

PATRIC KAVANAGH

**An Exploration of the Relationship between Transformational
Leadership, Employee Engagement, and Individual
Performance with the Design and Validation of a
Questionnaire**



**UNIVERSITY OF ALGARVE
FACULTY OF ECONOMICS**

2019-2020

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Masters in Management

Dissertation made under the supervision of
Professor Maria Helena Rodrigues Guita de Almeida



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Work Authorship Declaration

I declare to be the author of this work, which is unique and unprecedented. Authors and works consulted are properly cited in the text and are included in the listing of references.

Patric KAVANAGH

.....
(signature)

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DEDICATION

I would like to dedicate this work to my parents, Philip and Noelle KAVANAGH, that provided me with the support required to achieve the completion of this research project.

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ABSTRACT

Leadership is an important performance impacting factor that all organizations need to consider. It is a concept that has developed well beyond the era of "The Great Man" theory that implies that certain individuals are born leaders and that others are not. From an academic research perspective, leadership is a complex and multi-dimensional area of study. It is a key element and driving force in the science of management. It is complex in that it affects every area of life, and it is therefore difficult to apply a universal definition or ideal description of what a good leader is. Leadership is multi-dimensional in that it has different forms and interacts with multiple other management related themes. This research provides evidence that transformational leadership is an approach that management professionals should apply in current times with regards to increasing individual performance. As well as the review of existing literature, this research provides empirical evidence of the positive impact that transformational leadership has on individual performance by creating a space in which individuals can engage themselves and become more performant, resulting in greater overall organizational performance. The literature review section will discuss the relevance of these three themes within a management context, as well as present evidence of their relationship to each other. The primary goal of this study was to design and validate an instrument that is capable of measuring the impact that transformational leadership has on individual performance by determining the degree to which it interacts with employee engagement and their subsequent effect of this interaction on individual performance. The primary data that was collected was subjected to a statistical analysis process that proved reliability and validity.

Keywords: Leadership, Transformational leadership, Employee Engagement, Individual performance, Work performance.

RESUMO

A liderança é um fator importante de impacto de desempenho que todas as organizações precisam de considerar. É um conceito que se desenvolveu muito para além da era da teoria do "Grande Homem" que implica que certos indivíduos nascem líderes e que outros não. Do ponto de vista da investigação académica, a liderança é um complexo e multidimensional são um estudo. É um elemento-chave e força motriz na ciência da gestão. É complexo na forma como afeta todas as áreas da vida, pelo que é difícil aplicar uma definição universal ou uma descrição ideal do que é um bom líder. Por exemplo, pode-se concordar que uma equipa de futebol exigirá um tipo de líder autocrático que toma todas as decisões e fornece direções claras e precisas aos seguidores ou subordinados. No entanto, esta mesma abordagem não é adequada numa estrutura organizacional social, como uma instituição financeira ou uma empresa privada familiar, onde é necessária uma abordagem mais democrática e inclusiva devido à natureza da indústria e do sector. Um tipo ideal de liderança também pode depender de outros elementos, como a cultura ou a localização geográfica. Esta escola de pensamento também pode ser aplicada a outras indústrias e critérios demográficos e não é específica das anteriormente mencionadas. A liderança é multidimensional na qual tem diferentes formas e interage com vários outros temas relacionados com a gestão. Esta investigação fornece provas de que a liderança transformadora é uma abordagem que os profissionais de gestão devem aplicar nos tempos atuais no que diz respeito ao aumento do desempenho individual. Além da revisão da literatura existente, esta investigação fornece provas empíricas do impacto positivo que a liderança transformadora tem no desempenho individual, criando um espaço em que os indivíduos podem envolver-se e tornar-se mais performantes, resultando num maior desempenho organizacional global. A secção de revisão literária discutirá a relevância destes três temas num contexto de gestão, bem como a evidência presente da sua relação entre si. O objetivo primordial deste estudo foi conceber e validar um instrumento capaz de medir o impacto que a liderança transformadora tem no desempenho individual, determinando o grau em que interage com o envolvimento dos colaboradores e o seu efeito subsequente desta interação no desempenho individual. Houve também um processo de teste de meditação realizado que procurou determinar o papel do envolvimento na relação. A revisão literária explorou e

desenvolveu a noção de que a liderança transformadora influencia positivamente o envolvimento e que os colaboradores mais empenhados têm um melhor desempenho. Para apoiar este objetivo, foram realizados testes de correlação e mediação. O procedimento para os testes de mediação baseou-se num modelo simples de mediação com uma variável mediadora. A razão para a realização de um processo de testes de mediação foi contribuir para uma maior perceção da forma como a liderança transformadora afeta o desempenho individual. O quadro para a investigação foi desenvolvido num contexto de desempenho organizacional. A lógica por trás deste raciocínio é que a soma do desempenho individual de uma organização irá afetar muito o desempenho global da organização. Os dados primários recolhidos foram submetidos a um processo de análise estatística que provou fiabilidade e validade.

A revisão da literatura, dos artigos académicos e dos estudos anteriores estrutura-se de uma forma que apresenta um caminho lógico para a compreensão da relação dos temas discutidos, discutindo primeiro a liderança transformadora e como impacta elementos de envolvimento. A natureza intangível e a falta de um consenso universal sobre o que constitui exatamente o empenhamento dificulta a quantificação. Deve aplicar-se um certo raciocínio lógico ao apresentar argumentos relacionados com o envolvimento. A análise discute a natureza do compromisso e procura fornecer provas que liguem um maior envolvimento ao aumento do desempenho. Finalmente, o desempenho individual é apresentado como um motor chave do sucesso organizacional. Um fator importante para as organizações considerarem é como medem o envolvimento e como traduzir os resultados da medição em passos acruiscos que irão, de facto, aumentar o desempenho individual em toda a organização. O desenho do questionário e a inclusão dos 24 itens foram desenvolvidos com base na investigação literária académica. Embora o senso comum implique que um colaborador mais motivado tem o potencial de se tornar mais empenhado e ter um desempenho melhor do que aquele que está menos empenhado, por exemplo, a natureza científica deste estudo de investigação quantitativa exige uma justificação para cada argumento ou discussão que é apresentado. O mesmo se aplica à conceção do instrumento de medição. A este respeito, há uma secção do capítulo de revisão da literatura que se dedica a justificar a inclusão dos artigos no questionário. Os dados recolhidos após a distribuição do questionário foram analisados utilizando procedimentos de análise e teste comprovados e credíveis. Os resultados da análise apoiam as noções acima mencionadas que são apresentadas graficamente no quadro

conceptualizado, fornecendo evidências empíricas que estabelecem o envolvimento como uma variável mediadora entre a liderança transformacional e o desempenho individual. Além disso, os testes estatísticos efetuados no questionário revelaram-no fiável e proporcionaram uma validação construtiva. A investigação apresentada a seguir pode apresentar limitações e isso é discutido para que os futuros investigadores possam usá-la ao mesmo tempo que compreendem os seus pontos fortes e fracos. É particularmente importante reconhecer as limitações de investigação ao conceber um instrumento de forma a avaliá-lo e adaptá-lo de modo a melhorar a sua utilização como uma ferramenta de medição credível. Esta investigação não procurou fornecer uma resposta ou solução exaustiva no que diz respeito às relações exploradas, nem para agir como um manual para os gestores melhorarem o desempenho individual dos subordinados. A natureza e o âmbito complexos do tema, bem como um ambiente em constante mudança, requerem pesquisas contínuas que possam contribuir para colmatar lacunas existentes no que diz respeito à compreensão da liderança transformacional e à forma como interage com outras variáveis relacionadas com a gestão chave. Os resultados apresentados a seguir podem não só ajudar os futuros investigadores, fornecendo-lhes uma plataforma desde o which até elaborar o conceito apresentado, mas o instrumento ou partes do instrumento podem ser do interesse da gestão e dos profissionais de recursos humanos, ou organização que deseje melhorar o desempenho individual dos seus membros e fornecer uma visão imparcial da sua cultura de liderança. O que esta investigação estabelece e a seguir presente é o impacto que a liderança transformadora tem empenhamento e o impacto subsequente destas duas variáveis no desempenho individual.

Palavras-chave: Liderança, Liderança Transformacional, Envolvimento de Colaboradores, Desempenho Individual, Desempenho do Trabalho.

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LIST OF ABBREVIATIONS

BAU	Business As Usual
DV	Dependent Variable
EFA	Exploratory Factor Analysis
ESRC	Economic and Social Research Council
IV	Independent Variable
KMO	Kaiser-Meyer-Olkin
KPI	Key Performance Indicator
LLCI	Lower-Level Confidence Interval
M	Mediator Variable
PCA	Principal Component Analysis
SPSS	Statistical Packages for the Social Sciences
ULCI	Upper-Level Confidence Interval

1. INTRODUCTION

1.1 Overview

This research sets out to explore and test the statistical relationship between transformational leadership, employee engagement, and individual performance. The goal is to provide greater insight into the dynamics of the relationships of these management themes through an exploration and greater understanding of the cause and effect amongst the variables, and whether there is a positive mediating effect within the relationship. This research was undertaken with the aim of providing a meaningful contribution to the field of management studies. Transformation leadership, employee engagement, and individual performance were identified as key areas that organizations should continually assess. Leadership is an enigmatic force that is predominant in every area of life. Within every group structure there is space for one or more individuals to lead in one way or another. It is a field of study that almost has no limits, given the scope of associated tangible and intangible elements that can be either directly, or indirectly associated with leadership.

The greatest challenge when approaching a study on leadership is to remain focused with regards to the desired objectives, as the broad and vast space that it occupies is not one that can be easily defined or quantified. Although transformational leadership is not a new term for subject academics or leadership aficionados, its underlying principles have become more relevant than before. This is due in part to the culture of change and diversity that is becoming a hallmark of the 21st century, and also due to changing individual expectations.

