results observed indicated that there was a positive correlational between intellectual stimulation and performance contracting process in road agencies in Kenya. The study further established that there is a significant influence of intellectual stimulation to performance contracting process in road agencies in Kenya. The study rejected the null hypotheses that there was no significant influence of intellectual stimulation to

performance contracting process in road agencies in Kenya. The study therefore concluded that intellectual stimulation has a significance influence to the performance contracting process in road agencies in Kenya. The findings of the scheduled interviews indicated that followers were allowed to be creative and innovative in the whole process of implementing performance contracting process in road agencies in Kenya. These leaders indicated that followers are also encouraged to use new methods without fear or reprimand by their immediate supervisors. The foregoing however was only noted to be persistent in one road agency (KURA) where research and development department had been established to improve on innovation and creativity activities for the employees.

The findings were supported by the demographic results which indicated that 93.5% of the respondents had bachelor's degrees and above. This implied that they were able to comprehend the need of creativity and innovation for the performance contracting process in road agencies in Kenya. Further it was noted that 69.7% of the respondents were at the lower cadres in management and 96% of the respondents had been in the current organization for more than six years. The foregoing implied that the majority of respondents appreciated and required intellectual stimulation from leaders in senior positions in road agencies in Kenya. The study further established that the majority of the respondents agreed that intellectual stimulation was practiced in road agencies in Kenya in the whole process of implementing performance contracts. The study established that the findings were in line with the theoretical framework of transformational leadership where leaders inspired followers to think critically, creatively and in an innovative way and promoting teamwork in organizations (Shelton, J., 2012). The study further established that the results supported New Public Management Theory (NPM) themes that

involve restructuring organizations in public sector by making them competitive and ensuring that employees are creative and innovative in the utilization of all available resources (Cheche, G. & Muathe, 2014). The study established that the findings supported the aspects of shaping and sharpening employees' skills through innovation and inculcating creativity thus enhancing performance and achievement of the set goals and targets organizations. The foregoing was noted to be some of the provisions of public value theory and also the main tenets of performance contracting process in Kenya (Eriko & Bozeman, 2019). The study findings also supported the results of Nyakomitta et al., (2018), who established that intellectual stimulation affected performance of commercial banks in Kenya.

Individualized consideration and performance contracting

The fifth objective of the study was to investigate influence of individualized consideration on performance contracting process in road agencies in Kenya. The hypothesis tested was that there was no significant influence of individualized consideration to performance contracting process in road agencies in Kenya. Observed results indicated that there was a positive correlational between individualized consideration and performance contracting process in road agencies in Kenya. Further the study established that individualized consideration had a significant influence to performance contracting process in road agencies in Kenya and the study therefore rejected the null hypothesis that there is no significant influence of individualized consideration to performance contracting process in road agencies in Kenya. From the scheduled interviews findings, the study noted that this element of transformation

leadership is practiced but not in all the three road agencies. In one of the road agencies, the study noted that there is an elaborate mechanism in place for mentorship and coaching programmes. Leaders in this Authority noted that the same facilitated implementation and ultimate excellent achievement of set targets for performance contracts process for this organization.

The findings were supported by the demographic results which indicated that 93.5% of respondents had bachelor's degrees and above and that 69.7% of the respondents were at low cadres of management. The foregoing implied that followers in these organizations would therefore prefer leaders who would accommodate, support them despite their personal weakness and mentor them during the process of implementing performance contracting process in road agencies in Kenya. Further the majority of the respondents noted that aspects of individualized consideration were embraced during the performance contracting process in road agencies in Kenya. The results supported the theoretical framework of transformational leadership theory which stated that transformational leaders creates an environment where followers are accommodated, supported and their capabilities valued which eventually leads to improved performance (Arif & Akram, 2018). Further the results were in line with the provisions of New Public Management theory which improves performance of public sector through efficiency, effectiveness, and economy while accommodating employees' views. The study noted that the results supported the principles of democracy, objectivity, equality, and justice in public sector as provided for in new public value theory (Naidoo & Holtzhausen, 2020). The study findings were in line with the results of the empirical literature review by Ogola et al., (2017), who established that there was a significant correlation between

individualized consideration, leadership behaviours and employees' performance in organizations. Further the study supported the findings of Khalil, & Sahibzadah, (2017) who noted that individualized consideration has positive impact on job satisfaction in the organizations and their performance.

