

Impact of Transformational Leadership (Idealized Influence, Inspirational Motivation, Intellectual Stimulation, Individualized Consideration) on Employee Performance

Mohammed Matar, Aldhaheeri, Mohammed Nussari

This study employs structural equations modeling via PLS to analyze the 732 valid questionnaires in order to assess the proposed model that is based on the transformational leadership characteristics to identify its effect on the performance of employees in the government sector in Dubai. The main independent constructs in the model are idealized influence, inspirational motivation, intellectual stimulation, and individualized consideration. The dependent construct is employee performance. The study will describe relations among the various constructs. Our work has improved our insight in the importance of transformational leadership. Results indicated that all four independent variables significantly predicted employee performance with a various percentage. The proposed model explained 37% of the variance in employee performance.

Keywords: Transformational Leadership; Employee Performance; Dubai.

I. INTRODUCTION

Leadership, within the field of academia, appear in a variety of contexts and settings. Ultimately, the concept has been used a large number of times by scholars and practitioners alike in numerous speeches and writings. Despite its wide usage as well as the availability of conceptual suggestions and propositions even theoretically, researchers have still not come to a consensus over its agreed meaning in literature [1]. Varied perspectives exist on whether leadership is a role, function, attribute, or any combination of any of these. Underlying assumptions of leadership models have built on specific leadership behaviors to be used in specific environments of situations.

Due to the current environments that is known to be very competitive and innovative, the link between organizational performance and transformational leadership is never clearer, where competitive advantage is only obtained through innovativeness that enable organizations to improve their outcomes [2, 3]. In such situation, managers must focus in motivating their employees to be part of the innovation

processes, and continuously gaining new knowledge that will allow companies to introduce new products into the market [4]. In this point, transformational leadership and human resource practices are seen as a triggers of competence and innovation by recent literature [5]. Further, Heffernan, Harney, Cafferkey, & Dundon [6] suggested that there is a need for research regarding the variables that mediate between human resource practices and overall performance.

According to Siddique [7], the UAE is among the Middle Eastern nations experiencing a rapid economic development. With the nation undergoing massive growth in numerous sectors, for instance, tourism, trade, and agriculture, most of UAE's organizations have extended in business activities across the world [7]. Moreover, the UAE government vows to enhance its performance according to UAE vision 2021 with leadership being at the core of the strategy [8].

In the current context, the public sector of the UAE has changed in scope over the last few years and continues to implement changes in a manner that is much is similar to the private sector in contemporary times. Turkeyilmaz, Akman, Özkan, & Pastuszak [9] mention that the UAE public sector seeks to offer customer-centric services and is experiencing an ongoing change in various sectors. As a result of this pressure to change, the public-sector organizations have shown an increased interest in adopting transformational leadership that will help achieve results in this regard.

II. LITERATURE REVIEW

A. Employee Performance (EP)

Employee performance is one of the most important variables of management research. It acts as the primest determining factor for the overall organization performance [10].

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It measures standard or prescribed indicators of the variables like effectiveness, efficiency, and environmental responsibility. Some of the indicators are cycle time, productivity, waste reduction, and regulatory compliance. Employee performance is one of the ultimate dependent variables of researchers' interest in management study. This specific construct allows researchers and managers to evaluate organizations over time with an intention to conduct a comparative analysis with rivals [11]. In short, employee performance is the most important criterion in evaluating organizations, their actions, and environments. It's significance is evident from its usage of employee performance as a dependent variable in previous research studies [11].