In order to maintain a focal point, this study seeks to analyze transformational leadership within a management framework. By identifying and relating key associated variables, this research contributes to a better understanding of transformational leadership as a tool that can be utilized by managers of businesses or

different types of organizations in order to increase overall performance. The 2020 ongoing global health crisis has altered society's approach to management and employment. Businesses need to adapt to a changing manager/employee dynamic. Greater flexibility is required from organizations with regards to the needs of their workforce. Becoming more aware of an individual's needs, both professional and social, and how these may impact individual performance, is increasingly important in today's climate of automation and digital transformation. This has become even more relevant with more and more employees working from home due to the current global health crisis.

A more open and transparent managerial approach is required more than before to deal with this changing environment. Leadership is central to a successful transition to these new conditions and a transformational approach embodies the skills required to achieve this. This research aims to provide insight into the benefits that a manager can gain by adopting a transformational leadership approach, focusing on individual employee performance as an outcome. By seeking to identify engagement as a mediating variable of this relationship, this research attempts to contribute to bridging existing gaps in knowledge of the role that transformational leadership can play in stimulating higher levels of individual employee performance.

In order to do this, a thorough review and analysis of existing literature, articles, and results of previous studies was conducted as a platform from which to design a measurement instrument that would be used to source primary data to be analyzed by means of a statistical exploratory and validation process. The measurement instrument that was used to collect the primary data for validation and analysis was designed based on the literature that was reviewed and the themes that were thereafter developed. The instrument was distributed in the Benelux region to collect primary data. The primary data was then analyzed in SPSS by means of Exploratory Factor Analysis (EFA) in order to confirm the reliability of the instrument and also as a construct validation process. The constructs provided by the EFA are directly relatable to the predominant underlying themes highlighted during the literature review. A subsequent simple mediation analysis was performed using the three factors established by the EFA. The goal was to further investigate the relationship between the themes and determine whether engagement can be proven to be a mediator that can help explain the impact that transformational leadership has on individual performance. EFA revealed three constructs:

Transformational leadership, employee engagement and individual performance. EFA and further statistical analysis confirmed the validity of the instrument and provided empirical evidence to support the arguments developed during the literature review.

1.2 Motivations and objectives

In today's global competitive environment, the margin of error for businesses to deliver a service or product of sufficient quality that can enable them to gain an advantage over market competitors has grown significantly smaller. In an age of digital transformation and greater access to a wider range of consumer choices, organizations are required to adopt a holistic approach to quality by continually evaluating and assessing operational and strategic performance. Business performance can be measured with an analysis of performance related data such as operating profit and gross revenue. Often business will measure their performance against pre-determined key performance indicators (KPI) that have been defined and agreed upon on a corporate or strategic level. Customer survey satisfaction reports can also provide data with which a business can assess more tangible measurable elements of performance such as customer satisfaction and perceived quality. KPIs seek to measure a business's performance against its benchmarked strategic goals and translating these at an operational level of the business can present a challenge to organizations. Leadership plays a key role in conveying the strategic goals to the rest of the organization and bridging hierarchical gaps.

Transformational leadership is an embodiment of this and is concerned with emphasizing a shared vision that will motivate employees to strive to achieve a common goal (Jiang et al. 2017). In this regard a business must consider and assess the impact that leadership has in contributing to its performance and within the scope of this study, how a transformational leadership approach can impact organizational performance by using management to convey the strategic goals to the organization's employees. Employees are the driving force behind businesses and an organization's "people" can be considered its greatest asset. Nguyen and Chau (2017) state that employees can enhance products, processes and organizational performance. An organization should therefore seek to determine what drives the performance levels of their employees. In doing so, they will

be able to retain and develop their best assets that that will in turn repay the organization through loyalty, and high levels of performance.

Measuring employee performance is generally done by means of an appraisal system in which the individual will assess their own performance against a set of pre-agreed personal targets. Their assessment will often be compared against the individual's manager's assessment of their performance where a middle ground can be established and an agreement of performance levels in relation to targets can be set and measured. In general, the results of this assessment will be used to determine whether the employee is deserving of an extrinsic reward in the form of a bonus, a salary increase, or of a promotion. This assessment does not take into consideration the employee's perceived sense of how they perform in relation to their capabilities and serves no purpose in determining why the employee has performed in such a way. While the assessment method previously mentioned does have a purpose in that it determines the nature of the extrinsic reward and can be useful in setting targets that contribute to the team's ability to reach their KPIs, which does respectively contribute to business performance, of more use would be to measure how managerial attitudes or qualities affect employees and increases their contribution to business performance through individual performance.

By analyzing how a transformational leadership approach impacts the level of engagement demonstrated by a business's workforce, this research will seek to measure how this relationship interacts with and affects an employee's sense of their own performance. In doing so, and within the scope of the science of management, the researcher hopes to close the gaps that exist with regards to an analysis of the less tangible elements that contribute to increased individual performance, and particularly the impact that transformational leadership and employee engagement have. Conducting a review of existing literature and associated academic research articles covering these themes will serve as a platform from which to design a measurement instrument with the purpose of collecting the data required for quantitative research purposes.

1.3 Conceptualized Framework

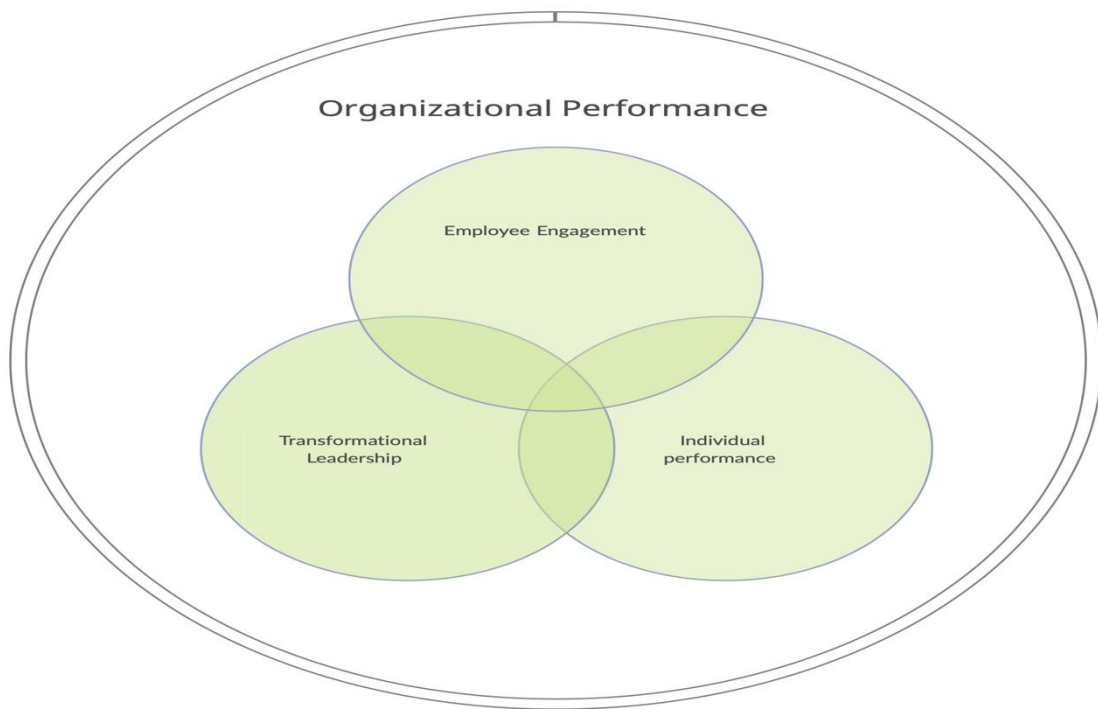
Transformational Leadership is an inclusive democratic leadership style. This leadership style is particularly relevant in today's changing global environment and can inspire and motivate employees by sharing the vision and strategy of the business organization. This approach has a positive effect on job satisfaction and individual commitment and a manager that adopts and practices this style can expect more engaged employees that will in turn perform better. Motivated employees, for example, display higher performance levels and are more satisfied in their jobs (Bradley 2004).

Employee Engagement. A term first coined by Kahn (1990) as the “harnessing of organization members’ selves to their work roles; self-employment and self-expression of people physically, cognitively, and emotionally in their work lives” (Khan 1990: 694). Alfes et al. (2013) identified that “Leadership has been identified as on key driver of employee engagement” Alfes et al. (pg.336). Referring to Tims et al. (2011), they mention that transformational leadership is “directly related to how engaged individuals are with their job” Alfes et al. (pg. 336).

Individual Performance. Individual performance that is measured against pre-defined targets does not accurately determine whether an employee performs to their best ability. An employee may complete an expected task and receive an outstanding performance score without performing to their highest level. Measuring how an individual believes that they perform generally within their function would be more useful in determining the best strategy with regards to maximising individual performance for the benefit of the organization. Borman and Motowidlo (1997) defined job performance as “effectiveness with which job occupants execute their assigned tasks, that realizes the fulfilment of organization’s vision while rewarding organization and individual proportionately.” (pg. 103). This research takes into consideration an employee’s assessment of their own performance. The self-assessment dynamic of this research with regards to individual performance seeks to measure the individual’s perception of their own performance.

As per figure 1.1 the research will seek to establish the significant relationship and positive correlations amongst the variables within an organizational performance frame.

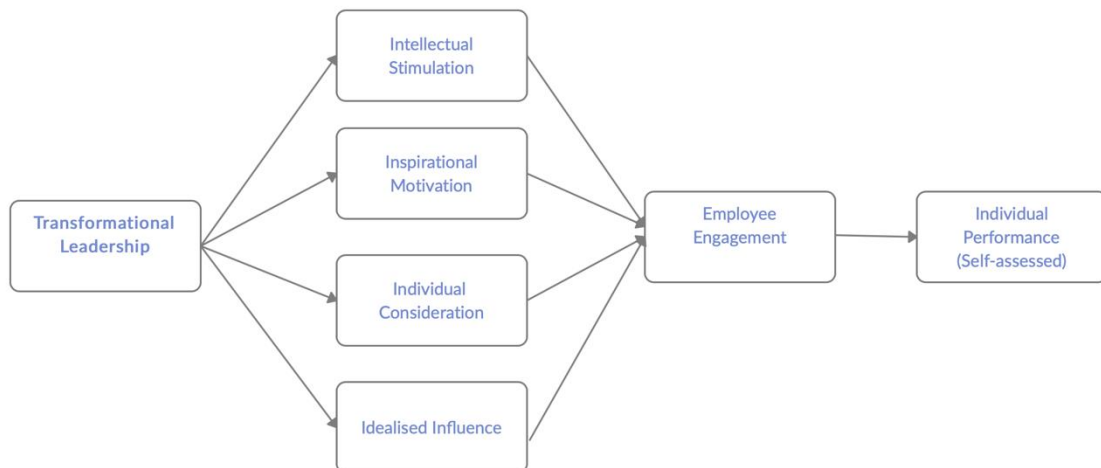
Figure 1.1 Contextual representation of the research.