Transformational leadership, collaboration and performance contracting process

The sixth objective of the study was to investigate the mediating influence of collaboration on the relationship between transformational leadership and performance contracting process in road agencies in Kenya. The hypothesis that was tested was that there was no significant mediating influence of collaboration on the relationship between transformational leadership and performance contracting process in road agencies in Kenya. The observed results indicated that the relationship between performance contracting, transformational leadership and collaboration was significant as the p value was $p < 0.05$ implying partial mediation of the relationship between transformational leadership and performance contracting process in road agencies in Kenya. Through the structured interviews, all leaders (100%) indicated that collaboration is very key for performance of any organization. They opined that through collaboration and teamwork, different directorates, departments and sections are able to work together supporting and complimenting each other which ultimately leads to accelerated outputs especially for the set targets in performance contracting process. They further indicated that collaboration can be fostered through teamwork and teambuilding activities, open communication between different sections and departments in all organizations and especially in road agencies in Kenya. From the above finding and results of both qualitative and quantitative,

the study therefore rejected the null hypothesis that there was no significant mediating influence of collaboration on the relationship between transformational leadership and performance contracting process in road agencies in Kenya. The study thus concluded that the relationship between transformational leadership and performance contracting process in road agencies in Kenya was mediated by collaboration and teamwork. The results and findings supported the transformational leadership theory which provided that transformational leaders are accorded respect by their followers as they put interests of followers before their own by inspiring them to think critically, promoting teamwork collaboration, commitment and the development of each individual in the team (Shelton, 2012). The findings are further anchored on the provisions of the New Public Management (NPM) theory which are to improve accountability, and maximizing autonomy of managers in organizations while promoting the three Es which are the efficiency, effectiveness and economy. The foregoing is the primary core objective of performance contracting process in all sectors of the economy which include roads and transport sector (Islam, 2015). The findings are also in line with the principles of public value theory which aimed at prudent utilization of available resources and tangible achievements of the set goals and targets for the organizations. These principles are in line with the provisions of performance contracting process in the public sector which also include the road and transport sector (Osmani, Wali, 2014). This conclusion was supported by findings of Soieb et al., (2015), who established that collaboration has a significant mediating role between the relationship of employees' engagement and leadership styles for government officers in various ministries in the federal Territory of Putrajaya.

Transformational leadership, macro-environmental factors and performance contracting process

The last and final objective of the study was to investigate moderating influence of macro-environmental factors on the relationship between transformational leadership and performance contracting process in road agencies in Kenya. This study tested the hypothesis that there was no significant moderating influence of macro-environmental factors on the relationship between transformational leadership and performance contracting process in road agencies in Kenya. Study noted that the p-value of IN/sum was observed at 0.009 which was less than the significance level of 0.05. Further from interview conducted all leaders (100%) indicated that macro-environmental factors greatly impact on the performance contracting process in road agencies. Regarding political, economic and environmental factors, the interviewed leaders noted that they all positively or negatively impacted on performance contracting process in road agencies in Kenya. From the foregoing findings and results, the study concluded that macro-environmental factors have a significance moderating influence on the relationship between transformational leadership and performance contracting process in road agencies in Kenya. The findings were also in line with the theoretical frameworks adopted for the study which included transformational leadership theory, new public management theory and public value theory. The findings were also in line with the principles of public value theory which aimed at prudent utilization of available resources and tangible achievements of the set goals and targets for the organizations. These principles were in line with the provisions of performance contracting process in the public sector which also include the road and transport sector (Osmani, Wali, 2014). The study thus rejected the

hypothesis that there was no significant moderating influence of Macro-environmental factors on the relationship between transformational leadership and performance contracting process in road agencies in Kenya. This conclusion was supported by the findings of Jabeen et al., (2016), who established that external environment played a moderating role between market orientation and business performance for small medium enterprises (SMES) in Punjab, Pakistan. (Wanjiru, Irungu et al., 2019), also concluded that external environmental factors where organizations operate in, have moderating effects on the relationship between corporate strategies and organizational performance for manufacturing firms in Nairobi City County Kenya.

CONCLUSIONS

Observed results indicated that transformational leadership was generally practiced in road agencies in Kenya. The study observed that all elements of transformational leadership which include idealized influence, inspiration motivation, intellectual motivation and individualized consideration were practiced in road agencies in Kenya. Further, the study also noted that performance contracting process and its outcomes in road agencies in Kenya can be predicted by transformational leadership through the three elements (combined) which included idealized influence, intellectual stimulation and individualized consideration. The study further observed that the element of intellectual stimulation had the lowest significance at predicting value of 25.3% while inspiration motivation had the highest predicting value of 32% when regressed alone.

The study also established that inspiration motivation though positive, was not statistically significant when it was regressed with other indicators of transformational leadership. From the above findings the study concluded that probably the results would

be different if the study was more specific on performance contracting process of the employees in road agencies in Kenya other than on the overall performance contracting process for the organizations' activities. The study further observed that transformational leadership was practiced at varying degree in the three road agencies in Kenya. The study noted that all elements of transformational leadership were practiced at almost 90% in (KURA), which motivated employees to perform their duties enthusiastically which enhanced the score in this organization regarding performance contracting. The findings were however different in the other two road agencies which included KeNHA and KeRRA where the interviewed leaders noted that elements of transformational leadership were practiced at range of 50%-60% during the process of performance contracting. The study thus concluded that the foregoing amongst other factors may have contributed to low achievement for the set targets in performance contracting process in these organizations.

