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Transformational Leadership and Organisational Performance of Plastic Manufacturing Companies in Nairobi and Kiambu, Kenya

[*1]Rose Nkatha Mugo, [2]Paul Gesimba & [3]Emilio Kariuki

St. Paul's University.

Email of Corresponding Author **nkethamugo@gmail.com; matlnrb788821@spu.ac.ke**

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Abstract

Globalisation and technological change continue to reshape organisational performance in Kenya's plastic manufacturing companies, which contribute about 7% to the national manufacturing industry. This study examined the effect of transformational leadership on organisational performance among plastic manufacturing firms in Nairobi and Kiambu Counties. Guided by Transformational Leadership Theory, Organisational Performance Theory, and the Resource-Based View (RBV), the research focused on four dimensions of transformational leadership idealised influence, inspirational motivation, individualised consideration, and intellectual stimulation and their impact on both financial (market share, revenue growth) and non-financial (employee satisfaction) outcomes. Using a descriptive research design, data were collected from 360 respondents selected through stratified random sampling and analysed using descriptive statistics, correlation, and multiple regression. The findings indicated that all four leadership dimensions significantly enhance performance, with idealised influence and intellectual stimulation showing the strongest effects. Employee-driven innovation and problem-solving emerged as key mediators of performance improvement. The study concludes that an integrated transformational leadership approach anchored in ethical behaviour, environmental wellness and technological creativity is critical for sustaining competitiveness and growth. It recommends further research on organisational culture, external dynamics, and enhanced policy support from the Kenya Association of Manufacturers to promote ESG practices and innovation in the industry.

Keywords: *Transformational Leadership, Organizational Performance, Plastic Manufacturing, Idealized Influence, Intellectual Stimulation.*

1.1 Introduction

The organizational performance of plastic manufacturing companies is increasingly shaped by volatile global and local business environments. Globalization, environmental regulatory shifts, and evolving consumer expectations have compelled firms to build internal strategic capacities to remain competitive (Vadera, 2021). Global plastic production reached 414

million tonnes in 2023, dominated by Asia—particularly China—while Africa's sector continues to evolve amid regulatory reforms, sustainability imperatives, and industrial expansion in nations such as South Africa and Morocco (Plastics Europe, 2024; GII Research, 2024). Kenya's plastic manufacturing industry comprises about 140 active firms, primarily small and medium-sized enterprises producing flexible packaging, PVC pipes, and household plastics (KAM, 2023). The sector faces external pressures from import dependence, currency fluctuations, and regulatory measures such as Extended Producer Responsibility (EPR), which, while raising compliance costs, also promotes innovation in recycling (UNIDO, 2022). In this dynamic context, transformational leadership has emerged as a critical factor for fostering innovation, adaptability, and organizational alignment. Transformational leaders inspire and mobilize employees through the four dimensions of leadership Idealized Influence, Inspirational Motivation, Intellectual Stimulation, and Individualized Consideration (Northouse, 2016). These dimensions collectively enhance employee engagement, innovation, and organizational resilience, directly contributing to improved performance (Abbas & Ali, 2021).

Organizational performance reflects a firm's ability to achieve strategic goals through efficiency and effectiveness (Mbocho, 2020; Thoya, 2021). Both financial indicators (profitability, return on investment, market share) and non-financial indicators (innovation, employee engagement, customer satisfaction) are vital in evaluating performance (Simon & Njuguna, 2021). In Kenya, however, declining returns, high operational costs, and weak innovation adaptability continue to undermine the competitiveness of the plastic manufacturing companies (KAM, 2023; Kuno & Arani, 2024). Transformational leadership therefore serves as a vital mechanism to align strategy, human capital, and technological innovation with sustainable organizational performance. Leaders who articulate a compelling vision, foster collaboration, and stimulate innovation enhance not only productivity but also the long-term viability of manufacturing enterprises (Bass & Riggio, 2016; Mukhtar et al., 2024).

Organizational Performance in the Manufacturing Sector

Organizational performance measures how effectively a company achieves its strategic goals, encompassing both financial and non-financial dimensions (Munyithya, 2022). Globally, competitive manufacturing is driven by technological advancement, sustainability, and supply chain efficiency (UNEP, 2023). In Africa, however, performance is constrained by infrastructure gaps, high energy costs, and import dependence, although regional industrialization initiatives offer new opportunities (UNIDO, 2022).

