Transformational Leadership and Organizational Performance

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Abstract: *This study theoretically examined the relationship between transformational leadership and organizational performance. The desk research method was carried out in this study and data were drawn from secondary sources which include previous scholarly works. The study reveals how transformational leadership style impact the performance of an organization through the dimensions of the independent variable as it pave way for increase market share and higher productivity. Among others, it was commended that the management of organizations should continuously express confidence in the staff as such will help enhance their commitment and enhance organization performance.*

Keywords: Idealized influence, Inspirational Motivation, innovation, Intellectual stimulation, market share, productivity, Organizational performance and Transformational leadership.

INTRODUCTION

Performance is a significant, multidimensional concept with a close relationship to an organization's strategic objectives (Mwita, 2010). According to Tangen (2005), the term "performance" can be applied to any concept that considers the success and operations of a corporation. Any organization's managers are in charge of raising and improving performance. As a result, managers play a crucial role in these events by motivating and assisting the staff as they seek out fresh ideas to enhance their work. According to Ouma and Kombo (2016), organizational performance is crucial since it demonstrates how well a business is performing in terms of attaining its stated goals. Additionally, Gavrea, Ilieş, and Stegerean (2011) argued that despite organizational performance's popularity as a construct in management studies, it is difficult to explain because it is a multidimensional construct. According to Lebans and Euske (2006), who made a similar argument, organizational performance can be evaluated in terms of two different dimensions: financial and non-financial, which reveal how well an organization achieves its goals. Similar to this, Khadra and Rawabdeh (2006) claimed that evaluating performance is a crucial sign of any company's efficacy. Furthermore, an organization's performance influences its ability to remain in business and contributes to its overall health (Jones and Bartlett, 2008). Therefore, it is important for businesses to evaluate their performance to make sure that goals are met in the proper time and way. According to Akindele, Oginni, and Omoyele (2012), effective time management is necessary if the goal is to help businesses operate constantly. The authors argue that businesses must purposefully establish the most suitable and adaptable production process if they want to empower their employees and improve their performance outcomes. Enhancing the tools and personnel involved in completing the task can help improve organizational performance. In agreement, Cascio (2015) pointed out that an employee's performance at work represents their level of success in delivering their assigned tasks. Additionally, the fierce competition among Nigerian businesses has increased the need of organizational performance focus and attention in an effort to keep up with environmental changes and be able to survive in the commercial sphere (Vitalis, et al., 2019). As a result, According to research on leadership style, transformational leadership is among the most common forms in businesses and significantly affects organizational success. According to Bass (1985), transformational leadership is one of the best ways to boost both an individual's and a group's performance. Transformational leaders inspire their followers to work hard and investigate both old and new opportunities. TLs actively assist the followers in achieving high standards-based goals (Antonakis, al al., 2003). Leaders that are transformational inspire people to look beyond their own interests (Bass, 1999). According to Jong and Bruch (2013), Employees are inspired and motivated in environments with transformational leadership. Better customer service is provided by motivated employees who work in a supportive atmosphere, which improves organizational performance and increases profitability for shareholders (Giroux & Mc Larney, 2014).

Despite the fact that numerous studies have looked at how performance may be improved in companies, there is little study on the connection between transformational leadership and organizational performance. There is a void in the literature as a result. Therefore, the purpose of this study was to investigate the relationship between organizational performance and transformational leadership.

STATEMENT OF THE PROBLEM

Today's organizations are under a variety of constraints as a result of international competition. Considering the lack of trust and changes to the workplace. Profitable businesses are essential to improving any nation's quality of life. Low organizational performance has an impact on the nation's Gross Domestic Product (GDP). Despite the fact that Nigeria has a rich natural endowment that might enhance the performance of organizations in a variety of areas, facts indicate that not much has been accomplished as hoped. Lack of effectiveness in Nigerian businesses has been on the rise as a result of various causes, such as

