



Influence of Intellectual Capital on the nexus between Value-based Leadership and Performance of County Governments in Kenya

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Abstract: Various studies have examined different aspects of organisational values, such as value-based leadership behaviours, ethical leadership, and the impact of these values on employee performance and governance. However, there is little research evidence on the aspects of the roles of intellectual capital as a mediating factor in the influence of value-based leadership on the performance. Many scholars have previously focused on a number of variables and how they influence performance but with more focus on individual employee performance at the expense of the mediating effect of employee attitude on the impact of value-based leadership on overall organisational performance. Moreover, in Kenya, since the advent of devolution in 2013, a number of management scholars have studied performance but with little focus on the link between value-based leadership and its influence on the performance of County Governments in Kenya. This study set out to examine three issues around the overall objective of the influence of value based leadership on performance of County Governments in Kenya. This included; To determine the influence of VBL on performance of County Governments, To establish mediating role of employee attitude in the relationship between VBL and performance of County Governments, and To examine moderating role of intellectual capital on the relationship between VBL and performance of County Governments. The study was guided by Resource-Based View Theory (RBVT), Social Exchange Theory (SET), and Social Learning Theory (SLT) and used mixed methods design employing the use of both quantitative and qualitative methodologies and tools and collected data from purposively sampled respondents from the 47 county secretaries and 47 chairpersons of County Public Service Boards. Qualitative data was analysed using content analysis, while Quantitative data was analysed using descriptive and inferential statistics by way of means and standard deviations as well as inferential models including simple regression analysis. The study finds that intellectual capital, comprising elements such as knowledge, skills, experience, and adaptability, had a significant moderating effect on the relationship between Value-Based Leadership and county performance.

Keywords: Value-based Leadership, Interlectual Capital, Employee Attitude, County Government Performance.

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1.0 Introduction

1.1 Background of the Study

The concept of the role of values in leadership and the performance of employees and organizations has been studied by various researchers, including Chang, Budhwar, and Crawshaw (2021), Nyaguthii (2022), and Kosgey, Ongera, and Thuo (2020); among others. These studies have examined different aspects of organizational values, such as value-based behaviors, ethical leadership, and the impact of these values on employee performance and governance. For example, Chang et al. (2021) discuss the emergence of value-based leadership behaviors in

Kenyan county governments, emphasizing the importance of leader-employee consultations, delegation, and alignment of vision and strategy. Kosgey et al. (2020) investigate the influence of ethical leadership on governance, revealing that ethical practices enhance service delivery in public institutions. Nyaguthii (2022) explores the positive impact of leadership on employee the performance aspects of leadership and ethical practices. However, these studies have primarily focused on specific issues such as authentic, ethical, and servant leadership at the frontline of management, highlighting how these behaviours are transmitted from higher management to frontline managers and their subordinates, without extensively addressing the role of intellectual capital in influencing the performance of county governments.

A related study by Chang et al. (2021) examines how value-based leadership behaviors are fostered and transmitted within organizations using a role theory perspective. The study highlights the importance of upper management modeling behaviors that are then adopted by frontline managers, ultimately impacting their subordinates. However, it does not provide a direct link between intellectual capital and specific value systems or how these systems affect organizational performance. Additionally, the study focuses on the trickle-down model of behavior transmission without targeting specific organizations or county governments. This study conceptualizes 'value systems' as factors that include both intellectual capital. It proposes that organizational values influence intellectual capital, employee self-worth, productivity, and individual attitudes, which in turn impact overall organizational performance. The focus of this research is on value systems crafted, adopted, and implemented by various county governments through their strategic plans and development policies. Despite the existence of these value systems, there is limited evidence on how they affect individual employee attitudes, behavior, and self-worth, which subsequently impacts institutional performance. An examination of the influence of value-based leadership on the performance of county governments is therefore necessary. Here, value-based leadership is viewed as shaped by intellectual capital brought along by individual employees. Leadership is vital in promoting and ensuring the uptake of these values among employees.

Leadership, defined as the influence individuals have on their followers by enhancing knowledge and attitudes to achieve common goals, is a crucial aspect of this study (Chang et al., 2021). In this study, leaders are understood as non-political technical officers within the county public service, such as chief officers, directors, and members of county public service boards. Value-based leadership (VBL) is likely to affect organizational performance by shaping employee attitudes towards work and the work environment. Nyaguthii (2022) found that leadership practices, including leader-employee consultations and motivational strategies, significantly influence employee performance. Additionally, Kosgey et al. (2020) suggest that ethical leadership practices are positively related to governance outcomes, supporting the notion that value-based leadership contributes to effective management. This study views VBL as an independent variable and organizational performance as a dependent variable, each measured using various indicators (see Figure 1). The relationship between VBL and organizational performance is likely moderated by intellectual capital, as a potential moderator (Mardan, Che-Adam, & Abdullah, 2021; Wang, Tsui, & Xin, 2011).

This study draws on several theoretical foundations: The Resource-Based View (RBV), Social Exchange Theory (SET), and Social Learning Theory (SLT). SET involves a series of interdependent exchange relationships that create obligations for mutually responsive interactions between leaders and followers to achieve organizational goals (Davlembayeva & Alamanos, 2021). SLT helps explain how individuals acquire new attitudes and skills from social contexts through observation, imitation, and modeling (Khokhar & Zia-ur-Rehman, 2017; Lyons & Berge, 2012). RBV emphasizes the importance of acquiring, developing, and managing key resources to achieve competitiveness and positive organizational outcomes (Barney, 2001; Maina & Maina, 2015).

1.2 Value-based leadership

In this study, the concept of 'value' refers to the set of standards or principles outlined in an organization's statements of identity, commonly known as the 'core values' of an organization. Value-Based Leadership (VBL) is defined as the use of these institutionalized core values in guiding leadership and decision-making. Additionally, the study conceptualizes employee attitude, as defined by Srivastav and Das (2015), as a cognitive state that influences an employee's judgments and behavior towards their job.

The term 'value' encompasses aspects that are significant to human life and livelihoods, whether on an individual or organizational level (Turkkahraman, 2014; Žydzūnaitė, 2018). Gleeson (2017) explains that for something to be considered a value by any society, it must be acceptable and authentic to all. Meanwhile, James (2014) notes that values can be either limiting or facilitative. Facilitative values may enable employees to connect with one another to achieve organizational goals, while limiting values may hinder such endeavors (Žydzūnaitė, 2018). VBL involves using these institutionalized values to establish a foundation for employee interactions, relationships, and performance (Reese, 2017). Its original purpose was to cultivate positive values in the management of organizational resources (Lemoine, Hartnell, & Leroy, 2019). Over time, VBL has evolved in response to cultural changes both within and outside organizations. It is rooted in the personal convictions that matter most to individuals and represents what leaders stand for and aim to achieve (Clarke, 2018). VBL is anchored on four key principles: self-reflection, which involves evaluating decisions against organizational and personal values; balance, which is the ability to view situations from multiple perspectives; true self-confidence, which refers to recognizing one's strengths, weaknesses, and efforts; and genuine humility, which includes delegating responsibilities and treating employees with respect (Kraemer, 2011). This study focuses on this variable because many organizations, including county governments, craft, adopt, and utilize various values to guide their operations, policy implementation, and activities.

The study specifically adapts honesty, openness, selflessness, and inspiration as measures of Value-Based Leadership. By doing so, it aims to fill the gap in the existing research regarding the extent to which such values impact leadership, employee attitudes, and overall organizational performance, particularly within the context of county governments in Kenya. Although these values are often stated as guiding principles, there is limited evidence on how they are operationalized in practice and their actual influence on the performance of public institutions. This study contributes to bridging that gap by examining how the adherence to these core values affects both leadership effectiveness and the overall performance of county governments, thereby providing insights that could inform future policy and management practices.