Kenya's manufacturing sector remains a key pillar of national development but continues to underperform, contributing only about 7–8% to GDP despite its potential (KNBS, 2022). Sustainable performance thus depends on strengthening internal capabilities, especially leadership, innovation, and human capital engagement. High-performance organizations consistently link strong leadership, resource optimization, and human capital development to superior outcomes (Waal, 2020).

Transformational Leadership in the Manufacturing Sector

Transformational leadership plays a central role in shaping competitiveness and resilience in the manufacturing sector (Matthias & Eline, 2012; Verma & Bala, 2022). Through mentorship, empowerment, and ethical influence, transformational leaders inspire trust, innovation, and alignment with organizational vision (Bass & Avolio, 2000). Globally, transformational leadership has been shown to improve organizational effectiveness by promoting intrinsic motivation, technological creativity, and adaptive capacity. In Africa, it

supports industrial growth and economic self-reliance under the "Buy Africa, Build Africa" initiative (Yukl, 2018). Research further indicates that in volatile business environments, transformational leadership fosters innovation-driven performance and sustainable competitive advantage (Pradhan & Pradhan, 2015; Lebec, 2021).

In Kenya, where manufacturing's GDP contribution has declined from 9.2% in 2016 to 7.8% in 2022 (KNBS, 2023), transformational leadership provides a pathway for renewal through employee motivation, skill development, and innovation adoption (Njeri, 2021; Alamri, 2023). Transformational leaders cultivate a sense of purpose and shared commitment, encouraging employees to act beyond self-interest toward organizational goals (Bass, 2008; Thoya, 2021).

The Manufacturing Sector

Manufacturing converts raw materials into finished goods, linking production efficiency and supply chain performance to national economic growth (Okutu, 2021). Globally, China leads the sector, while Africa contributes approximately 7% of global plastic production (UNEP, 2023). Kenya's manufacturing performance remains modest relative to peers such as Nigeria and Egypt, largely due to structural inefficiencies and leadership gaps (KAM, 2022). To address this, the Kenya Association of Manufacturers' "20by30 Initiative" aims to raise manufacturing's GDP contribution from 7.8% in 2022 to 20% by 2030. Achieving this ambitious target requires enhanced productivity, technological innovation, and strategic leadership, particularly transformational leadership, to guide the sector toward sustainable organisational performance.

1.2 Statement of the Problem

Plastic manufacturing companies form a vital component of Kenya's industrial sector, contributing approximately 7% to national manufacturing (KAM, 2023). Despite this importance, the sector has experienced declining performance in recent years, with profitability, efficiency, and customer satisfaction deteriorating. Return on Assets fell from 22.5% in 2020 to 16.2% in 2023, alongside shrinking sales revenues (Gatari & Mutiso, 2022; KAM, 2023). These declines reflect limited competitiveness driven by outdated technology, rigid supply chains, inadequate skills, and slow adoption of smart manufacturing practices (Ojuando & Kihara, 2021; Thoya, 2021).

Leadership has emerged as a critical factor influencing firms' ability to adapt and innovate. Transformational leadership through idealized influence, inspirational motivation, intellectual stimulation, and individualized consideration has been linked globally to improved innovation and performance (Mbocho, 2020; Thoya, 2021; Mwaura, 2024; Gachira, 2024). However, limited empirical research has examined these leadership dimensions within Kenya's plastic manufacturing context.

Existing studies have mainly focused on the general manufacturing sector, leaving conceptual, contextual, and empirical gaps regarding how transformational leadership impacts technological adaptation, employee engagement, and environmental responsiveness in plastic manufacturing firms. This study seeks to address these gaps by examining how the four dimensions of transformational leadership influence both financial (market growth and revenue), and non-financial (employee satisfaction) as metrics of organisational performance, thereby contributing to the long-term sustainability of Kenya's plastic manufacturing companies.

1.3 Research Objectives

i. To determine the effects of idealized influence on organizational performance in the plastic manufacturing companies in Nairobi and Kiambu, Kenya.

ii. To determine the effects of individualized consideration on organizational performance in the plastic manufacturing companies in Nairobi and Kiambu, Kenya.

iii. To establish the effects of inspirational motivation on organizational performance in plastic manufacturing companies in Nairobi and Kiambu, Kenya.

iv. To analyze the effects of intellectual stimulation on organizational performance in the plastic manufacturing companies in Nairobi and Kiambu, Kenya.