B. Transformational Leadership (TL)

Transformational leadership has been widely accepted as the ideal leadership style in contemporary organizations. This form of leadership has gained recognition because of the remarkable influence of transformational leadership along with its capability to attain the desired organizational outcomes, i.e. employee satisfaction [12,13] and organizational performance [14]. It is widely accepted that transformational leadership has the peculiar ability to instigate higher order need [15]. Aldholay, Isaac, Abdullah, & Ramayah [16] add that transformational leadership has the ability to motivate employees and generating positive emotions, the creation of an inspirational vision for the vision and directing followers towards achieving these objectives. Drawing on proposed dimensions of transformational leadership by several authors, Aydogdu & Asikgil [1] derived four dimensions of transformational leadership that were used as fundamental variables for the current research. It includes idealized influence (II), inspirational motivation (IM), Intellectual stimulation (IS) and individualized consideration (IC). Consequently, the following hypotheses are proposed:

- H1. II shows a positive impact on employee performance.
- H2. IM has a positive effect on employee performance.
- H3. IS has a positive effect on employee performance.
- H4. IC has a positive effect on employee performance.

Figure 1 shows the proposed study model which contain four independent variables (idealized influence, inspirational motivation, intellectual stimulation, and individualized consideration) and one dependent variable (employee performance).

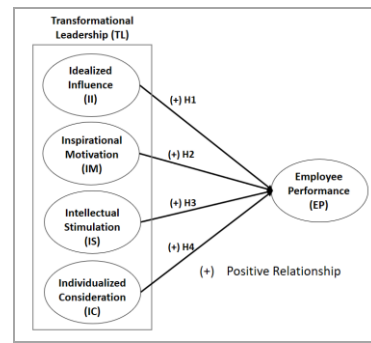


Fig 1: The proposed model

III. RESEARCH DESIGN AND METHODOLOGY

A. Instrument Development

The development of an instrument for this study included a 22-item questionnaire, and applied the 5-pointer Likert scale [17] and measured the constructs on the scale of 5 being 'Strongly Agree' and 1 being 'Strongly Disagree'. Given the fact that the respondents were Arabic-speakers, it is required to have the questionnaires translated from English to Arabic in a precise way. Thus, a back translation was applied, which is a procedure widely used in a cross-cultural survey. Previous studies were used to get a validated to measure the variables in this study as shown in Appendix A.

B. Data Collection

The data was collected by delivering a self-administered questionnaires 'in-person' from April 2018 until August 2018 to government employees in Dubai. The number of the questionnaires that were considered suitable for the analysis was 732. According to Tabachnick & Fidell [19] and Krejcie & Morgan [20], the sample size was seen as sufficient.

IV. DATA ANALYSIS AND RESULTS

SmartPLS 3.0 software was used to analyze the data of this study [21]. A two-stage analytical method [22,23] was used which comprising (i) measurement model assessment and (ii) structural model assessment.

A. Descriptive analysis

Employee performance score the highest with mean 3.558 out of 5.0, with a standard deviation of 0.942. Inspirational motivation score the lowest with mean 3.238 out of 5.0, with a standard deviation of 1.049, as Table 1 shows.

B. Measurement Model Assessment

The individual Cronbach's alpha, the composite reliability (CR), The average variance extracted (AVE), and the factor loadings exceeded the suggested value [24,25] as illustrated in Table 1.

Table 1: Measurement assessment results

Constructs	Item	Loading (> 0.5)	M	SD	α (> 0.7)	CR (> 0.7)	AVE (> 0.5)
Idealized Influence (II)	II1	0.930	3.405	1.033	0.937	0.955	0.841
	II2	0.918					
	II3	0.907					
	II4	0.914					
Inspirational Motivation (IM)	IM1	0.929	3.238	1.049	0.945	0.96	0.858
	IM2	0.929					
	IM3	0.935					
	IM4	0.912					
Intellectual Stimulation (IS)	IS1	0.894	3.298	0.996	0.942	0.958	0.851
	IS2	0.935					
	IS3	0.942					
	IS4	0.919					
Individualized Consideration (IC)	IC1	0.943	3.550	1.074	0.948	0.962	0.865
	IC2	0.947					
	IC3	0.898					
	IC4	0.932					
Employee Performance (EP)	EP1	0.916	3.558	1.019	0.942	0.954	0.775
	EP2	0.892					
	EP3	0.916					
	EP4	0.823					
	EP5	0.862					
	EP6	0.869					

