



Faculty of Cognitive Sciences and Human Development

**THE INFLUENCES OF TRANSFORMATIONAL LEADERSHIP ON
EMPLOYEE PERFORMANCE**

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**Bachelor of Science
(Human Resource Development)
2019/2020**

Grade: A-

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Final Year Project Report

Masters

PhD

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**THE INFLUENCE OF TRANSFORMATIONAL LEADERSHIP ON EMPLOYEE
PERFORMANCE
(A STUDY ON EMPLOYEE IN MARKETING INDUSTRY IN KUCHING)**

**VOON YEE SIEN
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ABSTRACT

This study examined the influences of transformational leadership on employee performance in marketing company of Kuching. There are four elements in transformational leadership, which are individualized consideration, inspirational motivation, intellectual stimulation and idealized influence. Data on office employee in marketing company (N=52) were analysed by using central tendencies measurement, Pearson Correlation (r) and linear multiple regression to get for the results. There are moderate relationship found between transformational leadership and job performance; inspirational motivation is the most effective leadership that can improve employee performance of marketing company; while idealized influence is found to have negative effect on employee performance.

Keywords: transformational leadership, employee, job performance, individualized consideration, inspirational motivation, intellectual stimulation, idealized influence, marketing company

ABSTRAK

Kajian ini mengkaji pengaruh kepemimpinan transformasional terhadap prestasi pekerja di syarikat pemasaran Kuching. Terdapat empat elemen dalam kepemimpinan transformasional, yaitu pertimbangan individu, motivasi inspirasi, rangsangan intelektual dan pengaruh ideal. Data pekerja pejabat di perusahaan pemasaran (N = 52) dianalisis dengan menggunakan pengukuran kecenderungan pusat, Pearson Correlation (r) dan regresi berganda linear untuk mendapatkan hasilnya. Terdapat hubungan sederhana yang dijumpai antara kepemimpinan transformasional dan prestasi kerja; motivasi inspirasi adalah kepemimpinan yang paling berkesan yang dapat meningkatkan prestasi pekerja syarikat pemasaran; sementara pengaruh ideal didapati memberi kesan negatif terhadap prestasi pekerja.

Kata kunci: kepemimpinan transformasional, pekerja, prestasi kerja, pertimbangan individu, motivasi inspirasi, rangsangan intelektual, pengaruh ideal, syarikat pemasaran

CHAPTER 1

INTRODUCTION

1.1 Background of Study

Employee performance act as the building blocks for organization. Employee performances represent as their productivity. An organization's productivity depends on the amount of efforts and commitments contributed by the employees. Employees need to contribute their forces in achieving their objectives, and the organization's goal can be achieved once the output are maximized by the employees. The organization are determined as effective when it achieves the expected result from the management (Essays, 2018). Therefore, the leadership style of management is essential in leading employees to perform their job and bring changes to organization. A good leader are supposed to be responsible on making their followers or subordinates clear on their purpose and mission of job.

Nowadays, employees are more considering on the behaviour, special traits and styles of leader that exhibited in a workplace (Elgelal & Noermijati, 2014). Therefore, it shows a correlation between the leadership and employee performance. Transformational leadership play as an important role in enhancing employees' job motivation, job satisfaction and job performance. Employee need motivation to do their work, that can keep them sustainly performing their job in organization. Motivation can make the job more meaningful and interesting, and that keeps the employees become more productive and improve their job performance (Muda, Rafiki & Harahap, 2014). This is because transformational leadership is the type of leader that can inspire, motivate and encourage employee to innovate and create change that can grow and shape the success future of an organization (White, 2018).

Therefore, the aims of this study is to examine the influence of transformational leadership on employee's job performance in Kuching, Sarawak.

1.2 Problem Statements

Employees are importance for an organization. They act as the building block of the organization. The success of an organization is depending on the employee performance. Poor performance has always been the issues for employer and managers. The issues like poor timing, lost time, slow response to work request, inaccuracies and inappropriate behaviors all determined as poor performance of employee (University of Minnesota, 2019). It is a concern for management because it shows the effectiveness of an organization that will be lead. According to Strebler (2004), line-manager is one of the factors that bring effect to performance of employees, in term of management style, setting standard, coaching and support, consistency and fairness, also engagement and commitment.

