

**LEADERSHIP STYLES, FINANCIAL RESOURCES AND THE
PERFORMANCE OF THE NORTH EASTERN COUNTY
GOVERNMENTS IN KENYA**

BY

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DECLARATION

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This project is my original work and has not been presented to any other institution of higher learning.

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DEDICATION

This work is dedicated to my family for their support and encouragement.

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ABSTRACT

The performance of devolved units can vary widely depending on a range of factors, such as the level of autonomy granted, the quality of governance, the economic and social conditions of the region, and the capacity of institutions to manage resources and deliver services effectively. Performance of the county governments has been a big dream, still not sufficiently realized. The general objective of the study was to determine the moderating effect of financial resources on leadership style and the performance of the north eastern county governments of Kenya. The specific objectives were to assess the effect of transformational leadership style, to determine the effect of transactional leadership style, to establish the effect of autocratic leadership style, to determine the effect of democratic leadership style and to assess the moderating effect of financial resources on the leadership styles and the performance of the north eastern county governments of Kenya. This study used transactional leadership theory, transformational leadership theory, contingency theory and the public value theory. The public value theory was the Anchor Theory. Explanatory research design was used and the target population was 266 staff of the northern County governments of Kenya. Cluster sampling method and purposive sampling methods were used while the Newman sampling formula was used to derive a sample size of 154 staff. The study used primary data which was collected using a structured questionnaire with questions designed using a 5 point Likert scale ranging (1 to 5). A pilot study was done in Isiolo County covering 16 staff. Validity and reliability was tested and the data collected was analyzed using Statistical Package for the Social Sciences (SPSS) version 25.0. The moderated multiple regression method was employed and descriptive and inferential statistics were derived. Data was presented in tables. The correlation results showed that transformational leadership style ($r=0.197$, $p<.024$), transactional leadership style ($r=0.221$, $p<.011$), autocratic leadership style ($r=0.229$, $p<.008$), democratic leadership style ($r=0.310$, $p<.000$), and financial resources ($r=0.223$, $p<.010$) were positively and significantly correlated with county government performance. The regression results showed that transactional leadership style ($\beta =.273$, $P=0.008$), transformation leadership style ($\beta =.194$, $p=.012$), democratic leadership style ($\beta =.244$, $P=0.019$) positively and significantly affect county government performance while autocratic leadership style ($\beta =.155$, $p=.145$) positively but insignificantly affect county government performance. Financial resources had a significant moderating effect between transformational leadership style ($\beta =.211$, $p=.019$) transaction leadership style ($\beta =.190$, $p=.044$) and performance while on the other side financial resources positively and insignificantly moderated the relationship between autocratic leadership style ($\beta=.091$, $p=.432$), democratic leadership style ($\beta =.130$, $p=.328$) and county governance performance. The study concluded transformational leadership style, transactional leadership style, autocratic leadership style, democratic leadership style and financial resources positively affect the performance of county governments. Further, financial resources moderate the relationship between leadership style and county government performance. The study recommended that county leaders should employ transformational leadership style, transactional leadership style, less of autocratic leadership style, democratic leadership style and proper financial resources management so as to improve the performance of county governments.

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ACRONYMS

DLS – Democratic Leadership Style **FR** – Financial Resources

SPSS – Statistical Package for Social Sciences

TfLS – Transformational Leadership Style

TLS – Transactional Leadership Style

DEFINITION OF KEY TERMS

Autocratic Leadership Style - Leader makes decisions and exercises control over their team or organization without the input or participation of others. In an autocratic leadership style, the leader is typically highly directive and gives orders to subordinates without seeking their input or opinions. This style of leadership is characterized by a top-down approach, with the leader holding most of the power and making most of the decisions (Kakai, & Iravo, 2020).

County Government - Administrative and governing body responsible for managing the affairs of a specific geographic area known as a county (Yulu, & Moronge, 2018).

County Government Performance - County government performance refers to the effectiveness and efficiency with which a county government carries out its functions and delivers services to its citizens. It can be measured in a number of ways, including through assessments of service delivery, fiscal management, and overall organizational effectiveness (Yulu, & Moronge, 2018).

Democratic Leadership Style - Leader encourages participation, collaboration, and feedback from their team members or followers and facilitates decision-making by involving their team in the process and valuing their input and perspectives (Chepkirui, & Gikera, 2021).

Financial Resources - Monetary assets available to a county government to invest, spend, or save for the benefit of its citizens which may include central government transfers, tax revenues, fees and fines, grants, loans, and other forms of funding (Luecke, 2018).

Transactional Leadership Style - Leader focuses on the exchange between the leader and their followers and establishes clear expectations and goals for their followers, and then provides rewards or punishments based on their performance (Wanjohi, 2019).

Transformational Leadership Style - Leader focuses on inspiring and motivating followers to achieve a shared vision or goal and works to create a positive organizational culture, encourage innovation and creativity, and develop the potential of their followers (Avolio, & Yammarino, 2019).

CHAPTER ONE: INTRODUCTION

1.0 Overview

This introductory part will cover the background of the study, the global, regional and local perspective of performance of devolved units, the statement of the problem, the objectives, hypotheses, importance and significance of the study.

1.1. Background of the Study

Performance is a measure of the level of success. It is usually gauged in comparison to a set of standards. The level of performance can be established using a number of factors. These factors are referred to as Key Performance Indicators (KPI's). Thus, numerous economists view progressive institutions as a key driver in determining socio-political and economic advancements. Through performance agencies are in a position in accordance with develop or progress. Thus, organizational overall performance is an important indicator of economic progress (Hitt, Ireland, & Hoskisson, 2020). Organizational overall performance is defined namely an organization's capability in imitation of exploit its environment because of having access to the usage of the constrained sources. Performance is a set of financial and nonfinancial indicators which offer information on the degree of achievement of objectives and expected results (David, 2017). Organizations measure their performance to sustain their growth and improving operational effectiveness involves determining key performance objectives and establishing bench marks. Benchmarking as an efficiency tool is based on the principle of measuring the performance of one organization against a standard whether absolute or relative to other organizations. This can be used to; assess performance objectively, expose areas where improvement is needed to identify organizations with processes resulting in superior performance with a view to their adoption and to test whether improvement programs have been

successful. Organizations which appreciate the value of performance measurement are able to identify operating strengths and weakness and recognize improvements when they occur for prudent and efficient service delivery (Ansoff, et. al., 2019).

Devolved units are subnational governments that have been granted a certain degree of autonomy over their own affairs, including the management of resources and the delivery of services to their citizens. The performance of devolved units can vary widely depending on a range of factors, such as the level of autonomy granted, the quality of governance, the economic and social conditions of the region, and the capacity of institutions to manage resources and deliver services effectively. In many cases, the performance of devolved units is closely linked to the political and institutional context in which they operate. For example, in countries with a strong tradition of decentralization and local governance, devolved units may be better equipped to manage their resources and deliver services effectively. Conversely, in countries with weak institutions and a history of centralized control, devolved units may struggle to manage resources and deliver services effectively. Another key factor that can influence the performance of devolved units is the level of financial resources available to them. In many cases, devolved units may be heavily dependent on transfers from the central government to finance their activities. If these transfers are inadequate or unreliable, devolved units may struggle to effectively manage resources and deliver services to their citizens (Akinyi, & Muturi, 2020). The performance of devolved units is an important issue for policymakers and citizens alike. By promoting greater autonomy and local decision-making, devolution can help to promote more effective and responsive governance. However, for devolved units to be successful, they must be equipped with the necessary resources, institutional capacity, and political support to effectively manage their affairs and deliver services to their citizens.

The county governments have experienced drastic changes in their leadership styles on achieving good county government performance. The fall in performance has affected leaders who are the key players in different ways. Although generalizations often tend to pay no attention to strategic leadership styles, there are always challenges of a specific strategy for better organizational performance, those who spend a lot of time to labor on greatly suffering from poor organizational performance. Organizational performance is the most important source to any survival of the organization. Poor organizational performance in most organizations is influenced by strategic leadership styles. Leadership entails the ability to rise up higher, and manage groups towards achieving given goals or vision that is set. The style of leadership has a strong influence on the rate of employee turnover and thus the overall performance in every organization. Kenneth & Heresy (2018), noted that any individual considered as an effective leader must be in a position to diagnose well, and subsequently take on a leadership style that can effectively and efficiently meet the demands of the situation under which they are operating at all times. There exist some leadership styles and each leader has their own most preferred. These include participative or democratic leadership which considers employees as the most effective individuals as they are included in decision making within the organization, authoritative leadership in that the managers and owners are the only ones responsible for decision-making always and lastly, laissez-faire style of leadership where utmost little or no direction is provided to the subordinates by the management meaning that they (subordinates) possess as much freedom as there is (Hitt, et al. 2020).

County government financial resource management refers to the processes, policies, and strategies used by county governments to plan, allocate, and manage financial resources. This includes the management of revenue sources, such as taxes and fees,

and the allocation of these resources to various programs, services, and projects (Ahmad, & Fakharuddin, 2019). County government financial resource management will be used as a mediator because it involves balancing the needs and priorities of different stakeholders within a county. For example, county governments must balance the needs of taxpayers who want low taxes with the needs of citizens who want high-quality public services, such as education, public safety, and infrastructure. Through effective financial resource management, county governments can create a fair and equitable distribution of resources that meets the needs of all stakeholders. Additionally, they can promote transparency and accountability in the use of public funds, which can help build trust and credibility with the public.

1.1.1 Global Performance of Devolved Units

Globally, the devolved system of governance has had mixed results in terms of performance for the different forms of local authorities. Several scholarly works have been done on the performance of devolved units in South America. In Bolivia, Faguet (2014) reported that allocation of economic resources such as; arable land and communal forest protection was more enhanced under municipal governments after devolution of these powers from the central government to these decentralized units. In Colombia, Bahl & Bird (2013) reported that devolved units performed better than the central government in the funding of water projects and the management of water resources in the country. In Chile, Hinojosa & Franscechet (2012) reported that the continued denial of equal political leadership opportunities to women did result to poor allocation of resources for the provision of women related public services such as maternal health adversely affecting the rating of performance of regional governments in the country.

In Europe different scholars have reported a wide range of findings on the performance of devolved units in the continent. In Spain, Hewitt & Hernandez-Jimenez (2010) reported that the need to allocate economic resources and in particular land for enhanced sustainable development did result to the emergence of collaborative communities among municipalities leading to better land-use practices. In Finland, equitable distribution of power at urban areas regional governments through the use of quotas is observed to have granted women equal political opportunities as their male colleagues facilitating better handling of women related issues such as maternal health (Holli, 2011). In Portugal, Barros (2012) observed that devolved units could play a key role in the allocation of economic resources that would lead to the globalization of Small and Medium Enterprises (SMEs) resulting the creation of more jobs at the municipal levels positively influencing their performance. Cicchetti & Gasbarrini (2016) established that differences in funding levels for provision of health did negatively influence the implementation of health care projects such as public hospitals and local community dispensaries in the administrative regions of Italy.

The performance of devolved units in the world varies widely, depending on a range of factors such as political, economic, social and institutional factors. Scotland is a devolved country within the United Kingdom, with its own parliament and government. The Scottish government has significant powers over a range of areas, including health, education, and transport. Scotland has generally performed well in terms of its economic and social indicators, with relatively high levels of employment, education, and life expectancy. Spain has a decentralized system of government, with 17 autonomous regions that have varying degrees of autonomy. Some regions, such as Catalonia and the Basque Country, have significant powers over areas such as taxation and education. However, the relationship between the central government and the

regions has been contentious, with some regions pushing for greater autonomy and others resisting (Mudrack, & Naughton, 2019). Canada is a federal state with 10 provinces and three territories, each with its own government and legislative assembly. While there are variations in the powers of the provinces, they generally have significant autonomy over areas such as healthcare, education, and social services. Canada has a high standard of living and is ranked highly in terms of economic and social indicators. It is thus clear, the performance of devolved units in the world is influenced by a range of factors, including the level of autonomy granted, the quality of governance, and the economic and social conditions of the country or region. While some devolved units have performed well, others have faced significant challenges in effectively managing resources and delivering services to their citizens.