Understanding leadership and how it is related to other performance related variables should be a major concern for both researchers and organizations as it provides insight into how those individuals in positions that require leadership skills develop their ideas and actions with regards to the decision-making process, and research in this field can help organizations improve performance and motivate individuals and groups within the organization (Luft, 2012). Exploring the impact that a transformational leadership style has on an individual's perception of their own performance firstly requires establishing related measurable phenomena that explains the cause-and-effect relationship. By establishing the relationship between leadership and employee engagement and the subsequent effect of these two variables in predicting perceived individual performance it is possible to confirm by means of statistical analysis, the significance of the relationship between the three variables. This concept underlies the

ideological approach to this research and is based on the four I's of transformational leadership that is depicted in figure 1.2.

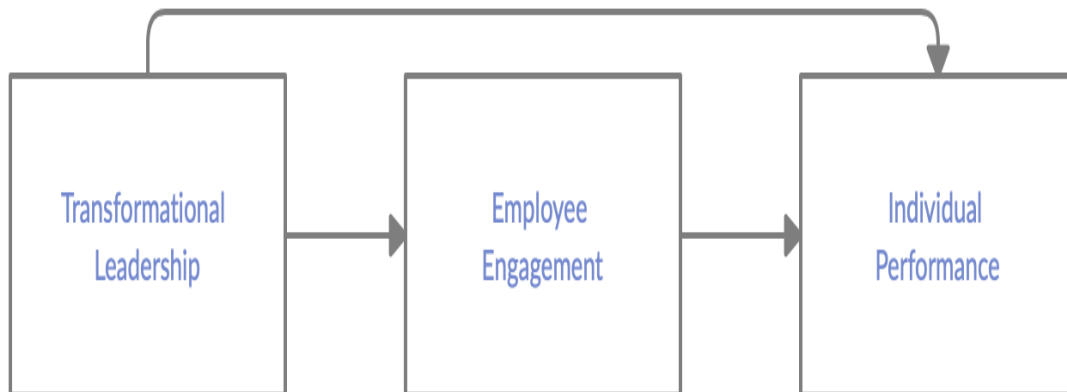
Figure 1.2 Conceptual representation of the research



James MacGregor Burns (1978) coined the term transforming leadership in his research. Bass (1985), building on Burns (1978) study, developed a concept that has come to be known as the four I's of transformational leadership: Idealized influence; Intellectual stimulation; Individualized consideration; Inspirational motivation. A greater understanding of how each of these leadership traits interact with employee engagement, and their subsequent impact on individual performance can be achieved through scientific research and an analysis related measurable variables.

It is then possible to explore the cause and effect of the relationships and determine whether employee engagement mediates the effect of transformational leadership on individual performance. The approach to this will use a simple mediation model composing of one mediator variable as outlined in figure 1.3.

Figure 1.3 Research mediation model



The model depicted above will be used to statistically analyze the mediating effect of employee engagement on leadership and individual performance.

1.4 Research Presentation

The dissertation is composed of five sections. Following this introduction, is the literature review. The third part is the methodology that will describe the approach to sourcing the articles consulted for the literature review and a detailed description of the methods used to collect and analyze the primary data. The fourth part will present results of the statistical analysis of the data collected that will serve as a means by which to validate the instrument and present discussions and limitations of the research. The conclusions will be presented in the final section.

2. LITERATURE REVIEW

2.1 Generalities

This section reviews existing literature and articles, as well as previous studies relating to the three themes or variables introduced in the previous section; Transformational leadership, employee engagement, and individual performance. The

approach is within a management context. This section is also the platform from which the instrument (questionnaire) will be designed and thereafter assessed for reliability and validated through a statistical analysis process that will complete the quantitative research section. The literature review was developed within an organizational performance frame that itself is part of the greater macro environment.

2.2 Transformational Leadership

Since the turn of the century there has been a focus by researchers on transformational leadership as a method that public and private sectors can implement as an effective leadership strategy (Hassan & Hatmaker 2014). James MacGregor Burns (1978) coined the term transforming leadership in his research. Burns suggests that transforming leadership is a process in which "leaders and followers help each other to advance to a higher level of morale and motivation". Bass (1985), building on Burns (1978) study, developed a concept that has come to be known as the four I's of transformational leadership: Idealized influence; Intellectual stimulation; Individualized consideration; Inspirational motivation. As the term suggests transformational leadership is associated with change. It is however more and more suitable as a way of leading and managing a workforce on a day-to-day basis. In an era of digitalization and evolving regulatory and legal requirements, organizations need to adapt to the continuously changing external environment in order to remain competitive. Organizations are continuously required to implement necessary changes on both strategic and operational levels in order to remain compliant with changing regulatory and legal frameworks. Leadership is central to the change process and leaders spread the ability of an organization to innovate and transform; convey the organization's vision, and strategic goals to the company's workforce (Ooi et al. 2012). Involving employees in change related processes and day to day events is a principle that is central to this leadership style.

Transformational leadership is an inclusive and democratic approach and according to Kilicoglu (2018), business owners, team managers, or organizational leaders that adopt a democratic leadership philosophy allow the input and contribution of team

members when making decisions and view their role as a guiding one that encourages the effective participation of all subordinates or followers. The debate as to whether a democratic or an autocratic approach is more prone to increase levels of engagement displayed by employees has been extensively researched and it is possible to conclude that the democratic approach is more positively associated with increased engagement and individual performance. To support this, Chukwusa (2019), Dyczkowska and Dyczkowski (2018), and Koohang et al. (2017) confirm that employees under autocratic leadership have very little influence in the decision-making process. This aspect of the approach and the lack of inclusion with regards to decision-making among employees is supported by Dolly and Nonyelum (2018), who found that employees under autocratic leaders are generally less creative when it comes to problem solving since they leave all the responsibility of finding solutions to problems to their leader. Another result of this lack of inclusion with regards to decisions, whether at an operational or strategic level, is the stifling of innovation and freedom of professional expression and thought. It can be argued then that one potential outcome of autocratic leadership is that it undermines the decision-making ability of employees, another then, is the lack of inspiration and self-assurance that ultimately hinder the personal and professional development of the individual. It explains why Dolly and Nonyelum (2018) would label employees under this leadership as uncreative. According to Al Khajeh (2018), autocratic leadership can be effective in the short term if the leader makes well-informed decisions, however over this lack of involvement will result in unsatisfied and less engaged employees.

This dissatisfaction is likely to result in low performance of organization members, contributing poorly to the team's objectives and goals that will eventually have a detrimental impact on the overall success and performance. In addition, the career development needs of employees pointed out by Al-Khaled and Fenn (2020) encourage subordinates operating under autocratic leaders to seek other employment options, leading to high turnover. This argument is strongly supported by Puni et al. (2016), who argued that staff motivation was lowest among personnel working under autocratic leaders in comparison to those applying a more inclusive approach. One implication of this high turnover among employees is that organizations with autocratic leadership find it more difficult to retain experienced and talented employees, that further increases the likelihood of poor performance. Contrastingly, and as Jdetawy (2018) points out, there

are numerous sources that link democratic leadership to positive organizational outcomes such as better team coordination and low turnover intentions. Al Rahbi et al. (2017) support this argument by revealing that democratic leadership leads to high motivation among employees.

Defining leadership as autocratic or democratic is somewhat outdated; leaders in today's complex environment must do more than simply include other organization members in the decision-making process. Leaders are expected to inspire those around them to create a culture of excellence, share their vision and the vision of the organization with their followers, adapt to the changing strategic goals and guide others to do the same. Despite there being an abundance of literature and academic research relating to leadership, the dynamics associated with how leadership should continually reflect and anticipate the necessary traits required to manage changing professional and social conditions justify further and continual research. Having analyzed employees in Portugal, Araujo and Lopes (2014) state that:

“Profuse literature has demonstrated that leadership is of the most important factors for the performance of an organization, influencing dynamically on individual and organizational interaction, so that any reflection around the phenomenon of leadership can provide capital contribution to an organization” (Araujo and Lopes 2014:3).

Transformational leadership is a complex and multi-dimensional philosophy that managers can utilize to recognize and nurture employee's social, behavioral, and professional needs in order to maximize their individual performance for the benefit of the team and the greater organization.

2.3 The four I's of Transformational Leadership

Individual Consideration

Needs and desires differ from one individual to another. The transformational leader identifies this and recognizes how to empower people by demonstrating understanding and adapting to each individual case separately. Managers can do this with one-to-one meetings with employees and by mentoring. Dickson et al. (2013) examine the concept of mentoring and the benefits that this can bring to the organization and it was discovered that employee outputs associated with career satisfaction, commitment, and motivation were improved. Within a business context for example, managers can positively influence their subordinates' level of autonomous motivation by displaying support for their employees. This is confirmed by Almeida (2019) during their study on five-star private hospitals in southern Portugal. Jin (2010) suggests that transformational leadership combines empathy, compassion, sensitivity, relationship building, and innovation. It instills a climate of trust, nurtures employees' confidence and encourages the individual development.