1.3 Intellectual capital

According to Karanja (2014), the concept of intellectual capital refers to the human, structural, and relational value of an employee, as demonstrated through skills, knowledge, experience, and the ability to perform their functions effectively. This study adopts this concept as described by Karanja. Originally published in 1969 by John Galbraith, the term 'intellectual capital' has since gained popularity in human resource management (HRM) theory and practice, particularly in the contemporary knowledge-based

economy (Alvino, Di Vaio, Hassan, & Palladino, 2019). Despite varying definitions, intellectual capital is generally understood as the sum of organizational capacities that can be converted into future profits, technological innovations, and improved relationships with clients, partners, and communities.

The definition suggests that intellectual capital encapsulates three types of capital: relational, structural and human. This study shall therefore adopt this conceptualization of the term intellectual capital to refer to both relational, structural and human aspects. It is noted that human capital comprises skills, knowledge, competence, innovation, and experience (Boone, 2018; Delery & Roumpi, 2022). Intellectual capital has gained popularity in knowledge-based economies because physical and financial assets are increasingly becoming less effective determinants of organisational success (Kaya, Sahin & Gurson, 2010). Instead, employee knowledge, skills and experience are becoming critical factors in the acquisition of competitiveness (Oliveira et al., 2010). Thus, organisations are progressively earmarking, developing, quantifying, managing and reporting intellectual capital to demonstrate competitiveness (Caputo, Del Giudice, Evangelista & Russo, 2016). Successful organisations are those able to adopt new capacities, populate and apply the same to enhance efficiency in production and service delivery (Caputo et al., 2016). Thus, intellectual capital is increasingly becoming an indispensable asset for enhancing organisational value and improving performance (Mardan, Che-Adam & Abdullah, 2021). Another study by Waheed, A., B. and Arshad, Z. (2014) examined the role of intellectual capital in adding value to performance of organizations. The study found that intellectual capital has a moderating role in promoting knowledge culture within organizations thus enhancing performance. Despite focusing on intellectual capital as a moderating factor on the performance of organizations, the study failed to link the concept of intellectual capital to value systems and its influence on organizational performance.

Technical leadership within County Governments, including chief officers, directors, and county public service board members, are charged with the responsibility of promoting the uptake of value systems among employees to enhance performance (Mwangi & Muriuki, 2023). This study seeks to fill the gap where there is little research evidence on how organizational values can be applied within the context of three major thematic areas of intellectual capital: Firstly, Relational Capital is an intangible asset that reflects the reputation of an organization and consists of the network of people who represent its leadership team. Secondly, Structural Capital refers to the supportive, non-physical infrastructure that enables human capital to function effectively, including organizational systems and philosophy. Finally, Human Capital encompasses areas such as communication skills, education, technical abilities, creativity, experience, and people management, among others. This study measured intellectual capital as relational capital, structural capital and human capital.

1.4 Organizational Performance

Organizational performance is defined as the effective positioning of an institution to successfully pursue its objectives (CONȚU, 2020). Accordingly, it is observed that organizational performance is a sum total of individual performance of various employees. This study used the definition of organizational performance as described by Campbell and Wernick (2015) as sum total of

individual actions and behaviour which either facilitate or constrain the achievements of organizational performance targets. It also refers to measurement of how an organization meets its overall objectives. According to Kazam (2013), employee performance is about the degree to which an individual meets set performance targets; which makes it an essential antecedent to organisational performance. HRM practitioners emphasize that employee performance should be defined by a combination of behavioral attributes and both outcomes and outputs. Further, employee performance is a multidimensional aspect that varies significantly from one job to another (Barrada, Fernández-del-Río, Ramos-Villagrasa & Koopmans, 2019).

Task performance domain includes job-specific actions that contribute to the realization of organizational performance targets. It varies across organizations, depending on job descriptions, objectives, and across sectors (Ployhart & Bliese, 2021; Griffin, Neal, & Parker, 2020). Contextual performance, which Ramos-Villagrasa *et al.* (2019) calls organisational citizenship behaviour, entails behaviours that contribute to the creation of a suitable work environment, which are necessary for optimal task performance and achievement of organisational goals. The study measured the organizational performance based on the following indicators; financial stewardship, service delivery, institutional transformation and achievement of core mandates.

1.5 County Governments in Kenya

Devolution of political, administrative and fiscal management powers to county governments is a key feature of the Constitution of Kenya, 2010. Chapter 11 of the Constitution creates and mandates 47 county governments to deliver quality services to citizens across the country, among other objects outlined in Article 174 (Government of Kenya [GoK], 2010; Muthui et al., 2017). Part VII of the County Governments Act, 2012, obligates county governments, through County Public Service Boards (CPSBs), to select, employ, develop, remunerate and manage employees and leaders to deliver services (GoK, 2010; 2012; Muthui, Chirchir & Ayao, 2017). The Act created structures for effective and efficient administration of county governments and implementation of devolved functions. The devolution concept in Kenya created county governments consisting of various departments and a county assembly with functions to generate revenue, establish policies, plans, budget and governance (Kolil et al., 2019). The extent to which county governments fulfill their mandate in service delivery largely depends on employee performance. However, this performance is often constrained by several challenges, including delayed remuneration (Kolil, Ondiek, & Manyasi, 2019; Muthui et al., 2017), inadequate resources, lack of proper training and capacity building, and limited access to essential tools and technology. These constraints can significantly impact employees' motivation and effectiveness, ultimately affecting the overall performance of county governments in delivering services to the public.

1.6 Hypotheses of the Study

This study is premised on the hypotheses that:

H₀ _ Value-based leadership has no significant influence on performance of County Governments AND

H₀₁ Intellectual capital has no significant moderating effect on the relationship between VBL and performance of County Governments.

1.7 Research Problem

Leadership practices have evolved significantly over the past two decades, driven by the need to address the high prevalence of corporate scandals in the early years of the 21st century and influenced by ongoing policy debates and findings from academic research (Chang et al., 2021; Shatalebi & Yarmohammadian, 2011). The debates, which focused on falling corporate morals, underscored the need for a paradigm shift from traditional leadership styles to new practices that promote values (Olli-Pekka, 2012). Against the backdrop of the importance of value systems in organizational operations, many organizations have adopted the concept of values, missions and visions upon which their operations are supposed to be embedded on. Governments globally have not been left behind in crafting, adopting and implementing certain value systems to guide service provision and public service. Existing research evidence suggest that organizational values are supposed to be enforced by leaders while the same values are supposed to guide the behaviour and activities of both leaders and employees. Although leaders' primary role is to influence organizational performance, they are also expected to ensure that organizational performance is met within ethical principles (Cisma, 2017). Thus, the concept of value based leadership (VBL) has come to the fore as a new practice that infuses ethical values in organizational performance (Chua et al., 2018). VBL practices are critical antecedents to organizational and individual employee performance (Danisman, Tosuntas & Karadag, 2015).

Despite existing studies on relationship between VBL and organizational performance in other contexts, such studies are rare in Kenya's public sector. Olli-Pekka (2012) described VBL as a cost-effective means of influencing employees' attitudes towards work, without invoking organizational structures and systems. VBL practices influence employees' attitude by paying attention to their well-being and satisfaction. Satisfied employees are likely to meet performance targets more than those dissatisfied (Asrar-ul-Haq & Kuchinke, 2016; Bass & Avolio, 1994). According to Kamaluddin & Rahman, (2013), Intellectual Capital, whether tangible or intangible, is likely to define organizational competitiveness and determine performance. Ojoh and Ibegbulem (2020) believe that intellectual capital is understood differently in diverse contexts because it is relatively new. Despite this, scholars concur that the effect that intellectual capital has on performance of employees depends on the extent to which its components are developed and it varies between organizations and across sectors (Bontis, 2012; Kamaluddin & Rahman, 2013). A review of existing literature indicates that there is inadequate research on the influence of intellectual capital on the effect of value-based leadership (VBL) on organizational performance-especially amongst the newly established County Government system in Kenya. The few existing studies, such as Ullah, Mirza, and Jamil (2021), have established a significant association between ethical leadership—an aspect of VBL—intellectual capital, and employee performance. However, these studies have limitations, including a reliance on qualitative data and an overemphasis on quantitative analysis and outcomes, which can affect validity by neglecting the perspectives of beneficiaries. Additionally, these studies often use descriptive analysis, which is inadequate for establishing causal relationships between key concepts and variables. Further issues include inadequate sample sizes and biases related to gender and cadre representation. Only a few studies have demonstrated a clear cause-and-effect relationship between the key concepts, while

many others focus on organizational performance rather, employee performance at the expense of the concept of intellectual capital and its influence on either organizational or employee performance. This study sort to fill this gap by examining the influence of the moderating role of intellectual capital on the relationship between VBL and performance of County Governments in Kenya.

