Effect of Idealized Influence on the Performance of Startup Technology Firms in Nairobi County, Kenya

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Abstract:

Purpose: *This study examined the effect of idealized influence on the performance of startup technology firms in Nairobi County, Kenya. Specifically, the study sought to establish whether leaders' ethical behaviour, integrity, role modelling, consistency, professional values and ability to inspire employee trust significantly influence the performance of startup technology firms.*

Material/methods: *The study was anchored on Transformational Leadership Theory, initially introduced by Burns (1978) and subsequently developed by Bass (1985). An explanatory research design and cross-sectional research approach were adopted. The target population comprised 308 startup technology firms operating across different technology sectors in Nairobi County, including fintech, agritech, e-health, e-commerce, mobility, energy, ed-tech and logistics. A stratified random sampling technique was employed to obtain a sample of 174 startup technology firms using Yamane's (1967) formula. Primary data were collected using structured questionnaires administered to founders, managers, team leaders and other key decision-makers. A total of 144 valid responses were analyzed, representing an effective response rate of 82.76%. Data were analyzed using descriptive statistics, Pearson correlation and hierarchical multiple regression analysis using SPSS version 25. Organisational culture was incorporated as a moderating variable.*

Findings: *The findings revealed that idealized influence had a positive and statistically significant effect on the performance of startup technology firms in Nairobi County ($\beta = 0.241$, $t = 2.902$, $p = 0.004$). The results indicated that leaders who demonstrate ethical behaviour, integrity, consistency, professional values and positive role modelling contribute significantly to improved firm performance. Hierarchical regression analysis further established that the four transformational leadership dimensions explained 67.8% of the variation in firm performance ($R^2 = 0.678$). Following the introduction of organisational culture and interaction terms, the explanatory power of the model increased to 73.3% ($R^2 = 0.733$). However, the interaction between idealized influence and organisational culture was not statistically significant ($\beta = -0.311$, $p = 0.268$), indicating that organisational culture did not significantly moderate the relationship between idealized influence and firm performance.*

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Conclusion: *The study concluded that idealized influence is a significant positive determinant of startup technology firm performance in Nairobi County. Leaders who demonstrate integrity, ethical conduct, accountability, consistency and professional credibility are better positioned to inspire employee trust, strengthen organisational commitment and promote the achievement of organisational objectives. However, organisational culture did not significantly moderate the relationship between idealized influence and firm performance. Therefore, startup technology firms should priorities ethical leadership and positive role modelling as essential leadership practices for enhancing organisational productivity, innovation and overall performance.*

Value: *The study contributes to Transformational Leadership Theory by providing empirical evidence on the direct effect of idealized influence on the performance of startup technology firms in an emerging economy. The findings provide practical insights for startup founders, managers, policymakers and technology entrepreneurship stakeholders on the importance of ethical leadership, integrity, accountability and employee trust in strengthening organisational performance. The study also extends empirical understanding of the moderating role of organisational culture in the relationship between transformational leadership and firm performance.*

Keywords: *Idealized Influence, Transformational Leadership, Firm Performance, Startup Technology Firms, Organisational Culture, Nairobi County, Kenya*

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1. Introduction

The startup technology sector has become a major economic force, innovator, and job creator globally, especially in the markets of emerging countries like Kenya. Although they can play a vital part in economic development, many startup tech companies face problems due to scarce resources, high competition and volatile market conditions. Therefore, leadership is very important in shaping the performance of the organization, especially the transformative leadership style, which can motivate employees, inspire innovation, and improve organizational effectiveness (Bass, 1985). Transformational leadership dimensions are especially important in the idealized influence, which allows the leader to set an example in behavior, integrity, commitment, and ethics for employees to take note of and follow organizational objectives (Afshari, 2022). This is possible by idealized influence – enabling transformational leaders to show values and behaviors that inspire employees to trust, respect and commit to them. Leaders build credibility by acting ethically, being consistent and having a common organisational purpose that guides their actions to achieve shared goals. In start-up technology companies, where the working environment may be uncertain and constantly evolving, the need for strong leadership direction, commitment and collaboration is paramount. Leadership effectiveness also depends on conditions within the organisation, as leadership styles shape cultural norms that are, in turn, related to firm effectiveness (Klein et al., 2013). This implies that the role of demonstrating an idealized influence as a leader might be of vital importance for the improvement of employee commitment, organisational stability, innovation and the overall firm performance. Start-up tech companies in African economies operate in institutional and resource contexts that differ from those of mature technology ecosystems, and these differences could shape how leadership behaviors translate into organisational performance. Entrepreneurial leadership has been increasingly contributing to innovation and business development