growing raw material costs, which lead to rising input material prices (Hussein & Kachwamba 2011). More recently, the emergence of economic crises brought on by the Corona virus (COVID-19), which was still causing them as of early February 2020, has had a severe effect on business performance, making it more difficult for them to reach their objectives and improve operational efficiency. In a similar vein, ineffective performance could prevent a company from accomplishing its goals because ineffective capacity denotes an inability to complete a task at a reasonable cost without sacrificing quality. Since the implementation of transformational leadership in business settings more than 20 years ago, numerous studies have shown that followers of transformational leaders perform better than average (Wang et al, 2011). Through intellectual stimulation, transformational leaders foster a culture of active thinking that motivates followers to get more involved in the company (Tims et al., 2011). Organizational learning and innovation are made feasible by transformational leaders because they are expected to support change and the growth of members' personal potential. Leading people to accept organizational changes is at the heart of transformational leadership. These executive behaviors create organizational standards that encourage follower initiative, goal-oriented conduct, and achievement (Masi & Cooke, 2000). Over the years, performance has been a problem for many Nigerian firms. On this note, the study looked at ways transformational leadership can assist in addressing the problem of performance in a company
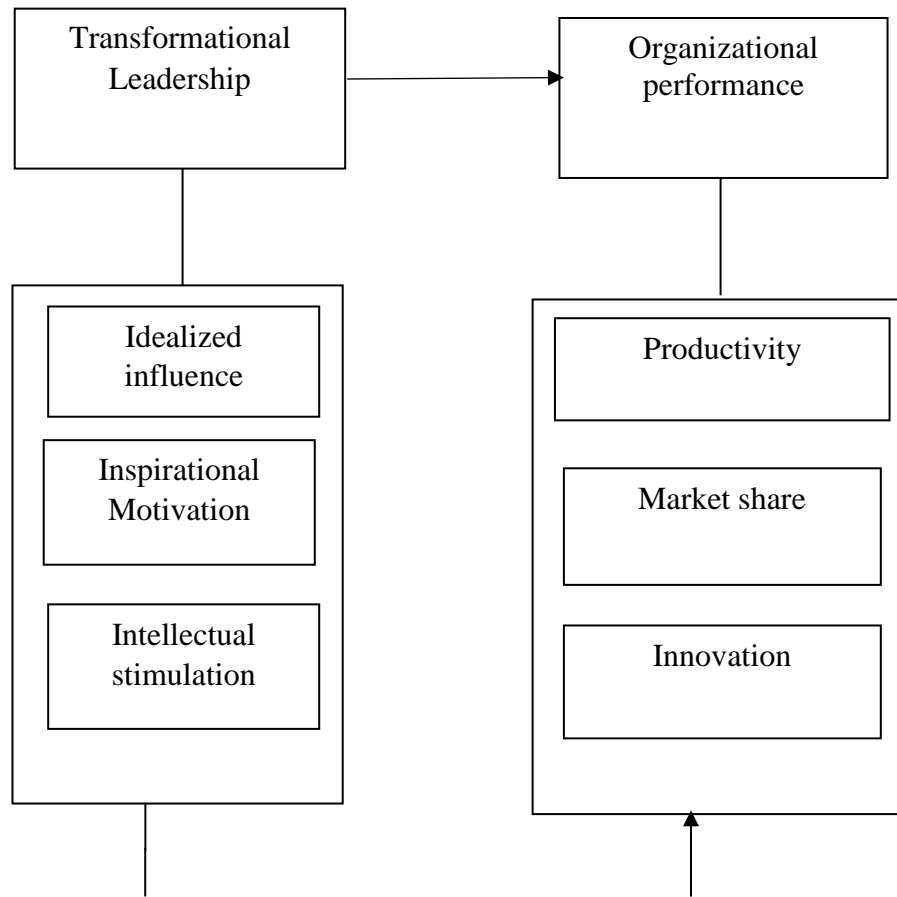
CONCEPTUAL FRAMEWORK

Figure 1.1: A conceptual framework showing the relationship between transformational leadership and organisational performance.