1.8 Value of the Study

A part from its intended contribution to the growing body of knowledge on the role of value-based leadership in performance, this study will also help stakeholders, such as service delivery departments in county governments, County Public Service Boards (CPSBs), the Kenya School of Government (KSG), and development partners supporting human resource capacity development, to recognize the need for transforming leadership practices to improve performance in county governments.

The findings will also help identify policy gaps and suggest appropriate public policy interventions to streamline public service management. This includes areas such as employee resourcing, training, collaboration, and partnership, which may be prioritized by stakeholders to integrate VBL into human resource management practices in county governments.

2.0 Literature Review

This literature examined various concepts around objectives as well as theories supporting the linkage between/ among VBL, employee attitude, intellectual capital and employee performance.

2.1 Theoretical Foundation

The study was guided by Resource-Based View Theory (RBVT), Social Exchange Theory (SET), and Social Learning Theory (SLT) which provided the framework for understanding the relation between Value Based Leadership (VBL), intellectual capital, employee attitude and performance of County Government of Kenya.

Resource-Based View Theory (RBVT)

This theory, known as the Resource-Based View (RBV), originates from the work of Birger Wernerfelt in 1984, who proposed that companies should be understood based on their tangible and intangible assets, rather than just their products, as the primary source of sustained competitive advantage. Over the past four decades, the theory has evolved through extensive research and critique, becoming influential in strategic management theory and practice. A significant expansion of Wernerfelt's ideas came in 1991 when Jay Barney contributed further to the theory, emphasizing that a firm must acquire, develop, and manage valuable, rare, inimitable, and non-substitutable resources both tangible and intangible to achieve competitiveness and positive outcomes (Barney, 1991; Statsenko, Bozhko, Prause, & Ireland, 2013). The theory incorporates the concept of intellectual capital as essential for a firm's long-term success, suggesting that firm performance is greatly enhanced when strategies focus on acquiring, developing, and managing knowledge-based resources to foster organizational learning (Statsenko et al., 2013). However, the theory has faced criticism from scholars like Priem (2013), who question its legitimacy due to the challenges in empirically testing its assumptions, particularly regarding intangible resources.

The Resource-Based View is particularly relevant to this study as it underscores the importance of certain employee characteristics and value systems for enhancing organizational performance and competitiveness. Its emphasis on acquiring and developing knowledge-based resources provides a useful framework for examining the activities of leaders within county governments aimed at advancing intellectual capital and shaping employee attitudes to improve performance. By applying this theory, the study contributes to the growth of RBV by exploring its applicability in the public sector, specifically within county governments, and by demonstrating how value-based leadership practices can be aligned with the development and management of intellectual capital to achieve positive outcomes. This study also contributes to the theory's development by providing empirical evidence on the influence of intangible resources, such as employee attitudes and organizational values, on performance in a specific public sector context.

Social Exchange Theory (SET)

The development of Social Exchange Theory is primarily attributed to George Homans in 1961, who first introduced the concept to explain social behavior in dyadic exchange relations within social networks using the principle of cost-benefit analysis (Homans, 1961; Cropanzano & Mitchell, 2005). According to Homans, social exchange involves the process of exchanging activities—whether rewarding or punishing, tangible or intangible between at least two parties to foster mutually reciprocal actions (Homans, 1961; Davlembayeva & Alamanos, 2021). Homans' foundational ideas were later expanded upon by other theorists, such as Richard Emerson, who emphasized the power dynamics and dependence in exchange relations, and Peter Blau, who explored the economic and utilitarian aspects of social exchanges (Emerson, 1976; Blau, 1964; Tittenbrun, 2012). These contributions have shaped the evolution of Social Exchange Theory, making it a significant framework for understanding interpersonal and organizational behavior.

The theory is founded on five propositions: success, stimulus, value, deprivation-satiation, and distributive justice (Rice & Cook, 2006). The success proposition suggests that behavior leading to a positive outcome is likely to be repeated. The stimulus proposition states that a previously rewarded behavior is likely to be repeated in similar situations. The value proposition asserts that the greater the perceived benefits of an action, the higher the likelihood of that action being performed. The deprivation-satiation proposition indicates that the more frequently a reward is given, the less likely an additional unit of that reward will motivate the same action. The distributive justice proposition specifies various emotional reactions to different reward situations, such as feelings of satisfaction or dissatisfaction based on perceived fairness.

The theory holds that dyadic exchange relations evolve over time into loyal, trusting and mutual commitments based on adherence to norms of exchange (Mitchell & Cropanzano 2005). Besides, social exchange relationship is founded on reciprocity; meaning that the exchange process begins with positive or negative action directed towards a target, like an employee (Cropanzano, Anthony, Daniels & Hall, 2017). Whereas positive actions such as respect, honesty and recognition are rewarding to employees; negative actions such as dishonesty, slander and incitement are punishing to them (Riggle, Edmondson & Hansen, 2009). Depending on the nature of actions, employees reciprocate through positive or negative

behaviours to achieve equity. A series of positive exchanges translate to long-term commitment to achievement of organisational goals (Cropanzano et al., 2017).

This theory finds its relevance in this study for its ability to foster dyadic exchange relations between leaders and employees; and how VBL can influence employee performance (Tittenbrun, 2012). It envisages interactions between leaders and employees in terms of economic value and symbolic importance. In this regard, it presents six types of resources for exchange, which Cropanzano and Mitchell (2005) categorise as economic and socio-emotional outcomes. Employees are motivated to perform their work when they feel fairly remunerated, informed and rewarded. However, the theory is chided for treating human interaction as an exchange process; and for reducing social interaction to an economic transaction. Zafirovski (2005) pointed out that human interactions are complex and cannot be interpreted using mathematical models. The five propositions of the theory will make it useful in this study by helping the researcher understand employee attitude and behaviour revolving around success, stimulus, value, deprivation-satiation and distributive justice, all of which would be crucial in explaining the cumulative effects of employee attitude and intellectual capital that may influence organizational performance.

Social Learning Theory (SLT)

The origins of Social Learning Theory (SLT) can be traced back to *Social Learning and Clinical Psychology*, published by Julian Rotter in 1954. Rotter's work was influenced by B.F. Skinner's lectures on verbal behavior and Lewis Hull's drive theory from the early 1940s. About two decades later, Albert Bandura re-examined, expanded, and refined Rotter's ideas, which he formalized in 1977 as Social Learning Theory (Khokhar & Zia-ur-Rehman, 2017). Bandura's SLT emphasizes that humans learn within social contexts by observing, imitating, and modeling the behaviors of others, and by considering the consequences of those behaviors (Lyons & Berge, 2012). While Bandura's work has influenced various other theories, such as Vygotsky's Social Development Theory (1978) and Lave's Situated Learning Theory (1988), SLT remains particularly relevant for this study because it directly addresses the mechanisms of learning through social interactions, observation, and imitation. Unlike the broader focuses of social development and situated learning, which emphasize the social context and situational factors in learning, SLT provides a more specific framework for understanding how leadership behaviors can be learned and adopted within organizational settings. Therefore, SLT is chosen for this study as it offers a focused lens for examining how leaders within county governments can influence employee attitudes and behaviors through modeling and reinforcement. This choice allows for an exploration of how observed behaviors, such as value-based leadership practices, can be internalized and replicated by employees to improve overall organizational performance.