1.1.2 Regional Performance of Devolved Units

In Africa, Dickovick & Riedl (2010) observed that though devolution promised better delivery of services to citizenry in the continent, different devolved units in various countries had exhibited mixed results in terms of their performance. The performance of devolved units in Africa varies widely, depending on a range of factors such as political stability, economic growth, and institutional capacity. In South Africa, Bikam, Rapodile & Chakwizira, (2015) reported that poor implementation of fiscal decentralization of the municipal infrastructure grants by provincial governments to municipal governments did adversely influence the latter's funding of on-ground water and sanitation projects. South Africa has a decentralized system of government, with nine provinces that have significant powers over areas such as health, education, and transport. However, the performance of these provinces has been mixed, with some struggling to effectively manage resources and deliver services. In Tanzania, Misafi (2014) reported on the low numbers of women both elected and nominated into political

leadership positions and these few had a very limited impact on policy amendments resulting to poor performance of regional governments on issues related to women and the girls such as Female Genital Mutilation, Early Marriages and high cases of maternal morbidity and mortality. In Uganda, Bashaasha, Mangheni & Nkonya (2011) reported on the need to create collaborative communities through inter- municipal networks and partnerships with Nongovernmental Organizations on agricultural extension and natural resources management.

Nigeria has a federal system of government, with 36 states and one federal territory. While the states have significant powers over areas such as education and health, their performance has been hindered by issues such as corruption, political instability, and weak institutional capacity. Ethiopia is a recent example of a country that has devolved power and resources to its regions. Since the adoption of a new constitution in 1995, Ethiopia has established nine regions, each with its own government and council. The performance of these regions has been mixed, with some regions experiencing significant economic growth and improved service delivery, while others have struggled with issues such as ethnic conflict and poor governance (Atnafu, 2017).

1.1.3 Local Performance of Devolved Units

Kenya is an example of a country that has devolved power and resources to its counties. Since the adoption of a new constitution in 2010, Kenya established 47 county governments, each with its own governor and assembly. Kenyans voted to decentralize government, ushering in a new era of leadership with 47 governors and their teams taking up the reins of power in newly-created counties. County governments negotiated a working relationship with the national government in terms of power and revenue sharing, and have encountered political, fiscal and administrative challenges in the delivery of services to Kenyans. As new entities, county governments lacked the

capacity, knowledge and resources to effectively deliver the devolution dividend of shared prosperity, enhanced delivery of vital services and improved management of public resources. However, the performance of these county governments has been mixed, with some counties struggling to effectively manage resources and deliver services (Ombaso, & Luketero, 2019).

Kiprono & Wanyoike (2016) reported that a county government had funded different projects such as construction of public feeder roads and bridges, public hospitals, water and sanitation and livestock improvement through artificial insemination which translated into improved standards of living for her residents. The north eastern County governments have implemented a number of strategies in an attempt to improve its performance and ranking. For example, in Garissa County, the revenue collected in the year 2014/2015 was Ksh 96 million while the targeted revenue was Ksh 500 million per year and therefore the county fell short of its revenue collection target. In the year 2013/2014 the revenue collected was Ksh 39.5 million while the targeted revenue was Ksh 500 million per year. This therefore led to the deficit in the county government budget. Inventory department that accounted for the largest portion of its assets was given the highest priority in this case. However, in spite of these heavy allocations, the revenue collection did not surpass the target.

1.2 Statement of the Problem

County governments in Kenya have been experiencing a myriad of problems including poor quality goods and services and in-efficiency leading to waste of huge amounts of public resources (Jerono & Kimutai, 2018). Counties continue to experience increasing demands from its citizenry for provision of better services in a fair and transparent manner. Performance in county governments has been challenging with various counties having difficulties in effecting the day to day operations, this has manifested

itself in various ways such as strikes and dissatisfaction. Despite the devolution of power and resources to county governments in Kenya, concerns have been raised about their performance in delivering services and promoting economic growth. While some counties have made significant strides in areas such as health and education, others have lagged behind in meeting the needs of their citizens (Ombaso, & Luketero, 2019). In Garissa County, the revenue collected in the year 2014/2015 was Ksh 96 million while the targeted revenue was Ksh 500 million per year and therefore the county fell short of its revenue collection target. In the year 2013/2014 the revenue collected was Ksh 39.5 million while the targeted revenue was Ksh 500 million per year. This therefore led to the deficit in the county government budget (Nur, & Koori, 2017). Wajir and mandera counties face various challenges, including a harsh arid climate, limited access to basic services, and occasional inter-clan conflicts.

Nduta, Shisia, Kamau & Asienga, (2017) found a relationship between strategic, institutional, integrated and analytical challenges and public resources management in county governments. Musau, & Kirui, (2018), noted that performance was affected by governance in private institutions and public owned corporations. Kakucha (2014) established that counties were struggling with the problem of change. Inefficient leadership style combined with the uncertainty of the political environment often led county governments to serious problems. Poor leadership is the main cause of failure for set plans and goals in county governments in Kenya. Counties such as Machakos, Nairobi, Kiambu and Kajiado have been in the limelight of change management challenges. They have been seen to be suffering from various conflicts between the leaders (Chepkemoi, 2015). Sarwar, (2019) found that Leadership style has a positive impact on job satisfaction while Kihoro & Mutugi, (2020) found out that the transformational leadership style influences employee job satisfaction. Muthoka, &

Waswa (2021) found out that internal controls, stakeholder participation, internal audit standards and transparency have a positive and significant relationship with on performance of county governments' in Kenya.

Kenya's devolution in its first two years of 2013/2014 and 2014/2015 was characterized by poor service delivery by the County Governments ranging from low absorption of expenditure which has averaged 35 percent for development and 85 percent for recurrent expenditure. Again there have been only a handful of counties that reached the 30 % percent threshold of development spending as revenue collection from counties were below targeted expectation in majority of the counties. In the backdrop of these mixed performance statistics across counties, two main questions pop up; is it a leadership or a financial resources problem that is derailing performance of county governments in Kenya? This study sought to find out the moderating effect of financial resources on leadership styles and the performance of the north eastern County governments of Kenya.

1.3 Objectives of the Study

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

1.3.1 General Objective of the Study

The general objective of the study was to determine the moderating effect of financial resources on leadership style and the performance of the north eastern county governments in Kenya.

1.3.2 Specific Objectives of the Study

- i. To assess the effect of transformational leadership style on the performance of the north eastern county governments in Kenya.

- ii. To determine the effect of transactional leadership style on the performance of the north eastern county governments in Kenya.
- iii. To establish the effect of autocratic leadership style on the performance of the north eastern county governments in Kenya.
- iv. To determine the effect of democratic leadership style on the performance of the north eastern county governments in Kenya.
- v. To ease the moderating effect of financial resources on the leadership styles and the performance of north eastern county governments in Kenya.

1.4 Research Hypotheses

The study was guided by the following null hypotheses;

- i. Transformational leadership style has no significant effect on the performance of the north eastern county governments in Kenya.
- ii. Transactional leadership style has no significant effect on the performance of the north eastern county governments in Kenya.
- iii. Autocratic leadership style has no significant effect on the performance of the north eastern county governments in Kenya.
- iv. Democratic leadership style has no significant effect on the performance of the north eastern county governments in Kenya.
- v. Financial resources has no significant moderating effect on leadership styles and the performance of the north eastern county governments in Kenya.

1.5 Significance of the Study

The study will positively contribute to the existing body of knowledge. This will be a reference point for scholars, academicians and future researchers. It will be of immense importance to the government and policy makers in developing the best strategies to be

implemented. It will assist the government to create favorable policies and conducive environment to encourage innovation at different levels of governance. This study will be important to the central government and north eastern county governments in leadership and management of resources so as to improve its performance. The study will help donors and other international organizations that support various development projects that can increase performance of the county. Lastly, this study will add more knowledge and bridge the gap in county leadership, financial resources management and performance of county governments.

1.6 Scope of the Study

The study focused on the moderating effect of financial resources on leadership style and the performance of the north eastern county governments in Kenya. It covered transactional leadership style, transformational leadership style, autocratic leadership style and democratic leadership style. The research study was carried out at north eastern county governments in Kenya. The target population for the study was 266 employees of the three County governments and a sample size of 160 respondents which comprised of selected CECs, and the top level management county staff. The study was carried out in the months of August 2023.

CHAPTER TWO: LITERATURE REVIEW

2.0 Introduction

This part covered the concepts under study, the theoretical framework, a review of related literature, research gaps, critique, the conceptual framework and the chapter summary.

2.1 The Concept of County Governments Performance

The performance of county governments can vary widely depending on a variety of factors, including the resources available to them, the quality of their leadership and management, and the priorities and needs of their constituents. Some indicators of good performance for county governments might include: county leadership that manages their finances responsibly and make wise investments tend to be more effective in delivering services and programs to their residents. Counties that are able to efficiently and effectively deliver key services such as public safety, public health, and infrastructure are often seen as performing well. Counties that are transparent in their decision making processes and hold their leaders accountable to their constituents tend to be more effective and trustworthy. County governments that are engaged with their communities and solicit feedback from residents are often more responsive to the needs and concerns of their constituents. Counties that are successful in attracting and retaining businesses, creating jobs, and promoting economic growth are often seen as performing well. The performance of county governments can have a significant impact on the quality of life for their residents. It is important for county leaders to prioritize the needs and interests of their constituents, communicate effectively with them, and work collaboratively to achieve their goals (Ombaso, & Luketero, 2019).

2.2 The Concept of Leadership Styles

Leadership style refers to the approach a leader takes when managing and directing a group of people or an organization. Each leadership style has its own strengths and weaknesses, and the most effective leaders are able to adapt their style to fit the needs of the situation and the people they are leading. There are several different types of leadership styles which may include transformational leadership style, transactional leadership style, autocratic leadership style, democratic leadership style and situational leadership style.

2.2.1 The Concept of Transactional Leadership Style

Transactional leadership is a style of leadership in which the leader rewards or punishes followers based on their performance. This type of leadership is often used in business and management settings, where the focus is on achieving specific goals and objectives (Kihoro, & Mutugi, 2020). Transactional leaders are concerned with maintaining the status quo and ensuring that tasks are completed efficiently and effectively. They use rewards and punishments as motivators to encourage their followers to meet their expectations and perform to the best of their abilities. The rewards and punishments used by transactional leaders can take many forms, including salary increases, bonuses, promotions, reprimands, and even termination. These incentives are designed to encourage followers to meet specific goals and objectives, and to maintain high levels of performance. While transactional leadership can be effective in achieving short-term goals and maintaining organizational stability, it may not be as effective in fostering long-term growth and innovation. Transactional leadership can be an effective style of leadership in certain situations, particularly in settings where clear goals and objectives are important and where efficiency and productivity are key priorities. However, it may

not be the best approach in settings where creativity, innovation, and risk-taking are necessary for success (Bass, & Bass, 2018).

2.2.2 The Concept of Transformational Leadership Style

Transformational leadership is a style of leadership that focuses on inspiring and motivating followers to achieve a shared vision or goal. This type of leadership is often used in organizations that require innovation, creativity, and a willingness to take risks. Transformational leaders are focused on empowering their followers and helping them reach their full potential. They do this by creating a compelling vision for the organization and inspiring their followers to work together to achieve it. They also provide support and guidance to their followers, helping them develop new skills and overcome obstacles that may be preventing them from achieving their goals (Maina, Ngugi, & Ngari, 2020). Transformational leaders are also known for their ability to create a positive organizational culture that encourages creativity, innovation, and collaboration. They foster a sense of trust and respect among their followers, and they are often seen as role models who embody the values and principles of the organization. One of the key characteristics of transformational leadership is charisma. Transformational leaders are often seen as charismatic figures who are able to inspire and motivate others through their words and actions. They are able to build strong relationships with their followers, and they are often able to create a sense of loyalty and commitment among them. Transformational leadership can be an effective style of leadership in organizations that require innovation, creativity, and a willingness to take risks. It can help create a positive organizational culture that encourages collaboration and fosters a sense of shared purpose among followers. However, it may not be as effective in settings where clear goals and objectives are more important than creativity and innovation (Bass, & Riggio, 2018).

