

## Influence of Leader's Balanced Processing on Employee Commitment in Agencies Implementing Public Financial Management Reforms in Kenya

<sup>1\*</sup>Winnifred Gacheru, <sup>2</sup>James Karimi, <sup>3</sup>Maureen Kangu  
United States International University – Africa  
Email: [wgacheru@gmail.com](mailto:wgacheru@gmail.com)

### \*Corresponding author

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### Abstract

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*In many developing countries, Public Financial Management Reforms (PFMRs) have been considered an instrumental element of governance with the intent to curb wasteful expenditure and corruption. Before making any budgetary or financial decision, leaders are expected to make objective analysis of the available financial data and to take into consideration all available options from their subordinates before deciding on a way forward. This is what defines balanced processing. The aim of this paper was therefore to evaluate how leader's balanced processing influence the commitment of employees in agencies implementing Public Financial Management Reforms (PFMRs) in Kenya. The study was guided by the positivism research philosophy and applied a descriptive correlational research design in conducting the study. This design is deemed relevant particularly as it reveals accurate information allowing for inferences through hypothesis testing. This approach was favored because it explains what is in existence and, in turn, assists in revealing new realities and meanings, thus broadening the scope of the phenomenon under study. The study targeted 747 managers from the Kenyan PFMR implementing agencies from which a sample of 260 managers was obtained through simple random sampling technique. A structured questionnaire was used for data collection with analyses being done and presented using both descriptive and inferential statistics. The Binary logit regression model depicted a significant association between the variables with Chi-square  $\chi^2 (1) = 139.881, p < .001$ , and the model summary result showed the Nagelkerke R square of .731 (equivalent to  $R^2$  on the linear regression model) hence accepting the alternative hypothesis, which stated that leaders' balanced processing significantly influenced employee commitment among managers in agencies implementing PFMRs. In its recommendation, this study guides that leaders should listen carefully to ideas from every employee fairly and understand that different employees work differently. Some ideas can be implemented to improve the organization, and some can be implemented later; therefore, it effectively attracts employees in decision-making and enhances employee commitment.*

**Keywords:** Leader's balanced processing, Employee commitment, Agencies, Implement, Public Financial Management Reforms (PFMRs)

### Introduction

The high rate of politicization in any organizational setting complicates trust issues and therefore affects how employees relate with their leaders. This is particularly worse in situations when organizations chose to implement change without involving employees which according to Bligh (2016), largely lowers employee commitment at work increasing turnover intentions.

This study focused on the agencies under the National Treasury of Kenya tasked with implementing public financial management reforms. According to the Kenya Institute for Public Policy Research and Analysis, it is critical to prioritize the operation of the public financial management system at both the national and county levels in order to achieve efficient and strategic resource allocation and use, efficient service delivery, and aggregate fiscal discipline. By doing so, Kenya, and by focusing on the country's structural changes (public expenditure and financial management), will be able to take pleasure in achieving the Vision 2030 defined targets. The objective, in particular, seeks to speed up public financial management (PFM) in order to improve transparency and accountability efficiency. These policies attempt to reduce poverty while also sustaining economic growth. However, some feel that the advances have been inadequate. Adayehi (2016) described balanced processing as the heart of personal integrity and character, which significantly influence a leader's decision-making and strategic actions. Alilyyani et al. (2018) use unbiased processing to refer to an absence of denials, exaggerations, distortions, or ignorance of internal experiences, personal knowledge, and external evaluations of the self. In concurrence, Nasab and Afshari (2019) and Semedo et al. (2018) added that balanced processing of information includes incorporating the views and opinions of employees in the decision-making process while challenging the existing situation to stimulate thinking. Authentic leaders promote positive relationships between themselves and employees through a balanced decision-making process, enhancing creativity.