By developing this type of bond with subordinates, managers that lead in this way can more easily identify the strengths and weaknesses at their disposition and utilize them to maximize efficiency and increase performance. Furthermore, the trustful nature of the relationship creates a space in which vision and inspiration can be mutually exchanged. An environment in which the manager can efficiently communicate the business requirements and goals to employees. Mubarak and Yusoff (2019) state that leaders maintain organizational flexibility by empowering subordinates to use their diverse capabilities to anticipate changes in the environment. This concept explains how a leader is able to use the skills and competencies of his/her subordinates to respond to the external business environment (Mubarak & Yusoff, 2019). This external outlook inspires transformational leaders to share their vision at an individual level and develop capabilities among subordinates that enable the organization to respond better to external pressure and competition. This is confirmed by Zia-ud-Din et al. (2017) when they highlight that this leadership approach draws on the use of creativity and imagination

from employees that in turn allow them to innovate and contribute ideas. Zhou et al. (2018) present further meaningful findings as far as performance is concerned. Their investigation into leadership revealed a strong positive association between a vision sharing leader and the creativity demonstrated by employees. Creativity, particularly among employees in research and development results in improved quality with regards to services, products, and business processes that lead to outcomes such as lower production costs, positive customer perceptions, and improved sales. It should be noted that the findings by Zhou et al. (2019) suggest that visionary leadership positively contributes to performance. Khuong and Yen (2014) present similar positive outcomes of visionary leadership, confirming the findings by Zhou et al. (2018)

Idealised Influence

The transformational leader exerts positive influence on followers. This would involve a manager being charismatic and influential in a way in which to assert themselves as a person of trust and admiration. Within this context the manager can take become a role model. Fishbach & Ferguson (2007) recognized this during their research on goals and how they influence human behaviour and suggest that similar processes to role models can affect subordinates target setting and motivation levels. Positive influence from a manager will drive the employee to perform better. Research by Bass & Avolio (1994) regarding individual performance within organizations confirms that a perfect influence has a direct impact on individual performance. In order to exert influence in ways that positively impact individual performance, the manager must be able to clearly communicate with their subordinates. Transparency and clarity of expression are fundamental to the communication process. A positive role model provides specific information about performance standards and skill expertise, which can be enhancing and create feelings of self-efficiency (Gibson 2004). This is an essential management skill that is required in order to share the vision of the business in ways that can be easily interpreted and applied to business as usual (BAU), so that employees can relate the outcome of their actions to business requirements and the attainability of strategic goals and milestones (Avolio & Yammarino 2013).

A transformational leader will apply general principals of morality and behave ethically in all situations. Followers recognize this and apply the same principles within the group, and in doing so create a socially comfortable and satisfying environment. Organizations that demonstrate greater care and management of their employees achieve better results in the general progression of the organization (Krishnaveni and Sripirabaa 2009).

Intellectual Stimulation

A transformational leader will create a challenging environment for subordinates, in which they can express themselves freely and take ownership of tasks. This ownership will breed creativity and innovation. In completing the tasks, the individuals will develop their attributes and will contribute with new ideas that can be shared and communicated to colleagues. This process will also allow the manager to identify individuals that are better suited to and perform better at certain tasks than others. According to Mubarak and Yusoff (2019) and Zia-ud-Din et al. (2017), this awareness allows them to collectively use their competencies in achieving objectives. Kabetu and Iravo (2017) support this argument by revealing that since there is a strong focus on core employee competencies, leaders can be constantly aware of the skill sets at their disposition and competency levels of their subordinates, resulting in an awareness and ability to foresee future requirements needed to fill any gaps in order to satisfy their objectives.

Transformational leadership empowers and motivates staff to develop their professional competencies as the organization to which they belong expands within the market in which it operates. Managers do this by encouraging professional trainings for employees. Training programs can tailor the professional development of employees in line with the business requirement and overall strategic goals. Associating organizational growth or increased performance to one's own personal development contributes to employee efficiency and performance. Based on the research conducted by Muzee et al. (2016) in African companies, it can be stated that there is a positive correlation between leaders that are strategically focused and increased employee engagement.

This awareness amongst employees motivates them to learn and to increase their own performance in order to contribute to achieving the overall business goals. In addition to this, applying this concept in organizations is found to be positively correlated with workers' eagerness to learn and improve, that results in them becoming more capable within their function. This finding on desire to learn is significant as it confirms the argument by Kabetu and Iravo (2017) on the high likelihood of successful training programs in organizations applying strategic leadership. However, apart from Kabetu and Iravo (2017), there is a lack of research directly investigating how strategic leadership characteristics influences employee engagement. Nevertheless, the insights provided by Zia-ud-Din et al. (2017), Kabetu and Iravo (2017), and Muzee et al. (2016), all agree that a strategic approach is associated with high levels of motivation amongst employees. Motivated employees are more inclined to engage themselves. The results of their analysis indicate that the communication of strategic vision amongst employees enables them to be constantly aware of the overall objectives of the organization.

Since strategic elements of leadership, in reference to the definitions outlined by Mubarak and Yusoff (2019) and Zia-ud-Din et al. (2017) above, are concerned with aligning the skill set of subordinates or employees with the demands of the external environment and in line with the organization's strategy, then it must have a meaningful impact on business performance and contribute to the success of the organization. Palladan et al. (2016) confirm this argument by revealing that strategic leadership is associated with outcomes such as an organization's ability to innovate, that in turn contributes to overall positive business performance. Innovation and vision are inextricably linked, as vision inspires creativity, and creativity inspires innovation. Zia-ud-Din et al. (2017) confirm these findings by highlighting strong associations of strategic leadership and the tasks and performance of employees.

Inspirational Motivation

A leader must be able to inspire motivation in their followers. Within a business context this can be related to the ability of a manager to motivate their workforce or employees of the business, to perform to their highest level. The leader can inspire motivation among others by conveying the vision and goal of the organization in line with the strategy and can impact areas such as organizational culture, changes in workflow or organizational structure, and employee well-being. Inspirational motivation is related to the development and effective communication of a vision (Dionne & Spangler 2004). Within this context, Nwachukwu et al. (2017) define leadership as a means by which leaders achieve and sustain exceptional performance among subordinates by inspiring vision. Managers with visionary leadership skills or capabilities are able to inspire their subordinates to foresee some potential future outcomes of their present actions that ultimately results in positive outcomes for the organization.

Transformational leaders are able to inspire and motivate those around them to consistently work towards an organizational wide strategic goal. Nwachukwu et al. (2017), portray positive leadership as having numerous beneficial outcomes such as employee performance, commitment to the organization, and high degree of trust worthiness between leaders and subordinates. Communication is an essential transformation leadership skill. In the absence of an effective communication process between leader and follower there may be confusion surrounding the shared vision. Raghuvanshi (2016) points out that this can lead to employee frustration especially where the ideals that are shared by the leaders are unrealistic and unattainable. A general assessment of the arguments by Nwachukwu et al. (2017), and Raghuvanshi (2016) indicates that visionary leadership can have positive outcomes, but its success is dependent on how practical the vision shared by the leader is and the latter mentions that:

“A leader focusing on the human dimension is concerned about building a sense of citizenship among a much larger group of people. It is built around a process that invites much broader participation and relies on input from many others outside of the top team. The aim is to create a sense of belonging and ownership across the organization. In

this situation many more people feel they can have an informed opinion about the overall strategy. They believe they have been part of its development, and that they can influence the outcome. In that sense, it is their strategy.” (Raghuvanshi 2016: 52).

In a research study by Khattak et al. (2019), it emerged that visionary leadership inspires above average corporate social responsibility (CSR) effort amongst employees. Since CSR is concerned with organization contribution to society, the findings imply that employees in companies that apply a visionary leadership approach are more likely to engage in voluntary community service. Despite the potential positive outcomes, Ates et al. (2018) maintain that visionary leadership might lead to negative organizational outcomes especially when the vision of a leader is not aligned to the organizational strategy or business goals. This finding is in line with that of Raghuvanshi (2016) who was earlier cited as arguing that visionary leadership fails especially in the case where leaders are too optimistic with their visions. The transformational leader however, will remain grounded and realistic, in line with the strategic goals and business requirements. Transformational leaders positively impact subordinates by inspiring motivation (Ghasabeh & Provitera, 2017). Motivating and inspiring suggests that the transformational leader’s role is crucial in driving change and guiding employees towards specific actions that lead to the achievement of organizational goals. Evidence suggests that transformational leadership should positively impact performance by allowing employees to become engaged. In fact, during their research in Sri Lanka, Thisera and Sewwandi (2018), found that all the four dimensions of transformational leadership are positively correlated with employee engagement.

2.4 Employee Engagement

Employee engagement should be an important consideration of every organization’s business strategy. In recent times academics have shown a great interest in engagement and there are a large number of bodies and platforms that seek to address and assess the issue of engagement within the workplace with numerous surveys and research having been undertaken, some of which provide compelling results. This

section will identify employee engagement as a key issue of management and discuss its relation with transformational leadership and performance.

Engagement is a concern for organizations, particular HR professionals and senior leadership members within those organizations. Research into employee engagement demonstrates an overlap with other more easily measurable variables. Measuring engagement is somewhat elusive however. During their recent research on employee engagement, Budrien and Diskiene (2020) state that “Interpretations of the concept of engagement in various studies indicate a lack of consensus in determining the boundaries of engagement” (Budrien and Diskiene 2020: 43). One approach is to look for measurable engagement related variables of an individual that can provide an indication as to whether they are engaged or not. Leaders create an organizational culture and space within which an employee can engage themselves and leadership has a direct impact on predetermining elements of engagement within an individual. Identifying and measuring these elements can assist organizations in determining how engaged an employee is. Engaged employees will be committed to their organization, feel empowered, feel good in their jobs, and motivated to perform well for the organization to which they belong.

The lack of consensus with regards to defining engagement leaves a certain space for interpretation and common sense. It is fair to state that a more engaged employee will display higher levels of motivation and job satisfaction, be committed to the organization and have a greater sense of empowerment than one that is not. An output of this engagement will be better performance. Referring to Meylani et al. (2013), Budrien and Diskiene (2020) provide further evidence by stating that “according to the point of view of several scientists, employee engagement is primarily a predisposition to participate in particular labor activity, which consists of three components: knowledge, interest, and performance” (Budrien and Diskiene 2020: 43).

