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Impact of Organizational Culture Alignment on Performance of State Corporations in Kenya: The Moderating Role of Transformational Leadership

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Abstract

Aim: The study aimed to determine whether transformational leadership style affects the relationship between culture alignment and firm performance in state corporations in Kenya and the effect of culture alignment on this performance.

Methods: The study adopted a cross-sectional research design. Its target population was Chief Executive Officers and Senior Managers, individuals who are directly involved in strategy and planning in the organization. The target population was 221 state corporations, of which 143 formed the sample size. A self-administered questionnaire was used to collect the primary data, and Statistical Package for Social Sciences (SPSS) version 25 was used in data analysis.

Results: Pearson correlation results indicated that cultural alignment was positively and significantly related to the performance of state corporations. The F statistic for aligning organization culture was statistically significant, which implied that aligning organization culture statistically influenced the performance of state corporations in Kenya. Introducing transformational leadership in the regression model as a moderating variable reduced the F-statistic, indicating that transformational leadership affects the strength of these relationships. However, despite the reductions, relationships remain statistically significant in all cases.

Conclusion: The study concludes that the culture alignment process affects the performance of State Corporations in Kenya. This means that state corporations should have a clear strategy for the cultural alignment process and channels for communicating with all stakeholders.

Recommendations: The study recommends that organizations have a clear strategy for culture alignment culture. Organizations should appraise leaders of transformational leadership capabilities through the integration of the attributes as part of performance reviews. In addition, organizations should implement leadership development programs that foster leadership skills, training on emotional intelligence, inspiring vision, innovation, and individualized support for team members.

Keywords: *Leadership, culture, transformational, strategy, performance*

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INTRODUCTION

The importance of organizational culture in interacting with strategy implementation to give a competitive advantage to a firm and its influence on organizational performance is well documented (Krupskyi & Kuzmytska, 2020). Sewpersad (2019) observes that this alignment is crucial because an organization's culture can significantly influence the success or failure of strategy execution.

Carreño (2024) posits that the dimensions of culture-its values, beliefs, behaviors, and practices, are central to all aspects of organizational life. Organizational culture forms the integrative means of regulating the behavior of organizations and permeates all its activities for growth and development (Gavric *et al.*, 2016). Significantly, organizational culture leads an organization and its activities, shaping the way employees think, work and how they feel (Gavric *et al.*, 2016). However, organizational culture does not always influence performance positively. Neither is organizational culture static. The fact that organizational culture is sometimes highly dynamic and can potentially hurt business operations increase the importance of its study (Gavric *et al.*, 2016).

The culture that exists within an organization cannot be separated from the behavior and styles of the leaders of the organization. How they lead directly impacts the organization's culture. People relate to and imitate the behavior they observe in leaders, which makes the influence of leadership on culture all the more important (Ibidunni & Agboola, 2013). An effective and robust culture is a critical ingredient in ensuring the improvement of results for any organization. The relationship between organizational culture and performance can be attributed to the fact that culture controls how individuals make decisions, interpret and manage the organization's environment, use information, and behave (Arthur *et al.,* 2010).

Crittendens and Landini (2011) stated that a strategy cannot be successfully implemented without understanding the culture of an organization. With a few slight exclusions, organizational change could translate to cultural change (Heracleous, 2010). Implementing a new strategy begins with a comprehensive organizational culture and concludes with a change in this culture to facilitate and uphold the strategy (Lund, 2010). The cultural analysis allows us to identify the subgroup dynamics. Through this, it is possible to know the strategy-critical elements to be dealt with for a successful implementation. Strong cultures encourage successful strategy implementation. On the contrary, weak cultures are a stumbling block to successful strategy implementation (Buul, 2010).

Mehta and Krishnan (2012) argue that a strong culture supports shared belief in norms, practices, and other virtues within the organization that strengthen everyone to perform in their jobs and promote successful strategy implementation. In weak cultures, employees have little or no pride in ownership of work. It is chaotic, thus the very few values tempt people to form political groups within the organization. Such cultures provide little or no assistance in implementing strategy. One of the chief challenges in strategy implementation is perceived to be more cultural and behavioral including the impact of deprived integration of activities and reduced ownership of approaches and commitment (Aaltonen & Ikavalko, 2009).