Source: Adapted from Rudzi, Muhammad and Baharom (2013); Dean, Brandes and Dharwadkar (1998).

OBJECTIVES OF THE STUDY
The study seeks to establish the influence of transformational leadership on organisational performance. The specific objectives are as followed:
  i.   Examine the relationship between idealized influence and productivity
  ii.   Determine the relationship between idealized influence and market share
  iii. Determine the relationship between idealized influence and innovation

iv.   Examine the relationship between inspirational motivation and productivity
v.   Determine the relationship between inspirational motivation and market share
vi.   Examine the relationship between inspirational motivation and innovation
vii. Examine the relationship between intellectual stimulation and productivity
viii. Determine the relationship between intellectual stimulation and market share
ix.   Examine the relationship between intellectual stimulation and innovation

REVIEW OF RELATED LITERATURE

Concept of Transformational leadership

Burns (1978) developed a transformational approach to leadership that had distinct qualities that set it apart from more conventional methods. Leaders' readiness to selflessly renounce the managerial aura that originates authoritarian style and behavior in favour of a more approachable and focused style of leadership is a reflection of its theoretical corporation. This trait of the transformational leadership style is found in the writings of Avolio and Bass (1988), who have established themselves as major contributors to the field. They divided it into four groups based on four primary characteristics: idealistic influence, intellectual stimulation, inspirational drive, and individual consideration. The relevance of leadership in a social environment has been emphasized in a variety of debates, all of which aim to provide more sophisticated and goal-oriented approaches that are equally concerned with the human cognitive and psycho-emotive perspectives. The idea of leadership is dynamic. Although not all of management, it is a portion of it. However, the capacity to persuade others to actively pursue predetermined goals, and them is human elements that unite a group and drive it toward objectives (Peretomode, 2012). Various authors have distinct definitions and applications for the term leadership. Some people define leadership in terms of styles, while others claim it has something to do with a person's character traits. However, some others view leadership as having inherent qualities, etc (Nakpodia, 2012). Importantly, literature supports these elements, which stand for the transformative approach to leading (Krishnan, 2004; Baldoni, 2005, Bass and Riggio, 2006). These elements that characterize the transformational approach are mostly focused on exhibiting the best managerial behavior to motivate employees to devote more of their energies to their jobs. A transformational leader's actions are motivated by their own personal values and beliefs, which inspire followers to go above and beyond what is asked of them (Bass, 1985). When "one or more persons engage with others in such a way that leaders and followers raise one another to higher levels of motivation and morality," according to Burns (1978), leaders and followers are said to be exhibiting transformational leadership. The follower of a transformative leader experiences trust, adoration, loyalty, and respect for the leader, which inspires them to go above and beyond what was initially expected of them (Bass, 1985; Katz & Kahn, 1978). The transformational leader inspires followers by raising their awareness of the significance of task outcomes, inspiring them to put the needs of the group or team ahead of their own, and awakening their higher order needs. He challenges followers to exercise critical thought and look for novel approaches to their work, which stimulates the mind (Bass et al., 1994). As a result, their level of performance, satisfaction, and dedication to the objectives of their organization all rise (Podsakoff et al, 1996).