in Kenya, with examples like M-KOPA Solar and Twiga Foods. However, many of these firms operate with limited resources under considerable uncertainty, and access to external capital and mentoring has been found to improve the performance of technology firms in Nairobi City County (Ndiu, 2023). In the face of these challenges, idealized influence is even more relevant as leaders who are credible, ethical and committed can build trust in employees and group efforts around organizational goals. In Nairobi County, where the majority of Kenya's tech startups are based, organizational performance is affected by the capability of organizations to mobilize employees, adapt to technological changes and remain competitive. But when leadership is not credible, management behavior is inconsistent, and there is lack of trust among employees, the organization's commitment may be undermined, and goals for performance may not be met. The challenges indicate that the role of idealized influence in the performance of startup tech firms is an avenue of interest that needs to be explored. While there are relations between transformational leadership and organisational performance (Bastari et al., 2020; Paais & Pattiruhu, 2020), not much research has focused on the individual component of idealized influence in startup technology contexts. While several other studies have recognized the role of leadership behaviors and the organizational conditions that influence organizational outcomes (Koroni et al., 2023; Lam et al., 2021), the influence of idealized influence on the performance of startup tech firms in Nairobi County has not yet been well understood. Thus, this study aimed at finding out the impact of idealized influence on the performance of start-up tech companies in Nairobi County.

2. Theoretical Review

The concept of Transformational Leadership Theory was first proposed by Burns (1978) and later expanded upon by Bass (1985) to describe a leadership style that motivates, inspires and influences followers to perform tasks that go beyond their self-interests for the success of an organisation. The theory's four aspects are idealized influence, inspirational motivation, intellectual stimulation and individualized consideration. Idealized influence is the capacity of leaders to serve as role models in their ethical behavior, to show integrity, to communicate positive values and to inspire employees with trust and respect. These behaviors help leaders create an organisational vision and motivate employees to strive toward an effective organisation. The theory is applicable to the current study because it helps to understand how idealized influence can affect the performance of start-up tech firms in Nairobi County. Startup companies work in fast-paced and competitive surroundings where technologies are changing, resources are scarce and uncertainty abounds, and leaders need to build trust and credibility among their workers. Leaders who are honest, consistent, accountable and committed to the organisational values are likely to engender the trust of employees, enhance team working and foster commitment to organisational goals. Mangwana et al. (2025) found that idealized influence positively and significantly influenced the performance of water service companies in western Kenya. Closer to the present context, Wangari (2024) found that the idealized influence had a significant positive correlation with the innovative performance of technology startups in Nairobi County. Gachira and Ntara (2024) also found a significant contribution by idealized influence to organisational performance of top 100 small and medium enterprises in Nairobi which calls for ethical leadership, role modelling and trust. Based on this theory, the study starts to explain the theoretical question of how the ethical behaviour, credibility and consistency of startup leaders and their ability to act as role models may impact on firm performance. The study then adopts an idealized influence approach to explore if leaders with positive values and behaviors improve employee commitment,

organizational performance, organizational effectiveness and innovation of start-up tech firms in Nairobi County.