Corboy and O'Corrbui (2009) identify serious iniquities of strategy implementation. These include lack of or inadequate understanding of strategy implementation, lack of appreciation of the strategy by customers and staff, failure to acknowledge difficulties and obstacles, and ignoring daily business imperatives. Marginson (2012) says that strategy implementation progresses from a

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process of endearing group commitment through coalitional forms of decision-making or comprehensive coalitional participation in implementation.

This study aims to determine the impact of organizational culture alignment on the performance of state corporations in Kenya with transformational leadership being the moderating factor. Exploring the role of transformational leadership and the impact of culture on organizations. This study will contribute to the existing body of knowledge and provide actionable insights for state corporations and policymakers. It will also enrich the existing knowledge and inform researchers and academicians who seek to explore and further investigations. Through a comprehensive analysis of the current state of performance in state corporations in Kenya, this study sought to foster an environment conducive to having desired culture, leadership, and spur growth.

Statement of the Problem

State corporations in Kenya play a crucial role in driving socio-economic advancement by providing essential services, creating jobs, and contributing to national revenue. They are instrumental in almost all sectors helping to implement government policies and enhance public welfare. State corporations' ability to provide essential services, promote economic growth, create jobs, regulate key industries, and implement government policy emphasizes their significance in shaping a fair, prosperous, and stable society (Butler, 2018).

Many government programs in health, education, infrastructure, and education, among others, are implemented through them and a huge part of the national budget is allocated. Corvalan and Vargas (2015) observed that the success of a government is closely linked to how resources are allocated to specialized agencies with favorable policies that enable them to deliver and execute strategies effectively. In Kenya though, reports released by the Office of the Auditor General for the financial year 2021/2022 and financial year 2022/23 indicate either massive losses or using resources from non-budgeted activities and failure of state corporations and other specialized government agencies to offer intended services and regular appeals for bailouts to the exchequer among others (OAG, 2023).

The Kenya Institute for Public Policy Research (2018) attributed the poor performance of state corporations to ineffective leadership and external interference by the executive. The KIPPRA report called for the need to carry out far-reaching reforms, including privatizing and divesting State corporations to reduce losses and ensure service delivery. Gakure et al., (2013), had earlier observed that the government had made some progress in state corporations reforms. The reforms called for state corporations to deploy strategic management and transformational leadership by the board and management cadre (Wang'ombe, et al. 2019).

According to Dehghan et al (2022), organizational culture alignment is at the heart of successful strategy implementation. Mwachibibo (2017) observed that without properly aligning organizational culture to strategy, even the best-formulated strategies struggle to deliver positive results. The *Mwongozo* Code of Conduct, the government's public management blueprint, emphasizes transformational leadership at all levels. Although various studies have been carried out to establish the effect of cultural alignment on the performance of state corporations (El-Mekawy & Rusu, 2011; Hung *et al.*, 2020; McCardle *et al.*, 2019), not much literature on the impact of cultural alignment and transformational leadership on organizational performance is available. This is what the current study sought to contribute to.

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Research Objectives and Hypotheses

1. Determine how organizational culture alignment affects the performance of State Corporations in Kenya.
2. Determine the moderating effect of transformational leadership style on the relationship between organizational culture alignment and the performance of State Corporations in Kenya.

$H0_1$: Organizational culture alignment does not affect the performance of State Corporations in Kenya.

$H0_2$: Transformational leadership style does not moderate the relationship between organizational culture alignment and the performance of state corporations in Kenya.

THEORETICAL FRAMEWORK

Schein's Organizational Culture

Schein's organizational culture model is a comprehensive framework for understanding the complex layers of culture within organizations. The model was espoused by Edgar Schein in 1983 who proposed that organizational culture consists of three distinct levels: artifacts, espoused values, and basic underlying assumptions (Schein, 1983).

To begin with, are artifacts. According to Hattangadi (2017), these are the visible and tangible elements of organizational culture. They include; physical layout, dress codes, published values, rituals, and ceremonies. Artifacts are easy to observe but can be difficult to interpret accurately without understanding the deeper layers of culture.

Second are the espoused values. Schein, (1986) posits these to include explicitly stated values and norms that an organization claims to hold dear. These values are often captured in mission statements, company policies, and codes of conduct. Schein notes that while espoused values provide insight into what the organization believes in, they may not always reflect the actual behaviors and practices within the organization.

