

The Influence of Intellectual Stimulation Leadership Behaviour on Employee Performance in SMEs in Kenya

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Abstract

The objective of this study was to investigate the influence of intellectual stimulation leadership behaviour on employee performance in Small and Medium Enterprises in Kenya. This study targeted the KPMG top 100 SMEs of 2014 in Kenya. A correlational research design was employed to investigate the relationship between the independent variable and the dependent variable. A stratified proportionate random sampling technique was used to obtain a sample of 226 out of a target population of 553 Managers. Data was collected using MLQ structured questionnaire. Pearson's correlation, multiple regression and chi-square techniques were used to analyse the data. The results showed that intellectual stimulation leadership behaviour and Employee Performance in SMEs in Kenya had a strong positive and significant correlation $r(194) = .722, p < .000$ and a positive and significant relationship, ($\beta = .722, t(194) = 14.444, p < .000$). The study concluded that better employee performance is achieved when a leader encourage employees to think critically in dealing with problems that they encounter in the course of their work, use their own initiative, and seek innovative methods to approach their work and assignments.

Keywords: Leadership, Intellectual Stimulation leadership behaviour, Small and Medium Enterprises

1. Introduction

Literature ascertains that an effective leader provides guidance to employees, gives them direction towards achievement of desired goals, as a result employees with high job satisfaction exert more effort in completion of work for achieving success and thus more committed towards organization (Voon, Lo, Ngui, & Ayob, 2010). Leaders who challenge the status quo and stimulate their followers' effort to be innovative, motivate creativity and challenge the old ways of doing as part of their regular job are exercising intellectually stimulate part of transformational leadership (Ahanger, 2009).

Small and Medium Enterprises (SME) are important drivers of innovation and competition. The SME sector has remained very innovative and adaptable in order to survive the recent economic downturn and recession. Empirical studies show that new firms play a significant role in employment generation (Garikai, 2011, Baptista Escaria, & Madruga, 2005; Stel & Suddle, 2005), innovation (Fritsch & Mueller, 2004), economic growth and reduction of unemployment (Garikai, 2011). There is a high correlation between the degree of poverty, hunger, unemployment, economic well-being /standard of living of the citizens of countries and the degree of vibrancy of the respective country's SMEs.

According to Katua (2014) the SMEs contribute over 90% of total enterprises in most of the economies and are credited with generating the highest rates of employment growth and account for a major share of industrial production and exports. Success of the SME sector will help Kenya to achieve Vision 2030 and face a competitive, dynamic and challenging global environment. Based on the significant role of SMEs in economic growth and creation of employment the researcher decided to look at the leadership aspect of the SMEs in Kenya especially the Top 100 SMEs.

The classification of the Top 100 small and mid-sized companies in Kenya is based on seven financial indicators. Other than the financial indicators other characteristics are considered. These characteristics include their business confidence outlook, talent policies, peers in terms of revenue growth, profit growth, returns to shareholders and cash generation/ involvement in corporate social responsibility, and the role played by innovation in their operations (KPMG, 2014). The classification also captures their contribution to job creation whilst bearing in mind that not all industries are labour intensive (Gathenya, 2012).

Fenwick and Gayle (2008) concluded that despite a hypothesized leadership-performance relationship suggested by some researchers, current findings are inconclusive and difficult to interpret. There is need to realize that much is not known about how a leadership style can be applied effectively to enhance employee performance thus gaps and unanswered questions remain (Mohammed, Yusuf & Sanni, 2014). Another study gap is identified by Obiwuru, Okwu, Akpa and Nwankwere (2011) who stated that future research that replicates and further extends the current investigation on transformational leadership and employee performance in SMEs appears quite desirable.

1.0 Literature Review

Transformational leaders stimulate their followers' efforts "to be innovative and creative by questioning assumptions, reframing problems, and approaching old situations in new ways" (Avolio & Bass, 2002). Followers' mistakes are not publicly criticized and creativity is openly encouraged. Transformational leaders solicit their followers' ideas and creative solutions to problems, thereby including followers to problem solving. The intellectually stimulating leader encourages followers to try new approaches.

