Transformational Leadership Impact on Employees Performance

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Abstract: The aim of the paper is to investigate transformational leadership effects on employee performance in the Kurdistan region of Iraq. To do this, 252 data were collected from Erbil and Sulaymaniyah cities of Kurdistan. Results of the study revealed that transformational leaders positively related with employee performance. Further, inspirational motivation and individual consideration have significant impact on employee performance. It is suggested that managers in the region should motivate and individually care with their employees to increase their performance.

Keywords: Transformational Leadership, Employee Performance, Kurdistan Region of Iraq

1. Introduction

The world is witnessing radical transformations in dealing with the data and concept of management and economy. Particularly, in relation to the management of resources and capital, which results in greater complexity of the challenges is directed by human day after day, especially in light of technological progress and the information revolution (Budur, 2018b; Budur et al., 2018). Further, in light of the growing complex environment of economic and social systems, especially in terms of the different use economic resources (Demir, 2019; Torlak et al., 2019), most of the leaders and businessmen who are interested in developing their firms keep abreast of global changes in management strategies and systems (Budur et al., 2019).
In this concept, leadership is the mechanism of supporting or motivating a group of people to work towards achieving a common goal, where it can be leading employees and workers with a strategy to achieve a vision (Tajeddini, 2015). Besides, a leader has different actions such as a clear vision about future, specific and clear objectives that encourages subordinates to set their goals and long-term vision. In this regard, leadership is the process of inspiration others especially influence the workers with the aim of raising their abilities for organizational success (Demir et al., 2019; Torlak & Kuzey, 2019; Ali et al., 2020; Mohammed et al., 2020).

Further, transformational leadership is one of the styles of leadership in which the leader identifies the needs for change, creates a vision to guide the change through inspiration, and positive conduct for increased commitment of the members in the organization (Burns, 1978; Yukl, 1999). The theory of transformational leadership has also witnessed a remarkable development during the contributions of Bass (1985) in a systematic theory, where he developed models and measures for these methodologies. Additionally, transformationalism was represented in charisma, creative encouragement and attention to the individual (Bass & Avolio, 1994).

Furthermore, transformational leadership has strong positive effects on employee outcomes (MacKenzi et al., 2001). Scholars noted that these leaders are positively related to employee performance, employee commitment, satisfaction, individual and group performance, organizational effectiveness and employee customer orientation (Budur & Demir, 2019ab). Furthermore, transformational leaders promote confidence in the workplace and share authority in making different decisions (Madhu, & Krishnan, 2005). They represent democratic style of leadership that employee has to some extent discretionary power to do work, so their performance is better than in autocratic style (McCleskey, 2014).

On the other hand, unfortunately, we still find many leaders struggling to survive with traditional leadership methods where they are still characterized by individualistic orientation that avoids teamwork in Kurdistan (Khan & Yildiz, 2020). It is observed that overall vision and lack of administrative clarity hangs over the atmosphere of senior management in the region (Altun, 2019). Besides, managerial reactions and attitudes for dealing with events are far away from the effectiveness and creativity for the success of the company. So far, the current study carries out the necessary analyzes that allow to highlight
the importance of the link between administrative leadership and the performance of employees in the organization.

2. Literature Review

2.1 Transformational Leadership

Leadership is a broadly discussed topic in the literature. Its antecedents and consequences have greater impact on organizational outcomes and performance. Scholars, such as (Hater & Bass, 1988; Den Hartog & Belschak, 2012) contributed in the literature as describing the prominent styles of transactional and transformational leaderships. Transactional leadership is defined as the exchange of rewards and objectives between employees and managers (Howell & Avolio, 1993). Further, transactional leaders motivate employees with rewards to fulfill requirements (Bass, 1990; Humphreys, 2002; Tajeddini, 2016). Besides, transformational leadership focuses on the development of followers and their needs. Managers exercising transformational leadership style for the development of value system of employees, namely motivation and moral (Ismail et al., 2012). Additionally, transformational leaders act as a bridge between leaders and followers to develop clear understanding of follower’s interests, values and motivations (Bass, 1994; Bycio et al., 1995; Tajeddini et al., 2017).

