

THE MEDIATING ROLE OF ORGANIZATIONAL TRANSFORMATION ON THE RELATIONSHIP BETWEEN STRATEGIC LEADERSHIP AND PERFORMANCE OF AGRIBUSINESS COMPANIES LISTED AT NAIROBI SECURITIES EXCHANGE, KENYA

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ABSTRACT

In the face of continuous shifts in the business landscape and intensifying competition, organizational transformation serves as a critical catalyst, enabling strategic leaders to drive and enhance organizational performance. Studies investigating the relationship between strategic leadership and organizational transformation suggest that their interaction generates significant synergy. However, very little empirical research has been conducted to evaluate the direct relationship between strategic leadership, organizational transformation and performance. This study sought to evaluate the mediating role of organizational transformation on the relationship between strategic leadership and the performance of agribusiness companies listed at the Nairobi Securities Exchange in Kenya. The study was anchored on Transformation Leadership Theory and employed a mixed research method research design. The target population consisted of all the management staff in all the six agribusiness companies listed at the NSE in Kenya. The respondents were the directors, heads of departments or functions, middle-level managers and supervisors, totalling to 120 participants. Data was analyzed by use of descriptive statistics and inferential analysis through multiple regression analysis. The robustness of the model was tested by the use of R², to test the significance of the model, F- statistic was computed at a 95% confidence level and to determine the significance of the variables, p-values were used at 0.05 significance level. Baron and Kenny's four-approach method

was used to test the mediating effect of organizational transformation on the relationship between strategic leadership and the performance of agribusiness companies listed at the NSE, Kenya. The results indicated that strategic leadership had a significant positive effect on the performance of agribusiness companies listed on the NSE and organizational transformation had a moderate effect on the relationship between strategic leadership and performance.

Keywords: Agribusiness Companies, Strategic Leadership, Organizational Transformation, Performance.

INTRODUCTION

Though some changes in organizations have been known to react negatively to performance, with the current highly volatile and dynamic business environment, organizations are obliged to implement changes to remain competitive. According to Mızrak (2024), organizational transformation is the coordinated implementation of significant changes in the different essential organizational dimensions that allow organizations to adapt and succeed in a business environment that is rapidly changing. As further highlighted by Mızrak (2024), organizational transformation is a methodical approach to altering an organization's culture through the reengineering of work ethics, structural frameworks, and the overall trajectory of the organization. Organizational transformation encompasses modifications to both the structure and culture of an organization, equipping it to effectively navigate internal and external pressures that may impact its operations (Kok and Siripipatthanakul, 2023). This perspective aligns with Bicer (2021), who previously suggested that organizational transformation can be operationalized in terms of changes in an organisation's culture and structure.

Organizational culture constitutes a fundamental aspect of the internal environment, characterized as a framework of values, beliefs, and attitudes held by the members of an organization. Organizational culture plays a crucial role in the success of an organization by influencing the acceptance and execution of strategic decisions, thereby significantly impacting overall performance. Okwata et al. (2022) characterize culture as the principles and standards that dictate the behaviour of individuals within a group, which must be maintained by an organization and require regulation. More precisely, it can be defined as a framework of assumptions, values, norms, and attitudes expressed through symbols, which have been cultivated and embraced by the members of an organization through shared experiences, aiding them in interpreting their surroundings and guiding their behaviour within it (Lazarević & Mosurović, 2023). A robust organizational culture can provide a unique competitive edge that is difficult for others to replicate, effectively setting one organization apart from its competitors. Implementing changes in the organizational culture, to establish a compelling culture is one of the ways organizations can remain competitive.

Lazarević and Mosurović (2023) consider organizational structure to be a fundamental component of organizational performance. It defines the allocation of roles and the administrative systems that enable the management of control and the coordination of a company's activities. The organizational structure outlines the executive, managerial, and administrative framework of a company, specifying relevant responsibilities and hierarchical connections. It embodies the internal dynamics of relationships, authority, and communication. The organizational structure can be concisely described as the foundational framework of a company, which distinctly outlines the work schedule and activities, workflows, authority and responsibility systems, individual roles, as well as methods for coordination and reporting. Additionally, it establishes the channels of communication and the processes through which information and knowledge are disseminated within the organization (Lazarević & Mosurović,

2023). Strategic leaders can examine the organizational structure and align it with the overall objectives and goals of the organization.

In light of the ongoing global changes, there is an urgent quest for alternative leadership capable of elevating organizations from standard performance to a commendable level of proficiency. As numerous global entities face collapse amid intensified competition, the demand for effective leadership has reached unprecedented significance. Strategic leadership encompasses the capacity of leaders to foresee, conceptualize, formulate, and implement decisions and empower others to act towards exceptional organizational performance (Rahman et al., 2018).