The extent that items differentiate among constructs or measure distinct concepts is shown by Discriminant validity. Cross-loadings and Fornell-Larcker were used to assess the discriminant validity of the measurement model. Usually, cross-loadings are used as the first step in testing discriminant validity of the indicators [26]. In the current

study, the outer loading of the selected indicators on a construct resulted in all their cross-loadings with remaining constructs. Therefore, the cross loading criterion has been proved to be satisfying the study requirements (refer to Table 2).

Table 2: Cross loading Result

	II	IM	IS	IC	EP
II1	0.930	0.529	0.382	0.429	0.473
II2	0.918	0.500	0.364	0.378	0.411
II3	0.907	0.513	0.378	0.364	0.413
II4	0.914	0.538	0.411	0.445	0.416
IM1	0.533	0.929	0.333	0.369	0.421
IM2	0.530	0.929	0.287	0.340	0.421
IM3	0.543	0.935	0.319	0.363	0.445
IM4	0.492	0.912	0.299	0.360	0.402
IS1	0.379	0.284	0.894	0.453	0.438
IS2	0.386	0.312	0.935	0.529	0.435
IS3	0.403	0.306	0.942	0.489	0.456
IS4	0.374	0.334	0.919	0.499	0.417
IC1	0.429	0.406	0.520	0.943	0.467
IC2	0.401	0.344	0.478	0.947	0.433
IC3	0.379	0.295	0.479	0.898	0.403
IC4	0.430	0.386	0.508	0.932	0.404
EP1	0.435	0.418	0.423	0.396	0.916
EP2	0.418	0.365	0.431	0.429	0.892
EP3	0.412	0.383	0.420	0.419	0.916
EP4	0.345	0.350	0.408	0.346	0.823
EP5	0.427	0.441	0.390	0.409	0.862
EP6	0.429	0.445	0.431	0.426	0.869

Table 3 represents the outcome of the analysis of discriminant validity by implementing the Fornell-Larcker criterion. It was found that the square root of the AVEs on

the diagonal values are greater than the correlations between constructs (corresponding row

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and column values), indicating strong correlation between the constructs and their respective indicators as compared to the other constructs in the model [27,28]. According to Hair et al. [26], this indicates a good discriminant validity.

Furthermore, the exogenous constructs have a correlation of less than 0.85 [29]. Therefore, all constructs had their discriminant validity fulfilled satisfactorily.

Table 3: Findings of the discriminant validity

	<i>EP</i>	<i>IC</i>	<i>II</i>	<i>IM</i>	<i>IS</i>
EP	0.880				
IC	0.460	0.930			
II	0.468	0.441	0.917		
IM	0.456	0.386	0.567	0.926	
IS	0.474	0.534	0.418	0.334	0.923

Note: Diagonals represent the square root of the average variance extracted while the other entries represent the correlations.

C. Structural Model Assessment

The structural model can be tested by computing beta (β), R^2 , and the corresponding t-values via a bootstrapping procedure with a resample of 5,000 [23].