The study further observed that collaboration and teamwork were very critical components that determined outcomes of the performance contracting process in road agencies. Findings and results indicated that collaboration and teamwork had a partial mediation effect to the relationship between transformational leadership and performance contracting process in road agencies in Kenya. The study noted that collaboration was therefore a very important component in an organization as employees were able to achieve their performance targets with ease as different sections and individuals supported each other. The study established that Macro-environmental factors had a moderating influence on the relationship between transformational leadership and performance contracting process in road agencies in Kenya. Through the quantitative surveys and the

structured interviews, the study noted that macro-environmental factors such as political, economic and environmental impacted heavily either positively or negatively on the implementation of performance contracting process in road agencies in Kenya. The foregoing significantly affected level of achievement of set targets in performance contracting process in road agencies in Kenya. The study also established and concluded that all findings were in line with the demographic and descriptive results of all variables that were being investigated. The study concluded that all findings were in line with the theoretical frameworks adopted for the study which included transformational leadership theory, new public management theory and public value theory. The results were in line with what is postulated in transformational leadership theory as the leaders in road agencies were able to influence the performance contracting process through the four elements of transformational leadership in road agencies in Kenya. The foregoing was demonstrated through their integrity, being role model, inspiring, motivating, intellectual stimulating and supporting employees as they performed their assigned tasks. The findings were also noted to be anchored on the provisions of the New Public Management (NPM) theory which were to improve accountability, and maximizing autonomy of managers in organizations while promoting the three Es which are efficiency, effectiveness and economy. The results also agreed with the principles of public value theory whose main aim was prudent utilization of available resources and tangible achievements of the set goals and targets for the organizations hence increasing the value and customer satisfaction as regard the services delivered in public sector. Finally, the study concluded that the findings supported the results of all the empirical literature reviewed through the study and as detailed in chapter two of this study.

Recommendations for policy direction

The study recommended that policy makers in road sector and more specifically in road agencies must ensure that transformational leadership elements which include idealized influence, inspiration motivation, intellectual stimulation and individual consideration are in line with their strategic plans. The foregoing should also be emphasized in performance contracting process and individual workplans in these organizations. From the findings, the study recommended that leaders in road agencies in Kenya should enhance leadership training skills especially in the areas of leaders being role models which would streamline cascading of information of performance contracting process to all personnel in these organizations. As indicated in the preceding sections, intellectual stimulation which include innovation and creativity, scored the lowest at 25.3% followed closely by idealized influence at 32% including leaders as role models in predicting overall outcomes of the performance contracting process in road agencies in Kenya. The study therefore recommended that policy makers should create conducive environment for employees to be more creative and innovative while setting, implementing and measuring achieved targets in performance contracting process in road agencies. The study further recommended that leaders must also strive to be role models to followers or employees for them to emulate their behaviours during the process of setting targets, implementing and measuring achieved targets of performance contracting process in road agencies in Kenya. The study also recommended that policy makers must develop and implement programmes that are aimed at mentoring, training, capacity building and having appropriate leadership in place to inspire and motivate employees to perform their tasks and duties as assigned. The foregoing would ensure smooth

implementation of performance contracting process and achievement of the set targets in road agencies in Kenya. The ministry of roads and transport (MORT) by being the parent ministry where the road agencies are domiciled, should closely check and evaluate the leadership of these institutions to ensure that appropriate leadership is in place for effective implementation of performance contracting.

The study further noted that collaboration was also predicted by transformational leadership which significantly predicted processes and outcomes of performance contracting process in road agencies in Kenya. This study thus recommended that leadership of road agencies in Kenya should create an enabling environment for collaboration and teamwork to thrive as the same would enhance both individual and collective performance in these organizations. The foregoing would ultimately influence levels of achievement of set targets in performance contracting process in road agencies in Kenya. The study also investigated whether macro-environmental factors had any moderating influence to the relationship between transformational leadership and performance contracting process in road agencies in Kenya. Through the study it was established that macro-environmental factors which included political, economic and environmental were important and key elements that affect performance of organizations, and they significantly moderate the relationship between transformational leadership and performance contracting process in road agencies in Kenya.

Contribution of the study to the body of knowledge

This study has contributed to the body of knowledge in that it was in support of the proposed theoretical frameworks which included transformational leadership, new public management theory and public value theory and their impact to the performance

contracting process in road agencies in Kenya as tested and detailed in chapter 4 of this report. There was also a contribution to the literature in that the study provided that linkage between transformational leadership and its elements, collaboration, Macro-environmental factors and performance contracting process in road agencies in Kenya. From statement of the problem, there was no empirical literature or a scholar who had focused on leadership and its contribution to performance contracting process in road sector especially in Kenya. The study also contributed to the body of knowledge as it provided that relationship between transformational leadership and performance contracting process which was partially mediated by collaboration and also moderated by macro-environmental factors in road agencies in Kenya. Finally, the study contributed to the body of knowledge in establishing that transformational leadership through its three indicator which included idealized influence, intellectual stimulation and individualized consideration predicted outcomes of performance contracting process in road agencies in Kenya.