Lastly are the basic underlying assumptions. Dimitrov (2013) sees these as deeply ingrained beliefs and values taken for granted and often operate unconsciously. Basic assumptions shape how members of the organization perceive, think, and feel about their work and the organization itself. They are the core of the culture and are often resistant to change.

Schein's model emphasizes that to understand an organization's culture, one must look beyond the visible artifacts and espoused values to uncover the underlying assumptions that drive behavior. This theory supports the organizational culture alignment variable.

Transformational Leadership Theory

One of the main advocates of transformational leadership was James V. Downton in 1973. He was the first to coin the term- transformational leadership. This concept was later promoted by James Burns in 1978 and Bass in 1990. Bass added ways to measure and rank the success of transformational leadership and the idea of leaders expressing realistic and focused energy to inspire team members to develop. Transformational leadership describes four attributes to varying degrees. First, is that they are charismatic. This implies that they are highly liked role models. Secondly, they are inspirational, and optimistic about goal attainment no matter the changes in the

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environment. Thirdly, they are intellectually stimulating (encourage critical thinking and problem-solving), and considerate (Bass, Avolio, & Atwater, 1996). It's expected that transformational leaders can inspire their organizations to achieve their strategic goals even in challenging times. This theory supports the moderating variable transformational leadership style.

Conceptual Model

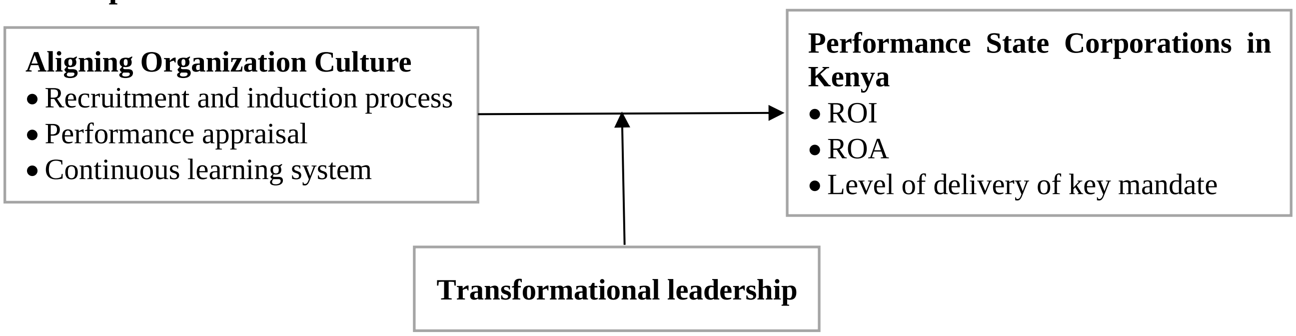

Figure 1: Conceptual Framework (Source: Authors)

Empirical Literature Review

Aligning organization culture

Bashayreh (2018) studied the influence of organizational culture on organizational performance. Therefore, the purpose of this research was to develop and test a theoretical framework that combines organizational culture with work-related attitudes, work behavior as intervening variables, and organizational performance as a dependent variable. The Structural Equation Modelling results showed that both work-related attitudes and work behavior can be seen as related to organizational performance. Meanwhile, the structural equation model eliminates the relationship between organizational culture and performance.

A study by Kamaamia (2016) focused on the effect of organizational culture on organizational performance in the Kenya School of Monetary Studies. The findings on the impact of organizational culture on performance revealed the existence of a statistically significant relationship between organizational culture and performance, r (0.658); $p < 0.01$). Therefore, the study concludes that all constituent components of organizational culture including goal-oriented measures, work-oriented measures, employee-oriented measures, open culture system, and professional work culture enhance organizational performance. The study of Ahmed and Shafiq (2014) focused on the impact of organizational culture on organizational performance in the telecom sector. The study was conducted in different Bahawalpur-based franchises linked to telecom companies. A quantitative approach was adopted and a questionnaire was used to collect the data. The findings indicated that all the dimensions of the culture influence the different perspectives of organizational performance.