Next, researcher had read some of the past research and found there are short of study on influence of transformational leadership on employee performance among marketing companies. Marketing company is to provide the marketing services rather than doing manufactures (Marketing, 2019). It is to increase the market share, contributing the brand growth and profitability (Linton, 2019). Companies need to develop ways to sell and promote the products and services (Marketing, n.d.). According to Rust and Moorman (1999), management is one of the elements that contribute success on the marketing function within the company. Hence, employees need an effective leader in leading them foward the success of company.

Therefore, it is important to determine and develop a favourable leadership style. As the leadership style can influence the performance of employees, it is important to study and observe how will the transformational leadership style can affect the job performance of employees in marketing industry of Kuching, Sarawak.

1.3 Research Objective

1.3.1 General Objective:

To determine the influences of transformational leadership on employee performance.

1.3.2 Specific Objectives:

- i. To determine the influences of individualized consideration on employee's job performance.
- ii. To determine the influences of intellectual stimulation on employee's job performance.
- iii. To determine the influences of inspirational motivation on employee's job performance.
- iv. To determine the influences of idealized influence on employee's job performance.

1.4 Research Questions

The research questions are:

- i. Are there any positive and significance influences of individualized consideration on employee job performance?
- ii. Are there any positive and significance influences of intellectual stimulation on employee job performance?

- iii. Are there any positive and significance influences of inspirational motivation on employee job performance?
- iv. Are there any positive and significance influences of idealized influence on employee job performance?

1.5 Research Hypothesis

H_{a1}: There is a positive and significance influences of individualized consideration on job performance among employee of marketing company.

H_{a2}: There is a positive and significance influences of intellectual stimulation on job performance among employee of marketing company.

H_{a3}: There is a positive and significance influences of inspirational motivation on job performance among employee of marketing company.

H_{a4}: There is a positive and significance influences of idealized influence on job performance among employee of marketing company.

1.6 Conceptual Framework

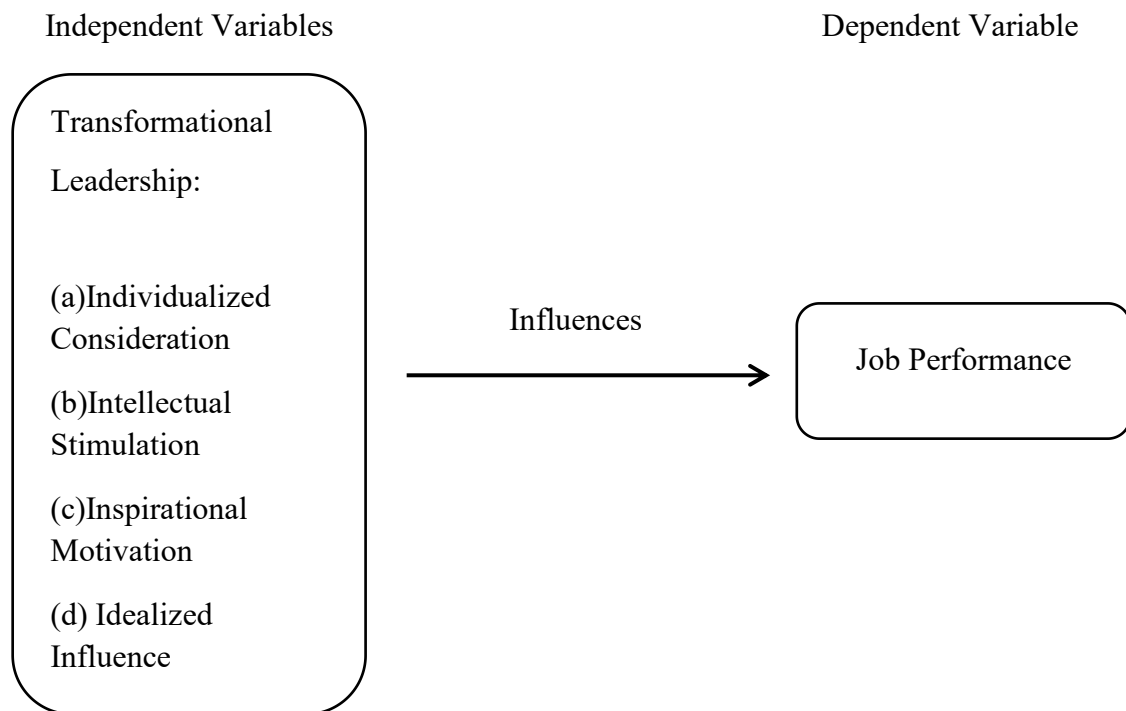


Figure 1.1 Conceptual Framework of Transformational Leadership and Job Performance

