



*The Role of Transformational Leadership Style on Employee's Job Performance:*

*A Case of University of Gondar, Ethiopia*

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**Abstract**

*In an existing rapid change and competitive environment, skillful and knowledge-based employees must be retained in the organizations to be successful and responsive to the interests of their stakeholders. Hence, highly skill full and quality man power base is essential for all types of organizations. From this perspective leaderships approach and competences in the organization in all aspects are important to enhance employee's job performance within the organization. This study investigates the effects of transformational leadership style on employee's job performance. The study population was University of Gondar employees. The data was collected with the help of structured questionnaire from 350 employees, the study was used proportional stratified sampling and simple random sampling method as sample design. Multifactor leadership questionnaire (MLQ) was used to measure transformational leadership styles effects on employee's job performance. The major findings of the study were, the four variables of transformational leadership style (individual consideration, idealized influence, intellectual stimulation, inspirational motivation) collectively predict employee's job performance by 50.1%.*

**Key Words: Job performance, Individual consideration, Idealized influence, Transformational leadership**

## 1. Background of the study

While, Public higher institutions are different from private higher institutions in respect of their organizational goal and mission, besides they display a feature of central planning and administration. Leaders and employees are the most important and leading factors that determine the productivities of an organization in a competitive environment for public and private institutions.

Leadership is ubiquitous in any institutions, be it in the public or private, profitable or non-profitable, political, sports, and even religious environments. Leadership practices where such social contexts need to be directed in an important and successful direction conducive to the given social concepts (Burton, 2002).

The economy of our country Ethiopia's is among the developing economies in Africa as well as in the world. With the increasing levels of development, the working environment has also becoming more complex and highly competitive. Public sector leaders, in developing countries have a tendency to be traditionalist in their leadership approach and relationship with employees. However, in order to meet the changing needs and demands of public institution in the global world it is necessary to have transformed and skilled full leaders, which inters increase the performance and commitments of the employees.

According to Mosadragh, (2003), an organization with qualified and well-trained personnel's have high tendency of achievements of their objective and becoming successful in the competitive environments. He added that organization productivities and success depend on the commitment, loyal and transformed leaders and employees are follow and work in the right direction according to how they are directed. This means employees need to be comfortable with a leader approach and styles so that he or she can effectively fulfil his or her role. In addition, as Luthans, (2008) articulated, one of the major factors that have an influence on employee job performance, motivation and commitment is leadership approaches and employees are becoming more conscious of how they are led. They are not only satisfied by financial incentives, but also by how they are being treated and led. Thus, Employees need both behavioural as well as technical support to be fruitful on their tasks.

University of Gondar have a mission of dedication to contribute to sustainable economic development of a nation through provision of societal needs tailored education, undertaking problem-based researches and rendering relevant community services. To implement the mission effectively and efficiently there should have good management approaches and committed employees' in the university. So, the study was helped the management to understand how people work and study general organizational behaviour because the main interest of this study is to investigate how far university of Gondar employee's job performance are affected by transformational leadership style

## **2. Literature review.**

### ***2.1 Concept of leadership***

Leadership is broadly defined as an influence process affecting the actions of employees, the choice of objectives for the group or organization and the dynamic interaction between superiors and employees (Yukl & Van Fleet, 1992). In addition, Leadership can be defined as a complex social process, rooted in aspects of values, skills, knowledge as well as ways of thinking of both leaders and followers. Thus, it is all about the continuous process of establishing and maintaining a connection between who aspire to lead and those who are willing to follow (Hersey & Blanchard, 1984).

### **2.2 Transformational Leadership**

The concept of transformational leadership has altered our notions and understanding of leadership and its effects on individuals, teams and organizations. Transformational leadership was first introduced by Burns (1978) who described it as the process through which leaders effect a radical change in the behaviour of followers.

Transformational leaders increase the confidence of individuals or groups, arouse awareness and interest in the group or organization, and attempt to move the concerns of subordinates to achievement and growth rather than existence (Bass, 1985).

The appeal of transformational leadership lies in the ability of the leader to inspire followers to transcend their own interests and work towards the benefit of all (Nadler and Tushman, 1990).