3. Empirical Review

The dimension of idealized influence is a measure of the leader's capacity to serve as an ethical and moral role model, gaining respect and trust from followers (Kumar & Dhiman, 2020). This type of leadership creates a sense of unity, commitment and creativity within the organisation, which is crucial for the success of start-ups in resource-poor and fast-changing markets (Afshari, 2022). The effects of idealized influence have received some attention in various contexts. Evidence from Kenya links idealized influence with performance, although most of it comes from public organisations. Githui et al. (2024) found a significant relationship between idealized influence and performance contracting in the country's three national road agencies, and Kinara et al. (2024) reported that idealized influence significantly and positively affected the performance of county governments in the South Eastern Kenya Economic Bloc. These organisations operate under statutory mandates and public accountability structures that differ from the investor-dependent and fast-changing conditions in which technology startups compete, so their findings may not transfer directly to Nairobi-based startups. Startup-specific evidence is limited to Wangari (2024), who examined innovative performance rather than overall firm performance. This underscores the need for specific studies to fully comprehend the multifaceted effects of leadership in various kinds of startups in Kenya. The evidence of the positive effects of idealized influences on performance is generally positive, but there are challenges in the Kenyan context that aren't found in other well-established startup ecosystems. These mixed results provide some evidence to support Hypothesis, which proposes that the relationship between idealized influence and the performance of Nairobi startups will be strong but this will be mediated by contextual factors like funding availability, sector, and market conditions. Based on the existing leadership–creativity view, Hai et al. (2022) focus on another gap between transformational leadership and employee's creativity in tourism and hospitality sector in Pakistan, which is respectful engagement. Data were collected from 288 supervisor–subordinate dyads of hotel and tourism industry in Pakistan. The validation of the measurement model was done by the partial least square structural equation modeling (PLS-SEM) technique, which was used to test the proposed hypotheses in this study using SmartPLS 3.0. The results suggest that transformational leadership and respectful engagement are significantly related and that respectful engagement fosters employee creativity. There were also findings that showed that respectful engagement is a mediator between transformational leadership and employee creativity.

H1: Idealized influence has significant effect on performance of startup tech firms in Nairobi County.

4. Research Methodology

This study applied explanatory research design to determine cause and effect relationships between transformational leadership and performance of startup-tech companies in Nairobi County, Kenya and investigated the moderating role of organisational culture. The explanatory research design was suitable for the aim of the study, as it allowed for determining the relationships between the four dimensions of transformational leadership (idealized influence, inspirational motivation, intellectual stimulation and individualized consideration) and the performance of start-up firms and whether these relationships are moderated by organisational culture (Zikmund, 2000). In addition, a cross-sectional research design was used, which involved data gathering

at one point in time to capture a cross-sectional view of leadership practices, organisational culture and firm performance in the startup ecosystem (Levin, 2006). The unit of analysis was the startup tech firm and the unit of observation was the individual respondents – founders, managers, team leaders and other key decision-makers who have knowledge of leadership practices and organisational performance. A stratified random sampling method was used to ensure proper representation of startups with regard to industry.

Sample Size and Data Collection

The sampling frame was the list of 308 technology startups documented in the Kenyan Startup Ecosystem Report 2022, spanning fintech, agritech, e-health, e-commerce, mobility, energy, ed-tech, logistics, marketing, recruitment, human resources and other technology sectors (Disrupt Africa, 2022). The report covers startups across Kenya, but 97.4% of the firms it lists are based in Nairobi, so the frame closely approximates the population of technology startups in Nairobi County. The companies had to have been established for at least six months but for not more than 10 years to provide them with enough operational experience with which to evaluate leadership practices, the organisational culture and the performance of the company. The study used stratified random sampling which involves stratification of the 308 startups by industry and then proportionate sampling of the firms in each of the industry stratum. The sample size was calculated with 5% of margin of error and a confidence level of 95% based on Yamane's (1967) formula to obtain a sample of 174 startup tech firms. The firms were selected and the information was gathered from the selected firms using a structured questionnaire among the key decision makers such as founders, managers and team leaders. Items on the questionnaire were closed ended with 1 "Strongly Disagree" option and 5 "Strongly Agree" options. The measurement items were derived from the existing tools, such as Bass and Avolio's Multi-Factor Leadership Questionnaire for transformational leadership and Schein's Organisational culture questionnaire. The pilot study was carried out with 23 respondents representing about 10% of the main population, in startup tech firms in Kiambu County to test the reliability and validity of the research instrument (Hertzog, 2008). Content validation was done using both the supervisors' review and experts in leadership and organisational studies, and the reliability was determined by Cronbach's alpha coefficient. Hair et al. (2007) determined that the Cronbach's alpha value of 0.70 or greater would be considered acceptable, which means they have good internal consistency of the measurement items. The study was cleared for research by the Graduate School of Moi University and got a research permit from the National Commission for Science, Technology and Innovation (NACOSTI) before conducting field data.

Measurement of Variables

This section presents the measurement of the study variables, in which idealized influence will constitute the independent variable, while the performance of startup tech firms will be the dependent variable. The study will examine idealized influence as a dimension of transformational leadership to establish its effect on the performance of startup tech firms in Nairobi County. The study will also consider relevant control variables to account for other factors that may influence firm performance. The operational definitions, indicators and measurement scales for all the study variables are presented in Table 1.