According to Davis and Davis (2009), strategic leadership involves actions like strategic thinking, strategy execution, aligning the people with the company objectives and strategic goals, determining strategic controls and developing strategic resources. This view is supported by Mistarihi (2021) who operationalized strategic leadership in terms of strategic direction, establishing strategic resources, promoting effective organizational culture, and developing strategic controls. This study has adopted two concepts of strategic leadership as posited by Mistarihi (2021) which are strategic controls and strategic resources.

Strategic control is defined as a dynamic and ongoing organizational process focused on the effective and efficient execution of an organization's strategic plans. This process plays a crucial role in guiding the organization towards its objectives by pinpointing areas within the strategic plan that require adjustments (Murunga & Deya, 2022). These are mechanisms utilized by strategic leaders to oversee and guarantee the effectiveness of the organization's activities, ultimately aiming to enhance overall performance. Strategic controls are necessary because they enable businesses to react quickly and effectively to the environment's rapid changes. Kyriazoglou (2020) noted three types of strategic controls that an organisation can establish to meet its strategic goals. These are financial controls, behaviour controls, and output controls. Strategic controls not only help identify areas that require adjustment in the strategy implementation process, but they also assist employees in staying focused on the company's goals and participating in activities that support the organization's overall performance.

According to Paleri (2022), strategic resources are fully optimized and aligned with the organization's strategic needs. Such a resource is referred to as a strategic resource, and as Paleri (2022) adds, it is difficult to replicate, giving the organization a significant competitive edge. An organization can gain a competitive edge over rivals when it possesses an exclusive strategic resource. Mohamed and Bett (2018) noted enterprise knowledge, financial strength, and human capital as standard resources that are essential for a firm to meet its strategic obligations. This study adopted enterprise knowledge, financial strength, and human capital as measurements of strategic resources.

Agribusiness holds key significance in Kenya due to its essential contribution to national food security, job creation, and trade revenue generation (Wahome & Njiraini, 2021). Companies involved in agribusiness and listed on the Nairobi Securities Exchange (NSE) participate in a

range of economic activities associated with agriculture, which encompass crop farming, research, agricultural chemicals, machinery, as well as sales and marketing (Wahome & Njiraini, 2021). Currently, there are only six agribusiness companies listed at the NSE. Wahome and Njiraini (2021) further noted that a significant factor contributing to this issue is the presence of numerous challenges within the sector, including a persistent decrease in productivity and efficiency. While the agribusiness firms listed on the Nairobi Securities Exchange in Kenya are exhibiting superior performance relative to other agribusiness entities within the nation, they still fall short when compared to their peers in sectors such as commercial and manufacturing industries (Otieno, 2020).

Statement of the problem

The agricultural and agribusiness sector in Kenya is undeniably crucial in addressing the unemployment issues facing the country. In response, the Kenyan government has implemented various policies and initiatives aimed at enhancing this sector. A notable initiative is Kenya's Vision 2030, which aims to fundamentally modernize the agricultural sector, making it more competitive in terms of marketing and production (GoK, 2017). However, the performance of agribusiness companies listed on the NSE has been experiencing a decline in growth, despite various efforts to improve the situation. This trend has emerged as a significant concern for policymakers and other stakeholders (Mitullah et al., 2017).

Although numerous agribusiness firms operate within the country, only six companies are presently listed on the NSE. These are Limuru Tea, Eaagads, Kapchorua, Kakuzi, Williamson Tea and Sasini (NSE, 2022). Further, these firms still fall short in share performance when compared to their peers in sectors such as commercial and manufacturing industries (Otieno, 2020). This implies the need for strategic leaders who can enhance organizational transformation to address and alleviate the challenges that impede the performance of agribusiness companies. Additionally, while numerous studies have explored the direct connection between strategic leadership, organizational performance, and performance, the impact remains unclear. Moreover, there limited or no available studies connecting organizational transformation to the relationship between strategic leadership and the performance of agribusiness firms listed on the Nairobi Securities Exchange in Kenya. (Jaleha & Machuki, 2018).

Various studies (Akeke et al., 2021; Echwa & Murigi, 2019; Mbaya, 2022; Njenga & Odollo, 2023; Rahman et al., 2018) indicate a positive relationship between strategic leadership and performance. However, they conceptualized strategic leadership using terms like human capacity, strategic design, action, coherence, and strategic direction.

Most studies on strategic leadership have been carried out outside Kenya (Ebongkeng, 2018; Setiono & Hidayat, 2022; Wischnevsky & Damanpour). Further, very few empirical studies have been done on agribusiness companies listed at the Nairobi Securities Exchange in Kenya (Kiet & Aluoch; 2024; Kilonzo & Nkuru, 2023; Otieno, 2020) and more so, none of these empirical studies sought to investigate the mediating effect of organizational transformation on

the relationship between strategic leadership and the performance of agribusiness companies listed on the Nairobi Securities Exchange in Kenya. This study aimed to address the existing scholarly gaps by investigating the impact of organizational transformation on the relationship between strategic leadership and the performance of agribusiness companies listed at the Nairobi Securities Exchange, Kenya.

