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Effects of Leadership Traits on Firm Performance

Tracy Nyenze

Postgraduate Student, School of Business and Economics, Daystar University, Kenya

Dr. Joanes Kaleli Kyongo

Lecturer, School of Business and Economics, Daystar University, Kenya

School of Business and Economics, Daystar University, Nairobi, Kenya

Abstract:

The purpose of the study was to establish the effect of leadership traits on firm performance in Kenya Wildlife Service (KWS) and a corresponding hypothesis was formulated and tested. The study targeted a sample of 98 employees at KWS Headquarters in Nairobi, and 79 of them responded. The study employed a descriptive research design and data was collected using structured questionnaires and analyzed using descriptive and inferential statistics by the help of SPSS version 21. The findings of the research established that leadership traits positively and significantly affects firm performance in Kenya Wildlife Service. The study was anchored on the Contingency theory, Organization system theory and Leadership traits theory. The study recommends further investigation of the study variables in other State Corporations locally and abroad.

Keywords: Leadership traits, Firm performance, Kenya Wildlife Services

1. Introduction

Leadership trait refers to integrated patterns of characteristics that reflect a range of individual differences and foster consistent leadership effectiveness across a variety of group and firm situations (Zaccaro, Kemp, & Bader, 2004). Firm performance is a set of both financial and non-financial indicators which offer information on the degree of achievement of firm goals (Lebans & Euske, 2006). Despite the increased interest on leadership traits, the relationship between leadership traits and firm performance has not been comprehensively established. Additionally, there seems to be a scarcity of studies conducted locally and specifically on State Corporations. Contingency theory, leadership styles theory and Systems theory of organization underpin the study.

2. Leadership Traits

Effective leaders possess certain immutable traits which help them motivate others and lead them in new directions (Wilson, 2004). Consequently, leadership traits play a major role in determining who will and who will not be comfortable leading others. Leadership traits are categorized into four; namely, personality traits, task competence traits, interpersonal traits and gender traits (Bass & Bass, 2008). Personality is viewed as the dynamic organization of those traits and characteristic patterns of behavior that are unique to the individual (Arif, Rashid, Tahir, & Akhter, 2012). Various personality traits exist which define the characteristics of human beings and how they affect their ability to perform tasks. Personality is described by five indicators which include openness to experience, conscientiousness, neuroticism, agreeableness, and extraversion (Kinicki, 2008).

Further, the *DISC Profile* classified personality traits into dominance, which has a characteristic of the drive to control, influence which means drive to influence, steadiness which has the drive to be stable and consistent and conscientiousness, which entails the drive to be right, sure and safe (Anderson & Kilduff, 2009). Task competence is a general category of leader traits that relate to how individuals approach the execution and performance of tasks (Bass & Bass, 2008). Leadership scholars most often describe task competence in terms of four traits: intelligence, conscientiousness, openness to experience, and emotional stability. Interpersonal traits relate to how individuals approach social interactions (Bass & Bass, 2008). These traits include agreeableness, extraversion and skills on communication (Klimoski & Hayes, 1980). Gender traits relate to the leadership characteristics that are unique to men or women where each gender possesses unique leadership characteristics (Zenger, 2012).

Whereas in the past, managers were expected to maintain the status quo in order to move ahead, new forces in the marketplace have made it necessary to expand this narrow focus. The new leaders of tomorrow are visionary. Not only are leaders expected to foresee paradigm changes in society, but they also have a strong sense of ethics and to build integrity in their organizations (Kinicki, 2008). Therefore, understanding core traits that predict leader's performance level during the recruitment stage can play a crucial role in determining the on - the job training and development requirements (Derue, Nahrgang, Wellman, & Humphrey, 2011).

3. Firm Performance

Previous studies have operationalized firm performance by return on investment, market share return on assets, return on equity, profit before tax, sales growth, gross profit, revenue growth, stock price, and sales volume (Droge & Vickery, 1994; Nguyen, 2008). Organizations set strategic objectives after a careful internal and external environmental analysis as they seek to match those internal capabilities with external opportunities against which performance will be measured. Business performance indicates the actual output or results measured against the intended outcomes with firms seeking sustainable performance (Porter, 2008). The extant study has measured firm performance using operational efficiency, flexibility and sustainability.