Table 1: Measurement of Variables

Type	Variable	Measurement	Measurement Scale	Source
Independent variable	Idealized Influence	Leader's ethical behavior Employee trust in leadership Leader's role modeling Influence on organizational vision	5-point Likert scale	Bass, B. M. (1985); Avolio, B. J., & Bass, B. M. (1995)
Dependent variable	Performance of startup tech firms	Employee productivity Innovation output Profitability Employee satisfaction	5-point Likert scale	Ogunyomi & Bruning (2016)

Data Analysis and Model Specification

The study used a strictly quantitative data analysis technique which involved both inferential and descriptive statistical analysis using SPSS version 25. Both inferential and descriptive which includes mean, standard deviation, percentages minimum and maximum were all used to summarize demographics and study variables. Inferential statistics was also used in the study as both correlation and regression analysis was carried out. To test the proposed hypotheses the following regression equation was adopted:

Model1: Testing the effect of the control variables on performance of startup tech firms in Nairobi County.

$$Y= \beta 0 +C$$

Model 2: Testing the effect of the independent variables on performance of startup tech firms in Nairobi County.

$$Y= \beta 0 +C+ \beta 1 X1 + \varepsilon \ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots 1$$

5. Findings

Descriptive Statistics for Performance

According to Table 2, the findings showed that 115(79.8%) of the respondents agreed that the organization achieves its strategic goals effectively while 28(19.4%) of the respondents disagreed that the organization achieves its strategic goals effectively. From the mean and standard deviation, the respondents agreed that the organization achieves its strategic goals effectively (Mean=3.85, Std. dev=1.23). Findings agreed with Sadq et al. (2019) found a correlation as well as an impact between empowerment strategy and organizational effectiveness. Further, 108(75.0%) of the respondents agreed that employees in the organization are highly satisfied with their jobs while 28(19.4%) of the respondents disagreed that employees are highly satisfied with their jobs. The mean and standard deviation confirmed that respondents agreed that employees are satisfied with their jobs (Mean=3.78, Std. dev=1.21). Findings align with Cherif (2020) found that human resource management correlated positively with employee job satisfaction and organizational commitment. On the other hand, employee job satisfaction was found to be positively correlated with organizational commitment. Moreover, 98(68.1%) of the respondents agreed that the organization adapts quickly to market changes and on the other hand 40(27.8%) of the respondents disagreed that the organization adapts quickly to market changes. Based on the mean and standard deviation, the respondents agreed that the organization adapts quickly to market changes (Mean=3.65, Std. dev=1.38). In addition, 107(74.3%) of the respondents agreed that the organization consistently delivers innovative products and services while 33(22.9%) of the respondents disagreed that the organization consistently delivers innovative products and services. The mean and standard