2.2.3 The Concept of Autocratic Leadership Style

Autocratic leadership is a style of leadership in which the leader makes all decisions and controls all aspects of the organization or group. This style is often characterized by a lack of input from followers and a strict chain of command. The autocratic leader may use rewards and punishments to motivate followers, but they do not typically seek input or feedback from them (Avolio, & Gardner, 2018). Autocratic leadership can be effective in situations where quick decisions are necessary or when the leader has specialized knowledge or expertise. However, this style can also lead to a lack of creativity and innovation, as followers may not feel empowered to contribute their own ideas and solutions. Research suggests that autocratic leadership can have negative effects on followers, including reduced job satisfaction, lower motivation, and increased stress levels (Sarwar, 2019). Additionally, this style can lead to high turnover rates and difficulty in attracting and retaining talented employees (Kumar & Sharma, 2020). While autocratic leadership may be appropriate in certain situations, such as in the military or in emergency response situations, it is generally not recommended as a long-term leadership style in most organizational settings. Instead, leaders are encouraged to adopt more collaborative and inclusive leadership styles that empower followers and encourage innovation and creativity.

2.2.4 The Concept of Democratic Leadership Style

Democratic leadership is a style of leadership in which the leader involves their followers in the decision-making process and encourages their participation in organizational activities. This style is characterized by a collaborative and inclusive approach, where the leader seeks input and feedback from their followers and values their contributions. Research suggests that democratic leadership can have a positive impact on organizational outcomes, including employee satisfaction, engagement, and

productivity (Kim et al., 2020). This is because democratic leaders create a sense of ownership and responsibility among their followers, which leads to higher levels of commitment and motivation. In addition, democratic leadership fosters a culture of trust and transparency, where communication is open and honest. This can lead to better problem-solving and decision-making, as well as a more cohesive and collaborative organizational culture. However, democratic leadership may not always be the best approach in situations where quick decisions are necessary or where the leader has specialized knowledge or expertise. In such situations, a more autocratic or directive approach may be more appropriate. Democratic leadership can be an effective style of leadership in most organizational settings, particularly those that value collaboration, innovation, and employee empowerment.

2.2.5 The Concept of Financial Resources

Financial resources refer to the funds available to an organization for its operations, investments, and growth. These resources can come from a variety of sources, including revenues generated from the sale of products or services, loans from financial institutions, or investments from shareholders. Financial resources are essential for an organization to achieve its goals and objectives. Without adequate financial resources, an organization may struggle to fund its operations, invest in new projects, or expand into new markets. Financial resources can also be used to attract and retain talented employees, purchase new equipment and technology, and invest in research and development (Luecke, 2018). Effective management of financial resources is crucial for the success of any organization. This involves careful budgeting and financial planning, as well as monitoring and controlling expenses to ensure that they remain within budget. Financial resources must also be used wisely and strategically to maximize their impact and achieve the organization's goals.

County government financial resources refer to the various sources of funding that a county government has access to for the purpose of supporting its programs, services, and operations. These resources may come from both external and internal sources, and are often critical in enabling county governments to fulfill their obligations to their communities. One of the primary sources of county government financial resources is taxes. This can include property taxes, sales taxes, and other local taxes, which are collected from residents, businesses, and property owners within the county (Nakamura, 2021). Taxes provide a consistent source of revenue that county governments can rely on to fund their ongoing activities. In addition to taxes, county governments may also receive funding from intergovernmental transfers, which are grants or other forms of financial support provided by the state or federal government. These transfers may be earmarked for specific programs or services, or may be more broadly allocated to support the overall operations of the county government. Other sources of county government financial resources may include fees for services, such as building permits or licensing fees, as well as revenue generated by county-owned assets, such as parks or public utilities. Ultimately, the financial resources available to a county government will depend on a variety of factors, including the local economy, the size and needs of the community, and the policies and priorities of the county government itself (Ondieki, & Abere, 2019).

2.3 Theoretical Framework

This part covered transactional leadership theory, transformational leadership theory, contingency leadership theory and the public value theory.

2.3.1 Transformational Leadership Theory

This theory suggests that effective leaders inspire and motivate their followers to achieve a shared vision or goal. Transformational leaders are characterized by their ability to inspire and empower their followers, and to create a culture of innovation and change (Bass, 2018). This theory is a leadership approach that emphasizes the importance of leaders inspiring and motivating their followers to achieve a common vision or goal. Leaders are those who are able to inspire and motivate their followers to go beyond their own self-interest and work towards a shared vision or goal. They are able to do this by creating a sense of meaning and purpose for their followers, and by providing them with the support and resources they need to succeed. Transformational leaders are also able to empower their followers by delegating responsibility and authority, and by encouraging them to take risks and be creative. One of the key features of this theory is the emphasis on charisma and vision. Transformational leaders are able to communicate a compelling vision of the future that inspires and motivates their followers to work towards a common goal. They are also able to build strong relationships with their followers through their charisma, which allows them to create a sense of trust and loyalty (Maina, et. al., 2020). Further, this theory focus on individualized consideration. Transformational leaders are able to understand and respond to the individual needs and concerns of their followers. They are able to provide personalized support and guidance to help their followers achieve their full potential. Also, it is a leadership approach that emphasizes the importance of leaders inspiring and motivating their followers to achieve a common vision or goal. It highlights the importance of charisma and vision, as well as individualized consideration, in creating a sense of trust and loyalty and empowering followers to achieve their full potential. This theory is important in this study as it supports transformational leadership style.

2.3.2 Transactional Leadership Theory

Transactional Leadership Theory is a leadership approach that focuses on the exchange relationship between leaders and followers. The concept was first introduced by Max Weber in the early 20th century and has since been further developed and refined by scholars in the field of leadership studies. In this theory, leaders use rewards and punishments to motivate their followers. They establish clear expectations and goals and provide rewards, such as promotions and bonuses, for meeting or exceeding those expectations. Conversely, they provide punishments, such as demotions and reprimands, for failing to meet expectations. Leaders also use transactional leadership to maintain the status quo, ensuring that organizational processes are followed and rules are obeyed (Wanjohi, 2019). This theory has the emphasis of transactional exchanges. Leaders use rewards and punishments to motivate followers, and followers comply with the leader's expectations in exchange for these rewards. This creates a transactional relationship between the leader and the follower. Further, it focuses on efficiency and productivity. Leaders use transactional leadership to ensure that organizational processes are followed and that goals are met. This results in increased efficiency and productivity, which are important for organizational success. Transactional Leadership Theory is a leadership approach that focuses on the exchange relationship between leaders and followers. It highlights the importance of rewards and punishments in motivating followers, and the focus on efficiency and productivity in achieving organizational goals (Kihoro, & Mutugi, 2020).

The theory focuses on the basic management process of controlling, organizing, and short-term planning and involves motivating and directing followers primarily through appealing to their own self-interest. The power of transactional leaders comes from their formal authority and responsibility in the organization. The main goal of the

follower is to obey the instructions of the leader. The style can also be mentioned as a 'telling style'. The leader believes in motivating through a system of rewards and punishments. This theory is important in this study as it supports the transactional leadership style.

2.3.3 Contingency Theory of Leadership

This theory notes that the effectiveness of a leader depends on two factors: the leader's style and the situational favorableness. The leader's style is measured by the "Least Preferred Co-worker" (LPC) questionnaire, which asks the leader to describe the co-worker they have least enjoyed working with. The situational favorableness is determined by three factors: leader-member relations, task structure, and position power. Based on these two factors, two main types of leadership styles: task-oriented and relationship-oriented are crafted. Task-oriented leaders are focused on getting the job done and tend to be more autocratic in their decision-making style. Relationship-oriented leaders, on the other hand, focus on building strong relationships with their team members and tend to be more democratic in their decision-making style (Mohammed, & Halim, 2022).

Fiedler (1969) also identified three levels of situational favorableness: high, moderate, and low. In a high situational favorableness, the leader has good relationships with team members, the task is clearly structured, and the leader has a significant amount of position power. In this situation, a relationship-oriented leadership style is most effective. In a low situational favorableness, the leader has poor relationships with team members, the task is unstructured, and the leader has limited position power. In this situation, a task-oriented leadership style is most effective. In a moderate situational favorableness, both leadership styles can be effective. Therefore, according to the contingency theory of leadership, democratic leadership style is more effective in

situations where the leader has good relationships with team members, the task is clearly structured, and the leader has a significant amount of position power (i.e., high situational favorableness). In contrast, autocratic leadership style is more effective in situations where the leader has poor relationships with team members, the task is unstructured, and the leader has limited position power (i.e., low situational favorableness). This theory is important in this study as it postulates that a leader can exercise different leadership styles at different times thus it supports the democratic and the autocratic leadership styles.

2.3.4 Public Value Theory

This theory suggests that the primary goal of government organizations, including county governments, should be to create public value. Public value is defined as the value that government organizations create for society through the provision of public services, and it is created through a combination of economic, social, and political factors (Moore, 2019). This is a management framework that aims to improve the performance of public organizations by creating and delivering value to their stakeholders. The theory posts that public organizations exist to create value for society and their stakeholders, which may include citizens, taxpayers, elected officials, and other government agencies. Value creation involves a combination of outputs (what the organization produces) and outcomes (the effects of those outputs on society), as well as the process by which the organization operates. It emphasizes the importance of collaboration and engagement with stakeholders in defining and creating public value (Pestoff, 2023).

One of its key features is the focus on outcomes rather than outputs. This means that public organizations should not just be concerned with producing goods or services, but also with the impact those goods or services have on society. It encourages public

organizations to engage with stakeholders in defining and measuring outcomes, as well as to continually monitor and evaluate the effectiveness of their programs and services. Further, is the idea of strategic management? Public organizations must be strategic in their decision-making, considering both the short-term and long-term consequences of their actions. The theory advocates for the use of strategic planning and performance management to guide decision-making and ensure that resources are allocated in a way that maximizes public value. The Public Value Theory is a management framework that emphasizes the creation and delivery of value to stakeholders in the public sector. It highlights the importance of outcomes, stakeholder engagement, and strategic decision-making in improving the performance of public organizations (Painter, & Vachudova, 2022). This theory is important as it supports prudent financial resources management which leads to better performance of county governments thus it is the anchor theory.

2.4 Review of Variables

This part will provide literature review on the study variables which will be; transactional leadership, transformational leadership, democratic leadership and financial resources and their effect on the performance of County government.

2.4.1 Transactional Leadership Style and Performance of County Governments

Transactional Leadership Style is a leadership approach that focuses on the exchange relationship between leaders and followers. The leader sets clear expectations and goals, and followers comply with those expectations in exchange for rewards or punishments. On the positive side, TLS can provide clear guidance and direction for employees. This can help to increase efficiency and productivity, as employees know what is expected of them and are motivated to meet those expectations in order to receive rewards (Wanjohi, 2019). In addition, TLS can help to ensure that rules and

regulations are followed, which is important in a government context where adherence to procedures and policies is necessary. However, there are also potential negative effects of TLS on county government performance. For example, it can lead to a focus on short-term goals at the expense of long-term planning and development. This can result in a lack of innovation and creativity, as employees may be motivated primarily by the immediate rewards rather than a commitment to long-term goals. In addition, TLS can create a culture of compliance rather than a culture of engagement and empowerment, which can lead to lower employee morale and motivation (Owiti, & Omolo, 2019).

To mitigate the potential negative effects of TLS on county government performance, it is important to incorporate elements of transformational leadership. Transformational leaders inspire and motivate employees by providing a vision of the future and empowering them to achieve that vision. By combining elements of TLS with transformational leadership, county government leaders can provide clear guidance and direction while also fostering a culture of innovation, creativity, and engagement. Transactional Leadership Style can have both positive and negative effects on performance in county government. While it can provide clear guidance and direction, it can also create a focus on short-term goals and a culture of compliance rather than engagement. To mitigate these potential negative effects, it is important to incorporate elements of transformational leadership (Akinyi, & Muturi, 2020).