In particular, Rakowska et al. (2018) found that public managers face the challenge of enhancing employee commitment, motivation, and satisfaction levels at work, particularly during change processes. In USA, Gatling et al. (2016) found that organizational commitment moderated the relationship between authentic leadership and employee turnover intention. They concluded that organizational commitment decreases turnover intention and that augmenting managers' authentic leadership is critical. Ghahroodi et al. (2019) assessed authentic leadership, employee commitment, work satisfaction, and intentions in turnover in the Malaysian hospitality industry and found a positive association between the variables. Yeboah-Appiagyei et al. (2018) studied authentic leadership and organizational commitment among tertiary institutions in Ghana. They found that there is a significant and positive relationship between emotional and social and emotional intelligence and authentic leadership. According to Walumbwa et al. (2021), there is scanty literature addressing Africa's unique management and leadership issues hence Africa lacks the tools to create effective leadership critical to driving its economic performance. They surmised that the success of the Asian tigers highlighted the importance of leadership in developing and exploiting internal analytical capabilities to create a sustainable competitive advantage. They find this to be the untapped potential in Africa.

Quak (2020) revealed that the main challenges regarding PFM include the credibility of the budgets, overruns in expenditure, low mobilization of revenue, and public funds misuse. Therefore, the embezzlement of funds by public officers, inequalities arising from redistribution of resources, and inadequate checks and balances necessitates reforms in the management of public resources (Society for International Development, 2018). The Kenyan government had in early 2000 identified a well-functional PFM system as a cornerstone of sustainable economic growth with the initial public management reforms covering the years between 2006 and 2011 (Mutai et al. 2018). Nevertheless, Cheruiyot et al. (2017) posited that there were gaps in the PFMR implementation by the end of 2011. In addition, the changes in the 2010 Kenyan

Constitution brought with it prospects of instituting reforms in the public finance management. The Kenyan Constitution advocates for fairness, accountability, fiscal discipline, efficiency, and openness in raising and distributing public financial resources for improved service delivery and economic development. In addition, the enactment of the Public Finance Management Act 2012 and other PFM legislation broadened the scope and demand for PFM reforms. These issues formed the basis upon which the 2018-2022 PMFR strategy was formulated (The National Treasury, 2022; PMFR Strategy Plan, 2022). The PMFR strategy seeks to ensure fiscal efficiency and discipline in utilizing public finances, thus ensuring the availability of resources and that they are used in the best interest of the people of Kenya (Kenya National Audit Office, 2016).

In a study carried out by Mutinda (2021), it has out rightly been established that it is majorly in the general financial management institutions in Kenya that some of the nation's ugliest corruption scandals involving public funds continue erupt. Similarly, employee morale at the same institutions remains low with constant accusations of tardiness, bureaucracy, lack of professionalism, and a seemingly unending image of a coat hanging on the coat hanger while the employee is out perambulating and carrying on their private businesses. The study further notes that public financial management reforms remain hampered by inefficient management of public resources, wrong prioritization of projects, and managerial inefficiencies (Mutinda, 2021). The sector is therefore in dire need of leadership processes that could drive the successful implementation of reforms. Beh (2018) surmises that leadership is critical in advancing governance and leading change in government and concludes that effective leadership leads to fundamental reforms in the public sector.

Several studies have established the relationship between leader's balanced processing and employee commitment. Dramicanin (2019) found that the impact of balanced information processing on commitment is lower ( $\beta = 0.348$ ) while Stander et al. (2019) revealed that positive thinking and objective decision-making in a company is important for the personnel's commitment. Ribeiro et al. (2020) concluded that balanced processing by authentic leadership positively affected their followers. Similarly, Sang (2016) found that balanced information processing positively and significantly affects employee job satisfaction. According to Roncesvalles and Gaerlan (2021), leaders' balanced processing influences employee commitment in institutions.

Employee commitment to change initiatives may have a significant impact on the success of Kenyan PMFR agencies' efforts. The authentic leadership paradigm is founded on the notion that authentic leadership is associated with a pattern of leader habits that draws on and supports positive emotional capacities and an ethical environment. It promotes more well-known balanced processing, as well as positive self-advancement and commitment. This study investigated leaders' balanced processing in order to provide an in-depth understanding of how the work environment influences employees' attitudes, as well as the specific leadership attributes and styles that increase employee commitment during their company stay. Results of the study will help to explain why leaders balanced processing is important to the ultimate attainment of employee commitment goals in firms.