In the context of organisations, SLT provides the basis for understanding how leaders influence employee attitude and performance through observation, imitation and modelling (Khokhar & Zia-ur-Rehman, 2017). The theory also provides the basis for understanding how employees acquire new attitudes, which in turn, determine how they approach work. Kacmar, Bachrach, Harris and Zivnuska (2011) acknowledged that leaders have immense potential to model employee attitude due to their influential positions. Thus, VBL leaders should be people who are

trustworthy, balanced, respectful and humble to impart a positive impact on performance and attitude (Kacmar et al., 2011).

This theory limits attention to accountability and standard milestones during the social learning process; meaning that it lacks a distinct and chronological progression of social learning process (Lyons & Berge, 2012). The theory is suited for the research because it lays out the process through which employees acquire values demonstrated by their leaders. The effectiveness of social learning process is tested by regressing it against employee attitude and performance. The main tenet of this theory which holds that humans learn from their interactions with other people in social contexts through observation, imitation and modelling of observed behaviours, will be useful in this study by helping in justifying the influence leaders have in instilling the implementation of values amongst employees and how the values influence their contributions to organizational performance.

2.2 Value-Based Leadership and Performance of County Governments

Previous studies show some evidence of significant relations between leadership aspects, including BVL and performance of organisations. For example, Žydzūnaitė (2018) conducted a descriptive theoretical research that explored leadership values and VBL in Lithuania. The study explored insights on values of leadership, VBL and performance of organizations. The study established a relationship between improved organizational performance and VBL practices such as self-reflection, balance, self-confidence and humility. VBL leaders guided employees to flourish in personal attitudes, which translated into higher productivity. The study concluded that VBL was an effective approach to developing a culture of high performance in organisations. Even though the study provided useful information about VBL, it was largely qualitative; meaning that no statistical test was applied to validate the relation between VBL and performance of organizations.

Godbless (2021) studied impact of moral leadership on employee performance in the university value chain in Nigeria. The study was cross-sectional and it involved 327 of non-academic and academic staff. The study also applied regression analysis and structural equation modelling to establish a significant relationship between moral leadership, which is about leading by examples grounded on moral values, and employee performance.

The study highlighted the importance of communicating organisational values, and enthusing employees about their jobs to develop moral values, which influenced performance (Godbless, 2021). However, moral leadership is a sub-set of VBL; which suggests a variation in scope between the proposed study and that conducted by Godbless (2021). However, the study was skewed in favour of quantitative analysis, which may affect validity of inferences by suppressing participants' voices. Moreover, it over emphasised the aspect of individual employee performance at the expense of the performance.

Waldman, Ramírez, House and Puranam (2001) hypothesised significant influence of perceived environmental uncertainty on relation between performance and charismatic leadership attributes. It reported a significant relation between charismatic leadership and individual performance. Notably, charismatic leadership accounted for 15% to 20% of improvement in profitability. Despite this, the relationship was strongly moderated by the environmental

uncertainty. Although charisma is an intrinsic attribute of VBL (Žydzūnaitė, 2018), the relation between VBL and organizational performance was outside the study's scope.

This study focuses on organizational performance i.e. County Government of Kenya. To achieve this, my report will pay attention to the following parameter within the County Governments namely management of finances; it includes good expenditures on monetary, time, property and people. The study will endeavour to find out if County Governments have a system in place to interrogate financial consequences through proper evaluation before any changes on activities are existed or eliminated as new activities begin. This process requires protection of organizational assets through compliance to ethics, morals, and good financial management. Service delivery is a business framework that supplies services from a provider to a client while institutional transformation is the preformed change within an institution which has a consequence; also affects the outside environment.

Previous studies provide evidence of significant relationships between various aspects of leadership, including Value-Based Leadership (VBL), and organizational performance. For example, Žydzūnaitė (2018) conducted descriptive theoretical research in Lithuania that explored leadership values and VBL. The study highlighted that practices such as self-reflection, balance, self-confidence, and humility were associated with improved organizational performance. It concluded that VBL is an effective approach to fostering a culture of high performance by guiding employees to develop positive personal attitudes that translate into higher productivity. However, the study was largely qualitative, and no statistical tests were applied to validate the relationship between VBL and organizational performance.

Another study by Godbless (2021) examined the impact of moral leadership on employee performance within the university value chain. This cross-sectional study involved 327 non-academic and academic staff and utilized regression analysis and structural equation modeling to establish a significant relationship between moral leadership—defined as leading by example based on moral values and employee performance. The research emphasized the importance of effectively communicating organizational values and engaging employees to embrace these values, which subsequently influenced performance. Nevertheless, while moral leadership is a component of VBL, the study's scope was more limited. Additionally, the emphasis on quantitative methods may have overlooked some nuanced perspectives from participants.

Research conducted by Waldman, Ramírez, House, and Puranam (2001) explored the impact of charismatic leadership attributes on organizational performance and found a notable connection between charismatic leadership and individual performance, accounting for 15% to 20% improvement in profitability. The relationship, however, was strongly moderated by perceived environmental uncertainty. Although charisma is a key element of VBL, this study did not directly examine the broader impact of VBL on organizational performance.

Further studies, such as the one by Koopman et al. (2020), explored how transformational and value-based leadership practices influence public sector performance. Their mixed-methods approach demonstrated that VBL practices, including ethical behavior and transparency, significantly enhance employee engagement, trust, and overall effectiveness in public sector

organizations. This study offers a comprehensive analysis of the factors contributing to improved outcomes, suggesting that VBL practices can play a critical role in public administration.

A research by Oke, Edewor, and Ajayi (2019), who focused on the relationship between servant leadership a component of VBL and organizational performance in local municipalities. Using both qualitative and quantitative methods, the study demonstrated that servant leadership practices, such as empathy, listening, and stewardship, positively influenced employee satisfaction and service delivery. The findings suggest that adopting VBL practices within local governance frameworks can significantly improve public service effectiveness and responsiveness.

Study results from Muriithi and Makori (2023) reveal that ethical leadership positively impacts financial management, transparency, and accountability within county governments. Their survey of 500 respondents across various counties concluded that ethical leadership practices contribute to better performance in achieving development goals, supporting the notion that VBL practices enhance governance and service delivery.

This study focuses on organizational performance within Kenyan county governments by examining key parameters, such as the management of finances, which includes prudent expenditures of money, time, property, and human resources. The study will investigate whether county governments have systems in place to evaluate financial consequences effectively before making changes to activities or starting new ones. This approach ensures compliance with ethical standards, moral integrity, and sound financial management practices. Additionally, the study will examine service delivery frameworks, which define how services are provided from county governments to citizens, and institutional transformation, which refers to significant internal changes that impact both the organization and its external environment.

2.3 Value-Based Leadership, Intellectual Capital, and Organizational Performance

In Pakistan, Ullah, Mirza and Jamil (2021) investigated the influence of ethical leadership on innovative performance, with a focus on modelling the mediating role of intellectual capital. The cross-sectional survey design with a hypothetico-deductive approach was applied and data sourced using self-administered questionnaires from the 327 respondents. Ethical leadership was measured in terms of commitment to values such as integrity, honesty, fairness and respect for employee rights. However, the study did not establish the causal relationship in the strictest sense, due to limitations of the research design used. The research focused only on management-level employees, which affects its generalisability due to variation in the experiences and perceptions of management and non-management employees and their overall effect on organizational performance.

Ojoh and Ibegbulem (2020) investigated the relation between intellectual capital and performance of employees in companies that manufacture bottles in the state of Edo Nigeria. The descriptive survey design guided the study, while primary data was obtained from 291 employees using structured questionnaires. Descriptive and correlational analyses were performed to test the hypotheses. It underscored the importance of organisation tapping into internal and external resources to develop intellectual capital thereby, setting the path for improved performance. Despite this, issues of leadership were beyond the study's scope, which then

affects the relevance of its findings to the current study. Moreover, the study underscored the aspect of individual employee performance at the expense of their effect on the sum total which would reflect organizational performance.