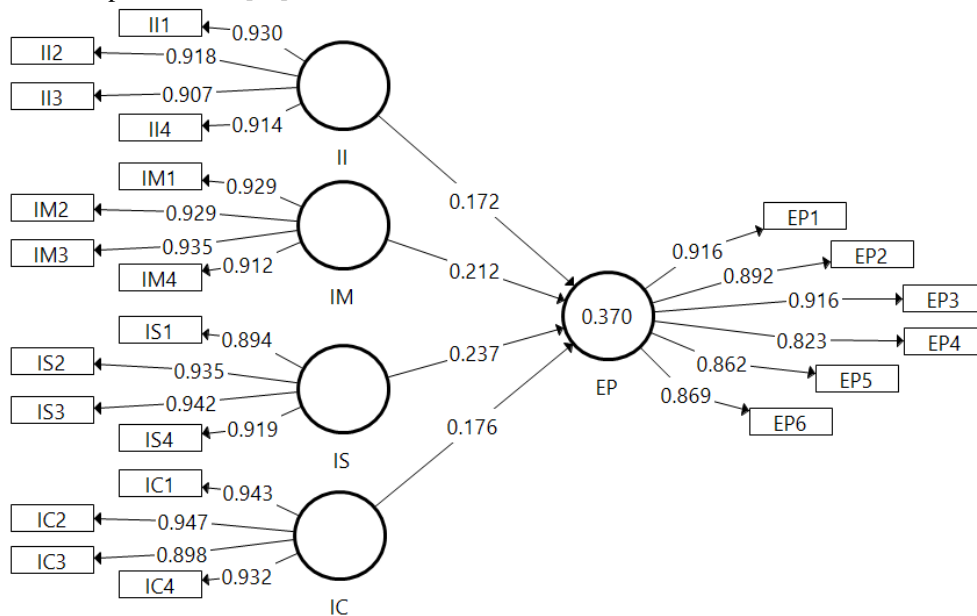


Fig 2: PLS algorithm results

The structural model assessment (Figure 2 and Table 4) shows the hypothesis test results where all the 4 out of 4 hypotheses are supported. II, IM, IS, and IC significantly predict employee performance. Hence, H1, H2, H3 and H4 are accepted with ($\beta = 0.172, t = 2.694, p < 0.01$), ($\beta = 0.212, t = 3.152, p < 0.001$), ($\beta = 0.237, t = 4.078, p < 0.001$), and ($\beta = 0.176, t = 2.970, p < 0.01$), respectively. The relationship between exogenous and endogenous constructs' strength are measured by using the standardized

path coefficients. The results show that the direct effect of intellectual stimulation on employee performance is stronger than the influence of other variables.

Thirty-seven percent of the variance in employee performance is explained by II, IM, IS, and IC. The values of R^2 have an acceptable level of explanatory power, indicating a substantial model [28,30].

Table 4: Structural assessment results

Hypothesis	Relationship	Std Beta	Std Error	t-value	p-value	Decision	R^2
H1	II→EP	0.172	0.064	2.694	0.004	Supported	0.37
H2	IM→EP	0.212	0.067	3.152	0.001	Supported	
H3	IS→EP	0.237	0.058	4.078	0.000	Supported	
H4	IC→EP	0.176	0.059	2.970	0.002	Supported	

V. DISCUSSION

The study found that idealized influence positively affects employee performance in government sector in Dubai, this is supported by previous studies [31,32]. It is explained by the fact that the more government organization leaders give the sense of pride to their subordinates, always put their group before self-interest, act in a way that is being admired, and talking about most important values and beliefs, the higher is staff productivity level, the more the employees are fulfilling their responsibilities, meet all formal performance requirements, complete their duties, and are encouraged to work harder as a result of performance assessment.

Likewise, it was found that Inspirational Motivation positively affects the internal process of organizations among employees in government sector in Dubai, this is supported by previous studies [1,10]. It is explained by the fact that the more leaders spread the sense of optimism of the future, and being more enthusiastic about what needs to be accomplished, lay out a vision of the future, and being confident of achieving organizations goals the higher is staff productivity level, the more the employees are fulfilling their responsibilities, meet all formal performance requirements, complete their duties, and are encouraged to work harder as a result of performance assessment.

Additionally, Intellectual Stimulation was found to positively influence internal process of organizations among employees in government sector in Dubai, this is supported by previous studies ([5,33]). It is explained by the fact that the more leaders tend to re-examine critical assumptions, look for multiple perspectives on problem-solving, and offer new options on how assignment to be completed, the higher is staff productivity level, the more the employees are fulfilling their responsibilities, meet all formal performance requirements, complete their duties, and are encouraged to work harder as a result of performance assessment.