For this reason, Bass (1990) suggests that transformational leadership is closer to the prototype of leadership that people have in mind when they describe their ideal leader. He identified four characteristics of the transformational leader. And this research measured transformational leadership from this four dimensions.

The components of transformational leadership have been identified in a variety of ways, including through the use of factor analyses, observations, interviews, and descriptions of a follower's ideal leader. Using the Multifactor Leadership Questionnaire (MLQ-Form 5X; Avolio & Bass, (2002),

Avolio, Bass, and Jung (1999) and Antonakis (2001) identified the distinct components of transformational leadership.

The four components of what Avolio et al (1991) referred to as a higher order construct of transformational leadership are the following: Inspirational motivation, Intellectual stimulation, Individualized consideration and Idealized influence (or charismatic influence).

*"Inspirational Motivation"*, where leaders enthuse followers, builds confidence and empowers them to face difficult challenges;

*"Intellectual Stimulation"*, which encourages challenging of norms and assumptions as well as divergent thinking and development of innovative strategies;

*"Individual Consideration"*, which identifies and caters for the developmental needs of followers through coaching, mentoring and growth opportunities and

*"Idealized Influence"*, which encompasses the ethical and moral standing of leaders and engenders both trust and loyalty between leaders and followers

Likewise, Schriesheim (2006) argue that transformational leadership is associated with higher levels of subordinate motivation, effort, satisfaction and performance.

The study reported a strong and positive relationship between transformational leadership and long term performance, attributed to the leaders' ability to creating inspired, committed and cohesive culture in their banks. Carless, Mann, and Wearing (1995) reported that follower ratings of transformational leadership predicted the financial performance of Australian banks, and that leadership style was mediated in terms of its relationship to performance through the level of group cohesion associated with each bank unit.

### **2.3 Employee's job performance**

Employee performance is defined as a rating system used in most corporations to determine the abilities and output of an employee. Every organization has set clear vision and mission which leads employees to attain organizational goals. Managers develop job descriptions and job specifications to ensure that each employee is accountable for their responsibilities.

Employees' job performance refers to human behaviours that are relevant to organizational goals and that are under control of individual employee (Campbell, et al, 1999). The researcher adopts the job performance definition by Motowidlo (2003), which take into account both contextual and task performance. However, the study worked on the contextual part as it is mainly concerned with human beings, whereas, the task performance involves both human and machine.

According to Asa'd (1991) and Chaplin (2005), employee performance is defined as an individual outcomes based on the size and behavioural standards for the related job, and which led to an outcome, especially behaviour that can change the environment in certain ways. On the other hand, Bayley (1990) said that Employee performance is a record of the results produced in a specific job function or activity during a specific time period associated with organizational objectives. It is the result produced by a specific functional unit or individual activity over a given period and not the personal characteristics of employees who performing the work.

#### **2.4 Transformational leadership style and employees job performance**

The leadership style within an organisation has a bearing on encouraging or inhibiting employee's performance (Armstrong & Murlis 2004; Cronje et al 2001). If management does not carefully analyze the needs of the organisation and its employees, it may be difficult for the organisation to understand the reasons why employees behave in a particular way.

Transformational leadership is generally associated with desired organizational out comes such as the willingness of followers to expend extra effort (Bass, 1985).