Intellectual stimulation represents an important component of transformational leadership. Through intellectual stimulation, transformational leaders encourage followers to question their own beliefs, assumptions, and values, and, when appropriate, those of the leader, which may be outdated or inappropriate for solving current problems (Bass & Avolio, 2004; Elkins & Keller, 2013; Sundi, 2013). Anjali and Anand (2015) assert that intellectual stimulation leads to the development of employee commitment to the organization. This, in turn, has implications for the ability of the organization to achieve goals based on the dedication and hard work of employees (Anjali & Anand, 2015).

Intellectual stimulation leaders stimulate permanent re-examination of the existent assumptions, stimulate change in the way of thinking about problems, and plead the use of analogy and metaphor (Stone, Russell & Patterson, 2003). By constantly searching for new knowledge, intellectual stimulation transformational leaders constantly teach, illustrate, but also promote and get new and creative ideas for solving problems from all organizational members (Bass & Avolio, 2004; Bass, 2006). Similarly, Bycio, Hackett and Allen (1995) found that the intellectual stimulation dimension of the transformational leadership scale had very strong positive relationships with the extra effort put in by subordinates. Avolio and Bass (2004) described an intellectually stimulating leader as one who "can discern, comprehend, conceptualize, and articulate to their associates the opportunities and threats facing their organization and its strengths, weaknesses, and comparative advantages." Furthermore, they opined that in allowing followers to seek intellectual ways to solve problems, analyse situations, critically question long held beliefs/assumptions/values, transformational leaders were actually developing their followers to seek innovative and creative ways to solve traditional problems.

Is'haq (2008) reported that intellectual stimulation leader is the one that shows the degree to which he provides encouragement to his subordinates to be creative in looking at old problems in new ways, create an environment that is tolerance of seemingly extreme positions, and nurture people to question their own values and beliefs and those of an organization. Problem solving is the core of what leaders exist to do. As leaders, the goal is to minimize problems— which mean leaders must be courageous enough to tackle them head-on before circumstances force them to. Leaders must be resilient in the quest to create and sustain momentum for the organization and consumers.

Cheung and Wong (2011) reported a positive relationship between intellectual stimulation leadership styles and employees' creativity which challenges employees and energizes them to seek novel approaches to their work (Yunus & Anuar, 2012). Leaders of successful, high-growth companies understand that innovation is what drives growth (Bhatia, 2013). They believe that innovation is achieved by employees with a shared relentless growth attitude and shared passion for problem solving. Innovation is founded on a company's ability to recognize market opportunities and as a result, build a sustainable innovation organization from this (Burton & Thakur, 2009).

Intellectual stimulation leaders encourage employees to think creatively, analyze their problems from numerous angles and explore new and better solutions for problems by using technology (Schepers *et al.*, 2005; Gumusluoglu & Ilsev, 2009). Earlier, research on intellectual stimulation leadership has established a significant relationship between intellectual stimulation leadership and employees performance and commitment (Masi & Cooke, 2000) found that intellectual stimulation leadership style practiced by managers led to employees being more committed and less stressed. Thus, intellectual stimulation transformational leadership was found to be related to increased organizational performance (Boerner *et al.*, 2007); increased employee motivation (Bono & Judge, 2003); and greater employee commitment, loyalty and satisfaction (Bass and Riggio, 2006).

Yasin *et al.* (2014) investigated the relationship between intellectual stimulation, innovations and SMEs performance in Pakistan. This study found that intellectual stimulation may be used as a tool for the development of innovations and higher SMEs performance and this study also found a strong positive relationship of innovations to the SMEs performance. This study was done in Pakistan and cannot be generalized to the Kenyan situation.

Jung, Chow, and Wu (2003), using 32 Taiwanese electronic/telecommunication companies explored how transformational leadership affects creativity at the level of the organization. They found that intellectual stimulation leadership has significant and positive relationships with both empowerment and innovation supporting organizational climate. In another study using a sample of employees and their supervisors for 46 Korean companies, Shin and Zhou (2003) reported that intellectual stimulation leadership was positively related to followers' level of creativity. This study was done in Taiwan and only looked at the telecommunication firms only.