Areas of further research

This study recommends further areas of research in general or overall performance of road agencies in Kenya. Further areas of research would also include consideration of other factors or variables such as organizational culture, organizational structures, other leadership styles, strategies and other moderating or intervening variables. This study was conducted in road sector and therefore, similar studies could be carried out in other sectors of economy including agriculture, education, energy, security among others. The foregoing would inform the critical role played by leadership in organizations during the process of performance contracting process in those other sectors of economy.

CHAPTER SUMMARY

The chapter provided the summary of all the findings based on the seven objectives of the study and conclusions. The chapter also detailed conclusions drawn from the study and recommendations for policy directions drawn from the study. The chapter also detailed contribution of the study to the body of knowledge noting the areas that the study made major impact regarding contribution to the body of knowledge. Finally, the chapter captured and recommended further areas of study that can be consider by future researcher and scholars.

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Appendix I- Research Questionnaire

Ref: ROLE OF TRANSFORMATIONAL LEADERSHIP, COLLABORATION AND MACRO-ECONOMIC FACTORS ON PERFORMANCE CONTRACTING PROCESS IN ROAD AGENCIES IN KENYA.

My name is Eng. John Ngatia Githui and am carrying out a study on the “role of transformational leadership, collaboration and macro-economic factors on performance contracting process in road agencies in Kenya.”. The research is carried out in partial fulfilment of the requirement of an award of Doctor of Philosophy Degree in Organizational Leadership and Development of Pan African Christian (PAC) University.

Kenyan policy on performance contracting process is meant to enable rationalization of Public Management by focusing on the actual output, the efficiency, and cost effectiveness. The foregoing could only be attained by ensuring that managers in organizations are accountable of the achieved results. The introduction of the performance contracting process was also meant to ensure that there was a development of behaviours of employees that would lead to the attainment of results. The same would ensure accountability in the public services, efficiency, and effectiveness in the delivery of services.

In view of the above, I have therefore attached herewith a questionnaire which will assist in collecting the relevant information and data for the research. The information and data collected shall be used for academic purposes and shall also be treated with high confidentiality.

Thank you

PART 1: DEMOGRAPHIC SURVEY

Please tick appropriately to answer the questions below.

A) Highest level of education (tick appropriate box)

Secondary- O Level/A Level	Diploma	Higher National Diploma	Bachelor's Degree	Master's degree	Ph.D.	Others

2. Your current position in the road agency

Deputy Director,	Assistant Director/Principal officer,	Resident Engineer	Senior officer	officers

3. How long have you worked in the current organization?

Less than 5 years	6-10 Years	11-15 Years	16-20 Years	Above 20 Years

PART 2: TRANSFORMATIONAL LEADERSHIP AND PERFORMANCE CONTRACTING PROCESS

Indicators of Transformational Leadership	Indicators of Performance Contracts
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Idealized Influence (II),	Targets setting
Inspiration Motivation (IM),	Implementation,
Intellectual Stimulation (IS),	Monitoring
Individualized Consideration (IC)	Measurement)

SECTION I: Idealized Influence (II)

The following statements demonstrate the relationship between integrity, admirable behaviours, selfish interest, competence and role model on performance contracting process (targets setting, implementation, monitoring and measurement) in road agencies in Kenya. Please tick the extent to which you agree with each of the aspect; where:

5= Strongly Agree (SA)

4 = Agree (A)

3 = Neutral (N)

2 = Disagree (D)

1= Strongly Disagree (SD)

S/No	Description	SA	A	N	D	SD
		5	4	3	2	1
1	The organization's leadership demonstrates integrity while setting, implementing, monitoring, and measuring targets in performance contracts.					

2	The organization's leadership behaviours are admirable during the process of setting, implementing, monitoring, and measuring targets in performance contracts.					
3	The organization's leadership does not demonstrate selfish interests during setting, implementing, monitoring, and measuring of targets in performance contracts.					
4	The organization's leaders role models for their followers in the process of setting, implementing, monitoring and measuring of targets in performance contracts.					
5	The organization's leaders demonstrate competence while setting, implementing, monitoring and measuring of targets in performance contracts.					
6	The followers emulate the organization's leader's behaviors in the process of setting, implementing, monitoring, and measuring of targets in performance contracts.					

SECTION II: Inspiration Motivation (IM)

The following statements demonstrate the relationship between Inspiration Motivation (shared vision, clear tasks/goals, motivation, inspiration, enthusiasm and optimism) and performance contracting (targets setting, implementation, monitoring and measurement) in road agencies in Kenya. Please tick the extent to which you agree with each of the aspect; where:

5= Strongly Agree (SA)

4 = Agree (A)

3 = Neutral (N)

2 = Disagree (D)

1= Strongly Disagree (SD)

S/No	Description	SA	A	N	D	SD
		5	4	3	2	1
1	The organizational leadership articulates vision and mission clearly while setting, implementing, monitoring, and measuring targets in performance contracts.					
2	The organization's leadership clearly clarifies my tasks and goals while setting, implementing, monitoring, and measuring targets in performance contracts.					