Elikwu (2012) investigated the relation between VBL and human capital development, which is a component of intellectual capital, in Nasarawa State University, Keffi, Nigeria. The study was motivated by the realisation that most public sector organisations make annual budgets to support human capital development as a way of improving performance; however, these efforts bear negligible outcomes. The design used involved analysis of relevant scholarly empirical and theoretical literature. The study revealed that VBL influences human capital development by influencing employee attitudes about work, as well as transferring relevant capacities, which employees pick by observation, cognitive modelling and imitation. Even though the study underscored the need for organisations to improve value adoption and practice by leaders, as a strategy for improving performance, the experiences or organisations in other sectors and contexts cannot provide an accurate picture of VBL and human capital development at the Nasarawa State University. In view of the above this report endeavoured to establish the missing link between primary and secondary data. The primary data would show the initiation – specific situation which comes to relation between Value Based Leadership and Human Capital development.

A research by Musonda et al. (2022) in Zambia focused on the impact of leadership styles, including ethical and transformational leadership, on employee innovation and organizational growth in the public sector. Using a mixed-methods approach that included surveys and interviews with 450 employees, the study revealed that leadership styles grounded in strong ethical values significantly enhance innovation and performance. However, while this study highlighted the importance of leadership, it did not specifically address the unique context of VBL or the mediating role of intellectual capital, which leaves a gap for further investigation.

In the Kenyan context, Muthoni and Kamau (2023) analyzed the effects of transformational and servant leadership on employee engagement and performance in county governments. The study applied a quantitative approach, using data from 520 respondents across various county departments. Findings suggested a positive link between servant leadership attributes and employee engagement, which in turn improved overall performance. Despite these insights, the study did not explore how VBL could specifically affect the relationship between leadership and organizational performance, thus providing a gap for the current research.

Lastly, a global perspective is provided by Tan and Nasuridin (2018), who investigated the role of leadership styles, including ethical and value-based leadership, on organizational citizenship behavior in multinational corporations. The study used a structural equation modelling approach and found that leadership styles that emphasize ethical and value-based practices promote positive organizational behaviors. However, the research focused primarily on private sector multinational corporations, which may not fully capture the unique dynamics within public sector organizations like county governments.

This study aims to address these gaps by examining the influence of VBL on organizational performance within the specific context of Kenyan county governments while considering the mediating

role of intellectual capital and employee attitudes. By including both primary and secondary data, the study will explore the direct and indirect pathways through which VBL impacts human capital development and overall organizational performance, providing a more nuanced understanding that is currently missing in the literature.

3.0 Methodology

3.1 Design, Methodology, Sampling and Data Collection

The study employed a cross-sectional survey design with the use of mixed methods justified by the recognition of the strengths and limitations of both quantitative and qualitative approaches. The study used purposive sampling method to select the county secretaries of all the 47 County Governments and 47 chairpersons of all the County Public Service Boards in Kenya. These respondents were selected for their strategic roles and responsibilities that align with the needs of the study. County Secretaries are the chief administrative officers of the County Governments, responsible for implementing county policies, managing the day-to-day operations, and ensuring that the executive functions of the counties are carried out effectively. The Chairpersons of County Boards, on the other hand, hold significant responsibilities that directly influence the functionality and efficiency of county public services.

Data was gathered through two main instruments: in-depth questionnaires and key informant interviews. These tools were utilized concurrently to enhance data triangulation, which is essential for validating the findings and providing a comprehensive understanding of the research problem.

Construct validity was established through correlation analysis. This method helped in verifying that the constructs measured by the instruments were indeed related to each other in a theoretically predictable manner, thereby confirming that the questionnaire items were accurately capturing the intended concepts. Content validity was determined through the operationalization of

variables. This involved clearly defining each variable and developing corresponding items that adequately represent the constructs under investigation. Additionally, a pilot test was conducted in three counties where participants were asked to provide feedback on the questionnaire's content, format, and clarity. This feedback was then used to refine the tools to ensure they align with the study's objectives and adequately capture the required data. For reliability assessment, the study utilized Cronbach's alpha (α) to estimate the internal consistency of the questionnaire items. Cronbach's alpha is widely recognized for its high level of accuracy and objectivity in measuring the reliability of a scale by assessing how closely related a set of items are as a group (Adeniran, 2019). The values of Cronbach's alpha are interpreted against a standardized scale: values below 0.5 are considered 'unacceptable,' values between 0.5-0.59 indicate 'poor' internal consistency, values between 0.6-0.69 are 'questionable,' values between 0.7-0.79 are deemed 'acceptable,' values between 0.8-0.89 are regarded as 'good,' and values of 0.9 or above are considered 'excellent' internal consistency (Shuttleworth, 2009; Taber, 2018). This scale provides a benchmark for evaluating the reliability of the measurement tools, ensuring that the items consistently reflect the constructs they are intended to measure.

3.2 Data Analysis

Both quantitative and qualitative data were generated in this study, providing a comprehensive approach to testing the hypothesis in question. Qualitative data was analyzed using content analysis, a method that involves systematically coding and categorizing data to identify patterns and themes (Selvi, 2019). On the other hand, quantitative data processing entailed: checking questionnaires for errors and completeness, coding open-ended data, and cleaning after which both descriptive statistics and inferential statistics was conducted. Descriptive statistics was presented by way of means and standard deviations. Inferential models adopted for the study included simple regression analysis, and the Hayes process regression model 4 and model 1 for mediation and moderation respectively (Igartua & Hayes, 2021).

Table 1: Illustration of the techniques for quantitative data analysis

Research Objectives	Hypotheses	Model of analysis	Results Interpretation
To determine the influence of VBL on performance of County Governments in Kenya.	H₀₁: Value-based leadership has no significant influence on performance of County Governments in Kenya.	Simple linear regression analysis $CP = \beta_0 + \beta_1 VBL + \epsilon$ Where CP =County Performance VBL =Value Based Leadership ϵ =Error term	R^2 -for explanatory power F- Ratio for goodness of fit p-value test for individual and overall significance
To examine the moderating role of intellectual capital on the relation between VBL and Performance of County Governments in Kenya	H₀₂: Intellectual capital has no significant mediating role in the relationship between VBL and performance of county government.	Hayes process regression model 1. i) $CP = \beta_0 + \beta_1 VBL + \epsilon$ ii) $CP = \beta_0 + \beta_1 VBL + \beta_2 IC + \beta_3 VBL * IC + \epsilon$ Where CP =County Performance VBL =Value Based Leadership IC= Intellectual Capital ϵ =Error term	R^2 -for explanatory power F- Ratio for goodness of fit p-value test for individual and overall significance P value of interaction effect to show moderation.

Source: Researcher, (2024)

3.3 Diagnostic Tests

The following diagnostic tests was employed;

Multi-collinearity Test

Multi-collinearity test was determined using the Variance Inflation Factor (VIF), which measures the correlation and strength of correlation between several independent variables in a regression model. VIF values range from 1 to infinity, where a value of 1 indicates no autocorrelation between a predictor variable and any other predictor variables in the model; between 1.1 and 5 indicates moderate autocorrelation; while values above 5 show potentially severe autocorrelation (Zach, 2019). The variables shall be considered to be perfectly collinear if their correlation coefficient is ± 1.0 .

Normality Test

This was used because the data was drawn from normally distributed population. If the test is significant, the distribution is non-normal. According to Ghasemi and Zahediasl (2012), normality test helps in determining the levels of significance even when deviation is small especially in large samples while in small samples the test has little relevance in rejecting null hypotheses thus small samples most often pass normality tests.