Poku *et al.* (2013) conducted an empirical study on organizational culture and organizational performance in the Banking Industry in Ghana. The data was obtained from nine banks in Ghana constituting about 60% of the Banking Industry's Market Share, with different origins such as Public-Domestic, Private-Domestic, Pan-African, and Multinational Banks. The analysis was based on 296 respondents from various departments with varied positions. The study revealed that though there were significant differences among the banks in terms of the Organizational Culture Traits, there were no significant differences among them in Performance.

Odhiambo (2016) studied the Influence of organizational culture on employee performance at NIC Bank Limited. The study found that organizational culture positively influences strategies and policy implementation at NIC Bank. This creates a sustainable competitive advantage. The study indicated that rules, policies, beliefs, and values were the most significant components of culture.

Mwau, (2016) researched the effects of organizational culture on the performance of Kenya Power and Lighting Company. Mwau adopted Denison's (1990) model to examine the influence of organizational culture on performance. The study used consistency, involvement, adaptability, and mission as measures of organizational culture dimension. The study established a strong and positive relationship between organizational culture and performance.

Transformational leadership styles

A study done in the United States Army showed that the relationship between transformational leadership and performance was partially mediated by the level of potency and the cohesion of the analyzed unit (Bass *et al*., 2003). Tsai *et al.* (2005) identified employees' positive moods to mediate the relationship between transformational leadership and leadership success with the leader-follower relationship confirmed to be a mediator by Wang *et al*. (2005).

Kihara *et al*. (2016) study on the relationship between leadership styles in strategy implementation and performance of small and medium manufacturing firms in Thika Sub-County found a positive and significant relationship between leadership styles practiced during strategy implementation and performance. The leadership style in a given organization also has a great influence on how the chosen strategies are implemented. Kihara *et al.* (2016) affirm that transformational leadership style is the most significant in influencing organizational performance. Organizational structure, delegation of responsibilities, the authority for managers to make decisions, and the incentives and rewards systems will all be influenced by the leadership style in a particular organization. The most important point is that the above parameters are essential in any organization for the successful implementation of strategies.

METHODOLOGY

This study utilized a cross-sectional survey collecting data at a particular time rather than over some time. According to Mugenda and Mugenda (2003), the cross-sectional survey is appropriate when the overall objective is to establish whether significant associations among variables exist at some point in time.

The target population was 221 state corporations in Kenya as detailed in the performance contracting report for 2020/2021. Using the Guilford and Frucher (1973) formulae, a sample of 143 state corporations was obtained. Study elements were obtained using stratified random sampling where state corporations were categorized into sectors. In this study, state corporations from eight different categories as categorized by state corporation advisory committee formed strata, and stratified random was used to select samples from each stratum. Stratified random sampling was employed to select a sample of 143 state corporations from a population of 221 state corporations in Kenya representing 64.4%.

The study collected primary data from the sampled state corporations in Kenya using semi-structured self-administered questionnaires using the drop-and-pick method. The questionnaires were taken to Chief Executive Officers/Managing Directors/Director Generals or Senior Managers. Statistical Package for Social Sciences (SPSS) version 25 was used in data analysis. Content analysis was used to analyze data from the open-ended questions to triangulate statistical findings. A linear regression model was used to establish the relationship between the independent and dependent variables. Pearson correlation was applied to estimate the strength of the linear

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relationships between the independent variable and the dependent variable. The study used the regression models below for analysis.

$$\mathbf{Y = \beta o + \beta_1 X_1 + \varepsilon}$$

Where; Y = performance of state corporations in Kenya, B_0 is the Y-intercept, X_1= organizational culture alignment, and ε is the error term.

$$\mathbf{Y = \beta o + \beta_1 X_1 + \beta_1 X_1 Z + \varepsilon}$$

Where; Y = performance of state corporations in Kenya, B_0 is the Y-intercept, X_1= organizational culture alignment, X_1Z is the moderated organizational culture alignment and ε is the error term.

RESULTS

The response rate was 97.8%. Of the 143 questionnaires distributed to the target respondents, 139 were returned.

Reliability

The reliability results revealed that all the dimensions in the constructs had exceeded the recommended threshold value of 0.7 Cronbach's alpha reliability coefficient indicating good internal consistency and forming the basis for further analysis**.** The overall results were organizational culture alignment at .952**,** Transformative Leadership at .951, and firm performance at .844.