2.1 Theoretical Review

2.1.1 Organizational Performance

Organizational performance theory has evolved from a purely financial orientation to a multidimensional framework encompassing efficiency, effectiveness, and sustainability. Early scholars such as Daft (1992) defined performance as goal achievement through efficiency and effectiveness, while Venkatraman and Ramanujam (1986) distinguished financial from operational dimensions. Kaplan and Norton's (1992, 1996, 2011) Balanced Scorecard further integrated financial and non-financial indicators, promoting a holistic assessment approach. Neely (1999) and Waal (2007, 2020) advanced performance measurement by linking adaptability, leadership, and continuous improvement to high performance.

Within this framework, organizational performance serves as both a growth measure and a strategic benchmark. It reflects a firm's ability to align leadership, resources, and adaptability to changing environments. Financial indicators such as revenue, profitability, and return on investment, complement non-financial measures including innovation, employee well-being, and customer satisfaction (Waal, 2020; Munyithya, 2022). In Kenya's plastic manufacturing companies, performance is increasingly shaped by technological advancement, automation, and Environmental, Social, and Governance (ESG) imperatives (Gachie, 2020; Ongare, 2023). Transformational leadership plays a pivotal role by fostering empowerment, innovation, and collaboration, linking individual growth to collective outcomes (Northouse, 2015; Lebec, 2021). Through the four elements of transformational leadership idealized influence, inspirational motivation, intellectual stimulation, and individualized consideration, leaders enhance productivity, innovation, and sustainability (Bass & Avolio, 2000; Juel, 2019).

However, a key limitation of traditional performance theory lies in its limited integration of sustainability and circular economy metrics, particularly relevant to environmentally sensitive industries like plastics (UNEP, 2024). Therefore, contextualising performance frameworks within ESG dimensions remains essential. Overall, organisational performance theory provides a strong foundation for this study by linking financial and non-financial performance to transformational leadership. It underscores that long-term competitiveness in plastic manufacturing depends on Transformational leadership, technological adaptability, and human capital development.

2.1.2 Transformational Leadership Theory

Transformational leadership has emerged as one of the most influential models in modern organizational studies, emphasizing the leader's ability to inspire and motivate followers toward collective goals (Bass & Riggio, 2006). Unlike transactional leadership, which is based on exchange relationships, transformational leadership fosters deeper leader–follower

connections, encouraging followers to exceed expectations and align personal growth with organizational objectives (Northouse, 2015; Yukl, 2018). Within this study, the theory serves as a conceptual foundation for examining how leadership behaviors influence organizational performance in Kenya's plastic manufacturing industry.

Transformational leadership enhances employee engagement, innovation, and ethical commitment by nurturing human capital as a strategic resource (Zehndorfer, 2020; Nyabuto, 2017). Leaders motivate employees to focus on organizational rather than individual interests, fostering a culture of collaboration, creativity, and continuous improvement (Lancaster, 2019; Thoya, 2021). This leadership approach thus contributes to competitiveness, adaptability, and sustainable performance within dynamic business environments (Mwadime & Yusuf, 2022).

Charismatic leadership: Charisma complements transformational leadership by enabling leaders to communicate an inspiring vision and build emotional connections with followers. Charismatic leaders employ persuasive communication, storytelling, and optimism to sustain workforce confidence and commitment (Northouse, 2016; Miller, 2020). While some scholars distinguish between transformational and charismatic leadership, the two are often viewed as interrelated, with charisma serving as a catalyst for follower motivation and trust.

Bass and Riggio (2006) identified four dimensions, idealized influence, individualized consideration, intellectual stimulation, and inspirational motivation that collectively drive organizational transformation Leadership. Idealized Influence refers to leaders who model integrity, ethical behavior, and moral values, inspiring admiration and trust among employees (Barasa & Kariuki, 2020). These leaders act as moral exemplars, shaping ethical work environments that enhance organizational performance. Despite criticism that the approach may overemphasize personal traits or risk heroic leadership, it remains vital for cultivating integrity and ethical culture in organizations (Yukl, 1999; Northouse, 2016).

Individualized Consideration focuses on personal development, mentorship, and coaching to nurture employees' unique skills and career growth (Miller, 2020; Lancaster, 2019). By aligning talent development with organizational goals, leaders enhance engagement and satisfaction, which positively affect performance (Nyabuto, 2017; Adem, 2022). Although empirical links between individual growth and organizational outcomes remain limited (Getange, 2020), individualized consideration is conceptually crucial for sustainable human capital development.

Intellectual Stimulation promotes creativity, innovation, and problem-solving through an environment that encourages questioning norms and exploring new ideas (Barasa & Kariuki, 2020; Lancaster, 2019). This approach fosters technological advancement and continuous improvement, essential for competitiveness in fast-changing industries (Thoya, 2021; Verma & Bala, 2022). However, excessive emphasis on innovation can disrupt operational stability, highlighting the need for the organisation leadership on balancing approach to change management (Chung, 2022).