LITERATURE REVIEW

Theoretical Review

Transformational Leadership Theory

This study was premised on the Transformational Leadership theory. According to Northouse (2019), Transformational leadership theory was introduced by Burn (1978) and later expanded by Bass (1985) who defined it as the process of effecting significant changes in followers' attitudes, beliefs, and values, leading to a state where the objectives of an organization and the leader's vision are embraced internally. This results in followers delivering performances that exceed expectations (Northouse, 2019). It is a conscious, ethical, and spiritual approach that fosters equitable power dynamics between leaders and their followers to achieve shared goals or bring about meaningful change. In this process, leaders and followers elevate each other's moral standards and motivation. As further noted by Northouse (2019), leaders inspire their followers to align with a vision that transcends their immediate self-interests, thereby realizing their utmost objectives. This leadership style as posited by Jacob and Thilagaraj (2022) involves cultivating dedication to organizational goals and empowering individuals to reach those objectives. Transformational leadership supports and motivates followers to enhance their creativity and self-esteem, thereby promoting the advancement of team, group, and organizational goals.

A transformational leader drives change throughout the organization and instils a sense of purpose in both management and staff. Northouse (2019) operationalized transformational leadership through four key dimensions: the impact of idealized influence, the ability to inspire motivation, the provision of intellectual stimulation, and the attention to personal concerns. According to Jacob and Thiragaraj (2022), 'idealized influence' includes role modelling, respect for followers, credibility and authenticity. Transformational leaders demonstrate character that sets them apart as role models for their followers. Consequently, the leaders garner admiration, respect, and trust from those who aspire to emulate their example. Followers also acknowledge the leaders' exceptional skills, perseverance, and resolve.

'The ability to inspire motivation' as further noted by Jacob and Thiragaraj (2022), includes instilling a sense of purpose and challenge that energizes and inspires the efforts of the followers. In this context, the leader fosters a spirit of teamwork, enthusiasm, and optimism among their team members. They engage followers with an inspiring vision for the future and articulate high expectations that motivate them to strive for achievement. 'Provision of intellectual stimulation', the leader nurtures innovation and creativity among the followers by challenging traditional beliefs, redefining existing issues, and tackling traditional problems

from fresh perspectives (Northouse, 2019). According to Jacob and Thiragaraj (2022), ‘attention to personal concerns’ or individualized consideration includes the leader addressing the aspirations and developmental needs of each follower by assuming the role of a coach or mentor. By fostering a nurturing environment, the leader seeks to generate new learning opportunities, thereby showcasing an appreciation for each individual’s uniqueness. This includes offering encouragement to some, setting performance standards for others, and granting power to those who are extraordinary in their performances.

Transformational leadership, as articulated by Bose and Haque (2021), encompasses a comprehensive overhaul of an organization, affecting its culture, structure, and behavior to achieve enhanced organizational performance. The theory of transformational leadership supports the mediating variable which is the organisational transformation in this study. As further noted by Bose and Haque (2021), this theory has faced criticism for its challenging implementation and its predominant emphasis on the leader's role. Additionally, transformational theory can be exploited by leaders who wield significant authority, potentially undermining the democratic nature of the transformation process. Nevertheless, this study finds the theory suitable for encouraging constructive transformations within both the organizational structure and culture, thereby enhancing overall performance. In the current highly volatile and dynamic environment, effective leadership need to incorporate appropriate changes in the organization for sustainable growth and competitive advantage. Further, it is anticipated that, per the principles of the theory, effective organizational changes in structure and culture will result in enhanced performance.