4. The Kenya Wildlife Service

The Kenya Wildlife Service (KWS) is a State Corporation that was established by an Act of Parliament (Cap. 376, Laws of Kenya), with the mandate to conserve and manage wildlife in Kenya and to enforce related laws and regulations. KWS undertakes conservation and management of wildlife resources across all protected areas in collaboration with stakeholders. The community wildlife program of KWS in collaboration with others encourages biodiversity conservation by communities living on land essential to wildlife, such as wildlife corridors and dispersal lands outside national parks and reserves (Kikosi, 2014).

The operations of the KWS are also impacted and guided by other overarching policy and legal frameworks (e.g. those relating to Forests, Fisheries, Mining, Lands, Water, Industry, Rural Development, Agriculture, Local Government, National Security, National Museums and the research programmes under KEFRI, KEMFRI and KARI) which necessitate structured and functioning relationships with other government departments/agencies and the international and local communities (Kikosi, 2015).

The industry's strength is mainly based on Kenya's natural attractions, which include wild game. These wildlife resources managed by KWS are the backbone of the tourism industry in Kenya. KWS accounts for 90% of Safari Tourism and about 75% of total tourist earnings (Kikosi, 2015). Kenya Wildlife Service controls approximately 8% of the total land mass of the country comprising 22 terrestrial national parks, 4 marine national parks, 28 terrestrial national reserves, 6 marine national reserves and 5 national sanctuaries. In addition to this, KWS currently controls 125 game stations outside protected areas. Within these parks and stations are infrastructural developments like office and residential blocks, training institutes, workshops, research centers, hotels, shops and restaurants, bore holes, road networks, airstrips and related plant and equipment. The corporation has 15 directors including the director general and the chairman of the board according to the 2007-2013 annual reports. Different individuals have worked as directors at different times since its incorporation. Different results have been observed under different directors.

5. Leadership Traits and Firm Performance

A number of studies have been conducted on dominant personality types and firm performance. For instance, Obiwuru, Okwu, Akpa, and Nwankwere. (2011) investigated the effects of leadership style on firm performance in small scale enterprises in Ghana, and found that while transactional leadership style had significant positive effect on performance, transformational leadership style had positive but insignificant effect on performance. Thus, showing that transactional leadership style was most likely to contribute more significantly to firm performance. This is because transactional leaders possess leadership traits that favour firm performance.

Effective leaders possess certain traits as found by Wilson (2004) who studied the effective developmental leadership: a study of the traits and behaviors of a leader who develops both people and the organization and established that a developmental leader was found to possess the following traits: analytical, assertive, cooperative, dedicated, personable, and practical. A developmental leader would also possess the following behaviors: advisor, charismatic, competitive, delegator, developer, focused, and supportive. A study conducted to investigate the effect of strategic leadership on the performance of commercial and financial state corporations in Kenya found that there was a positive and strong relationship between corporate strategic direction and high customer satisfaction (Nthini, 2013). In another study by Alhadid (2016) aimed at establishing the effect of leadership practices on firm performance, it was established that leadership practices positively contributed to firm performance. The cited studies indicate that strategic leaders possess leadership traits which enable them to practise leadership in a way that contributes to firm performance.

6. Methodology

The study adopted a descriptive research design. Primary data was collected from 79 employees of Kenya Wildlife Service at the Headquarters office, using a structured questionnaire. A pre-test was done, and based on the pre-test results, the data collection instrument was amended accordingly. Data was analyzed using SPSS version 21 and the results of the analysis were presented using tables.

7. Results and Analysis

The study used descriptive and inferential statistics to analyze data from the questionnaires. Simple linear regression analysis was used to establish the effect of the independent variable on the dependent variable. The value of R-squared shows the amount of variation in the dependent variable caused by the independent variable. The unstandardized coefficient shows the amount of change in the dependent variable attributable to the amount of change in the predictor variable. The F-statistics measure the goodness of fit of the model. The statistical significance of the hypothesized relationship was interpreted based on R^2 , F, t, β and p values.

The regression model used was: $Y = \beta_0 + \beta_1 X_1 + \epsilon$, where Y = Firm performance; β_0 = Intercept; β_1 = Coefficients; X_1 = Leadership traits and ϵ = Error term.

7.1. Response Rate

The study targeted a sample size of 98 employees at KWS headquarters in Nairobi. The distributed questionnaires were 98 out of which 79 were filled and returned in a form usable for analysis. This represented 81% response rate was considered adequate for the study as supported by Mugenda and Mugenda (2003)

7.2. Years Worked at Kenya Wildlife Service

The study sought to determine the number of years respondents had worked at Kenya Wildlife Services. The findings are presented in Table 1.