**Problem Statement**

Public Management Financial Reforms implementing agencies in Kenya believe that employee commitment contributes to workforce stability and better service delivery hence improved performance (Mwangi, 2021). The PFM Report (2017) noted several challenges faced by the various agencies involved in implementing the PFM Act. These include a lack of financial management system at the county level; challenges in leadership whereby they are not knowledgeable in financial and people management; skills and structures available are inadequate, overworking of staff since there is a lack of appropriate staff, stoppage of disbursement of funds to guard against misuse, slow implementation of transition issues, and inadequate infrastructure. These challenges have hindered the effectiveness and efficiency of the PFM implementation and public resources management. Beh (2018) posited that in order to overcome the numerous and varying corporate and governmental crises, we need new leaders that are authentic and influence their employees to be morally upright and work toward the greater good for all and not just reforms and new laws. Authentic leadership is critical in advancing governance and leading successful reforms in government.

While exhaustive literature exists for leader's balanced processing and employee commitment, the first problem was for studies overlapping public financial management reform agencies in Kenya. Ouma (2018) focused on the effect of ethical leadership on employee commitment in transport sector parastatals in Kenya and found a positive relationship between the variables, while Semedo et al. (2017) discovered that balanced information processing strongly correlates with employee commitment among others. All these studies focused on diverse study areas and independent variables. Thus, empirical evidence measuring authentic leadership to employee commitment among PFMRs in Kenya was the first percolated problem.

The other research gap was in policies in Kenya regarding agencies implementing public financial management reforms in Kenya. This creates a gap as the study has to rely on other agencies such as KRA and the National Treasure to gather information regarding the revenue performance reports on financial management in Kenya. The PFMR is published every five years in Kenya. Thus, there is a paucity of information regarding any current information on what the government public finance management (PFM) has done over the last five years since 2017 when the last one was published until 2022. Furthermore, good governance and efficient service delivery is achieved through the improvement of transparency, accountability, and efficient controls in the PFM programs. Managing the implementation of the reform programs requires harmonized and coordinated approach among cooperating partners supporting the reforms, thus necessitating the need for this study to examine how employees' commitment is influenced by authentic leadership in agencies implementing public financial management reforms in Kenya.

The management of the PFMR agencies is another research gap of the study, specifically the failure of professionalism by employees indicated by lackluster performance and high corruption levels. This indicates slack in implementing the changes envisioned by the PFM Act of 2012. In addition, the demand for the modern-day workplace coupled with globalization has dramatically affected the need for leadership, particularly in the area of sturdier leader's balanced processing and employee commitment. Employees deal with work-related stress and lack creativity and motivation, leading to lower commitment; thus, the firms' survival is now relatively uncertain. It is now of utmost importance for companies' growth and sustainability to focus on employees'

commitment; therefore, it is necessary to measure such employee commitment to gauge the authenticity of leadership. Puls, Ludden, and Freemyer (2019) concluded that interpersonal and intrapersonal dimensions affected leaders, the workplace atmosphere, and employee commitment, while Hinojosa et al. (2019) encouraged future studies on the congruence between leader's balanced processing and employee commitment. There was a need to carry out the current study to close the managerial gap in research in agencies implementing public financial management reforms in Kenya. Thus, to close the gaps, this study seeks to determine whether leader's balanced processing has any influence on employee commitment among agencies implementing PFMR in Kenya.

## **Theoretical Review**

This study is anchored on two theories: authentic leadership theory and Social Exchange Theory.

### ***Authentic Leadership Theory***

Sharif and Scandura (2018) have defined authenticity as an act of being tactfully genuine. It is argued that authentic leadership theory is based on the concept of authenticity while authentic leadership style is based on authentic leadership theory (Otken & Cencki, 2020). This theory assumes that a leader's balanced processing and high moral values will improve interactions between leaders and followers (Valsania et al. 2019). There are some criticisms of the model of authentic leadership. For example, as authenticity is heavily dependent upon the authentic leader's life story, it will likely be affected by their race, national origin, socio-economic status, and other factors (Zhang et al., 2019). Moreover, the extent and effectiveness of a leader's authenticity are relative to the cultural, organizational, and situational context, so no singular interpretation of the theory is possible (Zhang et al., 2019). Zhang et al. (2019) also suggest that authentic leadership theory lacks validity in non-Western contexts such as China. However, as countries' economic growth occurs outside the United States, the construct can be used to form greater cross-cultural understanding and thus might lead to more applicability in non-Western countries. Authentic leadership theory is characterized by transparency, informed decision-making or balanced processing, high ethics, and balanced processing - all of which may be instrumental in bringing about the type of non-biased leader that many organizations desire (Otken & Cencki, 2020).