Of equal importance, however, is an environment in which employees can engage themselves. This environment or space can be defined by the culture of the organization. How employees experience this culture will contribute to how engaged they are or will become. Killic et al., mention that “job engagement can be defined as positive emotions about work” (Killic et al. 2021: 113 in Kanten (2012)). As has been previously discussed, leaders create the culture in which individuals will become engaged or not. By

creating a culture of engagement, leaders provide employees with the opportunity to engage themselves and perform better. Within a business or organizational structure, managers take on this role and their approach to leadership and to what degree they value engagement can be decisive with regards to individual and organizational performance. The Decision Wise competency model for leaders lists three foundation competencies for leaders; Driving results, leading change, and engaging people. An article by Nielsen & Long that was published by DecisionWise states that “Managers play a vital role in creating the engagement landscape in your organization. They shape the *employee experience* in ways that can’t be touched by HR, senior leaders, or even the CEO. They are closer to the employees’ unique successes, their development needs, and the details of their individual lives” and “Leadership competencies can be measured and developed. You can improve employee engagement by helping your managers develop the skills they need to create the right environment for their teams” (Decision-wise.com).

This is also confirmed by a 2004 survey done by The Gallup Organisation (2004) that found critical links between employee engagement, customer loyalty, business growth and profitability. Furthermore, After having conducted a large scale survey of 90 organizations between January and July 2010 for their research on organizational culture an employee engagement, Denison Consulting, a leading HR and management consultancy firm, state in the research notes that “The results showed compelling evidence of the connection between culture and engagement”, and went on to mention “that this clearly demonstrates that organizations with healthy cultures have more engaged employees” (Denisonconsulting.com).

One of the main factors driving strategic success for the modern organization is a culture of engagement (Tenja et al. 2015). As per Khan (1990), engagement has emotional connotations. These emotions are related to the experience that the employees have within the organization. For businesses, creating a satisfying experience and a culture that can enhance this experience is an area to assess and action the necessary changes that will result in a better experience, one in which the employee will engage themselves. On an emotional level, an engaged culture creates a sense of belonging, and attachment to the organization. A strong and healthy employee-manager relationship is more likely to create a space in which employees can become emotionally engaged to the organization

and produce better results and show greater support of the manager (Luthans & Peterson 2002). Robinson, et al. (2004) provide a compelling assessment of the dynamic of the relationship between manager and employee with regards to engagement when they state that:

“Engagement is a positive attitude held by the employee towards the organization and its values. An engaged employee is aware of business context and works with colleagues to improve performance within the job for the benefit of the organization. The organization must work to nurture, maintain and grow engagement, which re-quires a two-way relationship between employer and employee” (Robinson et al. 2004: 9).

In their systematic review of literature analyzing studies related to employee engagement and performance, Motyka (2018) revealed that forty-eight studies found a statistically significant relationship between employee engagement and task performance. Task performance is how performant an individual is at completing their assigned tasks, and in efficiently doing so, make a positive contribution to the organization’s business results.

Bakker and Demerouti (2008) mention the Oldenburg Burnout Inventory (OLBI) and the Utrecht Work Engagement Scale (UWES) as satisfactory instruments to measure engagement. In the same paper, they also discuss the lack of quantitative studies that provide evidence of the positive impact that engagement has on performance and go on mention that:

“From a theoretical point-of-view, it is important that research on work engagement starts to use more elaborated research designs where causality is tested rigorously..and where predictors and outcomes of work engagement are measured objectively” (Bakker and Demerouti 2008: 219)

2.5 Individual Performance

Individual performance that has been thoroughly researched over time. For example, Koopmans et al. (2014) coined the term Individual Work Performance (IWP) and went to outline that IWP consists of three dimensions: task performance; contextual performance; counterproductive work behavior. The range of elements associated with individual performance is vast and the reviewed literature presented hereafter does not seek to provide an exhaustive analysis covering the scope of IWP but remains within the context of this research by analyzing and confirming the relationships with the other studied variables: transformational leadership and employee engagement. Daft (2000) describes performance as the ability of the individual to use resources efficiently in order to reach the personal or professional goals that they have set themselves. This can be elaborated on to include goals that the individual has been set by their manager or organization. Bhutta et al. (2019) discuss performance in the Pakistan banking sector and describe how work overload and psychological stress related issues are born from a centralized process with regards to decisions that are taken, and poor leadership and that this ultimately leads to employee performance being compromised. They suggest that transformational leadership effectively avoids this and state that “Transformational leadership and empowerment are part of new theories that examine how human resource management practices can enhance the capacity of employees to achieve the strategic goals of an organization” (Bhutta et al. 2019: 305)

The manner in which employees perform in relation to the completion of the tasks that they are assigned is of importance to management, senior leadership and HR professionals within an organization, as the combined individual performance of employees will ultimately affect the overall performance of the organization. During their research examining employee performance and organizational performance, Tarmidi and Arsjah (2019) present results that indicate a strong positive impact of employee performance on organizational performance.

After their analysis of the impact that different leadership styles have on employee performance in Malsaia, Dastane (2020) found that transformational leadership has a strong positive effect on employee performance. Interestingly, their research also supports the afore-developed notion that an autocratic leadership style is negatively correlated with employee performance and the results of his study found this relationship to be insignificant. Kilinc (2021) concludes after their case study on employees in Turkey that the relationship between employee engagement and individual performance is significant. Furthermore, the results of their research highlight the strong positive effect of this relationship. During their study on organizational behavior, Robbins et al. (1998) mention that “individual performance is moderated by the personality, values, attitudes and ability of the individual which, in combination, affect their perceptions and motivation, and ultimately influence individual performance.” (1998: 28). The model developed by Bakker and Demerouti (2008), suggests that engagement to work positively impacts job performance. Brown and Barker (2019) examine and discuss the relationship between job satisfaction and organizational commitment in small businesses and mention that "The relationship between job satisfaction and organizational commitment is a complex issue when examined within the context of performance, productivity, profitability, competition, and turnover "(Brown and Barker 2019: 124) and that "by enhancing their employees' job satisfaction using strategies tailored to individual needs and attitudes, small business owners can influence organizational commitment and, by extension, reduce undesirable and costly turnover within their business" (Brown and Barker 2019: 124).

Like engagement, measuring performance efficiently can be challenging. Most organizations have performance appraisal systems in place. As previously mentioned, this process is useful for determining extrinsic rewards that might be on offer, and it also serves a greater purpose by allowing employees to interact with and share thoughts during the appraisal. The imposed nature of and the reward element of the process however, may lead either party to provide biased scores. During their research discussing performance appraisal, Tatar (2011) implies the individual appraisal process is often coercive and doesn't harness the employee's performance levels. Organizations could include a self-assessment method in the procedure to complement the existing process. This could be useful for statistical analysis. For example, determining whether an individual's self-assessment of their performance is in line with the results of the appraisal

could be useful. A way in which many organizations have adapted their appraisal systems is to allow individuals more freedom with regards to setting their own targets and organizations should continue to evaluate and develop their employee performance measurement process. Tatar (2011) mentions that:

“Another important motivating factor is to involve employees themselves in setting the goals and parameters that directly affect them and their area of responsibility. This involvement impacts positively their productivity and thus measuring their individual performance is no longer regarded as a coercive pretext” (Tatar 2011: 117).

Individual performance will remain a predominant issue for academics and management experts to analyze and assess.

2.6 Hypothesis to test

Section 2.2 through 2.5 of this chapter has presented the three themes that are reflected in the underlying constructs of the instrument. The reviewed literature has established links between these themes and numerous academics have researched and discussed how they relate to and interact with each other. Based on the discussions and literature presented in the previous sections, assumptions can be made that support the hypothesis development that will either be accepted or rejected following the analysis of data collected by the designed instrument that has been formulated based on the assumptions presented in the preceding sections (2.2-2.5):

Hypothesis 1 (H1) Transformational leadership, Employee engagement, and individual performance are positively correlated with one another.

Hypothesis 2 (H2) Employee engagement mediates the relationship between transformational leadership and individual performance.

2.7 Instrument construction

Section 1

The items included in section 1 of the questionnaire were not included in the reliability and validation process. These items consist of the following demographic criteria and were included to assure an even distribution within the data sample. Each of these criteria may assist with further research.

Q01 – Gender

Q02 - Age

Q03 – Family situation

Q04 – Professional sector

Q05 – Rank

Q06 – Years of service

Section 2

Q07 – “My Manager/Supervisor makes all the decisions and expects his/her employees/subordinates to follow instructions accordingly without accepting any contribution from his/her employees/subordinates”

This item was not included following the statistical validation process

Q08 – “My Manager/Supervisor aligns the business goals of the organization with the goals of his/her employees/subordinates and vice versa, and encourages professional development”

This item measures the degree to which a manager considers their subordinate’s goals and ambition with regards to professional development. This is an inclusive or democratic approach to leadership and could be considered to embody a transformational or strategic leadership style. It has been argued that this type of approach has positive impacts on the level of employee engagement demonstrated by the subordinate, and in particular lead to high motivation among employees. Jdetaway (2018), Al Rhabi et al. (2017), Palladan et al. (2016), Muzee et al. (2016), Alqatawenh (2018), Kabetu and Iravo (2018), Raghuvanshi (2016).

Q09 – “My Manager/Supervisor allows his/her employees/subordinates total freedom to complete the necessary business requirements”

This item is representative an inclusive and democratic approach. This will encourage creativity innovation amongst subordinates and allow employees to utilize their professional capabilities to benefit the organization. This will lead to exchange of knowledge and culture of trust. Ego and Madubueze (2019) and Khan et al. (2018). Jin (2010)

Q10 - My Manager/Supervisor encourages and considers the contributions of his/her employees/subordinates when making business decisions.

This item relates to a manager’s acceptance and involvement of their subordinates inclusion in the decision making process. This is an important element of proving employees with a sense of perceived value to the organization to which they belong. An employee that feels valued by their organization will generally perform better than if it is not the case. Furthermore, situations where an employee does not feel that their contribution is valued will lead to them becoming dissatisfied and seek employment elsewhere. This argument is supported by Al Khajeh (2018), Al- Khaled and Fenn (2020), and Puni et al. (2016). Almeida (2019). Displaying support for employees gives motivation. Intellectual stimulation.

Q11 – “My Manager/Supervisor shares his/her vision of how to complete business requirements and inspires his/her employees/subordinates to share this vision”.