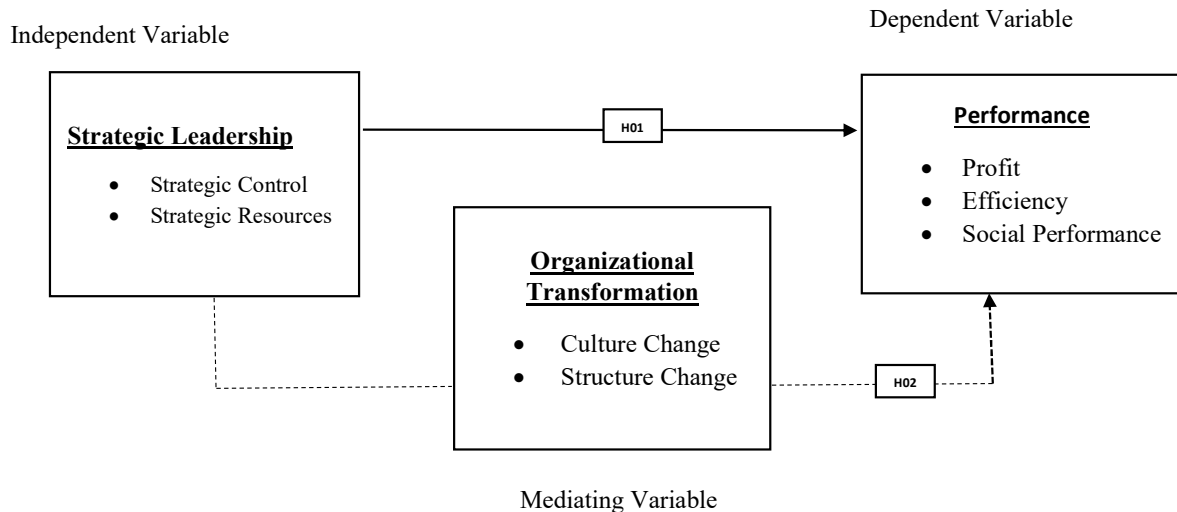
Conceptual and Empirical Review

Wischnevsky and Damanpour (2006) investigated the impact of organizational transformation on performance. This research utilized two decades of data collected from a sample of American banking institutions. The findings revealed that organizational transformation had no significant effect on performance. The study relied on secondary data while the current study used primary data and a mixed-method research design. Ebongkeng (2018) conducted a quantitative analysis to explore the relationship between organizational transformation and the performance of microfinance institutions in Cameroon. The findings indicated that organizational change positively influenced the performance of these microfinance companies. This research was specifically focused on Cameroon, where organizational transformation was treated as the independent variable. In contrast, the present study was executed in Kenya, where organizational transformation was examined as a mediating factor in the relationship between strategic leadership and the performance of agribusiness firms listed on the Nairobi Securities Exchange (NSE), Kenya.

Setiono and Hidayat (2022) researched to analyze the effect of organizational transformation on performance. The study employed a quantitative research method design and concluded that organizational transformation had a significant positive effect on performance. While the study used organizational transformation as the independent variable, the current study used organizational transformation as the mediating variable. Rotich and Wanyoike (2019)

undertook an empirical investigation aimed at assessing the impact of organizational transformation on the performance of Kengen Company Limited in Kenya. Utilizing a descriptive cross-sectional research design, the findings indicated a significant correlation between organizational transformation and the performance metrics of Kengen Company. While the previous study employed a quantitative approach, the current research adopts a mixed-methods framework. Further, in the above study, organizational transformation is treated as the independent variable, whereas in the current study, it was used as a mediating variable.

Figure 1: Conceptual Framework 1



Source: Author (2025)

The above conceptual framework reflects strategic leadership as the independent variable which was measured using strategic control and strategic resources. Organizational transformation was used as the mediating variable and operationalized using cultural changes and structural changes. The dependent variable as indicated in the conceptual framework is organizational performance measured using profitability, efficiency and social performance.

The study hypotheses were as follows;

H₀₁: Strategic leadership has no significant effect on the performance of agribusiness companies listed on the Nairobi Securities Exchange, Kenya.

H₀₂: Organizational transformation has no significant mediating effect on the relationship between strategic leadership and the performance of agribusiness companies listed on the Nairobi Securities Exchange, Kenya.

RESEARCH METHODOLOGY

To adequately examine the mediating effect of organizational transformation on the relationship between strategic leadership and organizational performance, this study adopted a pragmatism research paradigm approach. A mixed research method was applied where both

quantitative and qualitative data were collected and analysed. Maxwell (2016) recognizes that integrating qualitative and quantitative approaches offers numerous advantages, such as mitigating the constraints inherent in each method and facilitating a more comprehensive understanding of the phenomena. The convergent parallel design employed involves the simultaneous collection of both quantitative and qualitative data, followed by a comparative analysis and integration of the results during the overall interpretation. According to Creswell and Creswell (2018), this approach enhances the value of the mixed-method design.

The target population of this study involved all six agribusiness companies listed on the Nairobi Securities Exchange in Kenya. The unit of analysis was the agribusiness companies while the respondents were the management staff (directors, Heads of departments, in the following categories, Marketing, Finance, Operations, Information Technology (IT), and the Human resources Manager (HRM), middle-level managers, and the lower level managers or supervisors. The study adopted the census method to select all the 120 management staff available in the six agribusiness companies that are listed on the NSE, Kenya. This aligns with Mugenda and Mugenda (2003), who advocated for the census method when the target population is below 200.

Quantitative data obtained from the closed-ended questions were analyzed utilizing the Statistical Package for Social Sciences (SPSS Version 28.0). This analysis facilitated the generation of both descriptive and inferential statistics, which were subsequently illustrated through graphs and tables. Qualitative data collected from the open-ended questions underwent analysis through conceptual content analysis. According to Cresswell and Cresswell (2018), it is advisable to identify themes within qualitative data and subsequently develop overarching categories. To test the relevance of the model, the coefficient of determination (R^2) was used and to test the comprehensive fitness of the model, the F-statistic was computed at 95% confidence level. Hypothesis testing was conducted utilizing p-values, with a significance threshold of 0.05, which is predominantly employed in business and social research (Mugenda & Mugenda, 2019).

Diagnostic assessments were performed to verify that the data satisfied the prerequisites for regression analysis. The outcomes of these diagnostic tests are presented in Table 1.