### ***Social Exchange Theory***

The Social exchange theory (SET) is among the most influential conceptual paradigms for understanding workplace behavior (Cropanzano & Mitchell, 2017). Social Exchange theory supposes that social behavior results from an exchange process through which individuals consider the benefits of a relationship disregarding its costs to determine its value. This cost-benefit analysis is tempered by expectations or influenced by past experiences. The work relationships research indicates an expectation of reciprocity between the management and staff (Thomas & Gupta, 2021; Cook et al., 2013; Blau, 2017). Employee commitment stems from the social exchange relationship between employees and organizations, a behavior developed while such exchange relationships are established. According to the authors, employee commitment can be taken as the employees' psychological attributes and feelings about establishing the relationship. Social Exchange Theory has been critiqued for presuming individuals make rational

decisions and fails to capture emotions' power in interactions with others. The theory also undercuts the power of social structures and forces that shape perceptions of the world and experiences, shaping interactions with others. Other critics stated that in SET, many similar and overlapping constructs are used to operationalize initiating actions and target responses. Secondly, there is insufficient appreciation of the extent to which some of the constructs frequently employed in social exchange research are hedonically positive (e.g., supervisor support, helping). In contrast, others are hedonically negative (e.g., abusive supervision, incivility) (Fedor et al., 2016). The social exchange theory contributes to this study by explaining why employees who perceive an authentic leadership style in their supervisors develop a feeling of obligation to reciprocate with employee commitment and thus improve performance. This theory informs the dependent variable of employee commitment in this study.

### **Empirical Review**

Keith and Smith (2019) discovered that consistency between a leader's words and actions and balanced processing are positively associated with staff engagement. The findings are consistent with the findings of Milic et al. (2017) who found a significant positive relationship between balanced processing and employee affective commitment, suggesting that the authenticity of immediate superiors plays a significant role in fostering emotional attachment and identification with the organization. Bahzar (2019) demonstrated that leaders and employees in Islamic firms practiced authentic leadership and its components, including balanced processing. Moreover, the findings support Khutia and Suar (2020), who noted that team members tend to show a positive attitude in return for a team leader's fair treatment and trust in the social exchange relationship between team leader and team members. In addition, employees feel proud of being team members. They show a high degree of loyalty when they see a team leader always sharing critical ethical standards and emphasizing ethical results in carrying out tasks.

Furthermore, Lee-Ann (2021), who noted that the balanced processed leader listens carefully to all opposing ideas before making decisions. Alavi and Gill (2017) conducted a study to test whether authentic leaders can help organizations lead to complex organizational change through authentic leaders' behavior and established that the leader's behavior allows participation in decision-making by seeking feedback; this, they found, influences organizational citizenship behavior and leads to employee commitment. Swalhi et al. (2017) show that organizational justice influences the behavior and performance of employees in particular small and medium-sized businesses (SMEs). Studies also indicate that views of fairness closely correlate with organizational commitment (Tziner & Sharoni, 2019; Gurbuz et al., 2016).

### **Methodology**

This study was guided by a positivism research philosophy applying a descriptive correlational research design. The study deemed this methodology appropriate particularly in seeking to explain existence of a situation creating new insights and meanings, thus broadening the scope of the phenomenon under study. The target population comprised 747 managers from the Kenyan PFMR implementing agencies. This study adopted a simple random sampling technique to select 260 managers who took part in the study. Data was collected using a structured questionnaire and analyzed through descriptive statistics and inferential statistics. For descriptive, frequency distribution, mean standard deviation, and coefficient of variation reports were drawn while the

latter presented correlation analysis and binary logit regression analysis. A significance level of  $p < .05$  was used by the study to depict a significant association between the dependent and independent variables. Diagnostic tests were conducted for Principal Component Analysis, normality, linearity, multicollinearity and Heteroskedasticity. The data was presented in tables and figures.