Years	Frequency	Percent
Less than 1 year	8	10%
Above 1-3 years	4	5%
Above 4-6 years	20	25%
Above 7- 9 years	17	22%
Above 10-12 years	17	22%
Above 12 years and over	13	16%
Total	79	100%

Table 1: Years Worked at the Kenya Wildlife Service

The findings in Table 1 indicated that 10% of the respondents had worked for less than 1 year, 5% for 1-3 years, 25% for 3-6 years, 22% for 6- 9 years, 22% for 9-12 years and 16% for 12 years and over. The majority of the respondents (75%) had worked with KWS for over 3 years. This implied that they had been at the organization for long enough to enable them to provide information sought by the study. Therefore, the data obtained was reliable.

7.3. Position of the Respondents

The study sought to determine the position held by the respondents. The findings are presented in Table 2.

Years	Frequency	Percent
Senior Management	8	10%
Supervisors	22	28%
Other staff	49	62%
Total	79	100%

Table 2: Position at Kenya Wildlife Service

The findings in Table 2 indicated that 10% of the respondents were in senior management, 28% were supervisors while 62% were other staff. The high number of respondents under other staff was due the high number of respondents under that category in the institution. The target population for senior management was 44 and a sample of 13, supervisors' population was 97 and sample size of 29 while other staff population was 186 and sample size of 56. This represented a response rate of 62% for senior management, 76% for supervisors and 88% for other staff.

7.4 Demographic Profile of the Respondents

The study sought to determine the age and gender of the respondents. Table 3 presents the results of the analysis.

Gender	Frequency	Percent
Male	44	69.84
Female	19	30.16
Age	Frequency	Percent
Below 25 years	5	7.9%
25 - 30 years	24	38.1%
31 - 35 years	13	20.6%
36 - 40 years	3	4.8%
41 - 45 years	10	15.9%
46 - 50 years	7	11.1%
Above 51 years	1	1.6%
Total	63	100

Table 3: Demographics of the Respondents

As indicated in Table 3, the number of the male respondents were more than that of the female respondents, where the male respondents were 44 (69.8%), while the female respondents stood at 19(30.2%). The survey also established that 5(7.9%) of the

respondents were aged below 25 years, 24 (38.1%) were aged between 25-30 years, those aged 31-35 years were 13(20.6%), and respondents aged between 36-40, 41-45 and 46-50 were 3(4.8%), 10(15.9%) and 7(11.1%) respectively.

The respondents aged above 51 years were 1(1.6%). This demonstrates that a higher number of respondents were between the 25-30-years age bracket which is considered the youth or millennials.

7.5. Test of the Hypothesis

This study sought to establish the effect of leadership traits on firm performance in Kenya Wildlife Service. Table 4 presents the results of the regression analysis.

Model Summary					
R	R Square	Adjusted R Square	Std. Error of the Estimate		
0.592	0.350	0.342	0.5827		
ANOVA					
	Sum of Squares	df	Mean Square	F	Sig.
Regression	14.08	1	14.082	41.475	0.000
Residual	26.14	77	0.340		
Total	40.23	78			
Coefficients					
	Unstandardized Coefficients	Std. Error	Standardized Coefficients	t	Sig.
(Constant)	1.286	0.346	Beta	3.717	0.000
Leadership Traits	0.659	0.102	0.592	6.440	0.000

Table 4: Simple Linear Regression Analysis for the Effect of Leadership Traits on Firm Performance
Dependent Variable: Firm performance
Predictor: Leadership Traits

8. Discussion

The regression results from Table 4 showed that $r = 0.592$, implying a fair correlation between leadership traits and firm performance. The R square is 0.35, meaning that 35% of the variation in the dependent variable is explained by the independent variable and 65 % is explained by other factors which are not part of this study. From the ANOVA results, it is indicated that the model was statistically significant ($F = 41.475$, $p < 0.05$ at 0.000) in predicting the relationship between the independent variable and the dependent variable. The unstandardized coefficients showed that a one unit increase in the use of leadership traits leads to an increase in firm performance at KWS ($B = 0.659$, $t = 6.440$, $P < 0.05$). The findings of the extant study agree with those of Wilson (2004) who established a positive and significant effect of leadership traits on firm performance.

9. Conclusion

The study sought to establish the effect of leadership traits on firm performance in Kenyan Wildlife Service. The study was conducted through a descriptive research design. The study adopted both descriptive and inferential statistics to analyze the data. The study tested and confirmed the hypothesis that leadership traits have a significant and positive effect on firm performance. The implication is that corporations whose leaders possess good leadership traits stand a chance to gain firm performance.

9.1. Acknowledgements

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