Yasin, Nawab, Bhatti, and Nazir (2014) investigated the relationship between intellectual stimulation, innovations and SMEs performance in Pakistan. Data was collected from the 50 SMEs in Hattar (Haripur) industrial area of Pakistan. Out of 500 questionnaires 350 were returned and 348 were valid for analysis, response rate was 70%. Pearson correlation and regression analysis was used for investigation of this relationship. This study found that intellectual stimulation may be used as tool for the development of innovations and higher SMEs performance and this study also found a strong positive relationship of innovations to the SMEs performance. This study relates to transformational leadership in that intellectual stimulation is an aspect of transformational leadership. The study was done in Pakistan and not in Kenya.

Utami (2013) sought to determine whether the intellectual stimulation can influence innovation which is mediated by knowledge sharing, and whether innovation can improve a firm's performance. The model tested on the 56 owners of small and medium enterprises (SMEs) in Tegal, Indonesia. Utilizing purposive sampling technique, with the following criteria, company has a workforce 5 to 100 people, engaged in the metal and machinery industry, not including to foreign-owned companies. Software analysis techniques PLS (Partial Least Square) are used in this research. The final results indicate that there are positive effects on intellectual stimulation, experiential sharing and explicit knowledge sharing; explicit knowledge sharing has a positive effect on product innovation and product innovation has a positive effect on business performance. While experiential sharing has a positive effect on product innovation, it is not significant. This study has important managerial implications, the psychological barriers that prevent employees sharing knowledge and experience can be enhanced through intellectual stimulation of transformational leaders, in this case the leader to be a role model that can be replicated and duplicated by subordinates or employees. This study results link the use of transformational leadership to better firm performance. However, this study was done in Indonesia and the unit of study were the owners of the SMEs. The study also used PLS for analysis.

Elgelal and Noermijati (2015) conducted a study aimed at investigating the effect of direct transformational leadership on employee motivation, jobs satisfaction, and employee performance with focus on all employees at FEB UMM.

Data was collected using questionnaires with Likert scale and the analysis was carried out using Partial Least Square (PLS). The results of the analysis conclude that the employee motivation has no significant positive effect on the employees' performance. Intellectual Stimulation was however found to be the main indicator determining transformational leadership and thus managers who encourage employees should be able to solve problems carefully, and then encourage employees to act creatively. This study used PLS

Orabi (2016) in his study looked at the impact of transformational leadership on organizational performance in Jordan. A survey was sent to randomly selected sample of 249. The respondents were sent a questionnaire. Regression analysis was used to get the results. The results of this study proved that intellectual stimulation plays a most significant role in shaping employees performance hence the outcomes for the organization performance. The investigation on the current research considers the role of transformational leadership and its four components—idealized influence, inspirational motivation, intellectual stimulation, and individual consideration—and their influence on organizational performance in three banks operating in Jordan. This study was on banks operating in Jordan and not on SMEs.

Bushra, Usman, and Naveed (2011) investigated the relationship between transformational leadership and job satisfaction and organizational commitment of employees working in banking sector of Lahore (Pakistan). A 5 point Likert scale questionnaire, consisting of 35 items, divided into four parts was designed. The findings of the study concluded that transformational leadership positively effects job satisfaction and organizational commitment of employees. Productivity and performance of an organization depend upon the job satisfaction and organizational commitment of its employees and escort to growing profits. Transformational leaders also help employees to become more creative, innovative and bring such new ideas which allow the organization to grow competitively and adapt itself to the changing external environment. This study again was in the banking sector in Pakistan.

Zhou (2012) investigated the effects of transformational and transactional leadership, and organizational commitment on the employee's job satisfaction and job performance. Data were collected through a questionnaire from 400 employees in Bangkok. The 400 questionnaires were sent back to researcher. In this study, multiple regressions were used to analyze the data. Results showed that transformational and transactional leadership had direct relationship with the employee's job satisfaction and job performance, and the organizational commitment also had the positive effect on the employee's job satisfaction and job performance. The study revealed that intellectual stimulation and idealized influence had an effect on intrinsic job satisfaction

Kirui, Iravo, and Kanali (2015) investigated the influence of intellectual stimulation and individual consideration in effective organizational performance. The study was conducted in all the 22 branches of Post Bank and National Banks within the Rift Valley, Kenya. The study used primary means of collecting data by employing quantitative approaches with a target population of 137 employees. A questionnaire was used as instrument for data collection. Analysis involved both descriptive and inferential statistics. A regression analysis was carried out and the r^2 value of 0.6374 implied that 63.7% of the variations in the effective organizational performance in state-owned banks can be explained by the variations in independent variables. Further, by quick standard error tests, the individual coefficients of the regression function were found to be significant in influencing effective organizational performance. This study was in Kenya but in the banking sector only.