Idealized Influence

Idealized influence refers to a leader's capacity to inspire followers' confidence by clear vision-setting, role-modelling, and goal-setting, which serves as the foundation for motivating them to perform at higher levels. Idealized influence develops when leaders act in ways that encourage their followers to look up to them as role models. In a cascading process, followers at various organizational echelons adore and strongly associate with the head and return their selflessness to performance improvement (Nawaz & Khan, 2016). The improvement of followers' performance has been connected to the use of idealized influence behaviors (Sadeghi & Pihie, 2012). Idealized influence is the notion that followers will respect and trust leaders to offer assistance and resources (Chu & Lai, 2012). Employees will be willing to follow the leader's instructions because of this conviction, regardless matter how complex or challenging they may be (Chu & Lai, 2012). At its core, idealized influence embodies the highest levels of moral cognition and perspective-taking ability. These leaders are prepared to forego their own interests in favour of their workplace, organization, and community (Conger, 2014). They establish high standards for workplace behaviour and serve as an example of such norms. People who work with them know they are committed to the common good, and their sacrifices along the way show the consistency of their actions with their ideals. As a result, they foster relationships of trust with others (Conger, 2014). When using idealized influence, transformational leaders may perceive the good in others and, when it is not immediately apparent, try to bring it out through persistent effort (Avolio, 2005). There is evidence to suggest that idealized influence may have an impact on specific areas of employee performance, even if the role of idealized influence and its consequences for organizational performance are sometimes regarded as a part of transformational leadership. Idealized influence may specifically affect employee commitment and satisfaction to promote engagement and motivation at work (Chen, 2004). Expanding understanding impact of transformational leadership on organizational outcomes consequently necessitates a thorough understanding of the precise impact of idealized influence on staff performance. According to Bass (1997), leaders who exhibit idealized influence exhibit confidence, emphasize trust, take positions

on contentious subjects, communicate their core beliefs, and stress the significance of purpose, commitment, and the moral ramifications of decisions. At its core, idealized leadership embodies the highest levels of moral thinking and perspective-taking ability. These executives set high standards for workplace behavior and serve as examples of how to uphold them. People who work for them know they are committed to advancing the common good, and their willingness to make sacrifices along the way is proof of their constancy in their actions and principles. As a result, they inspire trust in others. When it is not immediately apparent, they seek to expand it out of compassion for people. These are the ones that see the best in others first. Also prepared to take risks and share them with staff members are transformational leaders (Avolio& Bass, 2002). Leaders with idealized influence provide examples for their followers to follow. Genuine idealized influence leadership needs to be based on moral principles and righteous principles (Burns, 1978). Moral obligations are founded on a deeper comprehension of the community's members alongside the shared cultural ideas and social standards.

Inspirational Motivation

Inspirational motivation is the process through which leaders compel their followers to support the organization's vision, improving performance outcomes (Bass & Riggio, 2006). Transformational leadership has an impact on individual performance through improving a person's motivation to achieve performance goals. When a person is motivated, effective, and satisfied with their work, they put out extra effort and do better than is required by contract (Bass, 1985). The leader uses inspirational motivation to achieve high up levels of staff engagement and effectiveness, which are linked to superior performance outcomes. Inspirational motivation has been identified as a critical contributor to employee dedication (Gallup, 2017). In order to motivate their followers to achieve the desired organizational aims, inspirational leaders can foster a strong sense of teamwork among them (Bass & Riggio, 2006). The goal of inspirational motivation is to increase employee involvement and productivity by focusing on a more important cause (Barine & Minja, 2014). By raising followers' intrinsic drive, dedication, and effort, which results in improved performance (Zhang, Li, Ullrich, & van Dick, 2015). In order to motivate their followers to achieve the desired organizational aims, inspirational leaders can foster a strong sense of teamwork among them (Bass & Riggio, 2006).

Intellectual Stimulation

The regularity with which managers encourage staff to use creativity in problem solving and solutions is a measure of intellectual stimulation (Bass, 1985; Bass, 1990). The capacity of the leader to encourage followers to "think outside the box" while solving challenges leads to creativity and innovation (Bass & Avolio, 1996; 1997). Leaders inspire their people to be inventive and creative by challenging presumptions, rethinking issues, and taking a fresh approach to circumstances that have already occurred (Avolio & Bass, 2004). There is no public commentary on the errors made by certain members. Followers are involved in the process of addressing issues and locating answers, and they are asked for fresh perspectives and innovative problem-solving approaches. Followers are encouraged to experiment with new ideas, and their opinions are not disparaged just because they diverge from those of the leaders (Bass, 1998). In essence, intellectual stimulation is discovering fresh, imaginative, and inventive approaches to the norm. It is measured by how much you inspire others to think creatively and innovatively, cultivate a tolerant environment, and solve challenges in novel ways (Prabhakar and Switch, 2005). Hetland and Sandal (2003) assert that intellectual stimulation involves challenging long-held beliefs and the status quo. An essential element of transformational leadership is intellectual stimulation. Transformational leaders challenge their followers' minds to think critically about their own ideas, presumptions, and values, as well as the leader's when it is appropriate, as these may be out-of-date or unsuitable for resolving contemporary issues (Bass & Avolio, 2004; Elkins & Keller, 2013; Sundi, 2013). Intellectual stimulation promotes the growth of employee loyalty to the firm, according to Anjali and Anand (2015). This in turn affects how well the company can accomplish its objectives in light of the commitment and diligence of its staff (Anjali & Anand, 2015).