These exchanges involve four dimensions: Contingent Rewards: Transactional leaders link the goal to rewards, clarify expectations, provide necessary resources, set mutually agreed upon goals, and provide various kinds of rewards for successful performance. They set SMART (specific, measurable, attainable, realistic, and timely) goals for their subordinates. Active Management by Exception: Transactional leaders actively

monitor the work of their subordinates, watch for deviations from rules and standards and taking corrective action to prevent mistakes. **Passive Management by Exception:** Transactional leaders intervene only when standards are not met or when the performance is not as per the expectations. They may even use punishment as a response to unacceptable performance. **Laissez-faire:** The leader provides an environment where the subordinates get many opportunities to make decisions. The leader himself abdicates responsibilities and avoids making decisions and therefore the group often lacks direction. The transactional leaders overemphasize detailed and short-term goals, and standard rules and procedures. They do not make an effort to enhance followers' creativity and generation of new ideas. This kind of a leadership style may work well where the organizational problems are simple and clearly defined. Such leaders tend to not reward or ignore ideas that do not fit with existing plans and goals. The transactional leaders are found to be quite effective in guiding efficiency decisions which are aimed at cutting costs and improving productivity. The transactional leaders tend to be highly directive and action oriented and their relationship with the followers tends to be transitory and not based on emotional bonds. The theory assumes that subordinates can be motivated by simple rewards. The only 'transaction' between the leader and the followers is the money which the followers receive for their compliance and effort (Kihoro, & Mutugi, 2020).

2.4.2 Transformational Leadership Style and Performance of County Governments

Transformational Leadership Style is a leadership approach that emphasizes inspiring and motivating employees to achieve a common vision. In the context of county government, TLS can have significant positive effects on performance. TLS can lead to increased employee motivation and engagement, which can in turn lead to higher

productivity and better performance outcomes. Transformational leaders communicate a clear and compelling vision, and inspire employees to share in that vision and work towards achieving it. This can create a sense of purpose and meaning in employees' work, which can increase their dedication and commitment to achieving the organization's goals. In addition, TLS can help to foster innovation and creativity in county government. Transformational leaders encourage employees to think creatively and take risks, and provide support and resources to help them implement their ideas. This can lead to the development of new programs, processes, and services that improve the efficiency and effectiveness of government operations (Avolio, & Yammarino, 2019).

Furthermore, TLS can help to build trust and relationships between leaders and employees. Transformational leaders create a supportive and empowering work environment, and demonstrate a genuine concern for their employees' well-being and development. This can lead to higher levels of job satisfaction and lower turnover rates, which can contribute to improved performance outcomes over time. Overall, the use of TLS in county government can lead to improved performance outcomes through increased employee motivation and engagement, fostered innovation and creativity, and strengthened relationships and trust between leaders and employees. Transformational leadership has become a widely acclaimed concept in both academia and managerial practitioners owing to its contribution to organizational positive behavior such as commitment, reduced absenteeism, loyalty, job satisfaction, self-efficacy, motivation, creativity and organizational performance (Hitt, et. al. 2020). Transformational leadership interventions are becoming a necessity for organizations to become competitive in the global environment. Personal values that could have started out as separate but related, ultimately end up being fused into one common

purpose, unleashing high amounts of energy and enthusiasm that reinforces the concept of a shared vision. When transformational leadership style results in emotional attachment of the followers, and trust and respect towards the leader. In reciprocal, employees exhibit extraordinary behavior to fulfill their leader's shared vision

Transformational leaders are people who inspire their followers to work towards the good of the company both in the short-term and long-term. Inspiration is created through influence and awareness about outcomes that relate to the realization of the organization's vision. Transformational leadership is a process where a strong personal identification is maintained with the leader. Transformational leaders are empathetic people and people-oriented who focus on people development. It follows that emotions and values where the role of the leader plays an integral part in making activities meaningful for followers (David, 2017). Transformational leaders broaden and elevate the interests of their followers, stimulate awareness and enable them to transcend their own interests for the betterment of the organization. Njiiu contemplates that transformational leaders motivate their followers to commit organizational objectives and perform beyond expectations. Transformational (2017) to the leaders strategically enhance job satisfaction levels by imparting a clear mission, vision and values to their followers. Transformational leaders have the ability to influence followers to perform at maximum levels. This is achieved through their influence to inspire and challenge innovative thinking among followers with a view to solving problems differently. Chandrasekara, (2019) identified four dimensions of transformational leadership namely; idealized influence, inspirational motivation, intellectual stimulation and individualized consideration.

Creating high-performance workforce has become increasingly important and to do so business leaders must be able to inspire organizational members to go beyond their task

requirements. As a result, new concepts of leadership have emerged - transformational leadership being one of them. Transformational leadership may be found at all levels of the organization: teams, departments, divisions, and organization as a whole. Such leaders are visionary, inspiring, daring, risk-takers, and thoughtful thinkers. They have a charismatic appeal. But charisma alone is insufficient for changing the way an organization operates. For bringing major changes, transformational leaders must exhibit the following four factors: Inspirational motivation: The foundation of transformational leadership is the promotion of consistent vision, mission, and a set of values to the members. Their vision is so compelling that they know what they want from every interaction. Transformational leaders guide followers by providing them with a sense of meaning and challenge. They work enthusiastically and optimistically to foster the spirit of teamwork and commitment. Intellectual stimulation: Such leaders encourage their followers to be innovative and creative. They encourage new ideas from their followers and never criticize them publicly for the mistakes committed by them. The leaders focus on the “what” in problems and do not focus on the blaming part of it. They have no hesitation in discarding an old practice set by them if it is found ineffective (Hitt, et. al 2020).

Idealized influence: They believe in the philosophy that a leader can influence followers only when he practices what he preaches. The leaders act as role models that followers seek to emulate. Such leaders always win the trust and respect of their followers through their action. They typically place their followers needs over their own, sacrifice their personal gains for them, and demonstrate high standards of ethical conduct. The use of power by such leaders is aimed at influencing them to strive for the common goals of the organization. Individualized stimulation: Leaders act as mentors to their followers and reward them for creativity and innovation. The followers are treated differently

according to their talents and knowledge. They are empowered to make decisions and are always provided with the needed support to implement their decisions.

2.4.3 Autocratic Leadership Style and Performance of County Governments

Autocratic leadership style is a leadership approach that emphasizes centralized decision-making and control, with the leader making decisions and giving orders that are expected to be followed without question. In the context of county government, this leadership style can have both positive and negative effects on performance. On the positive side, autocratic leadership can lead to faster decision-making and more efficient implementation of policies and programs. This is because the leader has complete control and can quickly make decisions without needing to consult with others or engage in time-consuming deliberations. In addition, the clarity of the leader's directives can help to reduce confusion and increase focus on achieving specific objectives. However, there are also significant negative effects of autocratic leadership on the performance of county government. This leadership style can lead to low employee morale and motivation, as employees may feel that their opinions and input are not valued or taken into consideration. This can lead to reduced job satisfaction and lower levels of commitment to the organization's goals, which can ultimately result in lower performance outcomes (Kakai, & Iravo, 2020). Furthermore, autocratic leadership can create a culture of fear and mistrust among employees. When leaders use fear and coercion to ensure compliance, employees may become resentful and uncooperative, which can lead to increased conflicts and reduced collaboration within the organization.

In this style of leadership, a leader has complete command and hold over their employees and or team. The team cannot put forward their views even if they are best for the team's or organizational interests. They cannot criticize or question the leader's

way of getting things done. The leader himself/herself gets the things done. The advantage of this style is that it leads to speedy decision-making and greater productivity under leader's supervision. Drawbacks of this leadership style are that it leads to greater employee absenteeism and turnover. This leadership style works only when the leader is the best in performing or when the job is monotonous, unskilled and routine in nature or where the project is short-term and risky (Kumar, & Sharma, 2020).

2.4.4 Democratic Leadership Style and Performance of County Governments

Democratic leadership style is a leadership approach that emphasizes collaboration, participation, and shared decision-making among leaders and their subordinates. In the context of county government, this leadership style can have both positive and negative effects on performance outcomes. On the positive side, democratic leadership can lead to higher levels of employee engagement, motivation, and job satisfaction. This is because employees are given the opportunity to participate in decision-making and feel that their input is valued and taken into consideration. This can lead to a greater sense of ownership and commitment to achieving the organization's goals, which can ultimately result in improved performance outcomes. In addition, democratic leadership can lead to higher levels of creativity and innovation within the organization. This is because employees are encouraged to share their ideas and suggestions, which can lead to the development of new and innovative approaches to problem-solving and decision-making (Chepkirui, & Gikera, 2021). However, there are also potential negative effects of democratic leadership on performance outcomes. One potential drawback is that the decision-making process can be slower and more time-consuming than with other leadership styles. This is because there is a greater emphasis on collaboration and consensus-building, which can lead to delays and inefficiencies in decision-making. Furthermore, democratic leadership can sometimes lead to conflicts

and disagreements within the organization. This is because there may be differing opinions and perspectives among employees and leaders, which can lead to disagreements and tensions within the group.

The leaders invite and encourage the team members to play an important role in decision-making process, though the ultimate decision-making power rests with the leader. The leader guides the employees on what to perform and how to perform, while the employees communicate to the leader their experience and the suggestions if any. The advantages of this leadership style are that it leads to satisfied, motivated and more skilled employees. It leads to an optimistic work environment and also encourages creativity. This leadership style has the only drawback that it is time-consuming (Bass, 2018). The democratic leadership style, or participative management, actively involves the people being led. Democratic leaders often seek feedback and input from subordinates. They encourage conversation and participation in the decision-making process. The democratic leadership style, or participative management, actively involves the people being led. Democratic leaders often seek feedback and input from subordinates. They encourage conversation and participation in the decision-making process. The democratic leadership style can benefit both employees and employers. When it comes to employees, human beings have an innate need to have control over their lives. They need to feel that their efforts are recognized and that they can make valuable contributions to the world. When these needs are fulfilled, employees are more likely to stay with their current organization (Fung, & Wright, 2021).

A democratic management style caters to these needs and is shown to have the following benefits: improved employee engagement, increased job satisfaction and employee experience, boosted employee morale, increased productivity, employees feel more valued at work, it strengthens workplace relationships at all levels, people

feel more connected to the work they're doing, employees feel empowered to suggest creative solutions, collaboration is more fruitful, brainstorming is more energized, and It builds trust between employees, teams, and management. A democratic management style can improve your culture of employee engagement, commitment, and job satisfaction. This leadership style also leads to deeper relationships. Specifically, between the democratic leader and their team members. This is accomplished by building trust and respect. Also, a democratic leader encourages people to voice their opinions and share their ideas. So the team is more likely to come up with creative solutions to problems. Also, democratic leaders allow the team to think through problems and decisions. This teaches their teams important skills. Like problem-solving and critical thinking. Over time, these team members are in a better position to take on bigger responsibilities and operate more independently. Ultimately, developing new leaders (Mwakio, & Kimaru, 2022).

Along with the benefits, there are some challenges associated with a democratic leadership style. Though democratic leaders care deeply cared for their teams, they may have trouble leading during a crisis. These types of leaders rely on team opinions when making important decisions. So it can be challenging for them to make difficult decisions in a time crunch. Additionally, there are various inputs and opinions to be considered when making decisions. So arriving at a decision or a solution through this approach can be a slow process. Lastly, a democratic process involves listening to numerous, and often contradictory, ideas. So getting to a consensus can be a real challenge. This may also lead to some team members feeling disheartened if their ideas aren't chosen for implementation (Van Engen, Willemsen, & Van der Lippe, 2020).

2.4.5 Financial Resources and Performance of County Governments

Financial resources refer to the money, capital, or funds that an individual, organization, or government has at their disposal to finance their activities, projects, or investments. Financial resources can come from various sources such as revenues from sales, investments, loans, grants, or donations. These resources are crucial for the day-to-day operations and long-term sustainability of an entity. Adequate financial resources are essential for achieving organizational goals, providing services, and undertaking development projects. Effective management of financial resources is critical for ensuring the efficient and effective use of these resources and achieving optimal results (Van Horne, & Wachowicz, 2018). Financial resources play a crucial role in the performance of county governments. Adequate financial resources are essential for county governments to effectively carry out their mandate of providing essential services to their citizens. The following are ways in which financial resources affect the performance of county governments;

Financial resources enable county governments to provide essential services such as healthcare, education, and infrastructure. Without adequate financial resources, county governments may not be able to provide these services, resulting in poor performance. Financial resources are required to undertake development projects such as construction of roads, bridges, and other infrastructure. Lack of financial resources can result in delayed or abandoned projects, affecting the performance of the county government. Further, County governments require financial resources to recruit, train, and retain qualified staff. Without adequate financial resources, county governments may not be able to attract and retain competent staff, affecting the quality of services delivered. Lastly, adequate financial resources enable county governments to effectively manage their finances, including budgeting, financial reporting, and audit compliance. Poor

financial management can result in misappropriation of funds, corruption, and poor service delivery. Simply put, financial resources are essential for the performance of county governments. County governments need to ensure that they have adequate financial resources to effectively carry out their mandate of providing essential services to their citizens (Mwenda, & Waweru, 2020).