Lastly, the study found that there is a significant relationship between individualized consideration and employee performance, this is supported by previous studies [5,33]. It is explained by the fact that the more the leaders treat others as individuals rather than just as a member of a group, consider an individual as having different needs, abilities, and aspirations, seek a different point of view when dealing with organizational issues, help others to develop their strengths, the more the employees are fulfilling their responsibilities, meet all formal performance requirements, complete their duties, and are encouraged to work harder as a result of performance assessment.

APPENDIX

Appendix A
Instrument for variables

VI. IMPLICATIONS, LIMITATIONS AND FUTURE DIRECTIONS

Employees are the most valuable asset in any organization. Hence, firms should hire talented leaders to provide continuous motivation and inspiration for other employees in their daily operation to attain the organizational goals. Based on the results of this study, transformational leadership is important in terms of II, IM, and IS. The effectiveness of public sector management has always been known to be depended to a certain degree on transformational leadership [15]. Moreover, the results of this study recommend that government sectors should take essential measures to increase the commitment level of the employees in the organization with a focus on the leadership role, policies and work conditions [13]. The results also show that public organization should have the suitable person for the suitable job and provide the employees with the appropriate training to enhance their performance and skills. Further, managers should provide strong leadership and mentoring for employees as well as other working conditions that would encourage and challenge. All these would lead to develop the employee's performance.

With regard to limitations, sample size is considered. The sample of the study includes only one organization of the government sector in the UAE. The research could have been implemented in multiple organizations to address its impact on the transformational leadership on employee performances. Future work may include a various sample from multiple sectors, perhaps from several areas to see the impact of transformational leadership dimensions on the constructs that are investigated [16].

VII. CONCLUSION

While the United Arab Emirates government institutions are a pioneer of in the region in terms of performance, it is determined to improve its public organizations' efficiency [34]. This study aims at identifying the aspects that influence employee performance in the government sector in Dubai. The study results were promising irrespective of several constraints to it as it has managed to highlight a new area of knowledge. The proposed model in this study includes four dimensions of transformational leadership (inspirational motivation, idealized influence, individualized consideration, and intellectual stimulation) as independent variables and employee performance as the dependent variable. The results revealed that the four hypotheses are significant. The independent variables significantly explain 37% of employee performance.

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Variable	Measure	Source
Idealized Influence (II)	II1: Leaders instill pride in others for being associated with them.	[35]
	II2: Leaders go beyond self-interest for the good of the group.	
	II3: Leaders act in ways that build others' respect for them.	
	II4: Leaders talk about their most important values and beliefs.	
Inspirational Motivation (IM)	IM1: Leaders talk optimistically about the future.	
	IM2: Leaders talk enthusiastically about what needs to be accomplished.	
	IM3: Leaders articulate a compelling vision of the future.	
	IM4: Leaders express confidence that goals will be achieved.	
Intellectual Stimulation (IS)	IS1: Leaders re-examine critical assumptions to question whether they are appropriate.	
	IS2: Leaders seek differing perspectives when solving problems.	
	IS3: Leaders get others to look at problems from many different angles.	
	IS4: Leaders suggest new ways of looking at how to complete assignments.	
Individualized Consideration (IC)	IC1: Leaders treat others as individuals rather than just as a member of a group.	
	IC2: Leaders consider an individual as having different needs, abilities, and aspirations from others.	
	IC3: Leaders seek a different point of view when dealing with organizational issues.	
	IC4: Leaders help others to develop their strengths.	
Employee Performance (EP)	EP1: The current level of staff productivity is high.	[36]
	EP2: The employee productivity level of the organization is high.	
	EP3: The employee fulfills all responsibilities required by their job.	
	EP4: The employee meets all formal performance requirements of the job.	
	EP5: The employee completes the duties specified in their job description.	
	EP6: Performance assessment makes me work hard.	

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