Linearity test

Analysis of variance (ANOVA) was used to test linearity for each level of the predictor variable (Armitage, 1994). It helped in determining whether the predictor variables in the regression have a straight-line relationship with the outcome variable.

Heteroscedasticity test

According to Frost (n.d), heteroscedasticity shall be used to determine the residuals or error term. It was used to determine the systematic change in the spread of the residuals over the range of measured values and to satisfy the regression assumptions and be able to trust the results to be sure of constant variance (Frost, n.d)

Homoscedasticity test

This was used to determine the homogeneity of variance with a view of determining the assumption of similar or equal variances in different groups being compared. According to Armitage (1994), this test is important because uneven variances in samples could result in biased and skewed test results.

4.0 Data Analysis, Results and Discussion

This research study aimed at investigating the influence of Value Based Leadership (VBL) on the performance of county governments in Kenya. The research further explores the mediating role of employee attitude and moderating role of intellectual capital in the relationship between VBL and the performance of County governments in Kenya. In this chapter, findings that seek to answer questions based on the hypothesis constructed are presented and discussed.

4.1 Response Rate

The study targeted the entire population of 47 county secretaries and 47 chairpersons of public service boards in the 47 counties. However, from the 47 counties the study achieved a response rate of 85 percent for the county secretaries showing that out of 47 county secretaries, 40 responded to the interviews conducted and

completed their questionnaires. In addition, 38 chairpersons of county public service board responded to the Key Informant Interviews implying a response rate of 80 percent. The issue of response rate is equally important as it answers the question of whether the available data is adequate for analysis and drawing conclusions (Wu et al., 2022). Drawing from literature by Mugenda (2012) if the data is adequate then a response rate of 50 percent is achieved and good when a response rate of 60 percent is achieved. However, best practice according to Mugenda (2012) is to ideally have an excellent response rate that is set at 70 percent and above. The response rate achieved in this study is in line with the literature by Mugenda and is considered excellent hence adequate to analyse and draw conclusions.

4.2 Distribution by Years of Experience

The respondents were required to state the total years of experience that they had gotten since starting employment. Table 4.4 shows the results obtained.

Table 2: Years of Experience of the Respondents

Years of Experience	Frequency	Percentage Frequency
Below 3 years	15	37.5
3-6 years	3	7.5
6-9 years	4	10
Above 9 years	18	45
Total	40	100

Table 4.4 shows that 45% of the respondents have over 9 years of experience, indicating a strong presence of seasoned leaders within the County Governments of Kenya. This shows that the respondents have had sufficient time to understand the intricacies of county governance, develop effective leadership skills, and build the networks necessary for successful administration. On the other hand, 37.5% of respondents have less than 3 years of experience, highlighting a mix of both new and seasoned leaders within the county leadership. In addition, other respondents have between 3-6 years (7.5%) and 6-9 years (10%) of experience.

4.3 Distribution by Professional training

The questionnaire administered also evaluated the access to professional training by the respondents. Table 4.5 shows the distribution of the number of respondents who had accessed professional training against those who had not received any.

Table 3: Professional Training of the Respondents

Professional Training	Frequency	Percentage Frequency
No	19	47.5
Yes	21	52.5
Total	40	100

Table 4.5 shows that majority of the respondents (52.5%) have received professional training since being employed by the County Governments, while 47.5% have not undergone any form of professional training. This suggests that there is a relatively balanced distribution between those who have received additional training and those who have not. Professional training is essential

for building the understanding of how VBL contributes to effective governance and better service delivery (Tamagna, 2023). Continuous professional development is emphasized by the need to adapt to the evolving demands of public administration and to harness the intellectual capital within County Governments effectively (McCauley & Palus, 2021).

4.4 County Performance

In this study, county performance was measured as the dependent variable using four key indicators: financial stewardship, service delivery, institutional transformation, and the achievement of the organizational core mandate. Table 4.6 shows the descriptive results obtained.

Table 4: County Performance

Statement	VLE	LE	ME	GE	VGE	Mean	Std
Financial Stewardship/ discipline	0	0	22.50	60.00	17.50	1.575	0.7807
Service Delivery	0	5.00	22.50	67.50	5.00	1.650	1.0013
Institutional Transformation	0	0	75.00	10.00	15.00	2.50	0.5038
Achievement of Organizational Core Mandates	0	0	17.50	77.50	5.00	1.275	0.5541

Source: Researcher

From the table the most of the respondents agreed that the performance of counties in financial stewardship was achieved at great extent that is at 60 percent of the respondents. According to Crosby and Bryson (2018), effective financial stewardship is enhanced by leadership that prioritizes accountability and ethical conduct, which aligns with the principle of honesty and openness considered in this study. This suggests that VBL fosters an environment where financial resources are managed with integrity, reducing wastage and improving fiscal outcomes.

Similarly, 67.5 percent of the respondents agreed that the performance of counties in service delivery was achieved at great extent. In deed one of the chairpersons of the board said: “*value based leadership in the county had improved the service delivery to mwananchi at the lowest level.*” This finding is supported by Groves and LaRocca (2011), who argue that leaders who are committed to value-based principles often prioritize customer-centric approaches, leading to improved service delivery. On institutional transformation, 75 percent of the respondents agreed that it was achieved at moderate extent, while in the achievement of core mandates 77.50 percent of the respondents agreed it was achieved at great extent. According to Khaunye and Wawire (2015) counties have faced significant successes around transformation of societies they serve but they are still faced with challenges of complete institutional transformations. These challenges include; lack of political goodwill, underfunding and varied cultures that prevent complete execution of institutional transformation.

4.5 Value- Based Leadership

The assessment of Value-based leadership involved the utilization of five distinct indicators. Table 4.7 shows the descriptive results obtained for each indicator.

Table 5: Value Based Leadership

Statement	VLE	LE	ME	GE	VGE	Mean	Std
County Government has a set of values	0	0	7.5	15.00	77.50	2.7	0.6076
staff adhere to the organizational values	0	25	52.50	22.50	0	2.3	0.8227
decisions are made in accordance with organizational core values	0	15	12.50	25.0	47.50	2.825	1.2787
decisions are made in accordance with organizational core values	0	15	12.50	25.0	47.50	2.825	1.2787
leaders at my work place promote the uptake of values	0	10	62.50	17.50	10.00	2.65	0.8929
There is a lot of inspiration exhibited by various leaders with regards to uptake and adherence to values	0	67.5	12.50	10.0		2.25	0.7675

Source: Researcher

From the table most respondents (77.5%) believe their county government has to a great extent of set values, while 15% perceive it to a moderate extent. A majority of respondents (52.5%) perceive staff adherence to organizational values to be moderate, with 25% reported that the adherence to the set values was observed to a less extent. Interestingly nearly half of the respondents (47.5%) believe decisions are made in accordance with core values to a great extent, while 25% perceive moderate alignment. The majority of the respondents (62.5%) agreed that leaders to promote the uptake of values at moderate extent, with fewer respondents reporting lesser (17.5%) or greater (10%) promotion. Most respondents (67.5%) perceive very little inspiration from leaders regarding value uptake and adherence, with 12.5% reporting lesser inspiration. Clearly, the results indicate a positive perception of the presence of values within the county government and organization.

4.6 Intellectual Capital

Intellectual Capital was measured using six indicators. Table 4.8 shows the descriptive results obtained.