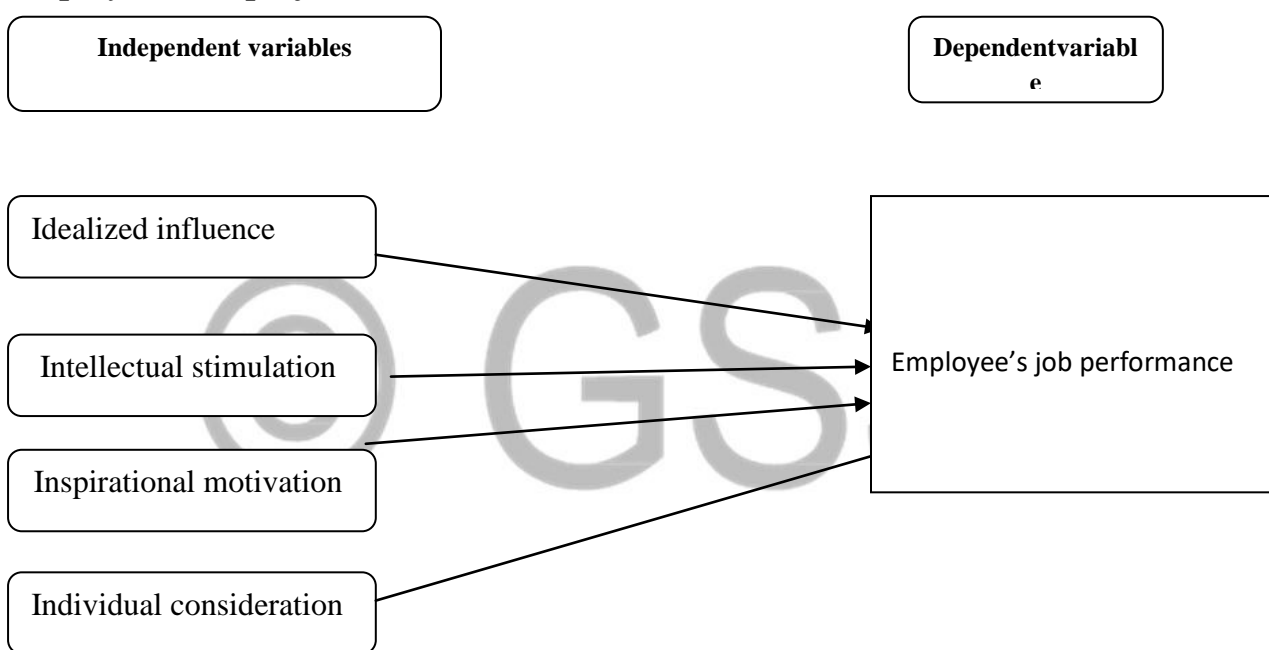
According to Walumbwa and Lawler (2003), there is considerable research available suggesting that the transformational leadership style is positively associated with organizational commitment and job performance in a variety of organizational settings and cultures. Nyengane (2007) indicated that transformational leaders are able to influence employees' performance and commitment by promoting higher levels of intrinsic value associated with creating a higher level of personal commitment on the part of the leader and followers to a common vision, mission, and organizational goals.

Research conducted by Pierro, Raven, Amato, and Bélanger (2013) used a subset of the MLQ (Bass & Avolio, 1995) and a six-item affective organizational commitment subscale to measure transformational leadership and affective commitment. The researchers concluded that transformational leadership was positively and significantly related to affective organizational commitment and suggested that the findings highlight the importance of transformational leadership to increased organizational commitment and their job performance (Pierro et al., 2013).

#### **2.5 Conceptual framework of the study**

The conceptual relationship between transformational leadership and employees job performance is directly linkage as the cause and effect relationship us we look in the diagram below, Here, transformational leadership is working as independent variable while Employees job performance are working as dependent variable.

**Figure 2.1. Conceptual Framework of the role of Transformational leadership on Employees Job performance**



**(Developed by researcher, 2018)**

### 3. Significance of the study

Because, in the competitive environment employees are the most valued assets for all organization in general for education institution in particular to become competitive and success full. Thus from practical perspective this study result is important to create awareness and direct the intentions of leaders about the roles of leadership approaches on employees job performance. And also, it provides a lot to those policy makers at regional as well as national levels and to different higher education's in particular to reform

new guidelines, rules, regulations, and laws to solve such problems that affect employee job performance in the private as well as public institutions.

#### **4. Statements of the problem**

Employee performance is essential for any organization, because an organization's successfulness is dependent on creativity, innovation, satisfaction and commitment shown by its employees (Ramlall, 2008). Even though different studies show's there is a positive influence of transformational leadership on employees performance in certain organization but in our country Ethiopia case, effective leadership style, has been a major concern to the government to achieve the goal of growth and transformation plan in all aspects as lack of effectiveness, in the areas of leadership is a common problem in most public service organizations' of Ethiopia (Getachew and Richard 2006).