Chandrasenkara (2019) indicated that transformational leadership with the four dimensions (individualized consideration, intellectual stimulation, inspirational motivation, idealized influence) has positive significant effect on job performance of employees. Chandrasenkara (2019) also stated that transformational leadership is important for job performance. The qualities of transformational leadership have the significant effect on job performance (Chandrasenkara, 2019). A same statement also indicated by Sundi (2013), transformational leadership has a positive and significant influence on employee's job performance.

1.7 Significance of the Study

This study has significant contributions. The finding and results in this study will provide leaders in the marketing industry in Kuching a more trustable scientific measure and possibility for describing and evaluating the influences of transformational leadership on employees' job performance. In term of contribution to organization, this study provides a guidance for marketing company to know the importance of transformational leadership and its effect to employee's job performance. As had stated in problem statement, the success of organization is depending on the performance of employees. Therefore, through this study can let the employer of marketing company understand the type of leadership style needed and bring success of their company.

Apart from that, this study also has contribution to human resource practitioner. As known that human resource act as an importance guidance system that coordinate the organization's business plan. This study provides a guidance for HR practitioner to emphasize on transformational leadership style. It can help the HR practitioner on the function of selection, training and development. So, the manager or leader can improve their leading skills by motivating the employees better.

Lastly, contribution to body of literature. This study is to increase the empirical evidence to literature. As many past studies about transformational leadership and employee performance had read by researcher, there are lack of study among the employees in marketing industry. Therefore, this study can provide an empirical data about job performance of employees in marketing industry.

1.8 Definition of Terms

1.8.1 Transformational Leadership Style

Transformational leadership is a leadership approach that make transformation in individuals and social systems (“Transformation leadership,” n.d.). Each of the components will be assess by Multifactor Leadership Questionnaire (MLQ) which developed by Bass and Avolio (1995). Below are the definitions for the dimensions:

(a) Individualized Consideration

Defined as a leader attends each subordinate’s needs, acts as a mentor or coach to subordinate and listens to the subordinate’s concerns and needs (“Transformation leadership,” n.d.).

(b) Intellectual Stimulation

Defined as a leader challenges assumption, takes risks and solicits subordinates’ ideas. This style of leaders encourages and stimulate creativity of their subordinates (“Transformation leadership,” n.d.).

(c) Inspirational Motivation

Defined as a leader that have a clear vision that is appealing and inspiring the subordinates (“Transformation leadership,” n.d.).

(d) Idealized Influence

Defined as a leader that provides a role model for high ethical behavior, instills pride, gains respect and trust (“Transformation leadership,” n.d.).

1.8.2 Job Performance

Job performance is defined as the expectation of the organization in the form of behavior by an individual that conducting over a regular period of time (Motowidlo & Kell, 2012). In this study, job performance will be assessed by questionnaire adapted from Pradhan and Jena (2016).

1.9 Summary

This chapter act as a norm for the study. The overall introduction on the study of influences of transformational leadership on employee’s job performance have provided in this chapter, sections included background of study, problem statement, objectives, research questions, hypothesis, conceptual framework and significance of study.

CHAPTER 2

LITERATURE REVIEW

2.1 Introduction

This chapter reviews on some of the previous studies on the influences of transformational leadership on employee's job performance. Specifically, this chapter will be discussing on job performance, issues of job performance, transformational leadership, and past similar findings.

2.2 Discussion on Variables of the Study

2.2.1 Job Performance

Job performance provides the key to greater productivity at work and greater human satisfaction (Benton & Halloran, 1991). According to Motowidlo and Kell (2012), they defined that job performance is the value of expectation to the organization in the form of behavior by an individual that conducting over a standard of time. The idea in this definition is that performance is a property of behaviour, while the second idea is the property of behavior refer to expected value to organization. A job performance can determine as effective, when the job to be done, the standards of job completion is to be measured and trying results to a reward system (Benton & Halloran, 1991).