Table 6: Intellectual Capital

Statement	VLE	LE	ME	GE	VGE	Mean	Std
Requisite Knowledge is considered important in our organization	0.00	0.00	5.00	20.00	75.00	2.55	0.8149
Requisite Skills set is considered for leadership and performance	0.00	0.00	10.00	20.00	70.00	2.50	0.8164
Right Experience in my work is important for leadership& performance	0.00	0.00	20.00	17.50	62.50	2.45	0.7328
Knowledge of training needs is important for leadership& performance	0.00	0.00	20.00	12.50	67.50	2.55	0.7430
Ability to adapt to crises at work is an important factor in performance and leadership	0.00	0.00	15.00	15.00	70.00	2.55	0.7493
Having co-existence skills is important for leadership and performance	0.00	0.00	0.00	80.00	20.00	1.20	0.4050

Source: Researcher

The majority of respondents (75%) perceive that requisite knowledge is considered highly important in their organization, with a smaller percentage reporting moderate (20%) or no (5%) importance. This finding aligns with literature emphasizing the significance of knowledge in organizational success (Zigarmi et al., 2011). A significant proportion of respondents (70%) believe that the organization considers requisite skills sets as important for leadership and performance, with fewer respondents indicating moderate (20%) or no (10%) importance. This result is consistent with studies highlighting the importance of skill proficiency in effective leadership and performance (Robbins & Judge, 2018).

The majority of respondents (62.5%) perceive that having the right experience in their work is important for leadership and performance, with smaller proportions indicating moderate (17.5%) or no (20%) importance. A significant percentage of respondents (67.5%) believe that knowledge of training needs is important for leadership and performance, with smaller proportions indicating moderate (12.5%) or no (20%) importance. This aligns with literature emphasizing the importance of continuous learning and development in enhancing organizational effectiveness (Ghosh & Reio, 2013).

The majority of respondents (70%) perceive the ability to adapt to crises at work as highly important for both performance and leadership, with smaller proportions indicating moderate (15%) or no (15%) importance. This finding underscores the importance of adaptability in navigating challenges and driving organizational success (Saks, 2019). A significant proportion of respondents (80%) believe that having co-existence skills is important for leadership and performance, with a smaller percentage indicating no importance. This result highlights the significance of interpersonal skills in effective leadership and performance (Karanja, 2014). Overall, the data suggests a strong emphasis on the importance of knowledge, skills, experience, adaptability, and interpersonal skills in fostering effective leadership and performance within the organization, aligning with existing literature on organizational effectiveness and success.

4.7 Tests for Statistical Assumptions

In order to employ statistical model for empirical analysis the study tested the assumptions of the model selected. The study adopted the regression model and therefore there was need to test for normality, multi-collinearity, homoscedasticity or heteroscedasticity. The sub-sections on test for normality, test for multicollinearity and singularity and test for homoscedasticity and heterogeneity discuss the findings after performing the tests for the assumption.

Test for Normality

A normality test aims to ascertain whether the data adheres to a normal distribution, which in statistics, is characterized by a continuous probability distribution centred around the mean with minimal extreme values deviating from the mean. Table 4.9 shows the results obtained after performing the shapiro wilk test and shapiro fracia test.

Table 7: Test for Normality

Shapiro wilk				Shapiro Francia			
Variable	N	Test statistic	Prob > z	Test Statistic	Prob > z	Skewness	Kurtosis
County Performance	40	0.8821	0.000	0.984	0.7457	0.586	-0.763
Value Based Leadership	40	0.9367	0.0268	0.9475	0.0603	-0.586	-0.263
Intellectual Capital	40	0.8678	0.0002	0.8736	0.00071	-0.376	0.079

Source: Researcher 2024

Table 4.9 shows the results of Shapiro-Wilk tests for normality on four variables: County Performance, Value Based Leadership, and Intellectual Capital, each with 40 observations. The Shapiro-Wilk test on county performance indicates a significant departure from normality (Prob > z = 0.000), suggesting that the data for county performance does not follow a normal distribution. The Shapiro-

Wilk test for value-based leadership shows a departure from normality, albeit less pronounced than county performance (Prob > z = 0.0268), indicating a slight deviation from normal distribution. The Shapiro-Wilk test for intellectual capital variable reveals a significant departure from normality (Prob > z = 0.0002), indicating that the data for intellectual capital also does not follow

a normal distribution. On the hand the Shapiro Francia results indicate that only data on the intellectual capital variable failed to follow normal distribution. Skewness and kurtosis results show that the absolute values for each variable are below 1. An indication that the data is not heavily tailed. According to Mishra *et al.* (2019), a distribution is called approximate normal if skewness or kurtosis of the data are between -1 and $+1$. Similarly, Walubengo (2014) found that although all variables violated normality tests, their skewness and kurtosis were below one, prompting the use of parametric tests in the study. Wilson (2010) acknowledges the difficulty in achieving normality in social studies, particularly those employing survey methods. In line with Walubengo's argument, this study also employed normality tests, considering that skewness and kurtosis levels were below one.

Test for Multicollinearity and Singularity

Multi-collinearity refers to the presence of correlations among predictor variables within a study (Maqbool *et al.*, 2017). It becomes a concern because its escalation indicates redundancy within the data, leading to inflated standard errors and less precise coefficient estimates (Maghenda, 2017). Table 4.9 shows results obtained from testing multicollinearity.

Table 8: Test for Multicollinearity and Singularity

Variable	VIF	1/VIF
Value Based Leadership	3.34	0.2996
Intellectual Capital	1.46	0.6828

Source: Researcher

Table 4.9 presents the results of the variance inflation factor (VIF) analysis for three variables: Value Based Leadership, and Intellectual Capital. The VIF values, along with their reciprocal (1/VIF), are provided. The VIF for value based leadership is 3.34, suggesting moderate collinearity among predictor variables related to value-based leadership. The VIF for intellectual capital is 1.46, indicating low collinearity among predictor variables related to intellectual capital. The VIF values provide insights into the degree of collinearity among predictor variables. Generally, VIF values below 5 indicate acceptable levels of collinearity, while values exceeding 10 suggest significant multicollinearity (Daoud,

2017). In this case, all variables exhibit VIF values below 5, indicating moderate collinearity. Therefore, while there is some degree of collinearity among the predictor variables, it is not severe enough to invalidate the regression analysis.

Test for Homoscedasticity and Heteroscedasticity

Heteroscedasticity occurs when the variance of the residuals varies among observations. In regression analysis, the assumption is that the variance remains constant across observations; hence, the presence of heteroscedasticity is undesirable (Schmidt, 2018). To assess this assumption, significance levels exceeding 0.05 indicate the absence of heteroscedasticity. The study employed the Bresuch- pagan test for heteroscedasticity to evaluate the assumption of constant variance across the errors. The Breusch-Pagan test is commonly used to detect heteroscedasticity in regression models (Halunga *et al.*, 2017). The Breusch-Pagan test results indicate a chi-square statistic of 0.30 with 1 degree of freedom and a corresponding p-value of 0.5819. In this case, the test statistic of 0.30 indicates the extent of heteroscedasticity in the model. Since the p-value associated with the test is 0.5819, which is greater than the significance level of 0.05, we fail to reject the null hypothesis. Therefore, we do not have enough evidence to conclude that there is heteroscedasticity present in the regression model. Hence, we can assume that the assumption of homoscedasticity (constant variance of residuals) is not violated, and the regression model's standard errors remain consistent across observations. In their study on effect of loan classification on financial performance of banks Odeh *et al.* (2023) employed the Breusch-Pagan test to check for homoscedasticity. Astivia and Zumbo, (2019), justify and recommend that the Breusch-Pagan test in checking for heterogeneity when using regression as a technique for inferencing from the data.

4.8 Regression Results

The study sought to investigate three hypotheses. First the study sought to investigate the null hypothesis (H_0) that value-based leadership has no significant influence on performance of County Governments in Kenya. In order to investigate this hypothesis an analysis of variance and linear regression model was employed. Table 4.10 shows the regression results obtained.