## Results

### A. Factor Analysis

**Table 1. KMO an Bartlett's Test of the Leader's Balanced processing**

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.965
	Approx. Chi-Square	4007.998
Bartlett's Test of Sphericity	df	66
	Sig.	.000

The KMO test of sampling adequacy was 0.965 with significant Bartlett's test of Sphericity presented as chi-square result,  $X^2 (171) = 4007.998$ . This shows that Leader's Balanced processing as the independent variable of the study was adequate for extraction since the KMO measure was greater than 0.6 and Bartlett's test was significant ( $p < .05$ ).

**Table 2. Total Variance Explained and Component Matrix Extracted**

		Component
		1
D1	Seeks others' opinions before making decisions	.898
D2	Listens carefully to ideas, even of those who disagree with him	.898
D3	Does not stress their point of view at the expense of others	.888
D4	Listens carefully to all opposing ideas before making decisions	.914
D5	My Leader asks follow-up and clarifying questions	.856
D6	My Leader actively listens to all opposing views before making a decision	.934
D7	I feel heard by my Leader	.915

D8	My Leader always identifies new and better ways of doing things	.919
D9	My Leader takes courageous actions that benefit the organization	.881
D10	My Leader is a trendsetter	.855
D11	My Leader believes in innate equality, deservedness, and worth of all people	.912
D12	My leader respects and likes people who disagree with his actions and opinions	.901
Total Variance Explained;		
1 component, Total (9.675), % of variance (80.627)		
Extraction Method: Principal Component Analysis.		
a. 1 component extracted.		

The ProMax with Kaiser normalization as the rotation showed that only one component was extracted with a cumulative variance of 80.627%. The rotation sum of squared loading was >1, similar to Eigenvalue, which shows that the component extracted was strong. As shown in Table 2, all questions had strong loading of >.8. All the questions loaded under the balanced processing and were retained for analysis; D1, D2, D3, D4, D5, D6, D7, D8, D9, D10, D11, D12. The component extracted was balanced processing. None of the questions had higher loading of >1 or a lower loading of <.42; hence all the questions were retained for analysis.

### ***B. Correlation Analysis***

**Table 3. Correlation Analysis for Balanced processing and Employee Commitment**

		Employee commitment
Pearson	Balanced processing	Correlation Coefficient .747**
		Sig. (2-tailed) .000
		N 236

\*\* . Correlation is significant at the 0.01 level (2-tailed).

Table 3 depicts findings on correlation thus, the relationship between the two was statistically significant;  $r(221) = .747, p < .05$ . This shows that the relation was strong ( $>.5$ ) but not with a higher level of multi-correlation ( $<.8$ ).

**C. Hypothesis Testing**

The hypothesis for the study was:

*H<sub>01</sub>: There is no significant influence of leaders' balanced processing on employee commitment among managers in agencies implementing public financial management reforms in Kenya*

The diagnostic tests were conducted before hypothesis testing was done. The diagnostic results showed that data was linearly distributed along the best line of fit, the variables were not multicollinerated, they were no outliers, and the correlation between the independent and dependent variables was strong but not highly correlated. Further, the binary regression model fitted since the Omnibus test of the model coefficient was significant ( $p < .001$ ) and the Hosmer and Lemeshow Test were not significant ( $p > .001$ ).

**Table 4. Classification of influence of Leaders' Balanced processing on Employee Commitment**

Classification Table <sup>a,b</sup>				Classification Table <sup>a</sup>					
Observed	Predicted			Observed	Predicted				
	Employee commitment	Disagree	Agree		Employee commitment	Disagree	Agree		
		Percentage Correct				Percentage Correct			
Step 0	Employee commitment	10	88	0	Step 1	Employee commitment	172	16	81.8
		20	156	100			213	143	91.7
	Overall Percentage		63.9		Overall Percentage		88.1		
a. Constant is included in the model.				a. The cut value is .500					
b. The cut value is .500									

Table 4 shows that the classification outcome at the beginning of the model shows that 63.9% of individuals were classified using the null model (leaders' balanced processing had no significant

effect on employee commitment). In comparison, 88.1% were correctly classified on the full model, which greatly improved.