This item is designed to determine whether an employee is operating under a manager that demonstrates strong visionary elements of leadership. It is generally accepted that leaders that can share their vision will inspire their subordinates to achieve greater performance levels. Nwachukwu et al.(2017), Zhou et al. (2018), Khuong and Yen (2014), Khattak et al. (2019). Jiang et al (2017).

Section 3

Q12 - I feel empowered at my workplace

An employee that is empowered will use their capabilities and expertise to foresee changes and adapt to suit the environment Mubarak and Yusoff (2019), Kabetu and

Iravo (2017) confirm this by stating that this empowerment will allow employees to grow their competencies. (Bhutta et al. 2019) relate transformational leadership with empowerment.

Q13 - I feel valued by my company/organization.

An employee that feels valued by their organization will respond by performing better than one that is not Alfes et al. (2013). Leadership plays a key role in creating trust between a manager and their subordinates (Ego and Madubueze 2019).

Q14 - My contribution is important to achieving my company/organization's business goals.

An individual's perception of the importance of their contribution to the overall performance of the organization will drive them to perform better. An employee that is aware of the importance of their contribution to the organization is likely to become more engaged and perform better.

Q15 - I am committed to my company/organization.

This item was included to measure whether an employee is committed to their organization. Leadership can directly impact an employee's commitment and performance levels. Nwachukwu et al. (2017). A more committed employee will perform better. Othman et al. (2017) findings confirm that an autocratic leadership style has a negative impact on commitment and can result in high turnover. Fiaz et al. (2017) and Mashudu et al. (2020) on the other hand confirm that a democratic approach encourages commitment and engagement. Sun and Wang (2016) noted that traits displayed by transformation leaders contribute to higher levels of commitment.

Q16 - At work, I perform at my highest capable level.

This item can measure an individual's perception of their own performance. Alfes et al. (2013) established that an employee that feels valued by their organization will perform better than one that does not. Employee performance has a positive effect on organizational performance Tarmidi and Arsiah (2019).

Q17 - My Manager/Supervisor provides me with the necessary tools to perform at my highest level.

An individual that is given the freedom and trust to complete their tasks will display loyalty to the leader and organization. A transformational leader creates the environment and space where an employee can excel, become more engaged, and perform better.

Section 4

Q18 – My job takes a lot of energy.

This item was not included following the statistical validation process.

Q19 - I enjoy going to work.

This item was not included following the statistical validation process.

Q20 - I regard my colleagues as friends.

Employees that have good relationships with their colleagues will have a space in which they can become more engaged and produce better results. (Luthans & Peterson 2002). Robinson et al. (2004). Engaged employees will have healthier relationships with colleagues resulting in more satisfying work experience. This satisfaction is reflected in higher productivity levels in individuals that enjoy their colleagues company, positively affecting their performance (Budriene and Diskiene 2020).

Q2 - I am completely at home in my job

An employee that feels comfortable in their professional surroundings will be more satisfied. This satisfaction can contribute to higher levels of engagement. Employee job satisfaction is an important indicator of a healthy work environment (Kuo, Lin & Li, 2014).

Q22 - In my job I have a clear goal that motivates me.

A democratic approach like transformational leadership leads to higher motivation. Jdetawy (2018). A motivated employee will be more engaged and perform better. Motivated are more satisfied in their jobs and perform better. (Bradley 2004).

Q23 - I want to change company/organization.

This item has a negative connotation. Employees under autocratic leadership are more likely to seek employment elsewhere. Puni et al. (2016), Al-Khaled and Fenn (2020).

Q24 - I want to change function/position.

This item has a negative connotation and is related to item **Q23**. It can serve as a way of differentiating dissatisfaction with the organization or with the individual's manager/leader

3. METHODOLOGY

The undertaken research was completed in two steps. The first part of the process involved a thorough and extensive review of existing literature and empirical studies related to the field of research. The data collected for the review was sourced mostly from online databases; Researchgate, Deepdyve, and Sciencedirect. Other sources were found by using google scholar. There were a total of 88 articles, journals, or reports that were consulted. The material was consulted during the period beginning April 2020 and ending June 2021. The search was done using the following keywords: Transformational Leadership, Leadership, individual performance, employee engagement. The purpose of the search was to acquire sufficient existing literature to review as a base from which to design a measurement instrument that would serve as a tool for the collection of the primary data required to statistically analyze the relationship between leadership, perceived individual performance, and employee engagement. The second part involved designing the instrument (questionnaire) that would be used for the collection of data to be analyzed in order to determine the statistical relationship amongst the variables. The

questionnaire was designed based on information sourced from the literature review and there is justification for the inclusion of each item.

3.1 Design and sample

The goal of the study is to explore the relationship between the variables by performing a statistical analysis of the primary data that was collected. The content of the questionnaire was included based on literature review analysis at the discretion of the researcher. The demographic distribution of the sample is representative of the wider community and of the universe to be explored. The explored universe consisting of all adults (over 18) that are currently or have in the past been employed within the Benelux region, and capable of providing coherent and meaningful responses. The sample is random and sufficiently large. It can be stated that a good sample is one in which the participants represent a smaller version of the universe that is being explored. Comrey and Lee (1992) recommend that a sample size can be rated as follows: 100 = poor, 200 = fair, 300 = good, 500 = very good, 1000 or above = excellent. Just over half of the responders are female (60.2%) outweighing male responders (39.8%). The majority of responders belong to the age group of 35 - 44 (27.7%) whereas the second higher number of participants belongs to the age group of 45 – 54 (23.8%). A large portion of total participant's family situation is living in a couple with children (33.7%). Almost 70% of participants occupy a private sector activity. The majority of the responders have over 5 years of service with their current employers (82.6%). A complete frequency distribution is presented in the results section. Total confidentiality was assured, and the collected data is only to be used within the scope of this research.

3.2 Ethical considerations

The data collected and analyzed adheres to the ESRC Framework for Research Ethics principles, notably principles Two and Three.

Principle Two states:

‘Research subjects must be informed fully about the purpose, methods and intended possible uses of the research, what their participation in the research entails and what risks, if any, are involved.’

Principle Three states:

‘The confidentiality of information supplied by research subjects and the anonymity of respondents must be respected’.

3.3 Procedure

5000 Invitations to respond to the questionnaire were sent via email by a market research company, Day One, based in Antwerp, Belgium. The invitations were sent to residents of the Benelux region and were sent in bulk throughout the month of August 2020. 1440 responses were received, which represents a response rate of 28%.

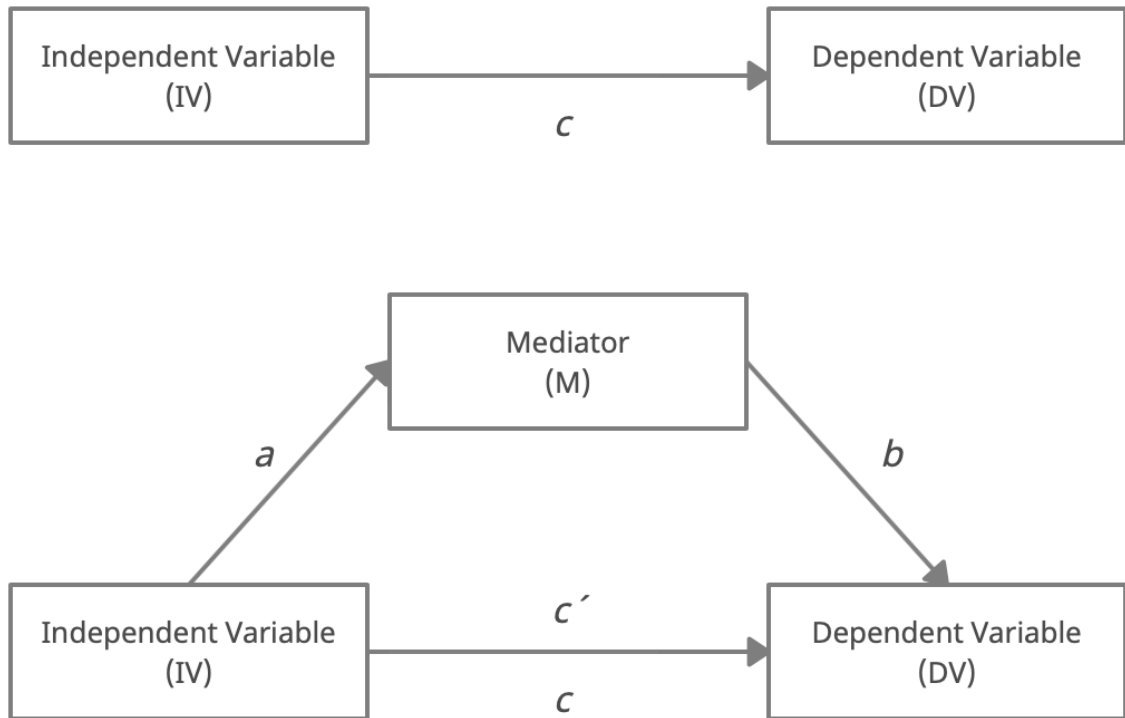
3.4 Instrument

The instrument was designed by the researcher with information sourced from the review of literature and related articles. The instrument consists of 24 items with a 5-point Likert response scale (1 – Strongly agree; 5 – Strongly disagree). For items Q07, Q18, Q23 and Q24 the scores were reversed (1 – Strongly disagree; 5 – Strongly agree) in order to be consistent with the underlying theme as these items have a negative connotation. The items were formulated in a simple and coherent manner in order to ensure that the responders would have clarity and be at ease with regards to their required responses. The 24-item instrument consisted of 4 sections. Section 1 identified responders based on socio-demographic criteria and was composed of 6 items. Section 2 aimed to measure transformational leadership characteristics displayed by the responder’s managers/superiors and was made up of 5 items. Section 3 was intended to assess respondent’s sense of individual performance through a self-assessment process and contained 6 items. Finally, section 4 consisted of 7 items aimed at measuring the elements associated with engagement that were discussed during the literature review in order to contribute to assessing employee engagement levels.