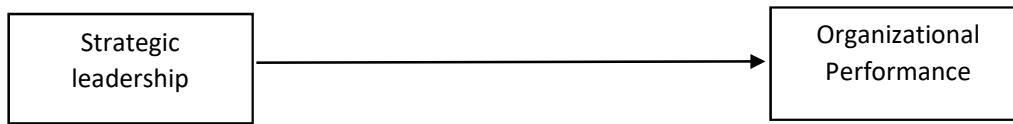
Table 1: Diagnostic Tests Results

Diagnostic test	Test	Observation	Conclusion
Normality	Shapiro-Wilk tests	P>0.05	Normally distributed
Multicollinearity	Variance Inflation Factor	VIF<10	No Multicollinearity
Heteroskedasticity	Breush-Pagan test	P>0.05	No heteroskedasticity

To examine the mediating role of organizational transformation in the relationship between strategic leadership and the performance of agribusiness companies listed on the NSE, Kenya, the study adopted Baron and Kenny's (1986) four-step approach as follows. The first

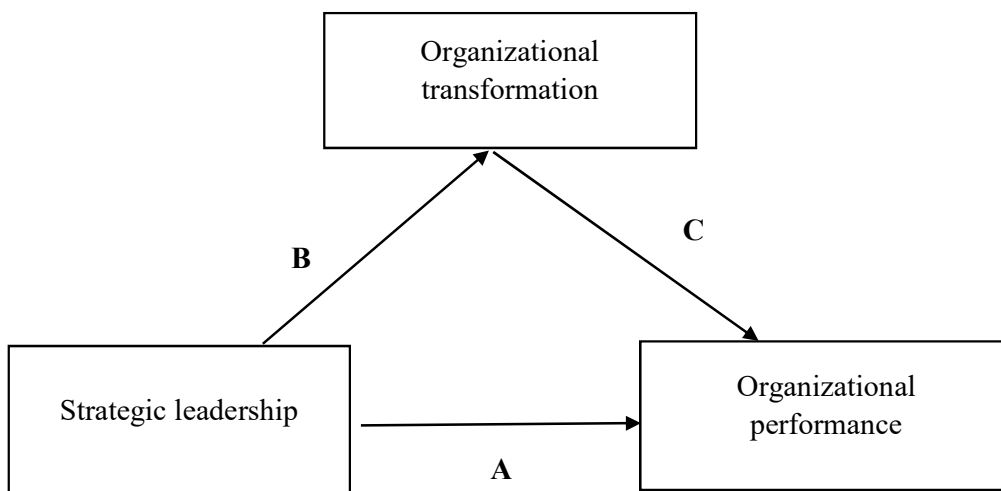
step tested the direct relationship between strategic leadership and performance as illustrated in figure 2.

Figure 2. Direct relationship between strategic leadership and performance



The second step tested path B, third step tested path C while the fourth step tested path A' as indicated in Figure 3 below.

Figure 3. Mediation effect of organizational transformation and the relationship between transformational leadership and organizational performance.



Step 1: Regressing organizational performance on strategic leadership to determine the significance of the relationship.

$$Org_p = \beta_0 + \beta_1sl + \varepsilon \dots\dots\dots 3.2$$

Step 2: Regressing organizational transformation on strategic leadership to determine the significance of the relationship.

$$O_t = \beta_0 + \beta_2sl + \varepsilon \dots\dots\dots 3.3$$

Step 3. Regressing organizational performance on organizational transformation to determine the significance.

$$Org_p = \beta_0 + \beta_3O_t + \varepsilon \dots\dots\dots 3.4$$

Step 4: Regressing organizational performance on strategic leadership and organizational transformation and determine the significance.

$$Org_p = \beta_0 + \beta_4sl + \beta_5O_t + \varepsilon \dots\dots\dots 3.5$$

Where; **Org_p** = Organizational performance composite Index

- β_0 = Constant
- $\beta_1, \beta_2, \beta_3, \beta_4$ & β_5 = Beta coefficients
- SI = Strategic leadership composite index
- O_t = Organizational transformation composite index
- ε = Error Term

Table 2 below summarises the decision criteria for the mediation effect.

Table 2: Decision Criteria for Mediation

Model	Beta coefficient significance		Conclusion
Model 3.2	B1 ($P > 0.05$)	-	No evidence of a mediated relationship
Model 3.3	B2 ($P \leq 0.05$)	-	A mediated relationship is evident
Model 3.4	B3 ($P \leq 0.05$)	-	A mediated relationship is evident
Model 3.5	B4 ($p \leq 0.05$)	B5 ($P \leq 0.05$)	Indicates a partially mediated relationship
Model 3.5	B4 ($P > 0.05$)	B5 ($P \leq 0.05$)	Indicates a full mediation

Source: Baron and Kenny (1986)

Research findings

This study sought to determine the mediating effect of organizational transformation on the relationship between strategic leadership and the performance of agribusiness companies listed on the Nairobi Securities Exchange in Kenya. The associated hypothesis was formed as organizational transformation has no mediating effect on the relationship between strategic leadership and the performance of agribusiness companies listed on the NSE, Kenya. Baron and Kenny's (1986) four-step approach was used to test the hypothesis.