Table 9: Regression Analysis

Model Summary			
Source	Sum of Squares	df	MS
Model	42.6801	5	8.5360
Residual	81.2199	34	2.3888
Total	123.9	39	3.1769
F statistics			
No of Observations	40		
F Statistic (5,34)	3.57	Prob> F =0.0165	
R squared	0.3445		
Adjusted R squared	0.2481	Mean Squared Error =1.5456	

Variable (Dependent Variable – County Performance)	Coefficient (standard error)	t value	P> t
County Government has a set of values	-0.8642(0.5231)	-1.66	0.107
staff adhere to the organizational values	1.0054(0.4399)	2.29	0.029
decisions are made in accordance with organizational core values	0.1842(0.3072)	0.60	0.553
leaders at my work place promote the uptake of values	-0.3026(0.4772)	-0.63	0.530
There is a lot of inspiration exhibited by various leaders with regards to uptake and adherence to values	0.1039(0.5179)	0.20	0.842
Constant	11.2516(2.0958)	5.37	0.000

Source: Researcher 2024

Table 4.10 presents the model summary, F statistics and the linear regression model coefficients. The sum of squares for the model (42.6801) indicates the total variability in the county performance explained by the value-based leadership in the model. The sum of squares for the residuals (81.2199) represents the unexplained variability or error in the model. The total sum of squares (123.9) is the sum of the model sum of squares and the residual sum of squares, representing the total variability in the dependent variable. The F statistic test show the overall significance of the regression model. The R-squared value (0.3445) represents the proportion of variance in the dependent variable explained by the independent variables in the model. The Adjusted R-squared value (0.2481) adjusts the R-squared value for the number of predictors in the model. Therefore, 34.45 percent of variations in county performance are explained by the value-based leadership indicators. However, the Adjusted R-squared suggests that the model fit may be improved with additional predictors.

Based on the findings from the regression results the model can be written as:

$$CP = 11.2516 - 0.8642VBL_1 + 1.0054VBL_2 + 0.1842VBL_3 - 0.3026VBL_4 + 0.01039VBL_5$$

The significant constant term suggests that there are other unobserved factors affecting county performance that are not captured by the current model. This could include external environmental factors, policy changes, or other leadership behaviours not included in the model. The high value of the intercept might also indicate a generally positive baseline performance across the counties, irrespective of the VBL measures in place.

The results show that a unit change in staff adherence to organizational values, there is a significant increase in county performance by 1.0054 units. This underscores the critical role that adherence to organizational values plays in enhancing the operational effectiveness of county governments. According to Kristof-Brown (2015) the interaction of personal and work values leads to higher job satisfaction, increased employee engagement, and better performance outcomes. The alignment of such values enhances motivation among staff as their personal values resonate with their work, driving them to perform better and engage more deeply with their roles. Adherence to organizational values not only enhances employee motivation but also promotes a culture of accountability and ethical behaviour (Casey & Sebar, 2016). When leaders model and enforce adherence to core values, it sets clear expectations for behavior, creating a consistent and predictable work environment. This consistency reduces ambiguity and increases trust among employees, which can lead to improved collaboration, innovation, and overall productivity (Ali *et al.*, 2015). In the context of county governments, promoting values such as integrity, transparency, and service to the public can enhance public trust and satisfaction, further driving performance outcomes.

4.8 Moderating Effect of Intellectual Capital on VBL and County Performance

To examine the influence of intellectual capital on the relation between VBL and Performance of County Governments in Kenya, the following hypothesis was tested; H_{02} : Intellectual capital has no significant moderating influence on the relation between VBL and performance of county government. Table 4.11 shows the results obtained.

Table 10: Moderating Effect of Intellectual Capital on VBL and County Performance

Model	Coefficient	Standard error	T statistic	Significance level	
Constant	14.6597	3.7262	3.9338	0.0004	
Value-based leadership	1.0346	0.3026	3.1486	0.0016	
Intellectual capital	0.8800	0.2639	3.3348	0.0020	
Value-based leadership* Intellectual capital	0.0685	0.0209	3.2737	0.0023	
R(Correlation) = 0.5764	R ² =0.3322	MSE=0.1436	F Statistic = 5.9704	Df (3,36)	P Value = 0.000
R ² change = 0.1988	P value = 0.0021				

Source: Researcher

Table 4.12 shows the moderating role of employee attitude on the relationship between value-based leadership and county performance. The results indicate that intellectual capital significantly moderates the relationship between value-based leadership and intellectual capital in the Kenyan county governments. Value-based leadership has a positive and significant impact on county performance, with a coefficient of 1.0346 and a p-value of 0.0016. Intellectual capital significantly influences county performance, as evidenced by its positive coefficient of 0.8800 and a p-value of 0.0020. In addition there is a positive significant interaction effect between value-based leadership and intellectual capital, with a coefficient of 0.0685 and a p-value of 0.0023. This interaction indicates that intellectual capital moderates the relationship between value-based leadership and county performance. Counties with strong intellectual capital—characterized by knowledgeable employees, efficient processes, and strong relational networks—can maximize the benefits of value-based leadership (Baima *et al.*, 2021). Leaders in such counties are better equipped to leverage the skills and knowledge of their employees to drive performance improvements, suggesting that the presence of intellectual capital amplifies the positive effects of value-based leadership. The significant moderation effect of intellectual capital can be understood through the lens of contingency theory, which suggests that the effectiveness of leadership depends on the context and the resources available (Shao *et al.*, 2016). The interaction between leadership and intellectual capital is essential for fostering innovation, improving decision-making, and enhancing overall organizational performance.

5.0 Discussion of Results and Conclusions

The analysis revealed that intellectual capital, comprising elements such as knowledge, skills, experience, and adaptability, had a significant moderating effect on the relationship between Value-Based Leadership and county performance. While Value-Based Leadership and intellectual capital individually exhibited negative effects on county performance, their interaction had a positive and significant impact. This suggests that the combined and integrated effect of Value-Based Leadership and intellectual capital was greater than their individual effects, indicating the potential for synergistic benefits when these two factors are effectively aligned. Qualitative Findings: The qualitative analysis conducted through key informant interviews and open-ended questionnaires highlighted several thematic areas that could potentially enhance the performance of county governments. These themes included the development of training programs focused on aligning county values with VBL principles, the promotion of equitable allocation of resources and decision-making processes, encouraging employee participation in the design and sensitization of county values, and embracing diversity in the county workplaces. These qualitative findings provide valuable insights into the practical implementation of Value-Based Leadership and the creation of a conducive work environment for optimal organizational performance.

Value-Based Leadership and County Performance: The positive relationship between staff adherence to organizational values and county performance resonates with the findings of previous studies, such as those conducted by Žydzūnaitė (2018) and Godbless (2021). These studies established a link between improved organizational performance and the implementation of Value-Based Leadership practices. The present study reinforces the

notion that when employees embrace and adhere to the values espoused by their organization, it fosters a culture of high performance and operational effectiveness. This alignment between individual and organizational values contributes to enhanced motivation, commitment, and a shared sense of purpose among employees, ultimately driving improved organizational outcomes (Waldman *et al.*, 2001).

Moderating Effect of Intellectual Capital: The significant moderating effect of intellectual capital on the relationship between Value-Based Leadership and county performance resonates with the findings of Ullah *et al.* (2021), who reported a positive influence of ethical leadership on innovative performance through the mediating role of intellectual capital. Furthermore, the positive interaction effect between Value-Based Leadership and intellectual capital aligns with the findings of Higgins and Bourne (2018), who noted that the integration of leadership styles with organizational capabilities, particularly intellectual resources, significantly boosts performance. This study highlights the importance of nurturing and effectively leveraging intellectual capital within organizations, as it can amplify the impact of Value-Based Leadership practices on overall performance.

The study concludes that intellectual capital, comprising elements such as knowledge, skills, experience, and adaptability, has a significant moderating effect on the relationship between Value-Based Leadership and county performance. While Value-Based Leadership and intellectual capital individually may have negative effects, their combined and integrated effect can positively influence county performance. This highlights the importance of nurturing and effectively leveraging intellectual capital within organizations, as it can amplify the impact of Value-Based Leadership practices and contribute to enhanced organizational outcomes.

The study recommends further research in exploring the interplay between Value-Based Leadership, employee attitude, and intellectual capital in relation to specific dimensions of organizational performance, such as financial performance, service quality, innovation, or employee retention. This would provide a more granular understanding of the impact of these factors on different performance metrics.

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