Afshari and Gibson (2016) found that leadership style is positively related to organizational commitment but suggested that more research is needed to fully understand the impact about employee's performance. Wang, Ma, and Zhang (2014) concluded that leadership style, directly and indirectly, impacts employee performance and commitment but suggested that an examination of their results be conducted using different subjects to generalize the findings in other work conditions and organization types. Sloan et al. (2017) suggested that the impact leaders and the leader-follower relationship have on employee performance, satisfaction and commitment may be influenced by leader differentiation.

This research therefore, is interested to investigate the effect of transformational leadership style on employee's performance in government contract employees with the particular references of university of Gondar administrative employees

#### **5. Objective the study**

##### **5.1 General objective**

The general objective of the study is to investigate the effect of transformational leadership styles on employees' Job performance with reference of University of Gondar Administrative staffs.

##### **5.2 Specific objective**

The study has the following specific objectives;

- To assess the extents of employees' Job performance in University of Gondar Administrative staffs
- To investigate the effect of Transformational leadership styles dimensions on employee's Job performance

## 6. Hypotheses of the study

The following hypotheses are developed and tested for the purpose of this study:

- **Hypothesis 1:** Idealized influence leadership style has a positive significant effect on employee's job performance.
- **Hypothesis 2:** Intellectual stimulation leadership style has a positive significant effect on employee's job performance
- **Hypothesis 3:** Inspirational motivation leadership style has a positive significant effect on employee's job performance.
- **Hypothesis 4:** Individual consideration leadership style has a positive significant effect on employee's job performance..

## 7. Methodology of the study

This sub section contains an explanation of the research methods used and a brief description of the factors considered in methodological choices. Specifically, this subsection presents description of sources of data and data collection techniques, the process of questionnaire development and adoption, the sampling design and the techniques of data analysis utilized.

### 7.1 Type of Research Design

The study is designed as the cross-sectional survey for the quantitative study which is used to gather the relevant and pertinent information with regard to the effect's transformational leadership style on employee's job performance with reference of University of Gondar. Thus, this study is classified as survey research. According to human resource departments of the university in 2018/19 there are a total of 5013 administrative staffs in different function. From 5013 employee's, sample size is determined by using a formula set by yemene (1967). Thus, the study sample size was 370. A combination of purposive stratified and simpler random sampling techniques is used to select respondents from the sample.

### 7.2 Sources and Types of Data

In this study both primary and secondary data was used as a source of information. Quantitative data were gathered through structured questionnaires as a primary source of information for the study. And primary data has been gathered from employees and their leaders/supervisors. A document analysis from relevant source was used as sources of secondary data.

### 7.3 Data Collection Instruments



The instrument to measure Transformation leadership style multifactor leadership questionnaire (MLQ) were used. The Multifactor Leadership Questionnaire (MLQ) has been improved and tested since 1985 with the result that many versions of the questionnaire have been developed. It is formulated from the Full Range Leadership Model consisting of transformational, transactional, and laissez-faire leadership behaviours with nine subscales. Bass & Avolio (1995) [as cited in Bass *et al.*, 2003], presented the MLQ Form 5X with nine subscales of leadership styles. The questionnaires were prepared in English language and to make it easily understandable by the respondents the researcher interpreted in to Amharic. The questionnaire contained closed ended questions with 5 Likert Scale from “Strongly Disagree” =1 to “Strongly Agree” =5 and it was administered by the researcher.

#### **7.4 Data analysis method plan**

The study was applied frequency distribution to present the profile of the respondents. For the purposes of determining whether a statistically significant relationship exists between transformation leadership style dimensions and employees job performance, the study was used the Pearson Correlation Coefficient, while to explore the effects transformational leadership style on employees’ job performance the study was used regression analysis.

### **8. Result and discussion**

Under this section, data collected from the employees are presented and the analysis is made based on the information obtained from respondents. In this manner, questionnaires were distributed to a total of 153 respondents and 120 (77.9%) respondents’ questionnaire were returned back and found usable for the stud. As a result, the study tested hypothetically, and reviled the following results. The results of this study were analyzed by using the SPSS 20.0 software.

#### **8.1 The level of employee’s performance**

The descriptive statistics was used as a way to examine the frequency, percentile, mean and standard deviation of the respondent. It was needed to determine the extents of administrative staff performance in Gondar University.