2.5 Research Gaps

Table 2.1 Research Gaps

Author	Study	Findings	Gaps
Yulu, & Moronge (2018)	Procurement Methods on Performance	tendering, restricted tendering, single sourcing, affects performance of county governments of Kenya	Missing leadership styles, financial Resources
Nduta, Shisia, Kamau & Asienga (2017)	Challenges Facing Public Resources Management	strategic, institutional, integrated and analytical challenges affect public resources management	Missing leadership styles, performance of County government
Muthoka, & Waswa (2021).	Governance Practices and Performance of County Governments	internal controls, stakeholder participation, internal auditstandards and transparency affect performance of county governments' in Kenya	Missing leadership styles, financialresources
Musau& Kirui (2018)	Project management practices and implementation of government Projects	Governance affects performance	Leadership styles, financial resources
Sarwar, (2019)	Autocratic leadership and job satisfaction	Leadership styles affect job satisfaction	Financial resources, performance
Kihoro & Mutugi (2020)	Transactional leadership and job satisfaction	Transformational leadership styles affect job satisfaction	Financial resources , performance
Yulu & Moronge (2018)	Procurement Methods and performance	Open tendering, restricted tendering, and single sourcing affects performance of county government	Leadership styles, financial resources

2.6 Critique of Literature Review

Despite the many benefits of the Public Value Theory, it lacks a clear and consistent definition of what constitutes "public value". While the theory emphasizes the importance of creating value for society and the public, there is no clear agreement on what this actually means or how it can be measured. This can lead to confusion and inconsistency in how the theory is applied in practice, and can make it difficult to evaluate the effectiveness of public value initiatives (Pestoff, 2023). Another critique is that the theory may place too much emphasis on the role of public managers and leaders, and not enough on the broader social and political context in which they operate. Critics argue that the theory may overlook the importance of factors such as political ideology, social norms, and power dynamics in shaping the creation and distribution of public value. Finally, some have argued that Public Value theory is too focused on the short-term and may not adequately address long-term social and environmental sustainability. Critics argue that, the theory's emphasis on delivering immediate public value may lead to a neglect of longer- term considerations, such as the need for sustainable resource use and the protection of natural ecosystems.

2.7 Summary

This chapter covered the concepts of county government performance, transactional leadership style, transformational leadership style, autocratic leadership style, democratic leadership style, situational leadership style and financial resources. It also covered transactional leadership theory, transformational leadership theory, contingency theory, situational leadership theory and the public value theory. Further it reviewed related literature on transactional leadership style, transformational leadership style, autocratic leadership style, democratic leadership style, situational

leadership style, financial resources and performance of county government. The research gap, a critique, a summary and the conceptual framework are also included.

2.8 Conceptual Framework

A conceptual framework is a structure that provides a theoretical foundation for understanding a particular phenomenon or conducting research in a specific field. It outlines the key concepts, theories, and relationships between variables that guide the research process (Creswell, 2016). The conceptual framework of this study will be derived from the transactional leadership theory, the transformational leadership theory, the contingency theory and the public value theory.

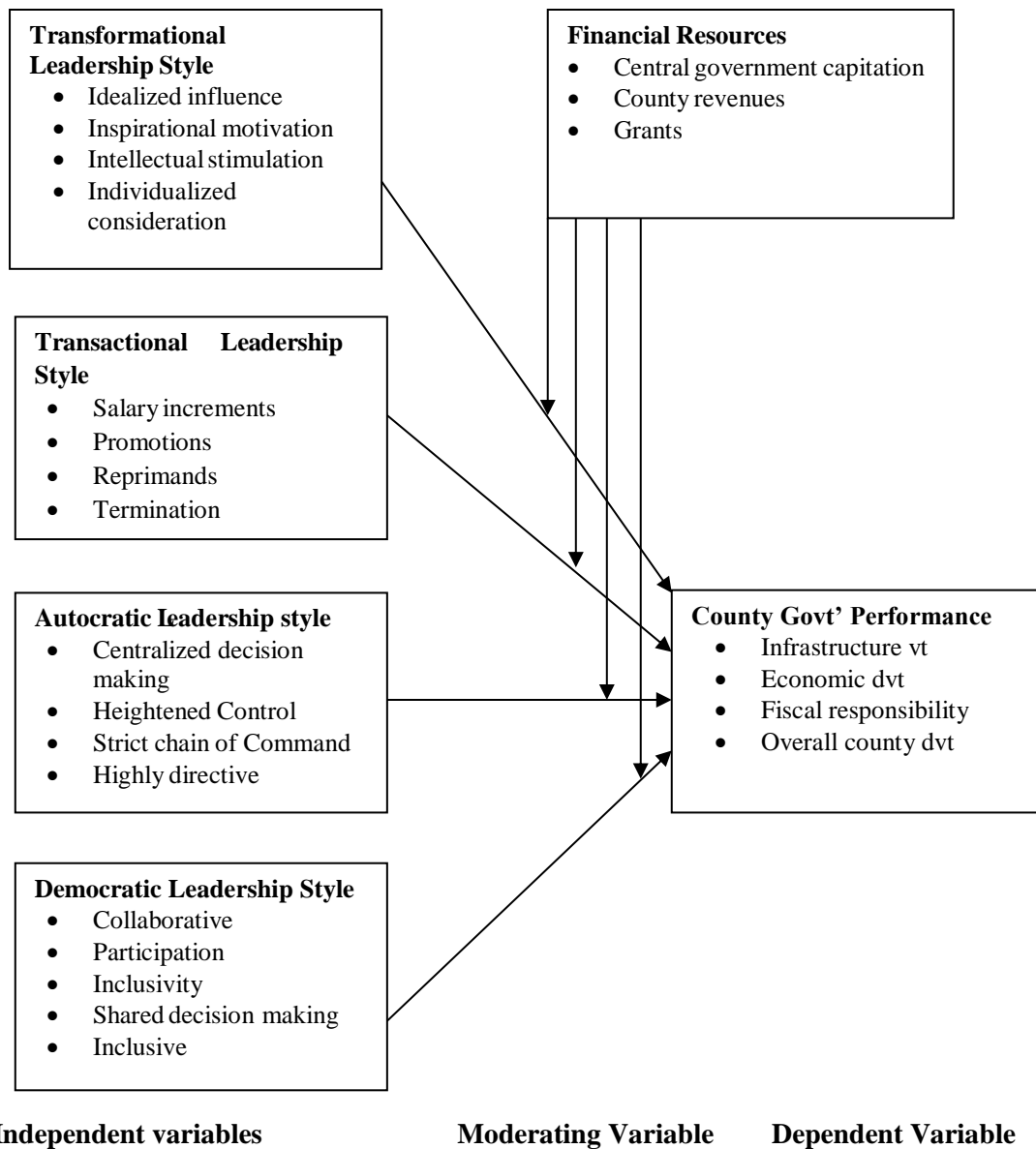


Fig 2.1: Conceptual Frame Work

Source: Researcher 2023)

CHAPTER THREE: RESEARCH METHODOLOGY

3.0 Introduction

This section describes the research design, target population, sampling techniques, data sources, data collection procedure, pilot study, validity and reliability of research instruments, data analysis, presentation and ethical considerations.

3.1 Research Design

The research design refers to the overall strategy chosen to integrate the different components of the study in a coherent and logical way, thereby, ensuring the research problem has been effectively addressed. It constitutes the blueprint for the collection, measurement, and analysis of data (Kothari, 2016). Explanatory research design was used in this study. Cooper & Schindler, (2016) notes that explanatory research focuses on why questions. In answering the `why' questions, the study is involved in developing causal explanations. This design was appropriate because it applied closely to the research objectives of this study and was practical in testing the study hypothesis.

3.2 Study Area

The study area refers to the geographic or physical location where a research study is conducted. It is the specific area or region that the researcher has chosen to investigate or collect data from, which may be determined by the research question, research objectives, or availability of data. This study was carried out at the north eastern County governments of Kenya that is Garisaa, Wajir and Mandera counties. These three counties face similar challenges and are among the least developed among the 47 county governments in Kenya.

3.3 Target Population

The target population as a universal set of all participants of a hypothetical or real set of events, people or objects of which the researcher uses to align the response result. The target population can be defined in terms of geographical location, age, income, and many other characteristics. The target population of this study was 266 staff (15 selected CECs and 251 top management staff) of the three north eastern county governments of Kenya. The county faces various challenges, including a harsh arid climate, limited access to basic services, and occasional inter-clan conflicts. These top management staff have the information the researcher was seeking.

Table 3.1: Target Population

CECs	15
Garissa County	105
Wajir County	81
Mandera County	65
Total	266

Source: North Eastern County Government Records (2022)

3.4 Sampling, Sample Size and Sampling Technique

This part covered sampling, sample size and the sampling Technique.

3.4.1 Sampling

Sampling is the process of selecting a representative subset of individuals or elements from a larger population for the purpose of conducting research or analysis. The selected subset, or sample, is used to draw inferences about the larger population, as collecting data from every single member of the population can be time-consuming and costly. It is the process of selecting a sufficient number of the right elements from the target population. The sampling frame is the actual list of individuals and items that the sample will be drawn from (Creswell, & Creswell, 2017). The sampling frame of this study was the top management of the north eastern county governments of Kenya.

3.4.2 Sampling Technique

Sampling technique refers to the method used to select individuals or units from a population for inclusion in a sample. The choice of sampling technique depends on the research question, the nature of the population, and the available resources. Cluster sampling is a sampling technique that involves dividing the population into clusters, which are usually based on some natural grouping or geographic location (Groves, Fowler, & Couper, 2019). This study adopted cluster sampling technique to classify Garissa, Wajir and Mandera counties. Further, purposive sampling method was used to identify specific top management staff who have the kind of information the researcher was seeking.

3.4.3 Sample Size

The sample size refers to the number of individuals or elements selected from a larger population to be included in a research study. The sample size is a crucial aspect of research design, as it affects the precision, accuracy, and generalizability of the research findings (Kothari, 2016). The study applied the Neyman allocation sample formulae to calculate the sample size because it is simple to use as illustrated below;

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

Whereby, N is the target population, n is the sample size and e is the level of precision and in this study, 95% level of confidence was used which gave 0.05 chance of deviation from the actual. Therefore;

$$n = \frac{266}{1 + 266(0.05)^2} = 160$$

3.4.4 The Unit of Analysis and Unit of Observation

The unit of analysis is the entity that frames what is being looked at in a study, or is the entity being studied as a whole, within which most factors of causality and change exist. It is the type of unit a researcher uses when measuring the study variables (Bell, Bryman, & Harley, 2018). In this study, the unit of analysis was the north eastern county governments while the unit of observation was the middle and top management of the north eastern County governments of Kenya who have intensive expert knowledge on leadership styles, financial resources and performance of the County Governments.

Table 3.2 Sample Size

	Target Population	Sample size
CECS	15	9
Garissa County	105	63
Wajir County	81	49
Mandera County	65	39
Total	266	160

3.5 Data Types, Collection and Procedures

This part covered the data types, data collection instruments and the data collection procedures.

3.5.1 Types of Data

Primary data is a type of data that is collected by researchers directly from main sources through interviews, surveys and experiments. It is usually collected from the source where the data originally originates from. The sources of primary data are usually chosen and tailored specifically to meet the demands or requirements of a particular research (Thompson, Strickland, & Gamble, (2018). This study used primary data sources to test the moderating effect of financial resources on leadership styles and the performance of the north eastern County governments of Kenya.