3	Am motivated and inspired by the organizational leaders while setting, implementing, monitoring, and measuring targets in performance contracts.					
4	The organization's leadership encourages shared vision amongst the employees while setting, implementing, monitoring, and measuring targets in performance contracts.					
5	The leadership encourages me to align my goals with those of the organization while setting, implementing, monitoring, and measuring targets in performance contracts.					
6	The organization's leadership encourages me to be more optimistic while setting, implementing, monitoring, and measuring targets in performance contracts.					

SECTION III: Intellectual Stimulation (IS)

The following statements demonstrate the relationship between Intellectual Stimulation (creativity, innovation, different views, opinions, and new ideas/ways/paths) and performance contracting (targets setting, implementation, monitoring and measurement) in road agencies in Kenya. Please tick the extent to which you agree with each of the aspect; where:

5= Strongly Agree (SA)

4 = Agree (A)

3 = Neutral (N)

2 = Disagree (D)

1 = Strongly Disagree (SD)

S/No	Description	SA	A	N	D	SD
		5	4	3	2	1
1	The organization's leadership encourages creativity and innovation while setting, implementing, monitoring, and measuring targets in performance contracts.					
2	The organization's leadership encourages different views and opinions while setting, implementing, monitoring, and measuring targets in performance contracts.					
3	The leadership does not criticize or oppose new ideas publicly while setting, implementing, monitoring, and measuring targets in performance contracts.					
4	There leadership does not interfere with my work while setting, implementing, monitoring, and measuring targets in performance contracts.					
5	The organization's leadership encourages me to formulate and work in new ways while setting,					

	implementing, monitoring, and measuring targets in performance contracts.					
6	The organization's leadership encourages me to follow new paths and ideas without fear of reprimand while setting, implementing, monitoring, and measuring targets in performance contracts.					

SECTION IV: Individualized Consideration (IC)

The following statements demonstrate the relationship between Individualized Consideration (mentorship, support, conducive environment/needs, delegating & new learning opportunities) and performance contracting process (targets setting, implementation, monitoring and measurement) in road agencies in Kenya. Please tick the extent to which you agree with each of the aspect; where:

5= Strongly Agree (SA)

4 = Agree (A)

3 = Neutral (N)

2 = Disagree (D)

1= Strongly Disagree (SD)

S/No	Description	SA	A	N	D	SD
		5	4	3	2	1

1	The organization's leadership mentors employees while setting, implementing, monitoring, and measuring targets in performance contracts.					
2	The organization's leadership provides employees with necessary support while setting, implementing, monitoring, and measuring targets in performance contracts.					
3	The organization's leadership provide conducive environment to employees while setting, implementing, monitoring, and measuring targets in performance contracts.					
4	The organization's leadership meet needs of the employees while setting, implementing, monitoring, and measuring targets in performance contracts.					
5	The organization's leadership delegates duties to employees thus enhancing efficiency and achievement while setting, implementing, monitoring, and measuring targets in performance contracts.					
6	The organization's leadership provides the employees with new learning opportunities while					

	setting, implementing, monitoring, and measuring targets in performance contracts.					
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PART 3: MEDIATING VARIABLE (COLLABORATION) AND MODERATING VARIABLE (EXTERNAL FACTORS)

SECTION 1: The mediating role of collaboration to transformational leadership and performance contracting process in road agencies in Kenya.

1. The following statements demonstrate the relationship between collaboration, transformational leadership and performance contracting process in road agencies in Kenya. Please tick the extent to which you agree with each of the aspect; where:

5= Strongly Agree (SA)

4 = Agree (A)

3 = Neutral (N)

2 = Disagree (D)

1= Strongly Disagree (SD)

S/No		SA	A	N	D	SD
		5	4	3	2	1
1	There is collaboration between different officers in different sections/departments of the organization in the process of setting, implementing,					

	monitoring, and measuring targets in performance contracts.					
2.	There is team cooperation and effectiveness in the organization while setting, implementing, monitoring, and measuring targets in performance contracts.					
3.	The climate of culture of trust is fostered in the workplace when setting, implementing, monitoring, and measuring targets in performance contracts.					
4	Employees are committed to the organization's goals and objectives during setting, implementing, monitoring, and measuring targets in performance contracts.					
5	The organization's leadership practices fairness thus enhancing performance in setting, implementing, monitoring, and measuring targets in performance contracts.					
6	The employees integrate and share knowledge effectively for the benefit of the organization of while setting, implementing, monitoring, and measuring targets in performance contracts.					

SECTION II: The moderating role of macro-external environmental factors to transformational leadership and performance contracting process in road agencies in Kenya.