deviation indicated agreement that the organization delivers innovative products and services (Mean=3.73, Std. dev=1.33). These findings are consistent with the study done by YuSheng and Ibrahim (2019) indicate that SI has direct influence on SERVD and CSAT. Again the findings revealed a positive relationship between SERVD, CSAT and bank customer loyalty. Further, 109(75.7%) of the respondents agreed that operational processes in the organization are highly efficient while 32(22.2%) of the respondents disagreed that operational processes in the organization are highly efficient. From the mean and standard deviation, the respondents agreed that operational processes are efficient (Mean=3.76, Std. dev=1.26). Th study results agreed with Al Yami et al. (2022) revealed that the extent of implementation of all six knowledge management processes and operational efficiency followed an inverted "V" pattern, in which, both knowledge management processes and operational efficiency was found to increase while transitioning from small and medium entities to large entities, but was found to decrease while transitioning from large to very large entities. Moreover, 109(75.7%) of the respondents agreed that the company has seen steady growth in revenue and market share while 25(17.3%) of the respondents disagreed that the company has seen steady growth in revenue and market share. The mean and standard deviation showed agreement that the company is experiencing growth in revenue and market share (Mean=3.85, Std. dev=1.20). In addition, 106(73.6%) of the respondents agreed that there is continuous improvement in service delivery while 24(16.7%) of the respondents disagreed that there is continuous improvement in service delivery. The mean and standard deviation revealed that respondents agreed that there is continuous improvement in service delivery (Mean=3.88, Std. dev=1.17). Results however agreed with Gonzalez Aleu et al. (2021) noted that five factors were found to affect student loyalty: facility cleanliness; faculty teaching skills; evening student services; master's degree student management roles at work; and master's degree students' ages. After the implementation of the improvement and control actions, there was a 7.7% increase in the engineering master's degree students' loyalty scores. Lastly, 110(76.4%) of the respondents agreed that team collaboration enhances overall productivity and on the other hand 20(13.9%) of the respondents disagreed that team collaboration enhances overall productivity. From the mean and standard deviation, the respondents agreed that team collaboration enhances productivity (Mean=3.94, Std. dev=1.16). The first objective of the study was to determine the effect of idealized influence on the performance of start-up technology firms in Nairobi County. Idealized influence was assessed as a dimension of transformational leadership, while firm performance was measured using the study's performance indicators. Descriptive and inferential statistical analyses were conducted to establish the relationship between the two variables. The regression results revealed that idealized influence had a positive and statistically significant effect on the performance of start-up technology firms ($\beta = 0.241$, $t = 2.902$, $p = .004$). The unstandardized regression coefficient was positive ($B = 0.215$, $SE = 0.074$), indicating that improvements in idealized influence were associated with improvements in firm performance. The standardized beta coefficient of 0.241 implies that a one-standard-deviation increase in idealized influence was associated with a 0.241-standard-deviation increase in firm performance, holding other transformational leadership dimensions constant.

Table 2: Descriptive Statistics for Performance

Statements		SD	D	N	A	SA	Mean	Stdv
1. Our organization achieves its strategic goals effectively.	F	12	16	1	68	47	3.85	1.23
	%	8.3	11.1	.7	47.2	32.6		

Statements		SD	D	N	A	SA	Mean	Stdv
2. Employees in our organization are highly satisfied with their jobs.	F	11	17	8	65	43	3.78	1.21
	%	7.6	11.8	5.6	45.1	29.9		
3. Our organization adapts quickly to market changes.	F	15	25	6	48	50	3.65	1.38
	%	10.4	17.4	4.2	33.3	34.7		
4. We consistently deliver innovative products/services.	F	16	17	4	60	47	3.73	1.33
	%	11.1	11.8	2.8	41.7	32.6		
5. Operational processes in our organization are highly efficient.	F	12	20	3	64	45	3.76	1.26
	%	8.3	13.9	2.1	44.4	31.3		
6. Our company has seen steady growth in revenue and market share.	F	10	15	10	61	48	3.85	1.20
	%	6.9	10.4	6.9	42.4	33.3		
7. There is continuous improvement in our service delivery.	F	7	17	14	54	52	3.88	1.17
	%	4.9	11.8	9.7	37.5	36.1		
8. Team collaboration enhances overall productivity.	F	9	11	14	55	55	3.94	1.16
	%	6.3	7.6	9.7	38.2	38.2		

Descriptive Statistics for Idealized Influence

The first objective of the study was to determine the effect of idealized influence on performance of startup tech firms. The study findings are presented in Table 3. According to Table 3, the findings show that 99(68.8%) of the respondents agreed that their leader acts as a role model for employees. However, 41(28.4%) of the respondents disagreed that their leader acts as a role model for employees. Based on the mean and standard deviation, respondents agreed that leaders act as role models for employees (Mean = 3.60, Std. dev = 1.30). This finding is consistent with Kinara et al. (2024), who concluded that leaders who act as role models and inspire their teams can enhance the performance of county governments in Kenya. Further, 106(73.6%) of the respondents agreed that leadership demonstrates ethical behaviour consistently and on the other hand 30(20.9%) of the respondents disagreed that leadership demonstrates ethical behaviour consistently. The mean and standard deviation confirmed agreement that leadership demonstrates ethical behaviour consistently (Mean = 3.79, Std. dev= 1.21). This result is consistent with Githui et al. (2024), who found that idealized influence, which rests on the leader's ethical conduct and role modelling, was significantly related to performance contracting in Kenya's road agencies. Moreover, 108(75.0%) of the respondents agreed that the leader's personal values are aligned with those of the organization. Conversely, 30(20.9%) of the respondents disagreed that the leader's personal values are aligned with those of the organization. The mean and standard deviation indicated that the respondents agreed that the leader's personal values are aligned with those of the organization (Mean = 3.78, Std. dev = 1.19). This pattern accords with Mangwana et al. (2025), who found that idealized influence positively and significantly influenced the performance of water service companies in Kenya. In addition, 103(71.5%) of the respondents agreed that employees admire and respect the leadership of the organization. Further, 31(21.5%) of the respondents disagreed that employees admire and respect the leadership of the organization. The mean and standard deviation indicated that the respondent agreed that employees admire and respect the leadership of the organization (Mean = 3.60, Std. dev = 1.23). These findings agreed with the study done by Hai et al. (2022) suggest that transformational leadership and respectful engagement are significantly related and that respectful engagement fosters employee creativity. The study further confirmed that respectful engagement mediates the relationship between transformational leadership and employee creativity.