Step 1: Organizational performance was regressed on composite strategic leadership

In step one, organizational performance was regressed on strategic leadership to test for path A as indicated in Figure 3. The results are shown in Tables 3, 4, and 5.

Table 3: Model Summary 2

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0.789 ^a	0.623	0.606	0.20634

a. Predictors: (Constant), Strategic Leadership

Source: Research Data (2025)

The results from Table 3 above indicate an adjusted R Square (R^2) of 0.606 indicating the suitability of the model to test the performance of agribusiness companies listed on the Nairobi Securities Exchange, Kenya by 60.6%. The variation in the performance of agribusiness

companies listed on the NSE in Kenya, amounting to 39.4%, can be attributed to factors beyond strategic leadership.

Below indicated in Table 4 is the analysis of variance results.

Table 4: ANOVA for Strategic Leadership and Performance

Model	Sum of Squares	df	Mean Square	F	Sig.
Regression	6.184	4	1.546	36.319	0.000 ^b
Residual	4.558	106	0.043		
Total	10.742	110			

a. Dependent Variable: Performance

b. Predictors: (Constant), Strategic Leadership

Source: Research Data (2025)

The findings presented in Table 4 above demonstrate the overall importance of the regression model. The F-statistic of 36.319, accompanied by a significance level (p-value) of 0.000, suggests that the model is statistically significant in elucidating the variations in performance across agribusiness firms. Given that the p-value is below 0.05, it affirms that the influence of strategic leadership on firm performance is indeed significant.

The study variables coefficient results are indicated in Table 5 below.

Table 5: Regression Coefficients

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	1.720	0.357		4.819	0.000
Strategic Leadership	.3515	.0965	.4353	3.682	0.001

a. Dependent Variable: Performance

Source: Research Data (2025)

The data presented in Table 5 demonstrate a standardized beta coefficient of 0.4353 accompanied by a p-value of 0.001. Given that the p-value is below the significance threshold of 0.05, it can be concluded that strategic leadership serves as a significant predictor of performance. Below is a summary of the Model.

$$ORG_p = 1.720 + 0.4353SL + \varepsilon$$

Step Two: Regression of Composite Strategic Leadership on Organizational Transformation

In step two, organizational transformation was regressed on strategic leadership to test for path B as shown in Figure 3. The results are indicated in Tables 6, 7 and 8.

Table 6: Model Summary 3

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.717 ^a	.514	.509	.23019

a. Predictors: (Constant), Strategic Leadership

Source: Research Data (2025)

The findings presented in Table 6 demonstrate an adjusted R Square value of 0.509, suggesting that strategic leadership accounts for 5% of the variations observed in organizational transformation. Additionally, the study conducted a variance analysis to assess the model's significance, with the results detailed in Table 7 below.

Table 7: ANOVA

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	5.11	1	5.110	96.428	.000 ^b
	Residual	5.777	109	.053		
	Total	10.887	110			

a. Dependent Variable: Organisational Performance

b. Predictors: (Constant), Strategic Leadership

Source: Research Data (2025)

The results of the ANOVA presented in Table 7 above indicate that the F-statistic was 96.428, accompanied by a p-value of 0.000, which affirms the overall significance of the regression model. This finding suggests that strategic leadership exerts a statistically significant influence on the performance of agribusiness firms. The F-statistic, significantly exceeding the critical value of 3.928, highlights the model's strength in forecasting performance results.

The variables coefficients are indicated in Table 8 below.

Table 8: Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.083	.291		3.723	.000
	Strategic Leadership	.706	.072	.717	9.820	.000

a. Dependent Variable: Organisational Performance

Source: Research Data (2025)

The regression model is summarized as:

$$\text{Organisational Performance} = 1.083 + 0.706 \text{ Strategic Leadership} + \varepsilon$$

Table 8 above indicates a beta value of 0.706 and a p-value of 0.000, demonstrating a robust and statistically significant positive impact of strategic leadership on organizational performance.

Step Three: Regression of Organizational Performance on Organizational Transformation

In step three, organizational performance is regressed on organizational transformation to test for path C as indicated in Figure 3. The results are shown in Tables 9, 10 and 11.

Table 9 below indicates the summary of the regression model.

Table 9: Model Summary IV

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.774 ^a	.599	.594	.20925

a. Predictors: (Constant), Organisational Transformation

Source: Research Data (2025)

The regression model illustrated in Table 9 above shows an R² value of 0.599, which signifies that organizational transformation accounts for 59.9% of the variance in firm performance. The adjusted R² value of 0.594 further validates the model's reliability, indicating that organizational transformation is essential for improving performance. Further, the study analyzed variance to determine the significance of the model and the results are shown in Table 10 below.