1. The following statements demonstrate the relationship between macro-external environmental factors transformational leadership and performance contracting process in road agencies in Kenya. Please tick the extent to which you agree with each of the attributes; where:

5= Strongly Agree (SA)

4 = Agree (A)

3 = Neutral (N)

2 = Disagree (D)

1= Strongly Disagree (SD)

S/No		SA	A	N	D	SD
		5	4	3	2	1
1	The existing international and national politics impacts on the process of setting, implementing, monitoring, and measuring targets in performance contracts.					
2	Organizations must operate in line with the existing political environment while setting, implementing, monitoring, and measuring targets in performance contracts.					

3	National or global political stability is key while setting, implementing, monitoring, and measuring targets in performance contracts.					
4	The organization's process of setting, implementing, monitoring, and measuring of targets in performance contracting process is dependent on the prevailing national and global economic conditions					
5.	Economic factors such as tax rates, inflations, and exchange rates greatly impact on the process of setting, implementing, monitoring, and measuring targets in performance contracts.					
6	Natural conditions such as weather, climate, soils and topography greatly impact on the process of setting, implementing, monitoring, and measuring targets in performance contracts.					

PART 4: DEPENDENT VARIABLE (PERFROMANCE CONTRACT PROCESS)

1. The following statements demonstrate the relationship between organizational leadership and performance contracting in road agencies in Kenya. Please tick the extent to which you agree with each of the aspect; where:

5= Strongly Agree (SA)

4 = Agree (A)

3 = Neutral (N)

2 = Disagree (D)

1= Strongly Disagree (SD)

S/No		SA	A	N	D	SD
		5	4	3	2	1
1	The leadership fosters participation of employees in performance contracting target setting process.					
2.	There is uninterrupted flow of information from organization's leadership during target setting phase.					
3	The organization's leadership allocates adequate resources to facilitate the achievement of the set targets.					
4.	Organization leadership fosters utilization of the available capabilities and skills during implementation of the set targets.					
5	The organization leadership encourages employees' involvement in the process of monitoring, measurement of the achieved targets.					
6	The organization's employees are involved in evaluation and analysis of achieved targets.					

Appendix 2 -Interview Schedule

1. State the performance management tool used in your organization (road agencies in Kenya)

.....
.....

2. How many leadership styles are you aware of

.....
.....

3. What kind of leadership style is practiced in your organization especially during target setting, implementing, monitoring and measuring of performance targets

.....

4. What do you understand by transformational leadership style and do you think that the following elements of this type of leadership are practiced in your organization during the process of performance contacting.

- ii) Idealized Influence (leader as a model)
- iii) Inspiration Motivation (motivation and clear vision)
- iv) Intellectual Stimulation (creativity and innovation)
- v) Individualized Consideration (empathy and empowerment)

.....

5. In your own opinion, what is the role of collaboration and teamwork in performance contracting process and how can the same be harnessed to enhance performance contracting process in road agencies in Kenya.

.....

6. In your own opinion, what is the role of macro-environmental factors (political, economic and natural environmental) in the performance contracting process and how can the same be controlled to enhance performance contracting process in road agencies in Kenya.

.....

.....

7. What would you consider as the roles of leaders and followers in the following stages of performance contracting in road agencies in Kenya

- a) Performance Contract Target Setting.
- b) Performance Contract Implementation
- c) Performance Contract Monitoring Evaluation

.....

.....

Appendix 3- PAC University clearance letter and certificate

30TH June, 2023



P.O. Box 56875 - 00200
Nairobi, Kenya
Lumumba Drive, Roysambu
off Kamiti Rd, off Thika Rd
Tel: 0734 400694/0721 932050
Email: enquiries@pacuniversity.ac.ke
website: www.pacuniversity.ac.ke

TO WHOM IT MAY CONCERN

Dear Sir/Madam,

**RE: RESEARCH AUTHORIZATION & ETHICS CLEARANCE LETTER FOR
GITHUI JOHN NGATIA REG. NO: POLD/14261/0/19**

Greetings! This is an introduction letter for the above named person a final year student at Pan Africa Christian University (PAC University), pursuing a Doctor of Philosophy in Organizational Leadership (Phd).

He is at the final stage of the programme and he is preparing to collect data to enable him finalize on the dissertation. The dissertation title is ***“Transfomational Leadership, Mediated by Collaboration and Moderated by External Factors on Perfomance Contracting in Road Agencies in Kenya.”***

We kindly request that you allow him obtain a research permit so as to proceed and collect data to inform his research amongst Road Agencies in Kenya.