Organizational Performance

Performance can be thought of as a catch-all term for any ideas that take into account how successful a company and its operations are. Performance can be defined as the results or outputs of specific activities, their execution, or their capacity to produce results (Tangen, 2005). According to Atkinson (2012), performance is defined as achieving results that ensure the achievement of desired outcomes for an organization's stakeholders. According to Awino (2011), a company needs to generate high returns and identify performance drivers at all levels of the business in order to be successful. According to Njihia et al. (2013), one of the methods that businesses may use to monitor performance, pinpoint problem areas, boost employee engagement, improve communication, and reinforce responsibility is performance measurement. Performance is comparable to the well-known 3Es, or the cost-effectiveness, efficiency, and effectiveness of a certain program or activity (Javier, 2007). According to Daft (2010), organizational performance is the capacity of an organization to achieve its objectives by making effective and efficient use of its resources. According to Sok, O'Cass, and Sok (2013), organizational performance refers to a company's capacity to meet its targets. Organizational performance refers to those behaviours that have been assessed or quantified in terms of how they affect the achievement of organizational

objectives (Cook & Hunsaker's, 2001). The mannerisms or demeanour of the management, particularly line management, gave insight into their methods and abilities and enabled them to employ resources proficiently and profitably. Performance can be judged using data gathered from either primary or secondary sources. In general, two forms of performance can be measured: financial performance and non-financial performance (Jarad, 2010). Didier Noyé, in contrast to other experts, believes that this definition essentially contrasts the results and the target. The author's definition is far from obvious because outcomes and objectives usually differ from one area of operation to another. Performance was defined by Atkinson (2012) as the accomplishment of results that ensure the delivery of desirable outcomes for a firm's stakeholders. According to Awino (2011), a company needs to generate high returns and identify performance drivers at all levels of the business in order to be successful. Performance measurement is one of the methods that businesses may use to monitor their performance, identify the areas that require attention, increase motivation, improve communication, and reinforce responsibility, according to Njihia et al. (2013). According to Whooley (1996) contends that performance is not an objective reality that has to be measured and studied elsewhere, but rather is a socially produced truth that, if it exists at all, arises in people's imaginations.

Productivity

According to Mathis & John (2003), productivity is an assessment of the volume and caliber of work completed while taking into account the cost of the resources employed. A company's competitive edge improves with increased productivity. The effectiveness of the resources deployed is to blame for this. Further reiterating this point, McNamara (2005) says that results are frequently the precise outputs expected of an employee. They could be described in terms of monetary gains or community effect, and hence the outcomes would be measured in terms of price, value, quantity, or time. Another assertion made by McNamara (2005) regarding what productivity measurement comprises is the length of time it takes a typical worker to accomplish a specific level of output. The amount of time a team of workers spends on certain tasks like production, travel, or downtime while they wait for supplies or to fix broken equipment could also be considered. The technique can assess whether employees are devoting an excessive amount of time away from production to tasks that the company can manage. Although employee productivity is difficult to quantify, it directly affects a company's bottom line. Employers hire employees with productivity in mind so they can assess a candidate's skills during the initial job interview. However, there are a number of elements at work that can assist a person perform to their full potential (Lake, 2007). Brady (2008) argues that the human resources that companies use to boost productivity are probably the ones that draw the greatest criticism. Numerous actions made as part of an HR system are intended to affect either individual or organizational productivity. HR practices that directly affect productivity include pay, appraisal procedures, training, hiring, and compensation. Furthermore, Bernardin (2007) argues that human resource management (HRM) is essential to achieving competitive advantage because it helps employers reduce labor costs and boost productivity by creating more explicit pay-for-performance relationships. Additionally, growing worries about productivity and satisfying client demands have sparked a resurgence in interest in strategies meant to encourage workers to pay closer attention to satisfying (or exceeding) customer demands and boosting productivity.