3.5 Data Analysis

A series of statistical tests were performed and followed the logical path required to firstly validate the instrument, and secondly, to perform the necessary tests required to satisfy the hypothesis outlined in the introduction section. The tests were carried out using SPSS version 27. A demographic frequency distribution of responders was done. Testing for internal consistencies and reliability were performed using The Kaiser-Meyer Olkin (KMO), Bartlett's test of sphericity, and Cronbach's Alpha. An Exploratory Factor Analysis (EFA) was then done by means of a Principal Component Analysis (PCA). Multiple tests were run using a variety of rotation extraction methods in order to determine which was best at revealing the underlying constructs. In this case an oblique rotation method, promax rotation, was best suited in identifying the underlying constructs, as the components were expected to be correlated (Gorsuch 1983). An oblique rotation method was used, which is widely accepted in social sciences. The promax method firstly assumes that the variables are orthogonal before adjusting the axis within the multivariate space in such a way as to factorize variables that should be aggregated due to their correlations (Russell 2002). Descriptive statistics and a correlation matrix were then performed to ensure normality and correlations of the structural constructs revealed during the EFA, using their individual mean. The SPSS 25.0 version was used for statistical analysis of the data. The mean and standard deviation and an exploratory analysis of the variables were obtained, as well as the correlations (Pearson's) between them. Mediation determination was performed using a regression-based bootstrap approach with support for PROCESS v 3.3 for SPSS (<http://www.afhayes.com/>, Hayes, 2013). Model 4 of the macro was used, which is based on Baron and Kenny's (1986) causal approach to mediation. Simple mediation tests were performed with one mediator variable (M), affecting the relationship between the independent variable (IV) and dependant variable (DV), see figure 3.1. The tests were performed in order to reveal the statistical relationship between the variables and to either accept or reject the Hypothesis presented in the introduction section.

Figure 3.1 Simple mediation model



Baron and Kenny's (1986) causal steps approach to simple mediation is based on a three-step regression technique:

1. Regression of the mediator variable (M) onto the independent variable (IV)
2. Regression of the dependent variable (DV) onto the independent variable (IV)
3. Regression of the Dependent variable (IV) and the mediator variable (MV) onto the Independent variable (IV)

As per figure 3.1, the intention is to firstly determine the effect of the independent variable on the dependent variable with and without the presence of the mediator variable. This process will provide insight into the statistical relationship and the predictive power of the structural constructs of the instrument that have been revealed by the EFA. By determining how the effect of the IV on the DV then changes with the introduction of the controlled M variable, it is possible to draw conclusions regarding the mediating effect of M and how this changes the relationship between the IV and the DV. The relationship between the variables in a simple mediation model with one mediator is represented as paths a , b , and c' . Path c as outlined in figure 3.1 is the effect of IV on DV without any

controlled other variable influencing the relationship. Path c' (figure 3.2) is the effect of this relationship with the presence of the mediator variable. This approach implies that in order for there to be mediation all paths must be statistically significant. The A. Hayes process model 4 for SPSS that was used to conduct the analysis provides a bootstrapped confidence level at 95%. This will assist the researcher in determining whether the indirect path (c') is significant after the introduction of variable M. The indirect path is the product of the effect of path a and path b , that ultimately provides us with the effect of path c' . If 0 falls between the lower level confidence intervals (LLCI) and the upper level confidence intervals (ULCI) of the bootstrapping confidence interval levels then it can be concluded that there is no mediation (Preacher and Hayes 2004).

4. RESULTS

4.1 Frequency distribution statistics

Table 4.1 presents the frequency distribution of the responders. 60.2% are female and 39.8% are male. The majority (82.6%) have over 5 years of service. The table demonstrates an even distribution of the population based on demographic criteria. Further analysis of the normality of the distribution can be found in section 4.3 of this chapter.

Table 4.1 Frequency distribution of respondents by demographic criteria (n=1316)

<i>Category</i>	<i>Sub – category</i>	<i>Frequency(N)</i>	<i>Percentage(%)</i>
<i>Gender</i>	Female	792	60.2

Table 4.1 Frequency distribution of respondents by demographic criteria (n=1316)

	<i>Male</i>	524	39.8
<i>Age</i>	18-24	127	9.7
	25-34	259	19.7
	35-44	364	27.7
	45-54	313	23.8
	55-65	253	19.2
<i>Business sector</i>	Private	880	66.9
	Public	399	30.3
	Tourism	37	2.8
<i>Family situation</i>	Co-housing	26	2.0
	Living together with children	443	33.7
	Living together without children	323	24.5
	Living alone with children	231	17.6
	Living with parents	32	2.4
	Living alone without children	261	19.8
<i>Years of Service</i>	0-2	108	8.2
	2-5	121	9.2
	5+	1087	82.6

4.2 Exploratory Factor Analysis (EFA)

In order to identify the underlying structure of the developed instrument, the matrix of the correlation between the 24 items was factorized. In a preliminary analysis, the highly significant result of the Bartlett test ($X^2 = 7769.121$, $df = 91$, $p < 0.000$) and the

value of the Kaiser-Meyer-Olkin index ($KMO = .886$), can be classified as very good, and confirm the factoring of the intercorrelation matrix of the variables. A first factorial analysis of an exploratory nature was carried out using the varimax rotation method. During a thorough testing phase an analysis of saturation levels, communalities, and cross-loadings was performed, the results did not prove satisfactory in eliminating cross loads and efficiently factorising the items in a simple structure. This is the reason that a promax rotation method was selected. The Kappa was left at 4 and the extraction was set at eigenvalue > 1 . Items Q07, Q12, Q13, Q18 were not retained either because they did not have a saturation level greater than 0.40 (Field 2009) in any extracted factor or because they simultaneously loaded in 2 or more factors, so in this case each item is only factorised in one component as should be the case (Pedhazur and Shemlkin 1991). By performing multiple tests with varying extraction and rotation methods and considering saturation levels and communalities as well as internal factorial consistencies and correlations, the process revealed three clearly identifiable measurable constructs: Transformational Leadership (items Q08, Q09, Q10, Q11, Q17); Engagement (items Q19, Q20, Q21, Q22, Q23, Q24); Individual Performance (items Q14, Q15, Q16), see table 4.2.

Table 4.2 Factor analysis and internal consistencies

Items	Factor 1	Factor 2	Factor 3	Communalities
Factor 1 – Engagement ($Alpha = 0,856$)				
Q23 I want to change company/organization R	0.949			.742
Q24 I want to change function/position R	0.930			.667
Q19 I enjoy going to work	0.771			.691
Q21 I am completely at home in my job	0.732			.641
Q22 In my job I have a clear goal that motivates me	0.668			.679
Q20 I regard my colleagues as friends	0.407			.309

Table 4.2 Factor analysis and internal consistencies

Factor 2 – Transformational Leadership (<i>Alpha</i> = 0,776)		
Q10 My Manager/Supervisor allows his/her employees/subordinates total freedom to complete the necessary business requirements	.822	.675
Q09 My Manager/Supervisor encourages and considers the contributions of his/her employees/subordinates when making business decisions	.815	.638
Q11 My Manager/Supervisor shares his/her vision of how to complete business requirements and inspires his/her employee/subordinates to share this vision	.797	.607
Q08 My Manager/Supervisor aligns the business goals of the organization with the goals of his/her employees/subordinates and vice versa, and encourages professional development	.621	.333
Q17 My Manager/Supervisor provides me with the necessary tools to perform at my highest level	.424	.576
Factor 3 – Individual Performance (<i>Alpha</i> = 0,738)		
Q15 I am committed to my company /organization	0.907	.723
Q16 I perform to my highest capable level	0.785	.619

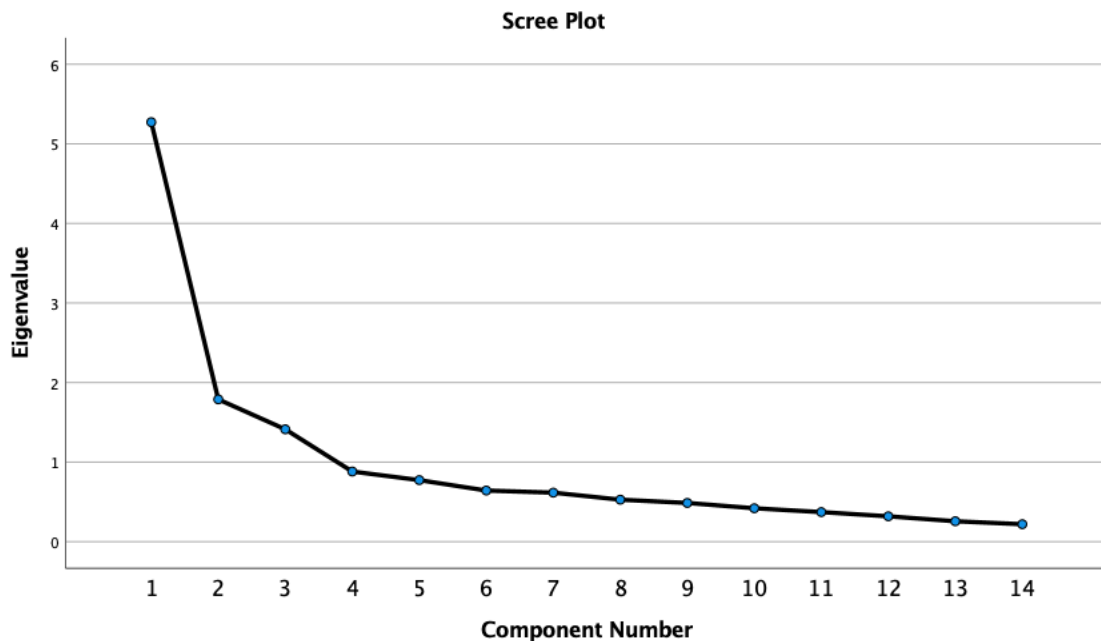
Table 4.2 Factor analysis and internal consistencies

Q14 My contribution is important to achieving my company/organization's goals		0.765	.577
Own values (eigenvalues)	5.273	1.790	1.413
% Variance	37.665%	12.782%	10.094%
% Accumulated variance	37.665%	50.447%	60.541%

R=Reverse scoring

The three retained factors accounted for 60.541% of the variance (Fields 2017), with all having eigenvalues well above 1. Consistencies within each scale were measured with Cronbach's alpha, with each factor scoring above 0.7 which is considered a very good score (Taber 2018, Hair et al. 2019) and confirms the internal consistencies of each component.