Baker, Akeel, and Subramaniam (2013) examine the relationship between dimensions of transformational leadership and employee motivation in public sector organizations in Libya. The dimensions are idealized influence, inspirational motivation, individualized consideration and intellectual stimulation. A quantitative approach and a correlational research design were used in this study. Five public sector organizations in Libya were selected for the study. A total of 128 employees constituted the sample. A convenience sampling technique was used to select the sample for this study. Multiple regression analysis was used to determine the relationship between transformational leadership dimensions and employee motivation. Intellectual stimulation, inspirational motivation and individualized consideration were found to be significantly related to motivation. Together they contributed 73.7% to the variation in motivation. Intellectual stimulation was found to contribute most to the variation (66.4%). The study used convenience sampling and was done in the public sector organizations.

However, despite the wealth of conceptual work which suggests intellectual stimulation leadership and innovation are related, various empirical studies yielded contradictory results. Waldman and Atwater (1994) did not find a relationship between intellectual stimulation leadership and R&D team performance nor did Wilson-Evered,

Hartel and Neale (2001) find a relationship between intellectual stimulation leadership and team innovation. Jaussi and Dionee (2003) study showed that intellectual stimulation leadership has negative effect on innovation.

2.0 Methodology

This study adopted a quantitative research method. Stratified random sampling was applied to obtain a sample size of 226 respondents from a population of 553 senior managers. After the stratification, simple random sampling was used to select the managers from each stratum based upon the percentage that each stratum represented in the population. The strata for manufacturing comprised 40%, supplies 10%, services 36%, distributors 4% and real estate's 10% of the target population respectively. Stratified sampling technique was preferred because the SMEs were of different categories therefore; they were grouped into five strata before being sampled. Purposive sampling was used to choose the unit of analysis that is top management team (managing director, finance manager, human resources manager, operations manager and manager) from each of the 100 companies. A structured questionnaire was used to collect the quantitative data. The measures involved likert scale type of questions with responses ranging from 0=not at all to 4=always. Data was analysed using descriptive statistics and inferential statistics.

4.0 Findings

Intellectual Stimulation and Employee Performance

Under intellectual stimulation leadership behaviour, the specific constructs measured were critical thinking, problem solving, creativity and innovation and re-examine. Each construct measured the extent to which this leadership behaviour is practiced in the SMEs and as such leading employee performance.

According to the findings, the CEO fairly often encourages creativity and innovation in solving work related problems ($M = 2.76$, $SD = 1.114$). The standard deviation obtained was slightly above 1 showing that the responses had more variation from the mean value obtained. The table below shows that the CEO fairly often encourages critical thinking to issues before making decisions ($M = 2.74$, $SD = 1.094$). The standard deviation obtained was slightly above 1 showing that the responses had more variation from the mean value obtained.

The findings also reveal that, the CEO fairly encourages new ways of solving problems ($M = 2.72$, $SD = 1.128$). The standard deviation obtained was slightly above 1 showing that the responses had more variation from the mean value obtained. Further, the findings reveal that the CEO fairly often encouraged employees to appropriately re-examine critical assumptions to questions ($M = 2.56$, $SD = 1.067$). The standard deviation obtained was slightly above 1 showing that the responses had more variation from the mean value obtained.

The study also sought to analyse the views of management staff on intellectual stimulation influence on performance of employees using a table of means and standard deviations. According to the findings, the employees were fairly often committed to their work because the CEO encouraged them to look at problems from different angles ($M = 2.98$, $SD = 1.183$). The standard deviation obtained was slightly above 1 showing that the responses had more variation from the mean value obtained. The table below shows that the employees fairly often put extra effort in their work because the CEO encouraged creativity and innovation in their work ($M = 2.98$, $SD = 1.072$). The standard deviation obtained was slightly above 1 showing that the responses had more variation from the mean value obtained.