Bushra et al., (2011) noted that there is a positive relationship between transformational leadership and both job satisfaction and job commitment of employees in bank sector. Beside they asserted that transformational leaders help workers to become more creative and innovative to adapt the external environment. Additionally, Haider and Riaz, (2010) suggested that transformational leaders play a crucial role in the quality performance for the organization. Besides, this study revealed a strong link between leadership and career developments. Consequently, Gumusluoglu and Iisev, (2008) showed that transformational leadership has significant impact on organizational innovation during market trends, especially in new industries.

2.2 Employee Performance

Employee performance is employees’ outcomes that meet the requirements. Further, employee performance could be understood in compare to coworkers’ fulfilments in the workplace (Buil et al., 2019). Furthermore, scholars defined employee performance in two
ways, which are in-role and extra role performance. Meeting requirements is in-role performance while helping others or acting beyond expectations are extra role behaviors of the employees (Dinc & Aydemir, 2014).

2.3 Hypotheses

According to literature of the study, it is proposed that transformational leaders have positive impacts on the employee performance in the organizations. Many scholars noted that dimensions of these leaders have significant relationship with employee performance. Therefore, current study has conceptualized the following hypotheses (Figure, 1).

Figure 1: Model of the Study

H1: Idealized influence has positive impact on Employee performance
H2: Inspirational motivation has positive impact on Employee performance
H3: Intellectual stimulation has positive impact on Employee performance
H4: Individual consideration has positive impact on Employee performance

3. Methodology

The aim of the study was to identify the impact of transformational leadership effects on employee’s performance in Kurdistan region. To do this, a survey questionnaire has been
proposed and applied in Erbil and Sulaymaniya cities of Kurdistan. 252 data were collected from the managers and employees of the shopping malls in the region and evaluated for further analyses of the study.

3.1 Sampling

In data collection, various forms were given to the participants of both sales staff and directors to fill them out and represent their feedback on leadership impacts on employee’s performance. Questions of the survey have been adapted from Bass (1985) and Budur and Demir (2019) studies. The questions have been answered according to 5-point Likert scale, where 1 strongly disagree and 5 strongly agree choices. It is worthy to mention that data collection was not that easy to get in Erbil as people were not ready and responsive to fill out the survey. Also, in Sulaymaniya we faced difficulties to apply the survey.

3.2 Results

3.2.1 Demography

The demographic questions include the level of education. So far, the result showed that the first group consisted of 58 persons which was %23 of respondents were (High school) graduated and the second group 62 persons with % 24 percent were from (Vocational school) and the third group where % 51 of participants had university level education which is the highest level with 130 people and the last one was master degree holder that is represented with just 2 persons that occupies % 0.7.

<table>
<thead>
<tr>
<th>Education</th>
<th>Percentage</th>
<th>Frequency</th>
</tr>
</thead>
<tbody>
<tr>
<td>Master and Ph.D.</td>
<td>0.7%</td>
<td>2</td>
</tr>
<tr>
<td>University</td>
<td>51.6%</td>
<td>130</td>
</tr>
<tr>
<td>Vocational school</td>
<td>24.6%</td>
<td>62</td>
</tr>
<tr>
<td>High school</td>
<td>23.0%</td>
<td>58</td>
</tr>
<tr>
<td>Total</td>
<td>100.0%</td>
<td>252</td>
</tr>
</tbody>
</table>

Table 1: Education level of the respondents
The second part of the demographic questions was the experience of the respondents. Less than one year is represented with % 23.5 which is 59 people. That means HR managers in Kurdistan give duties to peoples or employees that do not have enough experiences and provide them chance to learn and fulfill requirements. Second group of employees have experiences between 1-5 years with 140 employees and occupies %55.5. The third group were 6-10 years’ experiences and is represented with %13 of 33 employees. Finally, the other group that contains 11 people with %7.8 of the employees is the ones with more than 15 years of experiences.

Table 2: Experience of the Respondents

<table>
<thead>
<tr>
<th>Experience in Industry</th>
<th>Percentage</th>
<th>Frequency</th>
</tr>
</thead>
<tbody>
<tr>
<td>More than 15 years</td>
<td>4.3%</td>
<td>11</td>
</tr>
<tr>
<td>11-15 year</td>
<td>3.5%</td>
<td>9</td>
</tr>
<tr>
<td>6-10 year</td>
<td>13.1%</td>
<td>33</td>
</tr>
<tr>
<td>1-5 year</td>
<td>55.5%</td>
<td>140</td>
</tr>
<tr>
<td>Less than one year</td>
<td>23.5%</td>
<td>59</td>
</tr>
</tbody>
</table>

Every business should have authority among the staff to increase the effectiveness of the management based on their skills. According to our survey most of the participants were from non-managerial position which consists of %71 (180 employees) and the top managerial level with %15 respectively, and the low-level management and middle management take place in this survey %7.5 and %5.5 jointly. They indicate that normal employees have more time and less responsibility to participate in this kind of activities and answering surveys.