Table 10: ANOVA

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	5.947	1	5.947	135.819	.000 ^b
	Residual	4.796	109	.044		
	Total	10.743	110			

a. Dependent Variable: Organisational Performance

b. Predictors: (Constant), Organisational Transformation

Source: Research Data (2025)

Table 10 above displays the ANOVA results of the regression model. The F-statistic of 135.819, accompanied by a p-value of 0.000, substantiates the statistical significance of the relationship between organizational transformation and performance. This finding suggests that the model effectively predicts performance based on the transformation variables. The substantial F-statistic highlights the significant impact of organizational transformation on the performance of agribusiness companies listed on the Nairobi Securities Exchange, Kenya. Table 11 below shows the coefficient results.

Table 11: Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.994	.253		3.931	.000
	Organisational Transformation	.731	.063	.774	11.654	.000

a. Dependent Variable: Organisational Performance

Source: Research Data (2025)

Table 11 indicates that the unstandardized beta coefficient for organizational transformation is 0.731. The p-value of 0.000 suggests that the relationship is highly significant. The regression model can be summarized as follows:

$$\text{Organisational Performance} = 0.994 + 0.731 \text{ Organisational Transformation} + \varepsilon$$

This indicates that for each unit increase in organizational transformation, there is an increase of 0.731 units in organizational performance (unstandardized beta). This highlights the significant influence of transformation on the performance of agribusiness companies listed on the NSE, Kenya.

Step Four: Regression of Organizational Performance on Composite Strategic Leadership and Organizational Transformation.

Lastly, organizational performance was regressed on strategic leadership and organizational performance to test path A as indicated in Figure 3. The results are illustrated in Tables 12, 13 and 14.

Table 12: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.803 ^a	.645	.638	.19781

a. Predictors: (Constant), Strategic Leadership, Organisational Transformation

Source: Research Data (2025)

Table 12 illustrates that the regression model produced an R² value of 0.645, signifying that strategic leadership and organizational transformation collectively account for 64.5% of the variance in firm performance. The adjusted R² of 0.638 further validates the model's reliability, indicating that the two predictors make a substantial combined impact on performance.

The results of the analysis of variance are presented in Table 13 below.

Table 13 Anova

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	6.41	2	3.205	81.915	.000 ^b
	Residual	4.212	108	.039		
	Total	10.622	110			

a. Dependent Variable: Organisational Performance

b. Predictors: (Constant), Strategic Leadership, Organisational Transformation

Source: Research Data (2025)

The findings presented in Table 13 indicate an F-statistic of 81.915 accompanied by a p-value of 0.000, which substantiates the statistical significance of the regression model. The substantial F-statistic and minimal p-value suggest that the collective impact of strategic leadership and organizational transformation on the performance of agribusiness companies listed on the NSE, Kenya is both strong and significant. The results of the model coefficients are presented in Table 14 below.

Table 14: Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.620	.262		2.363	.020
	Organisational Transformation	.507	.088	.537	5.765	.000
	Strategic Leadership	.316	.092	.320	3.440	.001

a. Dependent Variable: Organisational Performance

Source: Research Data (2025)

Table 14 presents the coefficients for the regression model. The linear regression equation was summarized as follows:

$$\text{Organisational Performance} = 0.620 + 0.507 \text{ Organisational Transformation} + 0.316 \text{ Strategic Leadership} + \varepsilon$$

The standardized beta coefficient for organizational transformation is 0.537, while that for strategic leadership is 0.320, with both values being significant at $p < 0.05$. These coefficients suggest that both predictors have a significant effect on performance, although organizational transformation exerts a slightly stronger influence. The findings reveal a decrease in the standardized beta coefficient for strategic leadership, which dropped from 0.725 in Step One to 0.320 in Step Four. This decline, along with the notable impact of organizational

transformation ($\beta = 0.537$), indicates that organizational transformation serves as a partial mediator in the relationship between strategic leadership and performance. The regression results are summarized in Table 15 below.

Table 15: Summary of Regression Results for the Mediating Effect

Parameter	Step 1	P-value	Step 2	P-value	Step 3	P-value	Step 4	P-value	Conclusion
R²	0.514	-	0.546	-	0.599	-	0.645	-	There is evidence of partial mediation since $P \leq 0.05$ for all coefficients. Null hypothesis is therefore rejected.
Adjusted R²	0.509	-	0.541	-	0.594	-	0.638	-	
F Value	96.428	0.000	109.414	0.000	135.819	0.000	81.915	0.000	
β Constant	1.0830	0.000	0.9123	0.000	0.9940	0.000	0.6200	0.020	
β Strategic Leadership	0.7170	0.000	-	-	-	-	0.3161	0.000	
β Organizational Transformation	-	-	0.771	0.000	0.731	0.000	0.507	0.000	

Source: Research Data (2025)

In the first step of the regression analysis, when firm performance was regressed against strategic leadership, the adjusted R² value was determined to be 0.509, with a standardized beta coefficient of 0.717. When the mediating factor that is organizational transformation was introduced, the strength of the relationship as indicated by adjusted R square increased to 0.638 while the standardised beta coefficient for strategic leadership reduced by 0.401 to 0.316 indicating that the direct effect of strategic leadership on performance weakened. Baron and Kenny's (1986) decision criteria for mediation state that, if in step four the independent variable (strategic leadership) remains significant after introducing the mediating variable, (organizational transformation), then there is partial mediation.