3.5.2 Data Collection Instrument

A data collection instrument is a tool used by researchers to collect data from participants in a research study. It can be a questionnaire, survey, interview guide, observation protocol, or any other type of tool designed to collect information from participants. The instrument should be carefully developed to ensure that it is valid and reliable, meaning that it measures what it is intended to measure and produces consistent results over time (Thomson, et. al., 2018). This study employed structured questionnaires to collect primary data. Structured questionnaire is a preferred and efficient method of collecting first-hand information thus was ideal for this study because of its suitability to collect information that is not directly observable such as opinions or individual experience. Structured questionnaires are also easy to administer and analyze (Sekeran & Bounge, 2016). The questions were crafted using a Likert-type scales in a five point response categories to measure attitude and opinions. The five point Likert scale (1 = strongly disagree to 5 = strongly agree) was developed for rating responses of independent, dependent and moderating variables (Hair et. al., 2014).

3.5.3 Data Collection Procedures

Data collection started by ensuring the instrument is fit for the job. An introduction letter from Moi University and a research permit from NACOSTI were obtained and attached to the structured questionnaire when they were being distributed to the respondents. The respondents were given time to fill in the questionnaires by way of ticking respective responses that were be reflective of their opinion about the various statements in the questionnaire. The filled questionnaires were collected back by the researcher ready to be processed and analyzed.

3.6 Pilot Study

A pilot study as a mini study to test research protocols, data collection instruments, sample recruitment strategies, and other research techniques in preparation for a larger study. It is one of the important stages in a research project and is conducted to identify potential problem areas of the research instrument (Sounders et. al., 2019). In this study, a pilot study was carried on 16 top level management of the Isiolo county government. Isiolo County is neighboring the northern eastern county governments and faces similar opportunities and challenges.

3.6.1 Reliability Test

The reliability of an instrument is the measure of the degree to which a research instrument yields consistent results or data after repeated trials (Bell, et. al., 2018). Pilot study was done to determine the consistency of the questionnaire and to establish the extent to which the questionnaire elicits the same responses every time it is administered. In order to test the reliability of the instrument, the Cronbach alpha test which is a measure of internal consistency was used. The Cronbach alpha score ranges from 0 to 1 and the study adopted a Cronbach Alpha score of 0.7 for all constructs. All constructs scored above .7 thus were all deemed reliable.

3.6.2 Validity Test

Validity testing is a process used by researchers to determine whether a research study measures what it is intended to measure. It involves assessing the extent to which the results of the study can be generalized to the larger population, and whether the conclusions drawn from the study are accurate and reliable. Content validity refers to the extent to which a research instrument measures all aspects of the concept being studied and was tested by exposing the questionnaire to the two supervisors to ensure it had the correct content (Kothari, 2016).

3.7 Data Processing, Analysis and Presentation

The study collected primary data for dependent, independent and mediating variables from the north eastern County governments which was processed, analysed and presented to solve the research problem.

3.7.1 Data Processing

Data processing is a series of actions or steps performed on data to verify, organize, transform, integrate, and extract data in an appropriate output form for subsequent use (Sounders, et. al., 2019). The primary data was coded, cleaned, and entered into the computer for analysis using SPSS. The data was summarized and tabulated in order to see emerging trends and issues around specific themes, which were dependent on the variables and objectives of the study.

3.7.2 Data Analysis and Presentation

Data analysis involves the use of a variety of techniques, such as descriptive statistics, inferential statistics, and data visualization, to identify patterns, relationships, and trends in the data and to draw meaningful conclusions (Hair, Black, Babin, & Anderson, 2022). Collected data was fed into the SPSS program for analysis. Descriptive statistics (mean, mode, kurtosis and skewness) and inferential statistics (correlation analysis, mediated multiple regression analysis, Analysis of Variance (ANOVA), model summary, and hypotheses testing) were generated. Correlation analysis was used to test the relationship among the variables and thus to make predictions about future behavior (Creswell, 2014). The moderated multiple regression analysis was conducted to test the significant of each variable at a confidence level of 95%. Data was presented in tables. The regression equation of the study before and after moderation was applied as shown below;

$$Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + s$$

Where,

Y = County Government Performance

α = Constant

$\beta_1 \dots \beta_3$ = the slope representing degree of change in independent variable by one unit variable.

X_1 = Transformational leadership style, X_2 = Transactional leadership style, X_3 = Autocratic leadership style, X_4 = Democratic leadership style

ε = error term

In testing for moderating effect of financial resources, the regression equation of the study will be as shown below;

$$Y = \alpha + \beta_1 X_1 * F + \beta_2 X_2 * F + \beta_3 X_3 * F + \beta_4 X_4 * F + s$$

Where,

Y = firm performance

α = Constant

$\beta_1 \dots \beta_3$ = the slope representing degree of change in independent variable by one unit variable. X_1 = Transformational leadership style, X_2 = Transactional leadership style, X_3 = Autocratic leadership style, X_4 = Democratic leadership style, F = Financial resources

ε = error term

3.7.3 Assumptions of the Multiple Linear Regression Model

a. Normality

Normality test is used to determine whether the data sets are normally distributed. Normality holds that the distribution of the test is bell-shaped with 0 (zero) mean, with 1 (one) standard deviation and a symmetric bell shaped curve (Saunders et al., 2019). It is assumed that the residuals of variables will be normally distributed. That is, the errors in the prediction of value Y (the dependent variable) are distributed in a way that approaches the normal curve. The normality test was done using normal distribution.

b. Linearity

The assumption of linearity was tested by creating a scatter plot using SPSS Statistics where the researcher plotted the dependent variable against the independent variable and then visually inspect the scatter plot to check for linearity. Where the relationship displayed in the scatter plot (Kothari & Garg, 2014).

c. Homoscedasticity

Heteroscedasticity was minimized by ensuring that the data used in hypothesis testing will be approximately normal and is accurately transformed and that the right functional forms of regression model are selected and variables presented by scatter plot diagrams of the dependent variable (DV) will widen or narrow as the value of the independent variable (IV) increases. The inverse of heteroscedasticity is homoscedasticity which indicates that a DV's variability is equal across values of an IV. At each level of the predictor variables(s), the variance of the residual terms should be constant (Bell, et. al., 2018).

d. Multicollinearity

Multicollinearity refers to the relationship between two or more exogenous variables, where the independent variables demonstrate little correlation with other independent variables (Hair, et al., 2013). Multicollinearity was tested by first establishing the inter-correlations between the independent variables and those correlations of 0.9 and higher was seen as good candidates for deletion. Multicollinearity was tested statistically by use of the VIF (Variance Inflation Factor). The VIF for a predictor indicates whether there is a strong linear association between itself and all the remaining predictors. VIF is a reciprocal of the tolerance. Larger VIF greater than 10 was indicative of Multicollinearity. However, the most reliable statistical test of multicollinearity was an examination of tolerance and Variance Inflation Factor (VIF) with the thresholds of more than 0.1 and VIF of 10 (Hair et al., 2013).

3.8 Ethical Considerations

Ethical considerations refer to the principles and guidelines that researchers must follow to ensure that their research is conducted in an ethical and responsible manner. These considerations are intended to protect the rights, dignity, and well-being of the research participants, as well as the integrity and credibility of the research itself. Ethical considerations in research include obtaining informed consent from participants, protecting confidentiality and privacy, ensuring that the risks and benefits of participation are balanced and minimized, and avoiding deception or coercion of participants. The information from all respondents in this study was treated with high degree of confidentiality. The identity and responses from the respondents was not disclosed and necessary permissions were sought through an introduction letter from Moi University and the research from NACOSTI.

Table 3.3 Hypotheses Testing

Objective	Null Hypothesis	Type of Analysis	Interpretation
To assess the effect of transformational leadership style on the performance of the northern county governments of Kenya.	H₀₁: Transformational Leadership significant performance	Pearson Correlation Regression Analysis	If p-value < 0.05, Reject the null hypothesis
To determine the effect of transactional leadership style on the performance of the northern county governments of Kenya	H₀₂: Transactional leadership style has no significant effect on the performance of the northern county governments of Kenya.	Pearson Correlation Regression Analysis	If p-value < 0.05, Reject the null hypothesis
To establish the effect of autocratic leadership style on the performance of the county government of northern county governments of Kenya.	H₀₃: Autocratic leadership style has no significant effect on the performance of the northern county governments of Kenya	Pearson Correlation Regression Analysis	If p-value < 0.05, Reject the null hypothesis
To determine the effect of democratic leadership style on the performance of the northern county governments of Kenya	H₀₄: Democratic leadership style has no significant effect on the performance of the northern county governments of Kenya.	Pearson Correlation Regression Analysis	If p-value < 0.05, Reject the null hypothesis
To assess the moderating effect of financial resources on leadership styles and performance of the northern county governments of Kenya	H₀₅: Financial resources has no significant moderating effect on the leadership styles and the performance of the northern county governments of Kenya.	Pearson Correlation Regression Analysis	If p-value < 0.05, Reject the null hypothesis

Table 3.4 Variable Description and Measurement

Variable	Operationalization	Measurement
Transformational leadership style	<ul style="list-style-type: none"> • Idealized influence • Inspirational motivation • Intellectual stimulation • Individualized consideration 	Five-Likert Scale
Transactional leadership style	Salary increments <ul style="list-style-type: none"> • Promotions • Reprimands • Termination 	Five-Likert Scale
Autocratic leadership style	Centralized decision making <ul style="list-style-type: none"> • Heightened Control • Strict chain of Command • Highly directive 	Five-Likert Scale
Democratic leadership style	Collaborative <ul style="list-style-type: none"> • Participation • Inclusivity • Shared decision making • Inclusive 	Five-Likert Scale
Financial resources	<ul style="list-style-type: none"> • Central government capitation • County revenues • Grants 	Five-Likert Scale
County Performance Government	<ul style="list-style-type: none"> • Infrastructure development • Economic development • Fiscal responsibility • Overall performance 	Five-Likert Scale

CHAPTER FOUR

DATA RESULTS AND REPORTING

4.0 Introduction

This chapter presents the analysis reports in line with the research objectives. The key sections in this chapter are; Factor Analysis, descriptive results, correlation results and hierarchical multiple regression analysis results.

4.1 Response rate

Out of the 160 questionnaires sent out for data collection, only 133 were finally obtained back and thus used for the analysis. This translated to a response rate of 83.1% which was attributed to the good preparation that was conducted for the study.

4.2 Validity Test

Factor analysis is a statistical method used to describe variability among observed, correlated variables in terms of a potentially lower number of unobserved variables called factors. It is a versatile statistical technique that provides insights into the underlying structure of a dataset, simplifies complex data, and aids in the interpretation and modeling of relationships among variables. Three common outputs of FA are sampling adequacy, Factor Matrix and variance explained results discussed as follows

Table 4.1 KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.	.905
Bartlett's Test of Sphericity	Approx. Chi-Square 5124.160
Df	276
Sig.	.000

Source: Research Data, (2023)

The Kaiser-Meyer-Olkin Measure of Sampling Adequacy is a statistic that indicates the proportion of variance in variables that might be caused by underlying factors. High

values (close to 1.0) generally indicate that a factor analysis may be useful with the data. The KMO values above 0.905 indicate the sampling is adequate. Bartlett's test of sphericity tests the hypothesis that the correlation matrix is an identity matrix, which would indicate that the variables are unrelated and therefore unsuitable for structure detection. Small p values (less than 0.05) of the significance level indicate that a factor analysis may be useful with data. The two tests in Table 4.1 shows that the data is suitable for structure detection using FA technique. This is because the KMO is close to 1 and Bartlett significant is less than 0.05. Therefore it was appropriate to proceed and interpret the other FA output results of total variance and rotated components. The original data had a total of 24 items meant to measure six different latent constructs (four leadership styles, FR and performance). Table 4.2 and Table 4.3 shows the results of the items. Table 4.2 shows the Total Variance of the six factor structure that was extracted. It shown that the structure explained a total variance of 70.35 percent of variance in the original data

Table 4.2 Total Variance Explained

Factor	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	8.841	36.839	36.839	7.174	29.892	29.892	3.849	16.037	16.037
2	3.512	14.635	51.474	2.913	12.137	42.030	3.793	15.802	31.839
3	2.397	9.988	61.462	2.838	11.827	53.857	3.536	14.735	46.574
4	1.950	8.124	69.586	2.127	8.861	62.717	2.723	11.344	57.918
5	1.146	4.776	74.362	.900	3.750	66.468	2.154	8.976	66.895
6	.751	3.129	77.491	.934	3.892	70.359	.832	3.465	70.359
7	.594	2.474	79.965						
8	.519	2.164	82.129						
9	.504	2.100	84.229						
10	.435	1.812	86.041						
11	.400	1.666	87.707						
12	.379	1.581	89.288						
13	.342	1.426	90.714						
14	.300	1.250	91.964						
15	.282	1.176	93.140						
16	.256	1.067	94.207						
17	.249	1.038	95.245						
18	.229	.953	96.198						
19	.198	.827	97.025						
20	.175	.729	97.754						
21	.164	.682	98.436						
22	.146	.608	99.043						
23	.131	.547	99.591						
24	.098	.409	100.000						

Extraction Method: Maximum Likelihood.

