

# THE INFLUENCE OF INTELLECTUAL STIMULATION ON THE PERFORMANCE OF KENYA AIRWAYS

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**Abstract:** Leadership wrangles and corruption have negatively affected the performance of various firms in Kenya. This has led to losses in Kenya Airways. Therefore, this study sought to investigate the influence of intellectual stimulation on the performance of Kenya Airways. The research design used in this study is a descriptive research method. The study target population was Kenya Airways Limited and the respondents were the employees of Kenya Airways. The respondents were sampled using proportionate sampling method and selected using simple random sampling technique. Open and closed structured questionnaires were used for data collection. Descriptive statistics were used in analyzing quantitative data. In addition, multiple regressions were used in establishing the relationships between variables. The inspired drive to produce a positive and significant change in Kenya Airways performance was 0.478 units in the presence of one unit of increased intellectual stimulation while keeping all other factors constant. The impact of intellectual stimulation on employee productivity shows that the company management provides an environment for innovation, employees' creativity is encouraged by top management and employees are able to make independent decisions. The study recommended that in order to enhance intellectual stimulation, company management should provide an environment conducive to innovation, encourage employee creativity, and allow employees to make independent decisions to improve performance, empower employees, and educate employees.

**Keywords:** Intellectual stimulation, Leadership, Organizational performance.

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## 1. INTRODUCTION

Market rivalry make businesses experience pressure on performance hence stressing on some of the activities which are deemed to contribute positively to performance. For instance according to Kenya Airways (2009), the institution recorded a loss of Ksh. 4,083 million unlike the previous years. Same trend was witnessed in 2012 where it also recorded a loss of Ksh.1,660 million all through to 2017 with the highest recorded loss after tax being in 2015 of Ksh.25,743 million. A non-negative link between leadership and performance occurred and these losses must have been as a result of poor leadership styles in most of the organizations. According to Daft (2015), leadership refers to the action taken by leaders to equip and develop followers in addition to providing direction on various matters affecting the organization and deploying of resources with regard to the achievement of their goals as well as their objectives. Style of leadership therefore determines performance of the organization. Leadership styles employed include; Charismatic, visionary, transactional, transformational and autocratic.

Charismatic leadership is where the leader offers guidance through use of persuasion and charm tactics. Transactional leadership refers to a situation whereby the leader is engaged in enhancing compliance by use of followers through employment of various tactics like applying of punishment and giving of rewards. Transformational leadership is where the leader makes use of subordinates to identify any change, hence coming up with a vision to act as a guideline in bringing a

difference through inspiration as well as implementing it to all committed members who work as a team (Bell & Menunguc, 2012). With transformational leadership, there is a progressive change in both individuals as well as social systems.

Birasnav (2011) realized that the business environment is rapidly changing in this present age and that leadership is very key in any organization. Leadership plays a very significant part as far as identification of new opportunities in markets and that is why currently the organizations do focus on transforming themselves so as curb the challenges they face in their quest to meet the market opportunities. It also makes necessary advancements in the organization so as to increase the outcome hence a non-negative association between outcome as measured both at organizational and individual levels and behaviors of transformational leadership. Transformational leadership enhances higher performance than what is realized when transactional leadership is employed. Transactional leadership leads to the realization of expected outcomes unlike transformational leadership which leads to realization of performance that is beyond expectation. Transformational leaders therefore influence performance of organizations performance (Michealis, 2010). This study is about the effect of transformative leaders' style of management on productivity of Kenyan Air Transport Parastatals using Kenya Airways as a case study.

According to Goethals (2016), transformational leadership comes evident when both followers and leaders make each one of them to move to greater levels of morality and encouragement or motivation. Leaders with a transformative mind can be a source of inspiration to followers to enhance expectation change, motivations and perceptions to work towards common objectives. This idea was developed in the theory of transformational leadership whereby according to Bass (2008), this style of leadership is explained while being founded on the impact it causes on the followers. It therefore consists of four main components, that is, idealized influence as well as individualized consideration and intellectual stimulation. To make it four, inspirational motivation is also included.