Validity

The factor analysis results for the construct culture alignment revealed that all 9 items had factor loadings greater than the threshold value of 0.60. It was therefore concluded that organizational performance can be measured by 7 items and could be used in subsequent analysis. For transformative leadership style, it revealed that the 7 items had loadings greater than the threshold value of 0.60. It was therefore concluded that aligning transformational leadership can be measured by 7 items and were used in subsequent analysis, while lastly for firm performance, it revealed that all the 7 items had loadings greater than the threshold value of 0.60. It was concluded that organizational performance can be measured by 7 items and be used in subsequent analysis. The other diagnostic tests revealed that the data was normally distributed, variables were not highly correlated and met the homoscedasticity criteria.

Descriptive Results

Aligning organization culture

The study results indicate that concerning the statement "Our organizational culture supports high performance" 12.2% of the respondents strongly disagreed with the statement, 14.4% disagreed with the statement, 15.8% of the respondents neither agreed nor disagreed with the statement, 25.9% of the respondents agreed to the statement whereas 31.7% of the respondents strongly agreed to the statement, with a mean of 3.5 and standard deviation 1.385. This implied that most respondents agreed that our organizational culture supports high performance.

On the statement "Our continuous learning system increases employee engagement, job satisfaction, and knowledge retention" 17.3% of the respondents strongly disagreed to the statement, 12.9% disagreed to the statement, 20.9% of the respondents neither agreed nor

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disagreed with the statement, 23.7% of the respondents agreed to the statement whereas 25.2% of the respondents strongly agreed to the statement, with a mean of 3.27 and standard deviation 1.417. This justified the majority of respondents agreeing that our continuous learning system increases employee engagement, job satisfaction, and knowledge retention. The average mean score was 3.24, with a standard deviation of 0.681. This implied that most respondents agreed with the survey statement about aligning organizational culture.

Table 1: The Culture of the Corporation Support Performance

Answer	Frequency	Percent
Yes	86	61.9
No	53	38.1

Respondents indicated that 61.9% (n=86) of the corporation culture supports performance with 38.1% (n=53) stating otherwise. The study findings reveal a mixed picture regarding the corporation's culture supports performance. On one side, there is a strong emphasis on commitment, teamwork, and individual responsibility, with staff demonstrating a high level of dedication to ensuring operational excellence, particularly in critical areas such as power plant operations. Moreover, there are systems for performance management, including robust performance appraisal tools such as the Balanced Scorecard (BSC), which go beyond traditional performance standards. These systems facilitate target setting, review, evaluation, and appropriate rewards and sanctions, indicating a structured approach to performance enhancement within the organization.

Transformational leadership style

Study findings revealed that on the statement "Our leadership's visionary thinking contributes a lot to our performance" 18.0% of the respondents strongly disagreed to the statement, 12.9% of the respondents disagreed to the statement, 13.7% of respondents neither agreed nor disagreed with the statement, 17.3% of the respondents agreed to the statement whereas 38.1% of the respondents strongly agreed to the statement, with a mean of 3.45 and standard deviation 1.538. This implied that most respondents agreed that our leadership's visionary thinking contributes to our performance. On the second statement "Employee empowerment to perform is taken very seriously", 10.8% strongly disagreed to the statement, 21.6% of the respondents disagreed to the statement, 15.8% of the respondents neither agreed nor disagreed to the statement, 18.7% of the respondents agreed to the statement whereas 33.1% of the respondents strongly agreed to the statement, with a mean of 3.42 and standard deviation 1.414. This signified that most respondents agreed that employee empowerment to perform is taken very seriously.

On the statement "Our top leadership is always available to address our collective and individual concerns", 15.1% strongly disagreed to the statement, 10.8% disagreed to the statement, 20.9% of the respondents neither agreed nor disagreed to the statement, 25.9% of the respondents agreed to the statement whereas 27.3% respondents strongly agreed to the statement, with a mean of 3.4 and standard deviation 1.386. This signified that most respondents agreed that our top leadership is always available to address our collective and individual concerns. The average mean score was 3.37, with a standard deviation of 0.811. This implied that most respondents agreed with the survey statement on transformational leadership style.