With reference to Best (1977) on a five-point likert scale, responses ranging from 1 (very disagreed/ dissatisfied) through 3 (neutral) to 5 (very agreed/ satisfied), the mean score from 1-1.8 is lowest, from 1.81-2.61 is low, from 2.62-3.41 is average/moderate, from 3.42-4.21 is good/high, and from 4.22-5 is considered very good/ very high

Table 1 Descriptive values of employee’s performance

| Statement   |              |               |
|---|--------------|---------------|
|   | Mean         | sd            |
| employees job performance   | <b>3.322</b> | <b>0.8967</b> |
| I strictly follow the policies and procedures of the organization (for example dressing code, moral and ethical standards, rules of conduct etc.)                 | 3.443        | 1.233         |
| I effectively use resources including time and materials  | 3.740        | 1.109         |
| I try my best to avoid lateness and absence from my job   | 3.994        | 1.018         |
| I receive regular job performance feedback.   | 3.217        | 1.241         |
| I believe there is fairness in the way my performance is assessed.  | 3.071        | 1.243         |
| I effectively work with other employees   | 3.771        | 1.001         |
| My performance is limited by poor leadership of my supervisor.  | 2.960        | 1.176         |
| Employee's job performance is affected by the current motivational practice (like salary, benefit, recognition, promotion, etc.) that the bank is trying to offer | 3.263        | 1.239         |
| The existing benefit packages like medical cost coverage, education and house allowance are helping to motivate employees for higher level of performance         | 3.001        | 1.256         |
| The university work environment is good for employees in terms of enabling them to optimally utilize their knowledge, skill and ability.                          | 2.926        | 1.234         |

Source: survey 2018

Thus, as depicted the table 1 below the levels of employee's performance are incline to average /moderate, which is  $M= 3.322$  with  $SD=0.8967$  and this result shows that, the above stated specific objective the level of employee job performance in University of Gondar was at average level.

### 8.2 Regression Analysis

The SPSS output of regression result is divided into three panels. The top sub table summarizes the model summary to the regression, the middle sub table discussed ANOVA, indicates the overall significance. Moreover, the third gives information about each regression coefficient. The results were illustrated in table below.

The result in table 2 in model summery below, shows that transformational leadership styles dimensions (individual consideration, idealized influence, intellectual stimulation and inspirational motivation) were joint predictors of employee's job performance with (adjusted  $R^2= 0.509$ ;  $p<0.05$ ). The predictor jointly

explained 50.9% of the variance of employee's job performance while the remaining 49.1% could be due to the effects of other variables

**Table 2 Model Summary of transformational leadership effects on employee's job performance**

| Model | R                 | R Square | Adjusted R Square | Std. Error of the Estimate |
|-------|-------------------|----------|-------------------|----------------------------|
| 1     | .722 <sup>a</sup> | .521     | .509              | 4.58999                    |

a. Predictors: (Constant), individual consideration, idealized influence, intellectual stimulation, inspirational motivation

b. Dependent Variable: employees job performance

**ANOVA table 3 Transformational leadership effects on employee's job performance**

| Model |            | Sum of Squares | df  | Mean Square | F      | Sig.              |
|-------|------------|----------------|-----|-------------|--------|-------------------|
| 1     | Regression | 2659.098       | 4   | 886.366     | 42.072 | .000 <sup>a</sup> |
|       | Residual   | 2443.894       | 345 | 21.068      |        |                   |
|       | Total      | 5102.992       | 349 |             |        |                   |

a. Predictors: (Constant), individual consideration, idealized influence, intellectual stimulation, inspirational motivation

b. Dependent Variable: employees job performance

**Coefficients Table 4 transformational leadership dimension effect on Job performance**

| Model |                          | Unstandardized Coefficients |            | Standardized Coefficients | t     | Sig. | Co linearity Statistics |       |
|-------|--------------------------|-----------------------------|------------|---------------------------|-------|------|-------------------------|-------|
|       |                          | B                           | Std. Error | Beta                      |       |      | Tolerance               | VIF   |
| 1     | (Constant)               | 6.379                       | 2.045      |                           | 3.119 | .002 |                         |       |
|       | idealized influence      | .338                        | .052       | .260                      | 2.776 | .000 | .842                    | 1.187 |
|       | inspirational motivation | .436                        | .067       | .311                      | 3.731 | .000 | .835                    | 1.198 |
|       | intellectual stimulation | .343                        | .046       | .281                      | 3.356 | .000 | .962                    | 1.040 |
|       | individual consideration | .324                        | .051       | .280                      | 6.310 | .000 | .913                    | 1.095 |

a. Dependent Variable: employees job performance

Source: (Field wok, 2018)