Inspirational Motivation involves articulating a compelling organizational vision and instilling enthusiasm and confidence in followers (Miller, 2020; Anderson, 2017). Leaders communicate strategic goals through symbolic and participatory methods, enhancing team spirit and commitment (Yukl, 2018). Though critics caution that overreliance on visionary leadership may foster blind trust, effective communication and participatory engagement mitigate such risks (Avolio, 1999). In this study, inspirational motivation is viewed as central to aligning employees with organizational strategy and improving performance outcomes.

2.1.3 Resource-Based View (RBV) Theory

The Resource-Based View (RBV), advanced by Wernerfelt (1984), argues that organizations achieve sustainable competitive advantage through the effective use of unique internal resources and capabilities that are valuable, rare, inimitable, and non-substitutable (VRIN). These include intangible assets such as knowledge, skills, organizational culture, and leadership capacity, which collectively enhance long-term performance and resilience (Grant & Yeo, 2022; Sameera, 2018). The heterogeneity of such resources explains variations in performance across firms, as distinctive capabilities form the foundation of enduring competitiveness (Collins, 2021).

Transformational leadership complements the RBV by cultivating and leveraging human capital as a core strategic resource. Through individualized consideration, intellectual stimulation, and idealized influence, transformational leaders foster innovation, ethical culture, and employee engagement, thereby strengthening organizational capability (Chung, 2022). However, as technologies and skills evolve, previously valuable resources may become obsolete (Thoya, 2021). Transformational leaders mitigate this limitation by driving continuous learning, reskilling, and innovation to sustain relevance in dynamic environments. Thus, the RBV underscores that leadership-driven resource development is central to sustainable organizational performance and global competitiveness.

2.2 Empirical Review

This section reviews empirical studies on the relationship between transformational leadership elements and organizational performance, with a focus on the plastic manufacturing companies.

2.2.1 Idealized Influence and Organizational Performance

Idealized influence emphasizes leaders as ethical role models who inspire trust and commitment. Mwangi (2022) found that integrity and honesty among strategic leaders in Kenyan SMEs significantly enhance performance. Similarly, Acosta-Prado et al. (2023) demonstrated that ethical and socially responsible leadership drives sustainable value creation in industrial manufacturing firms. While these studies highlight the importance of moral leadership, they reveal a contextual gap regarding how leaders' ethical standards translate into community well-being and operational performance in the plastic manufacturing companies. The present study addresses this gap.

2.2.2 Individualized Consideration and Organizational Performance

Individualized consideration, involving mentorship and employee development, has been shown to enhance performance through human capital growth. Edeh (2023) and Adem (2022) reported that mentorship and competency development policies improve profitability and engagement in manufacturing firms. Likewise, Ongesa (2023) and Mwangi (2022) confirmed that individualized coaching strengthens organizational capabilities. However, these studies did not empirically establish how talent development directly contributes to employee satisfaction and revenue growth. This study examines that relationship within plastic manufacturing companies.

2.2.3 Inspirational Motivation and Organizational Performance

Inspirational motivation relates to a leader's ability to communicate a compelling vision. Lebec (2021) found that visionary leadership and employee collaboration enhance performance outcomes in Scotland's third sector. Acosta-Prado et al. (2023) further emphasized that integrating economic, social, and environmental goals through visionary

leadership strengthens organizational sustainability. Nevertheless, prior research lacks direct evidence linking inspirational motivation to employee satisfaction and financial performance. This study fills that gap by focusing on Kenya's plastic manufacturing industry.

2.2.4 Intellectual Stimulation and Organizational Performance

Intellectual stimulation fosters creativity, innovation, and problem-solving. Mbocho (2020) established that technological innovation and automation improve competitiveness in Kenya's manufacturing sector, while Thoya (2021) found that strategic innovation boosts organizational performance. However, both studies noted that technological advances must be supported by human capital development to achieve lasting impact. Existing literature thus leaves an empirical gap in understanding how innovation and employee upskilling jointly influence performance an issue this study explores within the plastic manufacturing context.

2.3 Conceptual Framework

This section presents the conceptual framework developed from the study objectives and literature review. These are the four elements of transformational leadership that are idealized influence, individualized consideration, inspirational motivation, and intellectual stimulation. It shows the relationship between independent and dependent variables. (See Figure 1).