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Table 2: Rating of Leadership Ability to Set High-performance Standards by Being a Good Example to Staff

	Frequency	Percent
Very High	50	36
High	49	35.3
Fair	40	28.8

From the findings, 36.0% of the participants rated leadership's ability to set high-performance standards by being good examples to staff to be very high, 35.3% rated it as high and 28.8% rated it as fair. The study findings reveal a multitude of strategies employed by organizational leaders to foster and encourage high performance among their teams. Firstly, leaders are actively involved in setting minimum acceptable performance standards and signing performance contracts, emphasizing the importance of clarity and accountability in performance expectations. Regular monitoring and evaluation processes, including monthly performance review meetings with staff and quarterly meetings with management, ensure ongoing assessment and alignment with organizational goals. Moreover, leaders prioritize institutionalizing a culture of risk management and continuous improvement, recognizing the value of adaptability and innovation in driving performance excellence.

Additionally, leaders are deeply committed to supporting the development and success of their teams through continuous mentoring, coaching, and providing necessary resources for achieving high-performance results. This includes setting clear targets jointly, fostering open communication channels, and actively listening to feedback from all team members. Furthermore, leaders lead by example, demonstrating empowerment, delegation, and trust, contributing to a supportive and collaborative work environment. The study findings also highlight the importance of recognizing and rewarding exemplary performance, whether through commendation letters, leadership responsibilities, or promotions, as a means of motivating and incentivizing staff toward achieving their best. Overall, the study found multifaceted approaches adopted by organizational leaders to inspire and drive high performance, reflecting a commitment to excellence and continuous improvement within the organization.

Performance state corporation in Kenya

Based on the study results in Table 4.35, on the statement "Our organization has enough cash to meet its obligations effectively" 18.0% of the respondents strongly disagreed with the statement, 23.0% of the respondents disagreed with the statement, 22.3% of respondents neither agreed nor disagreed to the statement, 19.4% of the respondents agreed to the statement whereas 17.3% of the respondents strongly agreed to the statement, with a mean of 2.95 and standard deviation 1.358. This implied that most respondents agreed that our organization has enough cash to meet its obligations effectively. On the next statement "The complaints from customers/clients have consistently decreased over the years", 12.2% strongly disagreed to the statement, 20.9% of the respondents disagreed to the statement, 19.4% of the respondents neither agreed nor disagreed with the statement, 24.5% of the respondents agreed to the statement whereas 23.0% of the respondents strongly agreed to the statement, with a mean of 3.25 and standard deviation 1.346.

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This signified that the majority of the respondents agreed that the complaints from customers/clients have consistently decreased over the years.

On the statement "Our organization has realized improved service delivery to our customers", 17.3% strongly disagreed to the statement, 14.4% disagreed to the statement, 17.3% of the respondents neither agreed nor disagreed with the statement, 26.6% of the respondents agreed to the statement whereas 24.5% of respondents strongly agreed to the statement, with a mean of 3.27 and standard deviation 1.422. This signified that most of the respondents agreed that our organization has realized improved service delivery to our customers. The average mean score was 3.11, with a standard deviation of 0.724. This implied that most of the respondents agreed with the survey statement under Performance State Corporation in Kenya.

Table 3: Corporation Met the Set Performance Targets in the Previous 2 Years

	Frequency	Percent
Yes	79	56.8
No	60	43.2

From the findings, 56.8% of the respondents stated that the corporation met the set performance targets in the previous 2 years, while 43.2% did not. The study findings indicated a varied landscape regarding the extent to which the corporation has met its set performance targets over the past two years. While some respondents assert that all targets set in the annual performance contracts have been successfully met, achieving good composite scores and positive evaluations in strategic plan implementation and board assessments, others highlight challenges such as financial constraints, inadequate funding of critical projects, and delays in procurement affecting the achievement of set targets. Additionally, technological disruption, unmet assumptions regarding human capital, and legislative changes have contributed to the organization's inability to realize its performance objectives.

Despite these challenges, there are instances of notable success, including exponential growth in student enrollment, increased loan recoveries, and enhanced external resource mobilization. Some respondents reported significant profitability exceeding targets, improved strategy execution, and positive stakeholders' feedback as indicators of successful performance. However, it is important to note that not all targets have been fully met, with certain areas experiencing shortcomings due to budget cuts, liquidity challenges, or unforeseen circumstances.