Lastly, 109(75.7%) of the respondents agreed the leader instills pride in being associated with the organization while 30(20.9%) of the respondents disagreed the leader instills pride in being associated with the organization. Based on the mean and standard deviation, respondents agreed the leader instills pride in being associated with the organization (Mean = 3.85, Std. dev= 1.21).

Table 3: Descriptive Statistics for Idealized Influence

Statements		SD	D	N	A	SA	Mean	Stdv
1. Our leader acts as a role model for employees.	F	11	30	4	59	40	3.60	1.30
	%	7.6	20.8	2.8	41.0	27.8		
2. The leadership demonstrates ethical behavior consistently.	F	8	22	8	60	46	3.79	1.21
	%	5.6	15.3	5.6	41.7	31.9		
3. The leader's personal values are aligned with those of the organization.	F	8	22	6	66	42	3.78	1.19
	%	5.6	15.3	4.2	45.8	29.2		
4. Employees admire and respect the leadership of the organization.	F	15	16	10	74	29	3.60	1.23
	%	10.4	11.1	6.9	51.4	20.1		
5. The leader instills pride in being associated with the organization.	F	7	23	5	58	51	3.85	1.21
	%	4.9	16.0	3.5	40.3	35.4		

Hierarchical Regression Analysis

Further examination of the hierarchical regression results showed that the model containing the four transformational leadership dimensions explained 67.8% of the variation in firm performance ($R^2 = .678$). Following the introduction of organisational culture and interaction terms, the final model explained 73.3% of the variation in firm performance ($R^2 = .733$). However, the interaction between idealized influence and organisational culture was not statistically significant ($\beta = -0.311$, $p = .268$). This indicates that organisational culture did not significantly moderate the relationship between idealized influence and firm performance. The findings demonstrate that idealized influence contributes positively to the performance of start-up technology firms in Nairobi County. Leaders who demonstrate integrity, confidence, ethical conduct and strong professional values are likely to inspire employee trust, commitment and confidence, thereby supporting organisational performance. Based on the direct regression results, the null hypothesis (H01), which stated that idealized influence has no significant effect on the performance of start-up technology firms in Nairobi County, was rejected. The study therefore concludes that idealized influence has a significant positive effect on the performance of start-up technology firms in Nairobi County.

Table 4: Regression Results for the Effect of Idealized Influence on Firm Performance

Predictor	B	SE	β	t	p
Constant	0.711	0.149	—	4.770	.000
Idealized influence	0.215	0.074	0.241	2.902	.004

Note. B = unstandardized coefficient; SE = standard error; β = standardized coefficient.
Source: Field Data (2026).

6. Discussion

The study confirmed that idealized influence has a statistically significant positive relationship with the performance of start-up technology firms in Nairobi County with a coefficient of 0.241, $t = 2.902$, $p = 0.004$. The result suggests that transformational leadership with integrity, ethical behavior, confidence, consistency and professional