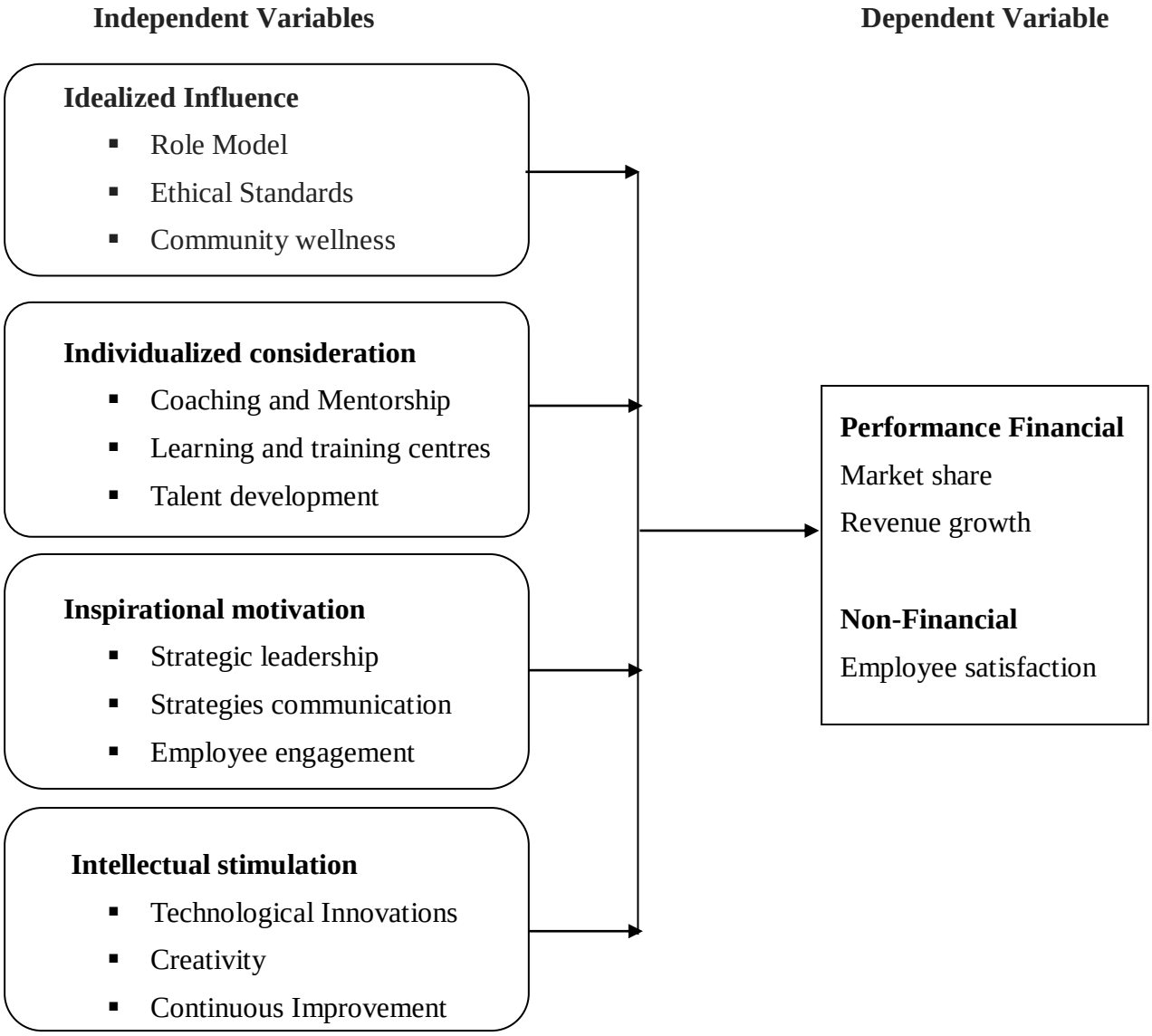

Figure 1: Conceptual Framework

Source: Researcher (2025)

3.1 Research Methodology

The study employed a descriptive research design to examine the influence of transformational leadership on organizational performance in selected plastic manufacturing firms in Nairobi and Kiambu Counties. This design was appropriate for obtaining quantifiable and objective data to describe and analyze relationships among variables. The target population comprised 1,200 employees from five Kenya Association of Manufacturers (KAM)–registered companies: Coninx Industries Ltd, Metro Concepts East Africa, Nairobi Plastics Ltd, Associate Battery Manufacturer (Plastic Division), and SIL Africa. Respondents included both managerial and non-managerial staff, with a 30% proportional sample selected from each company. Data were collected using a semi-structured questionnaire consisting of

both open- and closed-ended questions based on the four dimensions of transformational leadership—idealized influence, inspirational motivation, individualized consideration, and intellectual stimulation. Responses were measured on a five-point Likert scale, and both primary and secondary data (financial statements) were utilized.