Intellectual Stimulation is where leaders tend to be against the tradition status quo but encourage creativity amongst all followers. Followers get motivated by the to come up with new ideas of gaining knowledge and new ways of doing things. Intellectual stimulation represents a very significant part of transformational leadership. According to Sundi (2013), transformational leaders do encourage their followers to seek more clarification on their assumptions, values as well as beliefs with connection to those of the leader, even if they are not appropriate or outdated for purposes of giving solutions to current challenges. Anand and Anjali (2015) found out intellectual stimulation develops employee commitment to the organization. It implies that the organization is capable of achieving its objectives based on employees who work tirelessly.

## STATEMENT OF THE PROBLEM

It is clear that in 2009, Kenya Airways recorded a loss after tax of Ksh.4,083 million. Even though it recorded a profit after tax in 2010 of Ksh. 2,035 million, it again decreased to Ksh.1,660 million in 2012. From 2013 to 2017 it is evident that Kenya Airways has recorded losses after tax from Ksh.7,364 million, Ksh.3,382 million, Ksh.25,743 million, Ksh.26,565 million and Ksh.10,072 million respectively. This is due to leadership wrangles and corruption issues in the Kenya Airways, the biggest Airline Company in the region (Kenya Airways, 2019). Studies such as Datche (2015) on the impact of performance of organizations in state-owned companies in Kenya through transformative leaders, Kirui (2017) on the importance of transformational leadership and organization effectiveness organization public banks in Kenya and Chege (2018) on the transformational leadership influence on the organizational productivity of Kenyan commercial banks has been performed. Among the stated, no study has targeted the effects of intellectual stimulation leaders in the engagements of privatized Kenyan businesses. Although this study uses the same objectives as those used by Datche (2015) and Kirui (2017), this study is unique since it dwells on privatized firms. Since Kenya Airways has recorded losses in the recent past despite being the best Airline Company in the region and its tremendous growth since its inception, this situation is worrying. This comes at a time when there has been a change of their Chief Executive Officer and leadership wrangles in the company.

## 2. LITERATURE REVIEW

### Theoretical Literature Review

This theory was founded in 1978 by James McGregor Burns. He considers it to be a leadership capability to encourage and motivate subjects to exceed their personal needs for the greater good of the firm (Bass, 2007). The transformational leadership style is rooted in deeply personal values without negotiation and thus appeals to subordinates' sense of moral values and obligations. This type of leader is eloquent, assertive, visionary, and can count on others to encourage and

motivate them. This causes them to exceed conventional performance targets (Schwarzwald, 2001). Bass (2007) suggests that there are four types of transformative leadership behaviors, namely intellectual stimulation, idealized influence, personalized consideration, and inspirational motivation (Densten, 1999).

The behavior of the role model is represented by the idealized influence through which the leader instills trust, pride, and respect as well as the ability to see what is of importance and conveys a link. Idealized influence displays people who are considered unique and also encourages others to follow suit. Ideal leaders have high character and ethical standards and can therefore be among those seen as doing the right thing because they bring a sense of mission and vision to followers (Northouse, 2010). The use of inspirational images and symbols allows leaders to raise followers' beliefs and expectations about the vision and mission. They also tend to inspire by motivating employees to motivate themselves and commit to the organization. This type of leadership strengthens teamwork, and leaders in particular tend to convey to their followers their high expectations. In the case of the individual review, the delivery of experiential learning is demonstrated and this occurs when there is authorization of a project by the leader as well as the teaching, coaching and treatment of each person track as an individual. Among the key characteristics of transformational leadership, personal consideration ranks high, and transformational leaders see each follower not as an employee but as an individual in their own right. It also looks at an individual's level of technology and talent to make decisions about what is right for them to achieve higher levels of achievement.

Cognitive growth in followers is demonstrated through intellectual stimulation, and this occurs when the manager urges subjects to think differently and focus on the challenges, resolve and apply reason before acting (Johnson, 2006). This type of leaders fully favors subject as they tend to use other new approaches and develop new and innovative ways to solve organizational problems. These management issues not only affect their own values and beliefs, but also the organizations they represent (Northouse, 2010). Transformational leaders apply personal consideration by thanking and praising followers, listening to followers' concerns and needs, acknowledging audience accomplishments, praising followers. Followers using personal notes to improve confidence, ensure that there is a fair distribution between workload and career advice and mentoring.