Warm Regards,

PAN AFRICA CHRISTIAN UNIVERSITY
REGISTRAR
P.O. Box 56875 - 00200.
TEL: 0721 932050 0734 400694
NAIROBI, KENYA

Dr. Lilian Vikiru
Registrar Academic Affairs

Pan Africa Christian University


Lumumba Drive, Roysambu, off Kamiti Rd, off Thika Rd

P.O Box 56875-00200, Nairobi, Kenya

Tel: +254 721-932050/726-595863/734-400694

Email: registrar.aa@pacuniversity.ac.ke

Website: www.pacuniversity.ac.ke

	<p>Certificate of Ethical Clearance</p>	 <p>Pan Africa Christian University</p> <p>Thika Road Campus Valley Road Campus P.O. Box 56875-00200 +254 730955000 +254 73 enquiries@pacuniversity.ac.ke www.pacuniversity.ac.ke</p> <p>INSTITUTIONAL SCIENTIFIC ETHICS REVIEW COMMITTEE</p> <p>(I S E R C)</p>
<p>This Certificate is awarded to JOHN NGATIA GITHUI(POLD14260/1/19)</p>		
<p>For the research titled TRANSFORMATIONAL LEADERSHIP, MEDIATED BY COLLABORATION AND MODERATED BY EXTERNAL FACTORS ON PERFORMANCE CONTRACTING IN ROAD AGENCIES IN KENYA.</p> <p>Ref/PAC/ISERC/32/6/23</p>		
<p>_____ having complied with PAC University Institutional Scientific Ethics Review Committee's guidelines and Standard Operating Procedures for ethical clearance.</p>		
<p>This Certificate is issued subject to compliance with the following requirements: Before commencing the study, you are required to obtain a Research License from the National Commission for Science, Technology and Innovation (NACOSTI) as well as other institutional clearances as and where needed. Only approved documents including research instruments and informed consent forms will be used. All changes including amendments and/or deviations are to be submitted for review and clearance by PAC University Institutional Scientific Ethics Review Committee before use. Any expected or unexpected changes that may increase the risks to study participants or affect the integrity of the study must be reported in writing to PAC University Institutional Scientific Ethics Review Committee within two days. Any request for renewal or approval must be submitted to PAC University Institutional Scientific Ethics Review Committee at least four weeks prior to the expiry of this Certificate and must be accompanied by a comprehensive progress report to support the renewal.</p>		
<p>Date of issue</p>	<p>29/6/2023</p>	<p>Expiry date 29/6/2024</p>
<p>DR.JANE KINUTHI</p>		<p>Secretary PAC_ISERC</p>

Appendix 4- NACOSTI clearance certificate



REPUBLIC OF KENYA



NATIONAL COMMISSION FOR
SCIENCE, TECHNOLOGY & INNOVATION

Ref No: 887354

Date of Issue: 06/July/2023

RESEARCH LICENSE



This is to Certify that Mr. JOHN NGATIA GITHUI of Pan African Christian University College, has been licensed to conduct research as per the provision of the Science, Technology and Innovation Act, 2013 (Rev 2014) in Nairobi on the topic: **TRANSFORMATIONAL LEADERSHIP, MEDIATED BY COLLABORATION AND MODERATED BY EXTERNAL FACTORS ON PERFORMANCE CONTRACTING IN ROAD AGENCIES IN KENYA** for the period ending: 06/July/2024.

License No: NACOSTI/P/23/27667

887354

Applicant Identification Number

Director General
NATIONAL COMMISSION FOR
SCIENCE, TECHNOLOGY &
INNOVATION

Verification QR Code



NOTE: This is a computer generated License. To verify the authenticity of this document,
Scan the QR Code using QR scanner application.

See overleaf for conditions

Appendix 5- Road Agencies Authorization letter



Kenya National Highways Authority

Quality Highways, Better Connections

Barabara Plaza, Block A & C, Jomo Kenyatta International Airport (JKIA), Off Airport South Road, along Mazao Road,
P.O Box 49712 - 00100 Nairobi, Tel 020 - 4954000 / 0700 423 606 Email dg@kenha.co.ke / Website www.kenha.co.ke

OFFICE OF THE DIRECTOR GENERAL

Ref: KeNHA/03.E/R&I/Vol.12 (1073)

Date: 14th July, 2023

Eng. John Ngatia Githui
Pan Africa Christian University
P.O Box 56875 - 00200
NAIROBI

Dear *Eng,*

RE: AUTHORITY TO UNDERTAKE DATA COLLECTION

We acknowledge receipt of your letter dated 10th July, 2023 on the above subject matter.

Accordingly, your request to conduct data collection within the Authority through a questionnaire and structured interviews on **“Transformational Leadership, Mediated by Collaboration and Moderated by External Factors on Performance Contracting in Road Agencies in Kenya”** has been granted.

This letter shall suffice as an introductory letter for you to the Deputy Directors in the various Departments for which you wish to conduct the study.

You are further required to share your findings with the Authority at the end of your research.

Yours *Sincerely,*

Eng. Ezekiel Fukwo
FOR: DIRECTOR GENERAL

Encl. *Research Questionnaire
NACOSTI License
Introductory Letter*

Copy to: All Deputy Directors
Kenya National Highways Authority (KeNHA)
P.O Box 49712 – 00100
NAIROBI

Kenya National Highways Authority is the provider of National Trunk Roads
Ministry to develop and manage County and Metropolitan National Trunk Roads through Introduction and Operation of government for Sustainable Transportation
100 years - 2014 Centenary



KENYA RURAL ROADS AUTHORITY

Telephone: 020-780600/01-05
Mobile No. 0711851103
Email: dg@kerra.go.ke
Website: www.kerra.go.ke

Barabara Plaza Block B,
Airport South Road,
P.O. Box 48151-00100
Nairobi, KENYA

Ref. KeRRA/06/1/ Vol. 1(1206)

Date: 26th July, 2023

Eng. John Ngatia Githui
P. O. Box 1934-00206
NAIROBI

Dear *Eng. Ci Hui,*

AUTHORITY TO UNDERTAKE DATA COLLECTION

We acknowledge receipt of your letter dated 10th July, 2023 on the above subject matter.