A pilot study involving 15 respondents from Krona Plastics Industries tested the reliability and validity of the instrument. Content and construct validity were confirmed by expert review and pilot testing, while Cronbach's Alpha (≥0.7) was used to assess reliability. Data collection followed ethical approval and company authorization. Questionnaires were distributed electronically and in print, with a two-week response window. Data was analyzed using SPSS through descriptive statistics (means, frequencies, and standard deviation) and inferential statistics (Pearson's correlation and multiple regression) to determine the relationship between transformational leadership elements and organizational performance. Results were presented using tables and graphs for clarity and accuracy.

4.1 Findings and Discussions

Out of 360 distributed questionnaires, 311 were correctly filled and returned, yielding an 86% response rate. According to Rogelberg and Stanton (2007), a response rate above 50% is acceptable for cross-sectional surveys; thus, this rate was appropriate for the study.

Descriptive statistics

The study sought respondents' views on how intellectual stimulation, inspirational motivation, individualized consideration, and idealized influence affect organizational performance in the plastic manufacturing companies. Findings were interpreted using mean and standard deviation, where the mean (ranging from 1 to 5) showed the level of agreement, and the standard deviation indicated data dispersion.

Table 1: Idealized influence and organizational performance

Descriptive Statistics					
Idealized Influence	**N**	**Min**	**Max**	**Mean**	**Std. Deviation**
Employees embrace ethical standards, thus sustaining the organization's market share.	311	1	5	3.993	1.130
Community wellness initiatives that address environmental pollution help sustain long-term business engagement.	311	1	5	4.119	0.981
Observing all applicable statutory and regulatory requirements contributes to a sustainable market share.	311	1	5	3.865	1.226
Employees emulate leaders as role models of ethical standards in business engagements.	311	1	5	3.694	1.246
Ethical manufacturing standards are observed, leading to a sustainable market share.	311	1	5	3.9	1.274
Valid N (listwise)	**311**				

The findings on Table 1 revealed a strong agreement among respondents that ethical leadership and role modelling contribute positively to performance outcomes. Specifically, community wellness initiatives addressing environmental pollution were viewed as essential

for sustaining business engagement (mean = 4.119; std = 0.981). Respondents also agreed that the adoption of ethical standards by employees supports the maintenance of market share (mean = 3.993; std = 1.130) and that adherence to ethical manufacturing standards promotes sustainability (mean = 3.900; std = 1.274). Furthermore, compliance with statutory and regulatory requirements was recognized as enhancing sustainable market share (mean = 3.865; std = 1.226), while leaders serving as ethical role models were seen to positively influence employee behaviour (mean = 3.694; std = 1.246). The results demonstrate that idealized influence manifested through ethical leadership, compliance with standards, and environmental consciousness plays a pivotal role in promoting organizational performance in the plastic manufacturing companies.

Table 2: Individualized consideration and organizational performance

Descriptive Statistics					
Individualized Consideration	**N**	**Min**	**Max**	**Mean**	**Std. Deviation**
Coaching programs in the organization enhance employee satisfaction.	311	1	5	4.035	1.156
Developing unique staff talents, enhancing employee satisfaction.	311	1	5	3.89	1.186
Mentorship initiatives on career growth enhance employee satisfaction.	311	1	5	3.884	1.277
Learning and training centres are in place where staff upgrade their knowledge and competence in the workplace.	311	1	5	3.63	1.327
There are well-established programs for upskilling and multiskilling the workforce, thus enhancing employee satisfaction.	311	1	5	3.819	1.277
Staff capabilities are developed as a resource for enhancing revenue growth.	311	1	5	3.691	1.337
Valid N (listwise)	311				

Findings on Table 2 revealed that respondents largely agreed individualized consideration practices—such as coaching programs (mean = 4.035), talent development (mean = 3.890), and mentorship for career growth (mean = 3.884) enhance employee satisfaction. They also agreed that upskilling programs (mean = 3.819), capability development for revenue growth (mean = 3.691), and workplace learning centres (mean = 3.630) contribute positively to performance. Overall, the results indicate that individualized consideration, through personalized coaching, mentoring, and continuous learning, strengthens employee satisfaction and organizational performance in the plastic manufacturing companies.