The findings also reveal that, the employees fairly often performed their duties effectively because the CEO encouraged them to use critical thinking before making decisions ($M = 2.65$, $SD = 1.292$). The standard deviation obtained was slightly above 1 showing that the responses had more variation from the mean value obtained. Further, the findings reveal that the employees fairly often were satisfied with their work because the CEO encouraged them to re-examine assumptions to questions ($M = 2.49$, $SD = 1.400$). The standard deviation obtained was slightly above 1 showing that the responses had more variation from the mean value obtained. As shown in table 4.1.

Correlation between Individualized Consideration Leadership Behaviour and Employee Performance

The study found that all the items of intellectual stimulation were positively and significantly related with employee performance. The CEO encourages critical thinking to issues before making decisions had a moderate correlation ($r(194) = .622, p < .000$); the CEO encourages new ways of solving problems also had moderate correlation ($r(194) = .570, p < .000$) as well as the CEO encourages creativity and innovation in solving work related problems $r(194) = .622, p < .000$.

The study showed a strong correlations in the constructs with employee performance: The CEO encourages us to appropriately re-examine critical assumptions to questions ($r(194) = .827, p < .000$); I perform my duties effectively because the CEO encourages me to use critical thinking before making decisions ($r(194) = .895, p < .000$); I am committed to my work because the CEO encourages me to look at problems from different angles ($r(194) = .798, p < .000$); I put extra effort in my work because the CEO encourages creativity and innovation in my work ($r(194) = .789, p < .000$) and I am satisfied with my work because the CEO encourages me to re-examine assumptions ($r(194) = .871, p < .000$). The results are presented in table 4.2

Hypothesis Testing

Chi square test was used to test the strength of association between intellectual stimulation and employee performance. The results for Chi square indicated that there was a strong association between intellectual stimulation and employee performance, $\chi^2(8, N=194) = 37.567, p = .000$. The results are presented in table 4.3.

Based on multiple linear regression models, the study sought to establish the effect of intellectual stimulation on employee performance. The following hypothesis was therefore tested:

H₀₃: Intellectual stimulation has no significant relationship with employee performance in small and medium enterprises in Kenya.

The study found that intellectual stimulation explained a significant proportion of variance in employee performance, $R^2 = .521, F(1, 194) = 208.641, p < 0.01$. The null hypothesis was rejected and the alternate accepted. The results are presented in table 4.30. The results for multiple linear regression indicated that intellectual stimulation significantly predicted employee performance, $\beta = .722, t(194) = 14.444, p < .000$. This finding implied rejection of the null hypothesis; the alternate was accepted.

5.0 Discussions and Recommendations

Individualized Consideration leadership behaviour and Employee Performance

The study findings established that intellectual stimulation was practiced by the CEOs in the top 100 SMEs in Kenya. The findings obtained showed that employees always performed their duties effectively because the leader encouraged them to use critical thinking before making decisions. This was in line with the findings of Walumbwa, Wan, Lawler and Shi (2004) who noted that leaders who practice intellectual stimulation influenced their followers to examine things critically and find novel solutions to workplace issues and in doing so, encourages them to stay motivated and more positive about their work. Bycio *et al.*, (1995) found that intellectual stimulation dimension of transformational leadership scale had a very strong positive relationship with extra effort put in by subordinates.

The study findings further illustrates that employees were committed to their work because the CEO encouraged them to look at problems from different angles. This was in line with the findings of Bass, Avolio and Bebb (1988) which states that with a leaders' intellectual stimulation, followers develop their capabilities to solve future problems. Ishaq (2008) reported that intellectual stimulation leaders provide encouragement to subordinates to be creative in looking at old problems in new ways. Llopis (2016) posits that effective communication towards problem solving happens because of a leaders' ability to facilitate open dialogue between people. They inspire people to lift their game by making the problem solving process highly collaborative; it's an opportunity to bring people together.

According to the study findings employees put in extra effort in their work because the CEO encouraged creativity and innovation in their work. Pounder (2002) mentioned that intellectual stimulation has been associated with challenging subordinates to be creative, think critically and independently before deciding upon solutions. Zhu *et al.*, (2009) proposed that intellectual stimulation is related to follower extra effort particularly when the follower is creative, innovative and proactive.