Source: Research Data (2023)

The rotated component matrix table 4.3 is also an important FA output for interpretation. It shows the actual item in each component. Key appealing results shown by the results is that items meant to measure a same construct loaded the same component. Items meant to measure different component loaded to different components. Items meant to measure transactional items loaded to component one and those meant to measure informational leadership loaded to component 2. The results is one indicator of construct validity. Since items in one component measure same construct they were averaged to compute one scale variable to represent that latent construct. For instance, the four transactional items in component one were combined to form Transactional Leadership Variable as a measure of Transactional leadership in

the Northern Counties of Kenya. This way the six variables were computed for hypothesis testing. The descriptive results of the six variable and further reliability is discussed in the next section.

Table 4.3 Rotated Matrix

	Factor					
	1	2	3	4	5	6
settTansform_2	.897					
Transform_1	.861					
Ransform_3	.791					
Transform_5	.719					
Transactional_1		.897				
Transactional_2		.878				
Transactional_4		.849				
Transactional_3		.789				
Autocratic_1			.885			
Autocratic_2			.834			
Autocratic_3			.776			
Autocratic_5			.669			
Democratic_3				.663		
Democratic_4				.654		
Democratic_1				.650		
Democratic_2				.644		
Resources_1					.813	
Resources_2					.802	
Resources_3					.774	
Resources_4					.762	
Perfromance-1						.777
Pefromance-2						.760
Performance-3						.634
Pefromance-4						.613

Source: Research Data, (2023)

4.3 Reliability Test

The study conducted reliability using Cronbach's Alpha score and the results were presented below.

Table 4.4 Reliability Results

	Cronbach's Alpha	Number of Items
Transformational leadership	.889	4
Transactional leadership	.865	4
Autocratic Leadership	.847	4
Democratic leadership	.867	4
Financial resources	.774	4
Performance	.733	4

Source: Research Data, (2023)

The Cronbach's values greater than 0.7 are considered good. The reliability test results in Table 4.5 produced Cronbach's scores of greater than the 0.7. It was therefore concluded that the instrument demonstrated adequate reliability.

4.4 Descriptive Results

Descriptive analysis of data involves summarizing and presenting the main features of a dataset, such as its central tendency, variability, and distribution. This type of analysis provides a comprehensive and easily understandable overview of the key characteristics of the data. In essence, descriptive analysis serves as the foundation for more advanced statistical analyses and is essential for making data-driven decisions, formulating research questions, and effectively communicating findings to a wide audience. The study generated descriptive statistics and the results were presented below.

Table 4.5 Descriptive Results

	Mean	Std. Deviation	Skewness		Kurtosis	
	Statistic	Statistic	Statistic	Std. Error	Statistic	Std. Error
Transformation Leadership	3.86	.698	-1.020	.210	2.457	.417
Transactional Leadership	3.67	.736	-.546	.210	.830	.417
Autocratic Leadership	3.75	.701	-.955	.210	1.868	.417
Democratic Leadership	3.91	.701	-.944	.210	2.422	.417
Financial Resources	3.87	.743	-.803	.210	1.565	.417
County Performance	3.69	.780	-.952	.210	1.497	.417

Source: Research Data (2023)

Of the four leadership styles, the democratic leadership style is the most predominant in the northern counties of Kenya (Mean=3.91, SD=0.701). A democratic leadership style invites team members at every level to participate in decision making in a consultative democratic-leadership approach. Transformational leadership is the second predominant leadership style used in counties in northern Kenya (Mean=3.86, SD=.698). This is a leadership style in which the leaders take control of situations by

conveying a clear vision of the group's goals. These leaders have a marked passion for the work and an ability to make the rest of the group feel recharged and energized. Autocratic leadership style (Mean=3.75, SD=.701) is the third most predominant leadership prevalent at Northern counties in Kenya. This kind of leadership is characterized by limited input from followers and it is the leader that makes most if not all decisions, leaving little if any room for feedback.

However, of all the four leadership styles, transaction leadership was least dominant among the northern counties (Mean=3.67, SD=.736). This is a style of leadership that inspires positive changes in those led and is invested in the success of every single member involved in the process. Overall, the results shows that each of the four leadership styles have a place among the three northern counties in Kenya. The skewness and kurtosis statistics are collectively used to assesses how serious data departure from normality. For a perfect normal distribution, the skewness is zero and kurtosis of three. The results in table 4.5 revealed a skewness statistics less than one and Kurtosis less than 3 as needed to support no evidence for significant departure from normality.

4.5 Correlation Results

Correlation Analysis is a critical technique in statistics and econometrics to investigate nature and strength relations between variables. Correlation analysis is a statistical technique used to evaluate the strength and direction of the relationship between two quantitative variables. Table 4.6 results shows the correlations of the leadership styles and performance in the northern counties.

Table 4.6 Correlation Results

		Transform'	Transac'	Autocra'	Democr'	Fin Reso'	Performan ce
Transformation	Pearson Correlation	1					
	Sig. (2-tailed)						
Transactional	Pearson Correlation	.726**	1				
	Sig. (2-tailed)	.000					
Autocratic	Pearson Correlation	.738**	.829**	1			
	Sig. (2-tailed)	.000	.000				
Democratic	Pearson Correlation	.713**	.742**	.800**	1		
	Sig. (2-tailed)	.000	.000	.000			
Resources	Pearson Correlation	.722**	.724**	.791**	.814**	1	
	Sig. (2-tailed)	.000	.000	.000	.000		
Performance	Pearson Correlation	.197*	.221*	.229**	.310**	.223*	1
	Sig. (2-tailed)	.024	.011	.008	.000	.010	

Source: Research Data (2023)

The leadership styles used by the leadership are positively and significantly associated with county performance at 0.05 level of significant. The positive association between leadership style and performance results implied that each of the leadership styles has positive performance outcome. Transformational leadership style ($r=0.197$, $p=.024$), transactional leadership style ($r=0.221$, $p=.011$), Autocratic leadership style ($r=0.229$, $p=.008$), democratic leadership style ($r=0.310$, $p=.000$), and financial resources ($r=0.223$, $p=.010$) were all positively and significantly correlated with county performance. This implies that an improvement on the leadership style and an increase in financial resources leads to increased performance of the county governments.

4.6 Moderated Linear Regression Analysis Results

A moderated multiple linear regression was used to assess the moderation effect of financial resources on relation between leadership style and county performance. It was hypothesized that financial resources strengthen the positive effect of leadership style and performance. The moderated multiple regression of procedure was used in which the interaction term were introduced as IVs into the model. However the regression

assumptions were assessed first using residual analysis for assumptions of normality, heteroskedasticity and linearity. However, VIF test assessed assumptions of no multicollinearity.

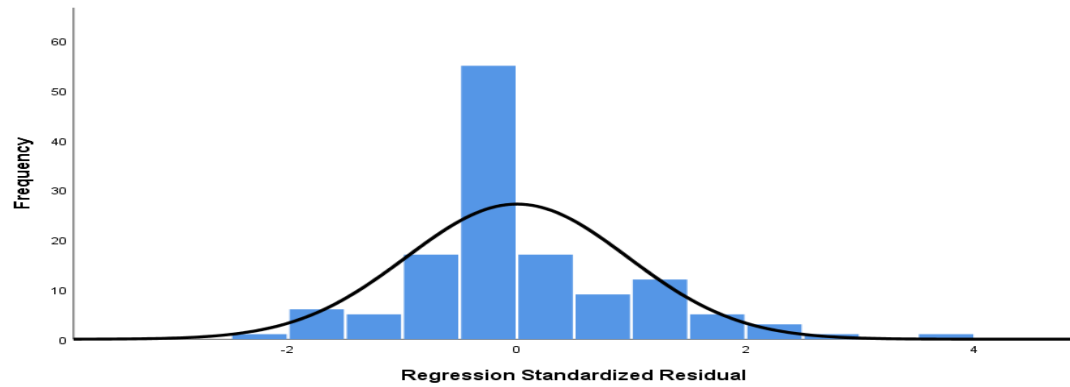


Fig. 4.1 Regression Standardized Residual

Source: Research Data, (2023)

The histogram of regression residuals in figure 4.1 has shape best describing a normal distribution. The scatter plot of standardized residuals and predicted values in Figure 4.2 (below) show an even distribution of residuals along the regression line (line $y=0$) is even indication that the constant variance assumption is not significantly violated. Normal distributed residuals with constant variance imply the linearity assumption is met as well.

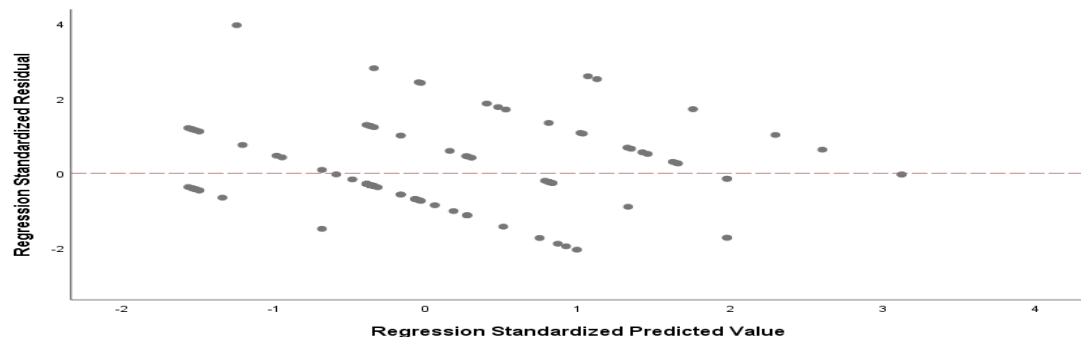


Fig. 4.2 Regression Standardized Values

Source: Research Data, (2023)

In statistics and moderation analysis in the multiple linear regression framework, two change statistics; the R square change and F change forms the core statistics to confirm or fail to confirm moderation. Significant R square and F change in model 2 is an indicator of significant moderation. From the empirical model summary Table 4.7 results, the R-square of the model 1 consisting of leadership styles and resources as predictors of performance is $R^2 = .628$, $F=42.282$, $p<.000$ indicating that the leadership explain 62.8% of performance variance. The change $\Delta R^2=0.037$, $\Delta F= 3.346$, $p=0.012$ indicating significant moderation. This means that the financial resources explain 3.7% of performance variations over and above the performance explained by leadership styles alone.

Table 4.7 Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. Change
1	.793 ^a	.628	.614	.638	.628	42.282	5	125	.000
2	.816 ^b	.665	.641	.615	.037	3.346	4	121	.012

Source: Research Data, (2023)

Table 4.8 ANOVA

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	85.936	5	17.187	42.282	.000 ^b
	Residual	50.812	125	.406		
	Total	136.748	130			
2	Regression	90.996	9	10.111	26.740	.000 ^c
	Residual	45.752	121	.378		
	Total	136.748	130			

Source: Research Data (2023)

The ANOVA results show the fitness of the overall model. It provides the evidence of suitability of relying on the set of model predictors to predict the outcome variable. As

shown, in model 1, the F ratio is significant ($F=42.282$, $p=0.000$) indication that the model is appropriate in predicting leadership styles and performance of the county governments. In model 2, the F ratio is significant ($F=26.740$, $p=0.000$) indication that the model is appropriate in predicting the moderating effect of financial resources and the relationship between leadership styles and performance of the county governments.