Table 3: Inspirational motivation and organizational performance

Descriptive Statistics					
Inspirational Motivation	**N**	**Min**	**Max**	**Mean**	**Std. Deviation**
Organization strategies are well established with clear yearly objectives for enhancing revenue growth.	311	1	5	3.655	1.307
Company strategies are well communicated to staff across the entire organization.	311	1	5	3.865	1.242
Strategic initiatives are integrated at every functional level, which enhances revenue growth.	311	1	5	3.758	1.288
Employee engagement in organizational strategic initiatives enhances revenue growth.	311	1	5	3.752	1.282
Employee engagement with strategic initiatives enhances employee satisfaction.	311	1	5	3.726	1.326
Employees clearly understand how their day-to-day process performance contributes to growth in revenue.	311	1	5	3.72	1.361
Valid N (listwise)	**311**				

The findings on Table 3 indicate that intellectual stimulation positively influences organizational performance in the plastic manufacturing companies. Respondents agreed that technological innovation, staff creativity initiatives, and employee problem-solving significantly enhance revenue growth and satisfaction. Overall, promoting technological advancement, creativity, and continuous improvement contributes to improved employee morale and organizational success.

Table 4: Intellectual stimulation and organizational performance

Descriptive Statistics					
Intellectual Stimulation	**N**	**Min**	**Max**	**Mean**	**Std. Deviation**
Technological advancement has been part of the new equipment upgrade in the organization for the last three years.	311	1	5	3.803	1.273
Technological advancement at the functional levels enhances revenue growth.	311	1	5	3.935	1.247
Technological advancement initiatives at the functional level have contributed to employees' satisfaction.	311	1	5	3.717	1.335
Staff creative ideas are acknowledged, thus enhancing employee satisfaction.	311	1	5	3.858	1.334
Staff creative initiatives contribute to revenue growth approaches.	311	1	5	3.823	1.243
Employees' problem-solving solutions are acknowledged as part of enhancing revenue growth.	311	1	5	3.758	1.232
Continuous improvement approaches are a key part of enhancing revenue growth.	311	1	5	3.922	1.218
Valid N (listwise)	311				

The findings on Table 4 indicate that intellectual stimulation positively influences organizational performance in the plastic manufacturing companies. Most respondents agreed that technological advancement, continuous improvement, and staff creativity contribute significantly to revenue growth and employee satisfaction. Key areas of impact included functional-level technology upgrades, recognition of creative ideas, and problem-solving initiatives. Overall, promoting innovation and continuous improvement through intellectual stimulation enhances both employee engagement and organizational performance.

Table 5: Organizational Performance

Financial and Non–Financial Aspect	N	Min	Max	Mean	Std. Deviation
Technological advancement initiative in the organization contributes to the growth of market share.	311	5	5	4.180	1.323
Technological advancement contributes to revenue growth.	311	1	5	3.816	1.353
Integrating technological innovations with staff creative initiatives contributes to revenue growth.	311	1	5	4.077	1.124
Strategic leadership plays a crucial role in driving an organization's revenue growth.	311	1	5	3.787	1.098
Talent development initiatives enhance organizational capabilities as a key resource for revenue growth.	311	1	5	3.759	1.281
Upgrading staff competence through training contributes to employee satisfaction.	311	1	5	3.691	1.222
Involving staff in innovative problem-solving ideas in business operations improves employee satisfaction.	311	1	5	3.922	1.218
Technological advancement involves staff at every level in the organization, which enhances employee satisfaction.	311	1	5	3.518	1.280
Aggregate				**3.843**	**1.237**

The findings on Table 5 indicate that both financial and non-financial performance in the plastic manufacturing companies are positively influenced by technological advancement, strategic leadership, and employee development initiatives. Respondents agreed that technological innovation increases market share and revenue growth, while staff training and talent development enhance employee satisfaction and organizational capabilities. Non-financial performance is strengthened through employee involvement in innovative problem-solving and decision-making. Overall, the results (average mean = 3.843; std = 1.237) show general agreement that these initiatives significantly improve organizational performance.

Regression Analysis

The regression analysis findings on transformational leadership dimensions (idealized influence, individualized consideration, inspirational motivation, and intellectual motivation). The model demonstrated a strong relationship (R = 0.878) and revealed that 77% of the variance in organizational performance was shown in Table 6.