**Table 5. Model Summary and HL Test on Influence of Leaders' Balanced processing on Employee Commitment**

Model Summary				Hosmer and Lemeshow Test			
Step	-2 Log likelihood	Cox & Snell R Square	Nagelkerke R Square	Step	Chi-square	df	Sig.
1	139.881 <sup>a</sup>	.520	.713	1	16.403	8	.087
a. Estimation terminated at iteration number 6 because parameter estimates changed by less than .001.							

The Omnibus test of the model coefficient in Table 5 shows Binary logit regression model was significant with Chi-square  $\chi^2(1) = 139.881$ ,  $p < .001$ , and the model summary result show the Nagelkerke R square of .713 (equivalent to  $R^2$  on the linear regression model). This shows on the full model; 71.3% of employee commitment among managers in agencies implementing public financial management reforms in Kenya is attributed to leaders' self-esteem, while the remaining 28.2% can be attributed to other factors not included in the study and the error term. The Hosmer and Lemeshow (HL) Test indicated a good fit ( $\chi^2(8) = 16.4031$ ,  $p > .001$ ) which shows the binary regression model was fit to test the model.

**Table 6. Binary Regression Model on Influence of Leaders' Balanced processing on Employee Commitment**

Variables in the Equation									
		B	SE.	Wald	df	Sig.	Exp(B)	95% C.I. for EXP(B)	
								Lower	Upper
Step 1 <sup>a</sup>	Balanced processing	2.626	.321	66.711	1	.000	13.813	7.356	25.937
	Constant	-8.339	1.116	55.882	1	.000	.000		

a. Variable(s) entered on step 1: Balanced processing.

Further, as shown in Table 6, the variables in the equation shows that the interaction of the Leader's Balanced processing as an independent variable was significant ( $\beta = 2.629$ , Wald = 66.771,  $p < .05$ ). This shows a unit increase in Leader's Balanced processing in agencies

implementing public financial management reforms in Kenya increased likelihood of employee commitment by 2.629(Exp 13.813).

Results from the analysis show that Nagelkerke R-squared ( $R^2$ ) for model one was .713, implying that 71.3% of employee commitment among managers in agencies implementing public financial management reforms in Kenya is attributed to leaders' balanced processing. Further, the variables in the equation show that the interaction of leaders' balanced processing ( $p < .05$ ) was significant.

With the critical value calculated as;

$$\text{leaders' balanced processing} > \text{intercept/coefficient} > -8.339/2.626 > 3.18.$$

This shows that managers who rate a leader's self-esteem as  $> 3.18$  (mean value based on five Likert scales) are more likely to exhibit employee commitment in agencies implementing public financial management reforms in Kenya.

From this, the null hypothesis of the study was rejected and the alternate hypothesis accepted thus;  $H_1$ : There is a significant influence of leaders' balanced processing on employee commitment among managers in agencies implementing public financial management reforms in Kenya.

## Discussion of Results

The study showed that the leader asking follow-up and clarifying questions had a mean value of 3.68. The findings are in line with Gill and Caza (2018). They posited that balanced processing arises from self-awareness and makes employees perceive their leader as committed to them, thus deserving their reciprocal commitment. Further, seeking employee input facilitates open leader-follower communication and knowledge sharing, contributing to positive social exchanges and enhancing interpersonal skills and job resourcefulness. Authentic leaders continuously reinvent themselves and their organizations to address their employees' and customers' emotional and social demands while staying true to their authentic selves. Such authentic leaders flourish after adversities, build resilience, and maintain a combination of optimism, positive relationships, and mental toughness. They continuously seek feedback and seek to include all persons' views before making decisions.