values have a positive impact on the performance of the organization. The positive sign suggests that increases in leaders' idealized influence are related to increases in firm performance. It means that staff are more inclined to show a commitment, trust and dedication if they see their leaders as credible role models. The discovery confirms Transformational Leadership Theory, which was developed by Burns (1978) and later by Bass (1985), as one of the important elements of transformational leadership is idealized influence. The theory suggests that transformational leaders can inspire employees through their behaviors, values, and inspire trust. In technology start-ups, where innovation and adaptability are key and employee dedication is paramount, those technology leaders who embody these traits can help foster an environment that inspires employees to focus on achieving organisational goals. The results showed, therefore, the importance of idealized influence for the enhancement of technology-based enterprises' performance. The hierarchical regression analysis also showed that the four transformational leadership factors accounted for 67.8% of the variance in firm performance. The explanatory power rises to 73.3% after adding the organisation culture and interaction terms. The interaction between idealized influence and organisational culture, however, was not statistically significant ($\beta = -0.311$, $p = 0.268$). This suggests that organizational culture did not significantly moderate linkages between idealized influence and firm performance. The findings do not support the hypothesis that the culture of the organization enhances or diminishes the impact of idealized leadership on organizational performance, though it can be a factor in organizational effectiveness. In general, these results suggest that, regardless of the moderating effect of organisational culture, idealized influence is an important leadership characteristic for improving the performance of start-up technology firms.

7. Conclusion

The conclusions of the study are that there is a statistically significant positive influence of idealized influence on the performance of startup technology firms in Nairobi County. The regression results showed that the standardized coefficient (β) was positive (0.241), and the probability (p value) was statistically significant ($p = 0.004$). Therefore, the null hypothesis of no significant effect of idealized influence on firm performance was rejected. This validates that leaders who exhibit integrity, ethical behaviour, confidence, consistency and professional values make a positive contribution to the achievement of organisational objectives.

The results indicate that, especially in start-up technology companies, idealized influence is an important form of leadership since employees need some direction and confidence in the leadership, as well as commitment to the organization's goals. Leaders that are positive role models will also have a greater influence on employee attitudes and behaviors, foster responsibility and enhance cooperation. These leadership qualities can help boost organizational productivity, innovation, and overall business performance. The hierarchical regression analysis confirmed a multiple of four transformational leadership dimensions, accounting for 67.8% of the variance of the firm performance. Taking organisational culture and interaction terms into account, the final model accounted for 73.3% of the variance in CII. However, the statistical impact of the interaction between idealized influence and organisational culture was not significant ($\beta = -0.311$, $p = 0.268$). Based on this, the authors draw the following conclusions: According to the results, there is no significant interaction between organisational culture and the relationship between idealized influence and firm performance. This simply does not prove that this specific relationship is moderated by the increased overall model's explanatory power. The study recommends that start-up technology companies in Nairobi County should focus on leadership practices that

inspire ethical behaviors, credibility, accountability and employee trust. Moderating contribution of organisational culture to the studied relationship was not statistically proven, although it is still an important organisational factor. Finally, idealized influence is a significant leadership tool that can be used by start-up technology companies to enhance employee commitment and performance within the organisation.

8. Recommendations

8.1. Managerial Recommendations

The study recommends that managers and founders of start-up technology firms in Nairobi County should increase their leadership practices to ensure that there is integrity, ethical management, accountability and professional credibility that boosts the performance of technology start-up firms. Managers need to become positive role models in their organisation as employees are likely to become more confident in their leaders when they say what they mean and do what they say. This can be done by open communication in decision making, by honoring professional obligations and by being fair in regards to responsibilities within the organisation. Secondly, management should establish ethical leadership processes in the organization; create organization values and codes of conduct. It's these values that should inform management decisions, employee relationships and the way in which an organisation's resources are managed. It is important that the manager communicates the organisation's vision at all times and sets an example for them by showing their own commitment in meeting the organisation's goals. This would make the employees feel responsible for the work to be done and make them feel attached to the goals set by the organisation. Thirdly, founders, C-EOs, departmental heads and team leaders should be the subject of start-up leadership development programs for start-up technology firms. These programs should be based on principles of ethical decision making, professional integrity, accountability, effective communication and role modelling. Leadership mentorship programs can also help to groom new managers with the skills needed to effectively manage technology-driven businesses. Further, the management should seek the involvement of its employees in the decision-making process of the organisation and implement a reward system for ethical behaviour and outstanding performance. This would foster trust and confidence among the employees and establish a working atmosphere that employees feel an attached to the success of the organisation.

Finally, the relationship between idealized influence and firm performance was not significantly moderated by organisational culture ($p = 0.268$), however managers should strive to create supportive organisational cultures that are collaborative, innovative, transparent and shared-values. But more focus needs to be given to the direct leadership practices that have proven to have an impact on performance. The recommendations would enable start-up technology companies to build a strong leadership framework and enhance its ability to deliver sustainable organizational performance.