Cheung and Wong (2010) found that there is a positive relationship between intellectual stimulation and employee creativity these results were consistent with findings of Shin and Zhou (2003) study. Mumford, Scott, Gaddis and Strange (2002) posits that leadership is the most influential predictors of innovation and that the leaders' need to ensure that the structure of the work environment, human resource practiced and the climate and culture in place; should ensure that creative outcomes can occur.

Intellectual stimulation leaders re-examine assumptions. The study findings illustrates that employees were satisfied with their work because the CEO encouraged them to re-examine assumptions to questions. This is in line with findings by Bass *et al.*, (1994) who found that leaders encourage followers to question basic assumptions and to consider problems from new and unique perspectives. Caza and Posner (2014); Kouzes and Posner (2014) argues that intellectual stimulation leaders encourage their followers to challenge the status quo and looking at old problems in new ways.

The results for chi square test showed value of $\chi^2 = 37.58$, $p = .000$ which is an indication of a significant relationship between intellectual simulation and employee performance. This finding did not support Ismail *et al.* (2009) that intellectual stimulation was strongly associated with performance of an employee in the city based local authority. Similarly, the results of this study contradicted findings by Elgelal and Noermijati (2015) who found that intellectual stimulation was not strongly associated with employees' performance of the Economics and Business Faculty employees at the University of Muhammadiyah

The Pearson correlation between intellectual stimulation and employee performance showed that the two variables were strongly correlated $r(194) = .722$, $p < .000$. The study also found that intellectual stimulation explained a significant proportion of variance in employee performance, $R^2 = .521$, $F(1, 194) = 8.641$, $p < 0.01$. This study findings supported Juma and Ndisya (2016) who found that intellectual stimulation had a positive and significant effect on employee performance among staff members of Safaricom Limited. The study findings also supported Hayati *et al.*, (2014) who found that intellectual stimulation had a positive and significant effect on work engagement of governmental hospital nurses in Iran. Hayati *et al.*, (2014) argued that when transformational managers encourage their employees to be innovative and creative, establish safe conditions for the members of staff to experiment and share ideas, enable employees deal with old problems using new methods and inspiring employees to think about their conservative methods critically and share new ideas, the performance of the employees is enhanced. The current study however, does not support the study findings by Jaussi and Dione (2003); Wilson-Evered, Hartel and Neak (2001) who argued that intellectual stimulation do not encourage innovation. Choi, Wan, Tan and Low (2014) study that examined the relationship between intellectual stimulation and employee job satisfaction in government linked company in Malaysia, found no relationship between intellectual stimulation and employee job satisfaction.

Transformational leaders stimulate the efforts of their employees with respect to innovativeness, creativity and performance; they arouse continual re-examination of the status quo, stimulate change in the manner of thinking about problems, and implore the use of analogy and metaphor among others. It may therefore appear that they have the opportunity to get innovative and creative concepts for solving problems from the employees. If the concepts and the solutions of problems recommended by employees are different from the ideas represented by leader, the employees are not criticized, and the leaders' ideas are not enforced at any cost.

A transformational leader creates work environment conducive for better performance by concentrating on particular techniques, such as including employees in decision making process and problem solving; empowering and encouraging employees to develop greater independence, encouraging them to solve old problems using new techniques. It is very difficult to progress and offer quality output in today's highly competitive and changing world without these particular scopes of intellectual stimulation.

6.0 Conclusion, Recommendations and Suggestions

The results from hypothesis testing indicated that there was a statistical significant between intellectual stimulation and employee performance. The results of the regression indicated that intellectual stimulation explained a significant proportion of variance in employee performance, $R^2 = .521$, $F(1, 194) = 8.641$, $p < 0.01$. Based on this, the study concluded that better employee performance is achieved when a leader uses intellectual stimulation. When employees are encouraged to think critically in dealing with problems that they encounter in the course of their work, use their own initiative, seek innovative methods to approach their work and assignments; results into outstanding performance.

The study findings showed that better performance is achieved when employees are encouraged to re-examine assumptions, critically think when solving problems and use creativity and innovation when doing their work or assignments. Based on this, the study recommends the use of intellectual stimulation of transformational leadership style by SME leaders. The study also recommends that the leaders should always encourage creativity and innovation in solving work related problems; always encourage critical thinking to issues before making decisions; always encourage new ways of solving problems and always encourage employees to appropriately re-examine critical assumptions to questions. When creativity and innovation is encouraged, employees will come up with new innovations that will take the enterprise a notch higher.