Table 3: Positions of the respondents

<table>
<thead>
<tr>
<th>Position</th>
<th>Percentage</th>
<th>Frequency</th>
</tr>
</thead>
<tbody>
<tr>
<td>Non-managerial employee (expert)</td>
<td>71.4%</td>
<td>180</td>
</tr>
<tr>
<td>Low-level management</td>
<td>7.5%</td>
<td>19</td>
</tr>
<tr>
<td>Middle management</td>
<td>5.5%</td>
<td>24</td>
</tr>
<tr>
<td>Top management</td>
<td>15.5%</td>
<td>39</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>252</td>
</tr>
</tbody>
</table>
The gender distribution of the study revealed that majority of the employees were represented as male with % 55 that consisted of 139 people and female workers were % 44 that was 113 people jointly.

Table 4: Gender of the participants

<table>
<thead>
<tr>
<th>Gender</th>
<th>Percentage</th>
<th>Frequency</th>
</tr>
</thead>
<tbody>
<tr>
<td>Female</td>
<td>44.9%</td>
<td>113</td>
</tr>
<tr>
<td>Male</td>
<td>55.1%</td>
<td>139</td>
</tr>
</tbody>
</table>

The Table below gives the information about the results of the analyses between independent variables which are (idealized influence, inspirational motivation, intellectual stimulation and individual consideration) and dependent variable which is employee performance. In basic words, both the terms measure the relationship and the reliance between two factors. "Covariance" demonstrates the course of the straight connection between factors. "Correlation" measures both the quality and course of the straight relationship between two factors. Correlation is a component of the covariance. So far, while correlation esteems are institutionalized; covariance esteems are most certainly not.

Table 5: Results of the Analyses

<table>
<thead>
<tr>
<th>Independent Variables</th>
<th>Dependent Variable</th>
<th>Correlation</th>
<th>Covariance</th>
<th>Adjusted R Square</th>
<th>t Stat</th>
<th>R Square</th>
</tr>
</thead>
<tbody>
<tr>
<td>Idealized Influenced</td>
<td>Employee Performance</td>
<td>0.0666</td>
<td>0.0250</td>
<td>0.002</td>
<td>5.539</td>
<td>0.004</td>
</tr>
<tr>
<td>Intellectual Stimulation</td>
<td>Employee Performance</td>
<td>0.1309</td>
<td>0.0444</td>
<td>0.019</td>
<td>7.195</td>
<td>0.015</td>
</tr>
<tr>
<td>Individual Consideration</td>
<td>Employee Performance</td>
<td>0.1683</td>
<td>0.0638</td>
<td>0.015</td>
<td>10.49</td>
<td>0.021</td>
</tr>
<tr>
<td>Inspirational Motivation</td>
<td>Employee Performance</td>
<td>0.2323</td>
<td>0.0743</td>
<td>0.047</td>
<td>10.74</td>
<td>0.054</td>
</tr>
</tbody>
</table>
According to covariance and correlation results, inspirational motivation is the strongest factor on the employee performance. Then it is followed by individual consideration. Further, based on the t-statistic values where all are stronger than 1.96 show that the proposed hypotheses are accepted. Finally, idealized influence and intellectual stimulation showed weak impact on employee performance respectively. Consequently, H1, H2, H3, and H4 have been accepted.

4. Conclusion

The aim of the study was to investigate transformational leadership effects on the employee performance in the Kurdistan region of Iraq. To do this, we have visited some companies in Erbil and Sulaymaniyah city of Kurdistan. According to our study we have found that the transformational leadership has significant impacts on employee performance. Especially, inspirational motivation of transformational leaders have positive impacts on employees’ performance in the region. Therefore, it is suggested that managers of the companies should construct positive communication and relationships with employees and try to motivate them about the objectives of the companies. Secondly, individual consideration dimension of transformational leadership has positive correlation on employees’ performance. Therefore, it is suggested to residential managers to encourage employees individually to follow their job requirements. Besides, managers should care about employees’ problems and needs in the workplace and provide them related trainings to increase their performance.

References