Market Share

Market share is the portion of total industry or market revenues that a specific company generates over a predetermined time period. Market share is calculated by dividing the total sales of the company during a certain period by the total sales of the industry over that same period. It can also be described as the percentage of a market's total sales volume that a company, brand, or product has successfully seized (Sarkissian, 2010). It is seen as a vital indicator of a company's level of competitiveness, or how well it is doing in relation to its rivals. Managers can assess both primary and selective demand in their market using this indicator in combination with changes in sales revenue. In other words, it gives them the ability to assess trends in consumers' preferences among rivals in addition to overall market growth or decline (Sliden, 2014). Sales growth that is driven by primary demand (total market expansion) is typically less expensive and more profitable than sales growth that is attained by stealing market share from rivals. On the other hand, declining market share can indicate significant issues that call for tactical changes (Schnaars, 1998).

Innovation

Numerous authors provided numerous definitions of innovation concepts. The concept of innovation used in this essay was created by Jiménez-Jiménez & Sanz-Valle (2011): Adoption of any new product, procedure, or administrative innovation all fall under the umbrella of innovation. Even though there is ample proof that company innovation is essential for maintaining and enhancing Organizational Performance, many businesses choose not to or are unable to do so (Aragón-Correa et al., 2007a). How to develop innovation is an issue that many authors have attempted to address. But to respond to the query, one must go "beyond semiautomatic stimulus-response mechanisms" (Zollo & Winter, 2002). Learning and concentrating on the organization's knowledge base are the two key components of organizational innovation (Cohen & Levinthal, 1990, Nonaka &Takeuchi, 1995). Organizational learning serves as a strategic variable that aids the organization in introducing new products or creating new markets in the context of the organization's constant need to innovate in the highly competitive market (Cefis & Marsili, 2005). Therefore, it is essential to encourage the growth of elements that support innovation. Because culture may help people accept innovation as a fundamental

value of the organization, it is possible to foster innovative behavior among the organization's members (Hartmann, 2006). Internalizing corporate principles should strive to strike a balance between management's objectives and those of individual followers. It serves a crucial purpose as a result since human activity fundamentally shapes innovation processes (Salvato, 2009).

Conclusion

The study examined the connection between organizational success and transformative leadership. The leadership style used by executives at work has an impact on the organization's overall performance. The driving force behind any organization is its leaders. Consequently, both their acts and inactions have a variety of effects on the entire business. As a result, organizations with charismatic CEOs are more likely to function well. Transformational leaders can influence the employees' passion and commitment, which greatly boosts the business' performance. Additionally, when leaders exhibit transformational leadership in the form of inspirational motivation, staff morale at work is improved. The entire workforce is motivated by transformational leaders, who likewise focus their attention on achieving the organization's goals. High standards are clearly conveyed in the workplace, and this motivates employees to put in extra effort. In organization where a transformational leader is in charge view the future with optimism due to the leader's influence. In conclusion, In terms of inspirational motivation, idealized impact, motivational inspiration, and intellectual stimulation, transformational leadership style is essential to improving the entire performance of the company.

Recommendation

The recommendations of this study are shown below
1. In order to improve employees' affective commitment and hence improve performance, managers of businesses should show a clear sense of purpose and serve as an example for others.
2. The management of organizations should continuously express confidence in the staff as such will help enhance their commitment and enhance organization performance.
3. There should be effective communication between management and other employees within the organization as such will help enhance effective functioning and then boost performance.

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