8.2. Recommendations for Policymakers

The study findings show that idealized influence has significant positive impacts on the performance of start-up technology firms in Nairobi County and recommends that the government in Kenya design policies that encourage ethical, accountable and transformational leadership in the technology entrepreneurship ecosystem in Kenya. It is important to secure the inclusion of leadership development in current government entrepreneurship development initiatives, especially those under the Ministry of Information, Communications and the Digital Economy, Kenya National Innovation Agency and Micro and Small Enterprises Authority. On one hand, policy should enable

capacity building programs for the leaders of start-up technology companies, focusing on the founders, chief executive officers and managers. These programs should be directed towards ethical leadership, integrity, responsible decision making, and vision building of the organisation. Such programs would reinforce the capacity of technology entrepreneurs to lead their employees and to marshal the resources of their organisation to enhance its performance. Secondly, it is important to foster the emergence and implementation of corporate governance guidelines appropriate to start-up technology enterprises. These should encourage transparency, accountability, ethical decision making and responsible management practices. Policymakers should also make it a condition that start-ups that receive public financial support are provided with suitable governance mechanisms. Policymakers should also require innovation grants and entrepreneurship funding to be provided to start-ups with established governance mechanisms that enhance accountability of leadership.

Thirdly, government and technology sector associations should encourage mentoring relationships between mature technology businesses and fledgling start-ups. These alliances could give them opportunities to learn the effective leadership, ethical business management and organisational development from experienced entrepreneurs. In addition, policy makers should make start-up technology companies more accessible for financing, provide innovation infrastructure and enhance business incubation and entrepreneurship training. These measures would be in addition to effective leadership, aiming to create conditions that support technology companies to enhance their performance through their organisational capabilities. Finally, the results suggested no significant moderation effect of organisational culture on the link between idealized influence and firm performance. Hence, the role of policy makers should not be to take it for granted that the organizational culture will necessarily augment the benefits of idealized influence on performance. Policies, on the other hand, need to focus on ethical leadership and supportive organisational environments as complementary ingredients of enterprise development. The interventions would help support Kenya's start-up ecosystem, enhance competitiveness of enterprises and contribute to the country's overall digital transformation and economic development goals.

8.3. Theoretical Implications

The study results are empirical evidence of the validity of Transformational Leadership Theory developed by Burns (1978) and Bass (1985). Theory serves as the basis of understanding how transformational leadership affects the components of an organisation such as the satisfaction of the followers and the values they share and their behaviour. In particular, the study came up with a significant positive relationship between idealized influence and output of start-up technology businesses in Nairobi County ($\beta = 0.241$, $p = 0.004$). The above finding supports the theory that leaders with integrity, ethical behavior, confidence and professional credibility have a positive impact on the attitudes of employees and the outcomes of the organization. The results also highlight the importance of idealized influence as a key aspect of transformational leadership in technologically-driven organizations. Start-up technology companies have an environment of innovation, uncertainty, limited resources and fluctuating market conditions. In these contexts, credibility and ethical role modelling can give workers confidence and give them a sense of direction in the organization. The study thus generalizes Transformational Leadership Theory for the use in start-up technology companies in an emerging economy. Moreover, the results can enhance the theoretical knowledge on the relationship between the transformational leadership and organisational performance as it takes into consideration organisational culture as a moderating factor. The results of the final hierarchical regression model, however,

showed that the interaction between idealized influence and organizational culture was not statistically significant ($\beta = -0.311$, $p = 0.268$) and accounted for only 73.3% of the variance in firm performance. In the study context, this finding does not support the proposition that the relationship between idealized influence and firm performance is significantly conditioned by the organisational culture. It proposes that the unequivocal impact of idealized influence might be more apparent than the conditional link between idealized influence and organizational culture and performance. The study thus offers contextual evidence for the direct explanatory relevance of Transformational Leadership Theory and indicates the need for further research on the organisational conditions which affect the influence of the leadership dimensions on performance. Other moderators, such as organisational resources, technological capabilities, organisational learning and environmental dynamism, could be investigated in future studies. In general, the work enhances the empirical use of Transformational Leadership Theory in the study of start-up technology firms' performances in Nairobi County.

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