This study was only conducted in the top 100 SMEs in Kenya this limited the study to one sector. The study also measured the viewpoints of top managers only; therefore, the views of other employees were not taken into account. Other factors affecting employee performance were also not looked at. The researcher recommends that other studies be conducted on transformational leadership and employee performance in SMEs using the views of the junior employees in the firm. Other researchers could carry out a similar research in other SMEs other than the top 100 SMEs studied in this research and the results be compared so as to establish whether there is consistency among the SMEs.

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Appendix

Table 4.1 Mean and Standard Deviation for Intellectual Stimulation

Intellectual Stimulation	N	Mean	Std. Deviation
The CEO encourages creativity and innovation in solving work related problems	194	2.76	1.114
The CEO encourages critical thinking to issues before making decisions	194	2.74	1.094
The CEO encourages new ways of solving problems	194	2.72	1.128
The CEO encourages us to appropriately re-examine critical assumptions to questions	194	2.56	1.067
Intellectual Stimulation influence on Employee Performance			
I am committed to my work because the CEO encourages me to look at problems from different angles	194	2.98	1.183
I put extra effort in my work because the CEO encourages creativity and innovation in my work	194	2.98	1.072
I perform my duties effectively because the CEO encourages me to use critical thinking before making decisions	194	2.65	1.292
I am satisfied with my work because the CEO encourages me to re-examine assumptions to questions	194	2.49	1.400

Table 4.2 Chi square Test on Intellectual Stimulation

	Intellectual Stimulation
Chi-Square	37.567 ^a
Df	8
Asymp. Sig.	.000

a. 0 cells (0.0%) have expected frequencies less than 5. The minimum expected cell frequency is 17.6.

Table 4.3 Correlation between Intellectual Stimulation and Employee Performance

		Employee Performance
Employee Performance	Pearson Correlation	1
	Sig. (2-tailed)	
	N	194
The CEO encourages critical thinking to issues before making decisions	Pearson Correlation	.622**
	Sig. (2-tailed)	.000
	N	194
The CEO encourages new ways of solving problems	Pearson Correlation	.570**
	Sig. (2-tailed)	.000
	N	194
The CEO encourages creativity and innovation in solving work related problems	Pearson Correlation	.585**
	Sig. (2-tailed)	.000
	N	194
The CEO encourages us to appropriately re-examine critical assumptions to questions	Pearson Correlation	.827**
	Sig. (2-tailed)	.000
	N	194
I perform my duties effectively because the CEO encourages me to use critical thinking before making decisions	Pearson Correlation	.895**
	Sig. (2-tailed)	.000
	N	194
I am committed to my work because the CEO encourages me to look at problems from different angles	Pearson Correlation	.698**
	Sig. (2-tailed)	.000
	N	194
I put extra effort in my work because the CEO encourages creativity and innovation in my work	Pearson Correlation	.789**
	Sig. (2-tailed)	.000
	N	194
I am satisfied with my work because the CEO encourages me to re-examine assumptions	Pearson Correlation	.871**
	Sig. (2-tailed)	.000
	N	194

* Correlation is significant at the 0.05 level (2-tailed)

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

Table 4.4 Correlation between Intellectual Stimulation Index and Employee Performance

		Intellectual Stimulation
Employee Performance	Pearson Correlation	.722**
	Sig. (2-tailed)	.000

Table 4.5 Regression Results for Intellectual Stimulation

Model Summary										
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics					
					R Change	Square Change	F Change	df1	df2	Sig. F Change
1	.722 ^a	.521	.518	.72590	.521		208.641	1	192	.000
a. Predictors: (Constant), Intellectual Stimulation										
ANOVA ^a										
Model		Sum of Squares	df	Mean Square	F					Sig.
1	Regression	109.939	1	109.939	208.641					.000 ^b
	Residual	101.171	192	.527						
	Total	211.110	193							
a. Dependent Variable: Employee Performance										
b. Predictors: (Constant), Intellectual Stimulation										
Coefficients ^a										
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.				
		B	Std. Error				Beta			
1	(Constant)	.466	.151		3.077	.002				
	Intellectual Stimulation	.762	.053	.722	14.444	.000				
a. Dependent Variable: Employee Performance										