Table 4.9 Moderated Multiple Linear Regression Coefficients

Model		UnStandardized B	Std. Error	Standardized Beta	t	Sig.	Hypothesis Test
1	Constant	.308	.338		.911	.364	
	Transformation	.268	.100	.273	2.682	.008	Reject Ho ₁
	Transaction Leadership	.226	.107	.194	1.647	.012	Reject Ho ₂
	Autocratic Leadership	.168	.114	.155	1.466	.145	Fail to reject Ho ₃
	Democratic Leadership	.280	.118	.244	2.372	.019	Reject Ho ₄
	Resources	.401	1.082	3.001	3.013	.990	Fail to Reject Ho ₅
2	Constant	.160	.363		.439	.661	
	Transformation	.281	.097	.286	2.897	.004	Reject Ho ₁
	Transaction Leadership	.189	.134	.162	1.412	.161	Fail to reject Ho ₂
	Autocratic Leadership	.191	.114	.177	1.680	.096	Fail to Reject Ho ₃
	Democratic Leadership	.258	.114	.225	2.257	.026	Reject Ho ₄
	Financial Resources	.231	.134	.158	1.727	.087	Reject Ho ₅
	<i>Transformation X M</i>	.314	.133	.211	2.367	.019	Reject Ho _{5a}
	<i>Transaction X M</i>	.271	.131	.190	2.216	.044	Reject Ho _{5b}
	<i>Autocratic X M</i>	.135	.171	.091	.788	.432	Fail to reject Ho _{5c}
	<i>Democratic X M</i>	.192	.195	.130	.982	.328	Fail to reject Ho _{5d}

a. Dependent Variable: performance
Source: Research Data, (2023)

In moderation analysis based on the multiple linear regression approach, the regression coefficient results (Table 4.9) provides two important information. The first information is the significance of the IVs in the model in predicting the DV and the second information is between which IV and DV the moderation occurred. In the latter case, it is achieved by inspecting the significance of the interaction term. Now as seen

in the coefficient results table 4.9 Transformational leadership in model 1 has a significant positive effect ($\beta=.273$, $P=0.008<.05$) on county performance. Further, the Transformation leadership style and financial resource interaction term in model 2 is significant indicating significant moderation (Transaction X M; $\beta =.211$, $p=.019$). Thus it is concluded that financial resources moderates the positive effect of transformational leadership style on county performance. It is also seen that transactional leadership style has a positive and significant effect on county performance (model 1; $\beta =.194$, $p=.012<.05$). However, the financial resources had a significant moderating effect on the positive relation between transactional leadership style and performance because the interaction term, Transaction X M is significant ($\beta =.190$, $p=.044<.05$). Further, it was noted that autocratic leadership style has positive effect on county performance. However, the effect is not significant ($\beta =.155$, $p=.145>0.05$). And democratic leadership style has positive effect on county performance ($\beta =.244$, $p=0.019<.05$) and this positive effect is not significantly affected by financial resources because the interaction term, democratic X M, is not significant ($\beta =.130$, $p=.328>.05$). The fitted model using the regression estimates are of the two models are as follows;

$$\text{Performance} = .308 + .273\text{Transformational} + .194\text{transactional} + .155\text{autocratic} + .244\text{democratic} + .401\text{financial}$$

$$\text{Performance} = .160 + .286\text{Transformational} + .162\text{transactional} + .177\text{autocratic} + .225\text{democratic} + .158\text{M} + .211\text{transformationXM} + .190\text{TransactionXM} + .091\text{auroctaicXM} + .130\text{democraticXM}$$

4.7 Discussion of Key Findings

The results showed that transformation leadership style had positive significant effect on county government performance. Previous studies also found significant positive effect of transformation leadership on firm performance. Hitt, et. al. (2020) noted that

transformational leadership has big contribution to organizational positive behavior such as commitment, reduced absenteeism, loyalty, job satisfaction, self-efficacy, motivation, creativity and organizational performance. The findings are in support of the views of this study that transformation leaders' behaviors support employee productivity outcomes. Transformation leaders motivate followers to be creative and they expect creativity, give authority for the employees to make decisions and monitoring and mentoring them. Very important, it was found that financial resources positively and significantly moderated the relationship between \ transformational leadership style and County government performance.

These findings indicated that transactional leadership had a positive effect on county government performance. According to the basic assumptions of transaction leadership, people perform their best when the chain of command is definite and clear. Rewards and punishments motivate workers. Obeying the instructions and commands of the leader is the primary goal of the followers. Wanjohi, (2019) noted that transactional leadership help to increase efficiency and productivity, as employees know what is expected of them and are motivated to meet those expectations in order to receive rewards. This increases their performance which in turn improves performance of organizations. It was found that financial resources positively and significantly moderated the relationship between transactional leadership style and County government performance.

On autocratic leadership style, the results showed positive but insignificant effect on county government performance. Earlier studies on autocratic leadership performance in different situations and industry revealed mixed results. Kakai, & Iravo, (2020) noted that autocratic leadership style can lead to low employee morale and motivation, as employees may feel that their opinions and input are not valued or taken into

consideration. This can lead to reduced job satisfaction and lower levels of commitment to the organization's goals, which can ultimately result in lower performance outcomes. Autocratic leadership is characterized by individual control over all decisions and little input from group members, Autocratic leaders make choices based on their ideas and judgments and rarely accept advice from followers and it is dominant in political appointments such as county governments. The non-effectiveness of Autocratic leadership could be perhaps be attributed to fact that it discourages group input, hurts morale, leads to resentment, ignores or impairs creative solutions and expertise from county technocrats. It was found that financial resources positively but insignificantly moderated the relationship between autocratic leadership style and County government performance.

Finally, democratic leadership style showed significant positive effect on county government performance. Chepkirui, & Gikera, (2021) noted that under democratic leadership style, employees are encouraged to share their ideas and suggestions, which can lead to the development of new and innovative approaches to problem-solving and decision-making. It was further found that financial resources positively but insignificantly moderated the relationship between democratic leadership style and County government performance. Reflecting on the entire results, the study found that a mix of the four leadership styles are practiced in the two counties of Northern Kenya and that leadership style has positive significant effect on county performance. Further, it was established that financial resources strengthen the positive effect of leadership styles and performance of the county governments.

CHAPTER FIVE

SUMMARY CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

This section present the summary of the study. The conclusion of the study based on the study objectives are presented. Finally the recommendation of the study and further research are presented at the end of the chapter.

5.2 Summary

The results showed that transformation leadership style has positive significant effect on county government performance. The findings are in support of the views of this study that transformation leaders' behaviors support employee productivity outcomes. Transformation leaders motivate followers to be creative and they expect creativity, give authority for the employees to make decisions and monitoring and mentoring them. It was found that financial resources strengthened the positive effect of transformation leadership style on County performance. Transaction leadership showed positive significant effect on county government performance. The moderation test results revealed that financial resources strengthened the positive effect of transactional leadership style on county government performance. According to the basic assumptions of transaction leadership, people perform their best when the chain of command is definite and clear. Rewards and punishments motivate workers. Obeying the instructions and commands of the leader is the primary goal of the followers. Financial resources positively and significantly moderated the relationship between transactional leadership and county government performance.

Autocratic leadership style showed positive but insignificant effect on county government performance. Autocratic leadership is characterized by individual control over all decisions and little input from group members, autocratic leaders make choices

based on their ideas and judgments and rarely accept advice from followers and it is dominant in political appointments such as county governments. The non-effectiveness of autocratic leadership could be perhaps be attributed to fact that it discourages group input, hurts morale, leads to resentment, ignores or impairs creative solutions and expertise from county technocrats. Financial resources positively but insignificantly moderate the relationship between autocratic leadership style and county government performance. Finally, democratic leadership style showed significant positive effect on county government performance. Financial resources positively but insignificantly moderate the relationship between democratic leadership style and county government performance. Reflecting on the entire results, the study found that a mix of the four leadership styles are practiced in the three counties of Northern Kenya and that leadership style has positive significant effect on county performance. Further, it was established that financial resources strengthen the positive effect of leadership style on county government performance.

5.3 Conclusions

Based on the findings, the study made the following conclusions;

1. Transformation leadership style positively and significantly affects the performance of the county governments
2. Transactional leadership style positively and significantly affects the performance of the county governments
3. Democratic leadership style positively and significantly affects the performance of the county governments
4. Autocratic leadership style positively and significantly affects the performance of the county governments

5. Financial resources positively moderates the relationship between leadership and performance of the county governments

5.4 Recommendations

5.4.1 Managerial Recommendations

1. The county governments should nurture an environment that encourage transformation leadership style to thrive so as to improve on their performance.
2. County governments should nurture an environment that encourage transactional leadership style to thrive so as to improve on their performance. This can be achieved by defining a clear chain of command that put emphasis on rewards and punishments.
3. County governments should nurture an environment that discourage autocratic leadership style to thrive so as to improve on their performance.
4. County governments should nurture an environment that encourage democratic leadership style to thrive so as to improve on their performance. This can be achieved by leveraging on group decision making and active member involvement, honest praise and criticism so as to motivate employees.
5. County governments should ensure financial resources are availed in time and for the right budgets so as to improve on their performance.

5.5 Suggestions for Further Studies

The current study investigated the moderating effect of financial resources on the relationship between leadership and performance of Northern county governments. Other studies should be done on the same topic but in other counties which fall in different parts of Kenya.

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APPENDICES

Appendix I: Introduction Letter

Ismail Maalim Ali
P.O. Box 80923-80100,
Cell 0722 243567
Mombasa.,
3rd April, 202

To County Staff,
Garissa County.
Wajir County,
Mandera County

Dear Sir/ Madam,

RE: REQUEST FOR PERMISSION TO COLLECT RESEARCH DATA

I am a student at Moi University Coast Campus pursuing a Degree of Masters in Business Administration (MBA-Strategic Management). Pursuant to the pre-requisite course work, I would like to conduct a research titled '**THE MEDERATING EFFECT OF FINANCIAL RESOURCES ON LEADERSHIP STYLE AND PERFORMANCE OF THE NORTHERN COUNTY GOVERNMENTS OF KENYA**'.

Kindly complete the attached questionnaire. Data collected shall be treated with utmost Confidentiality and strictly will be used for academic purposes only.

Thanking you in advance as I look forward for your cooperation. Yours faithfully,

Ismail Maalim Ali
Student, School of Business and Economics

Appendix II: Questionnaire

1. Name of your County (Optional)

2. For how long have you worked in the county?

a. Less than five years ()

b. 5 – 10 years ()

c. Over 10 years ()

Key:

0 = Not at all 1 = Once in a while 2 = Sometimes 3 = Fairly often 4= Frequently/always

	<i>Transformational leadership</i>	0	1	2	3	4
1.	The leaders go beyond self-interest for the good of the County					
2.	The leaders always talk optimistically about the future of the County					
3.	The leaders help others to develop Considerations for their strengths.					
4.	Leaders in this county motivates employees by appealing to their self interest					
	<i>Transactional leadership</i>					
1.	Leaders in this County make clear what one can expect to receive when performance goals are achieved					
2.	The leaders always keep track of all mistakes committed by the employees of the County					
3.	The leaders intervene only when the standards are not met in the County					
4.	The leaders watches and searches for deviations from rules and standards, then takes action					
	<i>Autocratic leadership</i>					
1.	The leaders prefer making decisions without input from others in this County					
2.	The leaders do not prefer listening to different points of view					
3.	The leaders are not always open to change/ inflexible					
4.	The leaders expect others to follow without question					
	<i>Democratic leadership</i>					
1.	Employees are in most times part of the decision-making process.					

2.	Most workers prefer supportive communication from their leaders.						
3.	It is the leader's job to help subordinates find their "passion."						
4.	Leaders in this firm help subordinates accept responsibility for completing their work.						
	<i>Financial resources</i>						
1.	The financial resources are adequate						
2.	The financial resources are received at the required time						
3.	The financial resources are available for each department in the county						
4.	The utilization of resources is optimal						
	<i>Performance indicators</i>						
1.	Compared to other counties, Infrastructure development has increased						
2.	Economic development has increased						
3.	Fiscal management has improved						
4.	Overall Performance of the County Government has improved						

The leadership style indicators were adopted from Multi factor Leadership Questionnaire (MLQ) by Bass and Avolio (2000)