Thus, while the corporation has demonstrated commendable performance in various aspects, there remain areas of improvement and ongoing challenges that need to be addressed to ensure consistent achievement of set targets in the future. The findings underscore the dynamic nature of performance management and the importance of adaptive strategies in responding to emerging trends and external pressures while focusing on organizational mandates and objectives.

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Correlation Analysis

Table 4: Correlation analysis

		Performance		
Performance State Corporation in Kenya	Pearson Correlation	1		
	Sig. (2-tailed)			
Aligning organization culture	Pearson Correlation	.376**	1	
	Sig. (2-tailed)	.000		
Transformational leadership styles	Pearson Correlation	.375**	.636**	1
	Sig. (2-tailed)	.000	.000	

The correlation results in Table 4 offer a comprehensive overview of the relationships between various aligning organizational cultures, transformational leadership, and the Performance of state corporations in Kenya. Aligning organizational culture has a positive correlation with performance (Pearson Correlation = 0.376, p = 0.000). This indicates that State corporations that comply more with Aligning organizational culture tend to perform better. Transformational leadership styles have a positive correlation with performance (Pearson Correlation = 0.375, p = 0.000).

Regression Analysis

Multiple regression was adopted in the study to determine the relationship between the independent variables (aligning organization culture), moderating variable (transformational leadership styles), and the dependent variable (performance of State Corporations in Kenya).

Table 5: Regression Analysis

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	.376[a]	0.141	0.135	0.67299	0.141	22.515	1	137	.000

a Predictors: (Constant), Aligning organization culture

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	10.197	1	10.197	22.515	.000[b]
	Residual	62.049	137	0.473		
	Total	72.247	138			

a Dependent Variable: Performance state corporation in Kenya

b Predictors: (Constant), Aligning organization culture

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Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.818	0.278		6.529	.000
	Aligning organization culture	.399	.084	0.376	4.745	.000

a Dependent Variable: Performance state corporation in Kenya

From Table 5, the regression model of aligning organization culture and performance of state corporation in Kenya was significant with F (1,317) = 22.515, p-value <0.000), implying that Aligning organization culture is a valid predictor in the model. The coefficient of determination R^2 of 0.135 showed that 13.5% of performance state corporations in Kenya can be explained by Aligning organizational culture The remaining percentage of performance state corporations in Kenya can be explained by other factors not included in the model. The R of 0.376 shows a moderate positive correlation between the extent of Aligning organizational culture and the performance of state corporations in Kenya. Aligning organizational culture does not have a significant influence on the performance of state corporations in Kenya. Based on the findings, the study revealed a positive and significant relationship between aligning organizational culture and the performance of state corporations in Kenya.

The results were fitted in the Model $Y= \beta 0 + \beta_3 X_3 + e$. The study therefore rejected the null hypothesis (H_{03}: Aligning organization culture and performance state corporation in Kenya.) and concluded that indeed Aligning organization culture (X_3) significantly influenced performance state corporations in Kenya. (Y). The Model equation therefore became; $Y= 1.818 + 0.399\ X_{3\ c}$

Where; Y is the performance of state corporations in Kenya and X_3 is aligning organizational culture.

The beta coefficient value for Aligning organization culture (0.399) meant that for every one (1) unit increase in the dimension of Aligning organization culture in state corporations in Kenya, it leads to a 0.399 increase in the performance of state corporations in Kenya. Study findings agree with research findings by Naranjo-Valencia et al. (2020) supporting the idea that transformational leadership plays a crucial role in moderating the relationship between organizational culture and performance in Colombian corporations.

Moderation Effect of Transformational Leadership

Results indicate that organizational culture alignment has a significant influence on the performance of state corporations in Kenya. The coefficient of determination (R2) was 0.141, showing that 14.1% of Performance state corporations in Kenya can be explained by aligning organization culture alone. Based on the findings, the study revealed a positive and significant relationship between culture alignment and the performance of state corporations in Kenya.

The results were fitted in the Model $Y= \beta 0 + \beta_1 X_1 + e$

The study therefore rejected the null hypothesis $H0_1$: organizational culture alignment has no significant influence on Performance State Corporation in Kenya and concluded that aligning culture significantly influenced Performance State Corporation in Kenya (Y).