- **Hypothesis 1:** Idealized influence leadership style has a positive significant effect on employee's job performance

As depicted on coefficient Table above, idealized influence leadership style has a significant statistical effect on employee's job performance with the standard beta value ( $B = 0.260$   $p .000$ ). Idealized influence is the charismatic element of transformational leadership in which leaders become role models who are admired, respected, and emulated by followers consequently, followers demonstrate a high degree of trust in such leaders (Jung and Avolio, 2000).

There for from study result idealized influence leadership styles have a significant positive effect and increase employee's job performance by 26.0%. Hence the null hypothesis is accepted.

- **Hypothesis 2:** Intellectual stimulation leadership style has a positive significant effect on employee's job performance

As it is indicated in the above coefficient table intellectual stimulation leadership style has a significant statistical effect on employee's job performance with the standard beta value ( $B = 0.281$   $p .000$ ). The intellectually stimulating leader encourages followers to try new approaches but emphasizes rationality and lead to commit for their work (Bass, 1990). There for from study result intellectual stimulation leadership styles have a significant positive effect and increase employee's job performance by 28.1%. Hence the null hypothesis is accepted

- **Hypothesis 3:** Inspirational motivation leadership style has a positive significant effect on employee's job performance.

As depicted on coefficient table above, inspirational leadership style has a significant statistical effect on employee's job performance with the standard beta value ( $B = 0.311$   $p .000$ ). The transformational leader builds relationships with followers through interactive communication, which forms a cultural bond between the two participants and leads to a shifting of values by both parties toward common ground.

There for from study result inspirational leadership styles have a significant positive effect and increase employee's job performance by 31.1%. Hence the null hypothesis is accepted

- **Hypothesis 4:** Individual consideration leadership style has a positive significant effect on employee's job performance.

As it is indicated in the above coefficient table, individual consideration leadership style has a significant statistical effect on employee's job performance with the standard beta value ( $B = 0.280$  p .000). The considerate leader recognizes and demonstrates acceptance of the followers' individual differences in terms of needs and desires. The leader develops followers by delegating tasks and then unobtrusively monitoring those tasks checking to see if additional support or direction is needed. The net effect of individualized consideration and other transformational leadership behaviors is empowerment of followers and lead to commitments (McFillen, 1996).

There for from study result individual consideration leadership styles have a significant positive effect and increase employee's job performance by 28.0%. Thus, the null hypothesis is accepted.

Generally, from the results of the above coefficient table all the transformational leadership style dimensions (idealized influence, intellectual stimulation, inspirational motivation and individual consideration,) have a significant effect on employee's job performance both collectively as well as individually. And when we compare the individual prediction, inspirational motivation has the highest beta value ( $B= 0.311$ ) and idealized influence have the lower beta value ( $B= 0.260$ ).

This study results are supported by different research studies according to Walumbwa & Lawler, (2007), by encouraging followers to seek new ways to approach problems and challenges and identifying with followers' needs, transformational leaders are able to motivate their followers to get more involved in their work, resulting in higher levels of organizational commitment. This view was supported by prior research that showed that job performance was higher for employees whose leaders encouraged participation in decision-making (Nyengane 2007).

## 9. Conclusions and Recommendations

It is clear that managers want their organizations to have sustainable performance and achievement. One of the ways to achieve this is to create favourable conditions to employees. Based on the findings of this study, in order to attain the job performance of employees at desirable level, the leadership approaches play significant role for the institutions. Since a transformational style has been found to have a significant and positive relationship with employee job performance, the organization should attempt to maintain these leadership styles within their organizations. This is because leaders can play a role in building commitment by assuring that the organization makes effort to address both the work content and the work context by engaging in management practices to increase psychological attachment of employees to the organization.

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