Transformational leadership is expected to enhance audience capacity by setting higher goals and creating greater willingness to accept tougher challenges (Bass & Avolio, 2007). Transformational leadership most of the time show a keen interest in the needs of their followers and treat them respectfully while using solutions that are flexible to them. This doesn't mean that the Transformational leader doesn't use negative feedback or punishment. When these properties are used, they are understood to be special and therefore necessary to perform the present task (Agassi, 2001). Transformational leadership behaviors change the needs of followers by changing their beliefs, attitudes, and values. Burns (2008) states that transformational leaders have a great impact on employee motivation and are therefore preferred over transactional leaders since they encourage subjects to show good performance even in where they do not have the opportunity to be officially recognized..

### **Empirical Literature Review**

Utami (2013) undertook a study to find out how intellectual stimulation affects sharing of knowledge, firm production and innovation. This research purposed to establish the effect of intellectual stimulation on innovation, being mediated by sharing of knowledge sharing and whether performance of the firm can be improved by the firm. The study concentrated on SMEs in Indonesia region of Tegal and 56 owners of the SMEs were considered. Partial Least Square method was used in the analysis process. The findings showed that there were non-negative effects on sharing of innovation, experiential sharing and intellectual stimulation. Sharing of information realized has a positive effect on the performance of the business.

In Pakistan, Yasin, Nawab, Bhatti & Nazir (2014) conducted a study while focusing on micro enterprises to establish the link between intellectual stimulation and productivity of micro enterprises. Data were collected using questionnaires from fifty companies. About 500 questionnaires were distributed, but 348 proved to be valid. The relationship was investigated using Pearso correlation and regression analysis. Research shows that intellectually stimulating behavior is an important tool for the development of innovations and that there is a strong and positive association between microenterprise performance and intellectually stimulating behavior as the development of initiatives.

Dola (2015) conducted a study in Kenya on transformational leadership. The study focused on an analysis of the impact of transformational leadership on employee performance in terms of performance ratios. Research has looked at how

transformational leadership affects performance of Kenya Wildlife Service staff. The study also aimed to determine whether transformational leadership produces results similar to those of other researchers around the world. The primary objective is to identify leadership changes taking place in the organization and also to detect the extent to which leadership is interfering with overall performance. All participants participated in this study as it is a prototypical study with transection elements. The study population was determined by permanent staff of the Kenya Wildlife Service with more than 10 years of service. The SPSS computer software was used to examine the collected data and linkage analysis was used to determine associations between independent and dependent variables. A direct correlation has been established between innovative leadership and employee performance.

Peng, Lin, Schaubroeck, McDonough, Hu & Zhang (2016) carried out research work meaningfulness on employees and intellectual stimulation. The study focused on the link of intellectual stimulation on perceptions of work meaningfulness of employees. Employees and chief executive officers from 43 firms were surveyed and data was analyzed using regression analysis. It was found out that intellectual stimulation behavior had a strong and positive association with meaningfulness of work employee.

In the same vein, a study was conducted at Kenyan universities to determine the factors influencing the link between performance and transformational management and whether the association is direct or not mediated by other variables. This study uses a positivist approach to research and uses a descriptive survey type for research design. Data were gathered from senior leaders of 52 Kenyan universities using questionnaires. The response rate achieved was 73%. To get a general understanding of the universities, descriptive statistics were used while various statistical techniques such as regression analysis and correlation analysis were used to study data and control the data to test hypotheses. The results support all the hypotheses and show a direct and statistically notable relationship between the dependent and independent variables. Staff results fully mediate the link between performance and transformational leadership, and the transformational leadership behavior of top learning leaders has been shown to drive high employee productivity and organizational effectiveness of organization (Mbithi et al., 2016).

Another study was done by Ogola et al. (2017) Investigating the effects of Intellectual Stimulation Behavior on Employee Productivity in Kenyan SMEs. About 100 SMEs were targeted by KPMG which were of top rank in 2014. This study used a correlation study design to determine relationship between independent and dependent variables. A stratified random sampling technique was used to generate a 226 sample drawn from the study population of 553 of his managers. Data were collected using a structured questionnaire and data analysis was performed using multiple regression, Pearson correlation and chi-square methods. It was found out that intellectual stimulation and workers performance in Kenya's SMEs had a significant and strong positive relationship

### 3. RESEARCH METHODOLOGY

The research design used in this study is a descriptive research method. The study target population was Kenya Airways Limited and the respondents were the employees of Kenya Airways. The respondents were sampled using proportionate sampling method and selected using simple random sampling technique. Open and closed structured questionnaires were used for data collection. Descriptive statistics were used in analyzing quantitative data. In addition, multiple regressions were used in establishing the relationships between variables.