The model equation therefore became $Y = 1.620 = 0.065X_1$

Where; Y represents Performance State Corporation in Kenya and X_1 represents top management support. The beta coefficient value for organizational culture alignment, (0.265) meant that for every one (1) unit increase in the dimension of organizational culture alignment, in state corporations leads to a 0.265, increase in the performance of state corporations in Kenya. This implies that organizational culture alignment has a positive influence on Performance State Corporation in Kenya and hence the study rejected the null hypothesis.

The findings are similar to the research outcomes from Cameron and Quinn (2020) that organizations with a strong alignment between their culture and strategic objectives tend to perform better. Similarly, Barney and Hesterly (2019) highlighted the critical role of strategic management practices in driving organizational success.

Moderation Test

The second part of the study focused on testing the hypothesis, $H0_2$: transformational leadership style does not influence the relationship between aligning culture and Performance State Corporation in Kenya. The results were fitted in the three models below

Model 1: $Y = \beta_0 + \beta_1 X_1 + e$

Model 2: $Y = \beta_0 + \beta_1 X_1 + \beta MM + e$

Where; Y represents Performance State Corporation in Kenya, X_1 represents organizational culture alignment, and M represents a transformational leadership style

From analysis, the results indicate that the two regression models were all significant with F values of 15.067 and 11.56 respectively, all with p-values<0.001). The Coefficient of determination R2 for the first model was 0.099, which was significant, showing that 9.9% of Performance State Corporation in Kenya can be explained by organizational culture alignment alone. In Model 2, the coefficient of determination R2 changed from 0.099 to 0.046 when the transformational leadership style was introduced. This showed that 4.6% of Performance State Corporation in Kenya can be explained by both organizational culture alignment and transformational leadership style. The remaining 95.4% of Performance State Corporation in Kenya is explained by other factors not included in the model. The R values of the two models (0.315 and 0.381) showed a moderate positive correlation for both models.

The F change for organizational culture alignment (X_1) was statistically significant (F = 15.067, P<0.000), which implied that organizational culture alignment statistically influenced the performance of state corporations in Kenya. Upon introducing a moderating variable (transformational leadership style), the F-Change increased, which was statistically significant (F = 7.355, p<0.008). The null hypothesis H06a: Transformational leadership style does not influence the relationship between organizational culture alignment and performance of state corporation in Kenya was therefore rejected and thus concluded that indeed transformational leadership styles

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moderated the relationship between organizational culture alignment and performance of state corporation in Kenya

The fitted models therefore became;

$Y = 2.156 + 0.28X_1$

$Y = 1.896 + 0.085X_1 + 0.274M$

The research findings agreed with the findings by Zhang *et al.* (2020) that transformational leadership enhances the effectiveness of organizational culture alignment in facilitating organizational change initiatives, leading to improved performance outcomes in Chinese corporations. Additionally, research by Shao *et al.* (2024) supports the idea that transformational leadership plays a crucial role in moderating the relationship between organizational culture alignment and performance in various industries.

CONCLUSION

The research findings indicated a positive significant relationship between culture alignment and the performance of state corporations in Kenya. The model tested showed that an increase in organizational culture alignment raised the performance of state corporations in Kenya. The study concludes that organizational culture alignment has a great effect on the performance of State Corporations. State corporations should therefore have clear mechanisms to implement organizational culture alignment to match the current market demands.

RECOMMENDATIONS

This therefore means that state corporations should have a defined and clear strategy for culture alignment. State corporations should appraise leaders on transformational qualities**.** This can be done by integrating transformational leadership behaviors as part of leadership performance reviews, ensuring that leaders are assessed not only on strategic outcomes but also on their ability to inspire and motivate teams. State corporations should implement leadership development programs focusing on transformational leadership skills among top executives and middle managers. Training should focus on emotional intelligence, inspiring vision, innovation, and individualized support for team members.

Areas for Further Research

The researcher recommends that future studies be done on targeting the specific aspects of organizational culture alignment such as time management, technology, performance reviews, induction, appraisal, and learning models to establish the most effective transformational leadership style.

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Conflict of Interest

The authors declare no conflict of interest.

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