The findings revealed that the leader's courageous actions that benefit the organization had a mean value of 3.62. These findings support Alavi and Gill (2017), who conducted a study to test whether authentic leaders can help organizations lead to complex organizational change through authentic leaders' behavior. They suggest that the leader's behavior allows participation in decision-making by seeking feedback; this, they found, influences organizational citizenship behavior and leads to employee commitment. Stander et al. (2019) found that modern companies are enhancing critical indicators of confidence and trust in the association. Positive thinking and trust in the organization interceded the connection between authentic leadership and work commitment.

The study established that the Nagelkerke R square and Hosmer and Lemeshow (HL) Tests demonstrated a good fit, which explains why the binary regression model was suitable for testing. The findings support Ribeiro et al. (2020) who concluded that real leaders' balanced processing positively affected their followers. Roncesvalles and Gaerlan (2021) argue that leaders' balanced processing influences employee commitment in institutions while Bahzar (2019) demonstrated that leaders and employees in Islamic firms practiced authentic leadership and its components, including balanced processing. Loa et al. (2020) discovered that balanced information processing strongly correlates with employee commitment. Dramicanin (2019) evaluated the impact of authentic leaders on the commitment of employees in travel agencies in the Republic of Serbia. The results indicated that the impact of balanced information processing on commitment is lower ( $\beta = 0.348$ ). Moreover, the findings support Khutia and Suar (2020), who noted that team members tend to show a positive attitude in return for a team leader's fair treatment and trust in the social exchange relationship between team leader and team members. In addition, employees feel proud of being team members. They show a high degree of loyalty when they see a team leader always sharing critical ethical standards and emphasizing ethical results in carrying out tasks.

## **Conclusion**

The objective of the study was to determine the influence of leader's balanced processing on employee commitment in agencies implementing Public Financial Management Reforms (PFMRs) in Kenya. It was established that leader's balanced processing influences employee commitment in agencies implementing PFMRs in Kenya. The Binary logit regression model results shows the Nagelkerke R square of .713 (equivalent to  $R^2$  on the linear regression model) indicating 71.3% of employee commitment among managers in agencies implementing public financial management reforms in Kenya is attributed to leaders' balanced processing and thus the null hypothesis was rejected. According to the study, objective decision-making is an important instrument used where authentic leaders possess optimal self-esteem with less ego involvement, thus objectively processing both self-esteem-relevant and non-relevant self-esteem information. Under challenges status quo, the research concluded that authentic leaders reinvent themselves and their organizations to address their employees' and customers' emotional and social demands while staying true to their authentic selves. For fairness purposes, the leaders ensure distributive justice, procedural justice, and interactional justice.

## **Recommendations and Areas for Further Research**

Based on the findings, there should be a thorough internalized analysis of all the information before decision making. Leaders should seek others' opinions before making decisions, especially subordinates, since they are significant change implementers. The leaders should listen carefully to ideas for every employee fairly and understand that different employees work differently. Some ideas can be implemented to improve the organization, and some can be implemented later; therefore, it effectively attracts customers in decision-making. The act of listening is significant in decision-making, which is used as a mechanism of attracting employees to decision-making where they feel that the leaders hear them. The leaders should ask follow-up questions and clarify questions about an issue or challenge to ensure the whole team is moving together. Due to all this, the leaders can transfer to employee commitment since it helps the employee identify new ways of doing new things that bring recreation to the organization.

The study examined the influence of authenticity through leader's balanced processing on the employee commitment of select agencies implementing public financial management reforms in Kenya. However, the study was limited to the scope of the income side of the implementing agencies. The study also collapsed the departments under the Ministry of Finance into one umbrella. Consequently, the study recommends extending the study to other government agencies to create insights on a wider coverage of how this kind of authentic leadership impact on employee commitment of agencies and clustering the 19 agencies represented in the secretariat. Secondly, the study targeted all employees of the agencies. While it is true that authentic leadership affects all employees, top management would also give a clear view of the challenges they face in managing the firms. This would enrich the study findings concerning the challenges faced by top management and how it affects overall employee commitment. Accordingly, the study recommends the inclusion of other moderating variables, such as job satisfaction and work environment, in future authentic leadership research. Future studies could also delve more profoundly into other dependent variables such as task performance, organizational citizenship behavior, and employee engagement.

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