This research revealed that in the fourth step, strategic leadership continued to be significant even after the inclusion of the mediating variable, organizational transformation. Consequently, the null hypothesis is rejected, leading to the conclusion that organizational transformation exerts a partial mediating effect on the relationship between strategic leadership and the performance of agribusiness firms listed on the Nairobi Securities Exchange in Kenya. This suggests that the degree of organizational transformation, prompted by the application of strategic leadership, affects the strength of the relationship between strategic leadership and organizational performance.

Discussions and Results

The joint impact of strategic leadership and organizational transformation accounted for 64.5% of the variance in performance outcomes. These findings highlight the synergistic relationship

between leadership and transformation in attaining exceptional performance. Strategic leadership offers the vision and guidance, whereas organizational transformation converts these directives into measurable results.

The results are consistent with the Transformational Leadership Theory (Bass & Avolio, 1993), which posits that effective leaders who engage in transformational processes yield enhanced organizational results. Such outcomes are realized through the promotion of innovation, the alignment of organizational goals with strategic aims, and the empowerment of employees to perform at their best. The findings also aligned with existing literature. For instance, a study by Rotich and Wanyoike (2019) reported comparable findings, highlighting that transformation initiatives driven by leadership result in enhanced operational efficiency, increased innovation, and better alignment with market opportunities. Furthermore, the significant beta coefficient reinforces the notion that transformation is fundamentally linked to the actions and decisions made by strategic leaders.

Khatoon and Farooq (2016), found a strong positive relationship between organizational transformation and performance. Northouse (2019), emphasized the interconnectedness of leadership and transformation in achieving strategic objectives. The significance of the model reinforces the importance of agribusiness companies adopting a holistic approach, where leadership and transformation are not treated as isolated components but as complementary processes driving organizational success.

This validates the theory that transformation acts as an essential connection between leadership practices and performance results. Agribusiness companies that prioritize transformation are more effectively equipped to navigate market complexities, foster innovation, and maintain their competitive advantage. The results highlight the importance of strategic leadership in facilitating transformation initiatives that align organizational objectives with market requirements.

Implications for Theory

This study aimed to determine the mediating effect of organizational transformation on the relationship between strategic leadership and the performance of agribusiness companies listed on the Nairobi Securities Exchange in Kenya. The research findings indicate that organizational transformation has a partial mediating effect on the relationship between strategic leadership and the performance of agribusiness companies listed on the NSE, Kenya. This was interpreted to suggest that the degree of organizational transformation, prompted by the application of strategic leadership, affects the strength of the relationship between strategic leadership and organizational performance.

This research offers significant contributions to the understanding of strategic leadership and performance management, especially in the context of Kenya's agribusiness sector. Firstly, it enhances the current literature by presenting empirical data regarding the direct and mediating impacts of strategic leadership and organizational performance. The findings emphasize the

essential function of strategic leadership in facilitating organizational transformation, illustrating its importance as a framework for attaining enduring competitive advantage in dynamic business environments. The study provided a unique operationalization of organizational transformation using cultural change and structural change which have not been used in a similar study. Additionally, the findings also provide empirical validation of the Transformational Leadership Theory, showcasing how leadership-driven transformation initiatives foster organizational adaptability and resilience.

Conclusions and Recommendations

The research highlights the necessity for organizational transformation to facilitate the connection between strategic leadership and performance outcomes. Companies ought to prioritize the development of a culture that promotes innovation, flexibility, and continuous improvement. Leaders need to advocate for transformative efforts, including process reengineering and digital transformation, to improve efficiency and competitiveness. Additionally, policymakers can aid this endeavour by creating innovation centres or offering tax incentives to businesses that invest in transformative initiatives, thereby ensuring that the agribusiness sector stays responsive to both global and local challenges.

The study ultimately emphasizes the necessity for policy alignment to bolster the strategic leadership practices within agribusiness firms. Policymakers need to establish clear regulatory frameworks that foster fair competition, facilitate value chain integration, and tackle sector-specific challenges such as resource limitations and market fluctuations. Collaborative initiatives involving government agencies, industry associations, and academic institutions can lead to the formulation of policies that are both practical and tailored to the distinct requirements of the agribusiness sector. Implementing these recommendations can empower agribusiness companies to refine their strategic leadership practices, enhance resource efficiency, and achieve ongoing performance improvements. By focusing on these critical areas, agribusiness firms can strengthen their position as competitive and resilient entities in the global marketplace, while also contributing to broader economic development and food security.

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