### 4. FINDINGS

The descriptive statistics results of intellectual stimulation are presented in Table 1.

**Table 1: Intellectual Stimulation**

	N	Mean (M)	Standard Deviation (SD)
Management provides conducive environment for innovations	180	3.61	0.864
The creativity of employees is encouraged by top management	180	3.45	0.862
Employees are left to make independent decisions	180	3.38	0.803
Top management empowers their employees	180	3.33	0.923
Top management arouses awareness to the their employees	180	3.40	0.732
Aggregate mean		3.43	0.837

One of the objectives of this study was to examine how intellectual stimulation affects the productivity of Kenya Airways employees. Respective means and standard deviations were as given in Table 1. A Likert scale was used with values ranging from 1 to 5. It is evident that employees agree with management that it provides conducive environment for innovations (M=3.61; SD=0.864), employees agree that creativity is encouraged by top management (M=3.45; SD=0.862), employees agree that they have been left to make independent decisions (M=3.38; SD=0.803), employees agree that management empowers their employees (M=3.33; SD=0.923) and employees agree that top management also arouses awareness to the their employees (M=3.40; SD=0.732). This result is consistent with research by Yasin, Nawab, Bhatti, and Nazir (2014) on the association between intellectual stimulation, innovation and performance in SMEs in the Middle East.

### Results of Regression Analysis

**Table 2: Model Summary**

Model summary	R	R Square	R Square (Adjusted)	Estimate Std. Error
1	0.837	0.70	0.696	0.990

Table 2 presents the regression analysis model summary on the effect of intellectual stimulation on performance of Kenya Airways. The model summary's outcome shows that intellectual stimulation explained about 70.1% of the variability in performance of Kenya Airways given that the  $R^2 = 0.701$ . This implies that intellectual stimulation and idealized influence contribute to about 70.1% change in performance. Therefore, the remaining 29.9 % is meant to be explained by other factors not considered in this study.

**Table 3: Analysis of Variance**

Model	Sum of squares	df	Mean Square	F	P-Value
Regression	248.84	1	248.84	406.857	0.000 <sup>b</sup>
Residual	108.5	178	0.609		
Total	357.34	179			

Table 3 shows the linear regression F statistics. It indicates that the simple linear association of intellectual stimulation and Kenya Airways performance is statistically significant since the intellectual stimulation and performance of Kenya Airways ( $F(1, 179) = 406.857, P < 0.05$ ) which is greater than (Mean value (1, 179) = 248.84),  $P < 0.05$

**Table 4: Coefficient**

	Un standardized Coefficients		Standardized Coefficients	t	P-Value
	B	Std. Error	Beta		
Constant	0.912	0.112		8.143	.000
Intellectual Stimulation	0.801	0.393	0.817	2.038	.018

The results indicate the output of the multiple linear regression of the predictor variable. The results further demonstrate that the effects of Inspirational intellectual stimulation influence on Kenya Airways performance was significant at the 5% level of significance. Increasing intellectual stimulation by one unit causes Kenya Airways to raise performance level by 0.801 units other factors remaining constant. Therefore, the study findings were that Intellectual Stimulation has a positive and statistically significant Impact on Kenya Airways performance. This is because of having a p-value of 0.018 and t-statistic of 2.038. The study therefore agrees with K'Aol, Ngaihe, Lewa and Ndwiga (2016) which was carried out in the state owned enterprises in Kenya. Even though that was the case, the study also contradicted with Elgelal and Noermijati (2015) in which case it was found out intellectual stimulation aspect has a positive effect on performance of employees but not statistically significant

## 5. CONCLUSIONS

When a leader employs intellectual stimulation, organizational performance improves. Outstanding performance is the outcome of encouraging workers to use their initiative, think critically about challenges they find while working, and look for creative ways to approach their job and projects. Employees who are encouraged to question presumptions, think critically while solving challenges, and apply creativity and innovation to their work or assignments display better performance.

## 6. RECOMMENDATIONS

The study recommended that in order to enhance intellectual stimulation, company management should provide an environment conducive to innovation, encourage employee creativity, and allow employees to make independent decisions to improve performance, empower employees, and educate employees. To reinforce individual consideration, the study also proposes that company management advise its employees, train and coach employees on technical issues affecting the business, teach employees about changes affecting the business and taking care of their employees' needs.

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