Accordingly, your request to conduct data collection within the Authority through questionnaires and structured interviews on "*Transformational Leadership, mediated by collaboration, moderated by external factors on performance contracting in road agencies in Kenya*" has been granted.

This letter shall suffice as an introductory letter to the following Departments:

1. Director Development
2. Director Research Strategy & Compliance
3. Director Road Asset Management
4. Director Planning, Design & Environment
5. Deputy Director (Supply Chain Management)

You are further required to share your findings with the Authority at the end of your research.

Yours *Sincerely*
Philemon K. Kandie

Eng. Philemon K. Kandie, MBS
DIRECTOR GENERAL

Encl. *Research Questionnaire*

Terms and Conditions.

I John Ngatia Githui hereby declare that I will treat the information from Kenya Rural Roads Authority with utmost confidentiality and that I will share my research findings with the Authority at the end of my research at no cost whatsoever.

Date: *27/07/2023*

Signature: *John Ngatia Githui*

Connecting Devolved Kenya



Enhancing Urban Mobility

Kenya Urban Roads Authority

📍 Sarabara Plaza Mazao Road, Off Airport South Road
✉ P.O BOX 41727-00100 Nairobi, Kenya
☎ 0717 105 233 / 020 801 3844/ 020 272 2222
📧 info@kura.go.ke 🌐 www.kura.go.ke

KURA/PSC/1 VOL.3 (154)

17th July, 2023

Eng. John Ngatia Githui
P. O Box 1934-00206
NANYUKI

Dear Sir,

RE: REQUEST FOR NO OBJECTION TO COLLECT DATA FOR ACADEMIC RESEARCH

Reference is made to your letter dated 10th July 2023 seeking authority to collect data on *“study on transformational leadership mediated by collaboration, moderated by external factors on performance contracting in road agencies in Kenya”* from the Authority.

We have reviewed your application together with the introduction letter from the Pan Africa Christian University and we agree that the study is relevant to our Authority and the findings can be used to improve the effectiveness and the efficiency of performance based contracts as indicated in your research topic.

The Authority has **No Objection** to your request to collect the relevant data and information through questionnaires and structured interviews. You will be required to abide by all the regulations and procedures of the Authority and expected to use the data availed to you for academic work only. We shall be grateful to receive a copy of the final research report upon completion of the study.

You may contact the office of the Director (Policy, Strategy and Compliance) for further guidance.

Yours Faithfully,

Eng. Silas M. Kinoti, MBS
DIRECTOR GENERAL

Appendix 6- Transmittal letters for interviews

JOHN NGATIA GITHUI

P.O. Box 1934-00100

NANYUKI

22ND SEPTEMBER 2023

Dear Sir/Madam,

RE: REQUEST TO PARTICIPATE IN RESEARCH STUDY.

I am a final year PhD student at the Pan Africa Christian University (PACU) undertaking research on Transformational leadership, mediated by collaboration and moderated by external factors on performance contracting in road agencies in Kenya. I would highly appreciate if you could spare some time out of your busy schedule for an interview. The information provided will be used for academic purposes only and will be treated with absolute confidentiality.

Thank you for your cooperation

Yours' sincerely,


John Ngatia Githui

Signed by Participant

NAME Ey Jacinta Mwangi Director

Sign. Mwangi

JOHN NGATLA GITHUI

P.O. Box 1934-00100

NANYUKI

22ND SEPTEMBER 2023

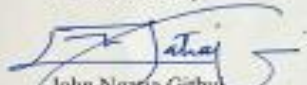
Dear Sir/Madam,

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Thank you for your cooperation

Yours' sincerely,


John Ngatia Githui

Signed by Participant

NAME Eng. Henry Gakuru

Sign 

JOHN NGATIA GITHUI

P.O. Box 1934-00100

NANYUKI

22ND SEPTEMBER 2023

Dear Sir/Madam,

RE: REQUEST TO PARTICIPATE IN RESEARCH STUDY.

I am a final year PhD student at the Pan Africa Christian University (PACU) undertaking research on Transformational leadership, mediated by collaboration and moderated by external factors on performance contracting in road agencies in Kenya. I would highly appreciate if you could spare some time out of your busy schedule for an interview. The information provided will be used for academic purposes only and will be treated with absolute confidentiality.

Thank you for your cooperation

Yours' sincerely,


John Ngatia Githui

Signed by Participant

NAME..... Eng. Enoch Kombo

Sign..... 