Job performance are given into two types: contextual performance and task performance. Task performances have two forms, first type of form is by transforming an unprocessed

material into goods and services which are the products of organization. For instances, give education in school and carry out surgery in hospital. The second form is the activities that make full supply of unprocessed material, distribute the completed products, provide a significant planning, supervising and coordination that enable the services to function effectively and efficiently (Motowidlo & Kell, 2012). Next, contextual performance. It defined as a behavior that promote to strength and effectiveness of organization through its impacts on the social, psychological, and organizational context of work.

2.2.2 Issues related to Job Performance

(a) Quantity of Work

Based on Pangasor, Syarifuddin, Pradana, Moeliono and Fazrido (2017), quantity of work is the amount of work produced, and the time used to accomplish an extra work. Untimely completion and limited production are the problems of job performance. Employee with a large amount of task without a good prioritizing, timing and scheduling can cause the work cannot complete on time (University of Minnesota, 2019). Hence, this kind of employee are consider as having bad job performance.

(b) Quality of Work

Quality of work describes the level of mistake, damage, and accuracy pf production (Pangasor et al, 2017). A quality production can define an employee's job performance. The issues such as customer dissatisfaction, spoilage of materials and inappropriate working methods, all are the failure to meet quality standards of task (University of Minnesota, 2019).

(c) Work Time Usage

According to Pangasor et al (2017), work time usage is the time required to complete the task or activities, as well as the time required on the production of service and goods. The issues occur when employee lost in time, for example: lateness, absenteeism, leaving without permission, excessive use of mobile phone, internet and break time (University of Minnesota, 2019). The misuse of worktime can also be called as time theft, which mean the employee get the pay but did not do the work during working time (Guillot, 2018). This bad job performance can cause the employees lose on their productivity, and also bring loses to organization with unnecessary overtime cost (Guillot, 2018).

(d) Cooperating with other in Workplace

Cooperation of employee determined as the cognition of individual to work with other people in workplace (Pangasor et al, 2017). D'Costa (2018) mentioned that the unwillingness of an individual in a team or group, is known as the uncooperative. The reason of hard cooperating is causing by social dilemmas, which is the conflict between individuals and group interests (Eriksson, 2012). Moreover, difference cultural and languages can also be the challenges in team cooperation (D'Costa, 2018). Eriksson (2012) stated that employees can be given into cooperative type and non-cooperative type. It is hard to achieve cooperation when employee is non-cooperative. Thus, the employee who does not have the ability of cooperation can show a low team or group contribution.

2.2.3 Transformational Leadership

Transformational leadership was initially introduced by Burn and then advanced by Bernard M. Bass (Jiang, Zhao & Ni, 2017). Burn (1978) defined that transformational leadership are which both the leaders and subordinates improve each other to get the higher level of intention and ethics morality. This leadership style is emphasized on inspiring followers to provide innovative solution and create better workplace in order to satisfy basic needs and achieve higher goals (Ghasabeh & Provitera, 2017). Beside that, Elgelal and Noermijati (2014) mentioned that transformational leadership is a process in which the leaders performs to improve their follower's consciousness, motivational maturity, and to encourage their followers to go after own self-interests for the exceptional of the group, the organization, or society.

Nowadays, the global business environment is full of uncertainty, the pattern of organization changing through the years. Therefore, organization will require more and better leaders in leading them. According to the article represented by Ghasabeh and Provitera (2017), it stated that transformational leadership had been determined as a managerial-based ability for the operation of organization in nowadays innovative business environment.

Transformational leadership have the ability in inspire employees to transform perceptions and behavior to fight towards common goals. Bass had advanced the theory of transformational leadership, that is today known as Bass's Transformational Leadership Theory (Cherry, 2019). Bass (1985) stated that leader can influence followers. Followers run after leader because of faiths, honesty, and other qualities of that leaders have. The stronger these components are, higher of their loyalty to that leader (Bass, 1985). Therefore, Bass