Table 6: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Sig. F Change
1	.878[a]	0.77	0.749	0.3873	0.000

Table 7: Regression Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients		Sig.
		B	Std. Error	Beta	t	
1	(Constant)	1.68	0.533		3.18	0.002
	Idealized influence	0.365	0.084	0.266	2.271	0.002
	Individualized Consideration	0.254	0.066	0.052	0.829	0.008
	Inspirational Motivation	0.040	0.064	0.039	2.623	0.005
	Intellectual Stimulation	0.018	0.081	0.494	7.856	0

Table 7 shows the overall significant test results for the hypothesized research model. The interpretations of the findings indicated the following regression model.

$$\mathbf{Y= \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4}$$

Therefore,

$$\mathbf{Y= 1.680 + 0.365 X_1 + 0.254\ X_2 + 0.040 X_3 + 0.018\ X_4}$$

Regression analysis findings on all the four dimensions of Transformational leadership significantly enhance organizational performance, with idealized influence and intellectual motivation having the strongest effects. While individualized consideration and inspirational motivation contribute positively, though to a lesser extent.

5.1 Conclusion

The study concluded that transformational leadership dimensions collectively have a significant influence on organizational performance in the plastic manufacturing companies, with idealized influence emerging as the most essential element. Leaders who demonstrate ethical behavior, integrity, and commitment to community wellness, particularly through environmental initiatives greatly enhance organizational sustainability and market competitiveness. Compliance with regulatory standards and consistent ethical role modelling were found to inspire trust, respect, and ethical conduct among employees, solidifying idealized influence as a key driver of performance.

Inspirational motivation ranked second, emphasizing the importance of clear strategic communication, alignment of departmental initiatives, and active employee engagement. Leaders who inspire and effectively communicate company strategies foster both revenue growth and employee satisfaction, ensuring that employees understand their contribution to broader organizational goals.

Individualized consideration also showed a strong positive relationship with performance, highlighting that personalized leadership practices—such as coaching, mentorship, and talent development—enhance employee satisfaction, engagement, and competence. Continuous learning and targeted upskilling were identified as essential components of effective leadership that strengthen the organization's long-term performance capacity.

Although the effect of intellectual stimulation was comparatively modest, it remained a vital contributor to performance through innovation, creativity, and continuous improvement.

Encouraging technological advancement and problem-solving at functional levels was shown to improve both employee engagement and revenue growth.

Overall, organizational performance was found to depend on a balanced integration of financial and non-financial factors. Technological innovation, creative employee initiatives, and strategic leadership jointly drive market expansion, revenue growth, and employee satisfaction. The study concludes that in the plastic manufacturing companies, organizational success is maximized when transformational leadership, embodying ethical influence, inspirational motivation, individualized support, and intellectual stimulation is effectively combined with innovation-driven strategies that empower employees and sustain long-term competitiveness.

6.1 Recommendations

The study recommends that plastic manufacturing companies prioritise ethical leadership as part of idealised influence, emphasising integrity, role modelling, and embracing community and environmental wellness requirements to ensure sustainable operations. Ethical behaviour should be at the centre of leadership practices to reinforce organisational integrity and community trust.

The Kenya Association of Manufacturers (KAM) is encouraged to strengthen policies promoting ethical leadership, particularly through initiatives that advance community wellness and environmental sustainability within the framework of Environmental, Social, and Governance (ESG) standards. KAM should also advocate for subsidized technological innovation and access to advanced manufacturing equipment to enhance productivity, support industrial growth, and create employment opportunities. Furthermore, KAM should facilitate subsidized training programs to close technological skill gaps among employees and promote digital transformation across the manufacturing sector.

Organizations are also advised to invest in individualized consideration**,** focusing on employee development through coaching, mentorship, and structured upskilling initiatives. These approaches are essential for improving employee satisfaction, retention, and overall organizational performance. Additionally, manufacturing leaders should strengthen strategic communication by ensuring employees are actively involved in implementing strategic initiatives and aligning departmental objectives with broader organizational goals. This fosters shared vision, job satisfaction, and enhanced performance outcomes. The study further recommends cultivating a culture of intellectual stimulation by encouraging innovation, creativity, and continuous improvement. Recognizing employee-driven solutions and investing in technology-driven initiatives can significantly boost revenue, market share, and employee engagement.

Finally, the study emphasizes adopting an integrated transformational leadership model that combines idealized influence, inspirational motivation, individualised consideration, and intellectual stimulation. This holistic approach is critical for maximizing both financial and non-financial performance outcomes with emphasis on market share, revenue employee satisfaction in the plastic manufacturing industries.

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