Figure 4.1. PCA Scree plot



As per the above scree plot, factors 1 to 3 have been retained. Here it is possible to visualize the curve straightening out as of component 4. The exploratory analysis by means of PCA has established the instrument as a satisfactory measurement scale for the collection of data to be used for the statistical analysis of the relationship of the underlying structural components.

4.3 Testing for mediation

EFA revealed three structural constructs underlying the measurement instrument: 1. Engagement, 2. Transformational Leadership, 3. Perceived Individual performance. The next step of the process was to test these variables for any mediating effects. The presence of mediation amongst the variables can assist with developing a conclusive image of how the constructs interact with each other.

Table 4.3 Descriptive statistics, correlation matrix, skewness and kurtosis (N=1316)

Variables	1	2	3
Engagement	(.86)		
Leadership	.491**	(.77)	
Performance	.427**	.278**	(.74)
Mean	3.6070	3.2623	3.9433
St. Deviation	.90292	.82939	.72250
Skewness	-.542	-.603	-.777
Kurtosis	-.308	1.299	-.244

***. Correlation is significant at the 0.01 level (2-tailed).*

(Cronbach Alpha)

The correlation matrix above provides the expected results and confirms the positive correlations among the variables. Employee engagement is the dominant variable in the group, correlating moderately to strongly with the other two variables.

With the aim of presenting a global representation of the relationship between Transformational Leadership, Engagement and Performance, the following relationship model was projected: 1) Transformational leadership was considered an exogenous and predictive variable; 2) Engagement, an endogenous and an exogenous mediating variable; and 3) Performance, an endogenous variable and outcome

Figure 1 shows the standardized coefficients obtained in the structural equations model, as well as the explained variance (R^2) of the engagement and performance variables. Engagement had a positive and significant predictive effect ($F_{(1,1314)}= 416,82$ $p=0.000$) of Transformational Leadership. Beta value was 0.49 for Transformational Leadership. The total variance of Engagement was 24,1%. Performance had a significant positive predictive effect of Transformational Leadership ($\beta=0.09$, $p<0.01$) and Engagement ($\beta=0.38$, $p<0.01$) ($F_{(2,1313)}= 152,74$ $p=0.000$).The total variance of Performance explained by Transformational Leadership and Engagement, was 19%. Regarding the mediation role, Engagement mediates the influence of Transformational Leadership on Performance. The total effect (mediator not in the model) shows ($\beta=0.28$, $p<0.01$). The direct effect (mediator in the model) ($\beta=0.09$, $p<0.01$) and the indirect effect ($\beta=0.19$, $p<0.01$). Leadership had a direct and indirect impact on performance with regard to the total effect of Transformational Leadership on performance, 32% ($0.09/0.28$) was direct, while 67,9% ($0.19/0.28$), was indirect.

Table 4.4 Direct effect, indirect effect, and total effect of the studied variables (N = 1316)

Effect	Coef.	SE	<i>Boot LLCI- Boot UCLI</i>	Beta
DIRECT EFFECTS				
<i>Engagement</i>				
Transformational Leadership	0.53	0.03	0.48-0.59	0.49
<i>Performance</i>				
Transformational Leadership	0.08	0.03	0.02-0.14	0.09
Engagement	0.31	0.02	0.26-0.36	0.38
INDIRECT EFFECTS				
<i>Engagement</i>				
Transformational Leadership	(no path)			
<i>Performance</i>				
Transformational Leadership	0.16	0.02	0.13-0.20	0.19
Engagement	(no path)			
TOTAL EFFECTS				
<i>Engagement</i>				
Transformational Leadership	0.53	0.03	0.48-0.59	0.49

Table 4.4 Direct effect, indirect effect, and total effect of the studied variables (N = 1316)

<i>Performance</i>				
Transformational Leadership	0.24	0.02	0.20-0.29	0.28
Engagement	0.31	0.02		0.38

All coefficients are significant (p < 0.01); Coef. – Coefficient; SE – Standardized Error; Beta – Coefficient beta; Boot LLCI: The lower limit of the 95% confidence intervals for population value of the indirect effects; Boot UCLI: The upper limit of the 95% confidence intervals for population value of the indirect effects

5. DISCUSSION

The present study has statistically validated the relationship between transformational leadership, employee engagement, and individual performance by means of a thorough research process and provides empirical evidence of the relationship and statistical proof of the cause and effect of these themes within the greater business context. This could be considered an important development for business managers, HR professionals, and fellow researchers. Jena and Pradhan (2016) state in their research whilst developing a measuring scale for employee performance at the workplace, that to “To develop a sound and testable theory on the construct of employee performance, the moderators, mediators, and other associated variables need to be identified by future researchers to extend its scope and coverage” (Jena and Pradhan 2016: 14). An authoritarian approach is, for example found to have a detrimental effect on employee engagement by researchers such as Al Khajeh (2018) and Puni et al. (2016) while positive outcomes are found with regards to democratic leadership by researchers such as Al Rahbi et al. (2017) and Ego and Madubueze (2019). Professional surveys undertaken by companies like Decision Wise or Denison consulting confirm leadership as a predictive variable of employee engagement. A transformational leader creates a culture in which employees can feel good and thrive (Jin 2010). A transformational leader empowers their followers (Bhutta et al. 2019). The role of the manager within a business context with regards to the impact that management can have on creating an environment within which employees can engage themselves is confirmed by previous research (Luthans & Peterson 2002; Robinson et al. 2004). This research also establishes employee engagement as a

crucial contributing factor for individual and organizational performance (Bradley 2004; Alfes et al. 2013; Nguyen and Chau 2017).

By utilizing Bass' (1978) concept of the four I's of transformational leadership, this research is based on a credible and widely accepted notion of transformational leadership that is reflected in the design of the instrument. This also provided a platform from which to explore the relationship with employee engagement and individual performance.

Employees are a business's essential resource and they must be treated as such. Organizations that nurture their employees can expect better results (Krishaveni and Sripirabaa 2009). A transformational leader recognizes this and takes the necessary actions to create an environment or space where individuals can become more engaged and perform better. This research confirms the positive correlations between the variables. This implies that a more transformational leadership management style positively affects employee engagement and that these two variables contribute to higher levels of individual performance. A manager with a transformational leadership style will have a visionary and strategic approach and develop close bonds with their subordinates that will in turn allow them to evolve professionally (Bass and Avolio 1994; Muzee et al. 2016; Kabetu and Iravo 2017; Zia-Ud-In et al. 2017). Transformational leadership is proven to be associated with higher levels of individual performance (Dastane 2020). Bakker and Demarouti (2008) discuss the importance of work engagement and how it positively impacts performance.

For a conceptual model to be credible, the key relationships must first be validated. Validation and reliability are essential in order for the instrument to have credibility (Souza, Edineis & Guirardello 2017). The proposed model presented partial mediation within the conceptual framework in order to further investigate transformational leadership by identifying related variables and exploring the relationships amongst them. Within a management context, and after an extensive review

of previous studies and articles, employee engagement and individual performance were deemed relevant themes through which alternative hypotheses could be analyzed, contributing to and improving the theoretical development (James and Brett 1984) of the research field. Exploratory factor analysis is a satisfactory method of validating a measurement instrument.

EFA provided factors or underlying constructs that can be directly related to the developed themes of the research as outlined in the results section. The inclusion of demographic related criteria that were not considered during the validation process can provide future researchers with the opportunity to further examine the significant relationships by exploring how these may be altered with the introduction of a moderating variable such as gender, age, or rank. For example, Gellert and Schalk (2012) imply that older employees may display higher levels of performance as they are more experienced with interacting with senior leadership or upper management.

There are however limitations associated with this research. Although the instrument has been validated and proven to be reliable through an accepted statistical analysis process, it lacks any practical testing. There was no pilot test and the questionnaire was not validated by any proven academics or professional body of experts. It may be beneficial for a panel of experts to review the instrument in order to highlight areas for improvement either through the addition of items that may strengthen each factor or in the wording of each item for clarity purposes. The inclusion of positive and negatively implied items provides the instrument with an emotional complexity. Existing literature and results of previous studies support the results of this research and satisfy the suggested hypotheses. Another limitation of this research is related to the lack of a universal description and accepted definition of what employee engagement is and how it can be measured. Despite the lack of a universal consensus among academics, there are numerous professional bodies or management research platforms that provide practical and reliable information about engagement and how organizations can best assess and improve it. The broad scope of each theme and the different elements of management science that each of the themes interacts with provide a vast space that can be explored.

However, providing a precise role or impact that each one has within an organizational structure is difficult to measure and assess. A limitation presented by Bhutta et al. (2019) was that their study only focused on one geographical area so extending similar research to other areas is beneficial in contributing to explaining how transformational leadership affects individual performance and state that “The study responds to calls for additional clarification of the link between transformational leadership and employee performance” (Bhutta et al. 2019: 317).

Future research could make use of the instrument in order to contribute to the field of study. Future researchers may challenge the instrument and assist in developing it, in order for it to become a fully viable tool to be used to assist organizations in determining their type of leadership culture and how it impacts their employee’s performance by understanding what actions need to be taken in order to create a space in which employees can become more engaged.

Based of the assumptions developed during the literature review and that were utilized to design and justify the item inclusion of the questionnaire, the hypothesis outlined in Chapter 2 of this research can be accepted:

Transformational leadership, employee engagement, and individual performance are statistically significant and positively correlated with one another **(H1)**.

And

Employee engagement is a mediating variable in the relationship between transformational leadership and individual performance **(H2)**

6. CONCLUSIONS

The research undertaken during this study has revealed the complex nature of transformational leadership and how it interacts with employee engagement and individual performance. These are issues that are of great importance to managers, HR professionals, and industry specialists due to how they affect organizational performance. There is abundance of evidence demonstrating the impact that leadership has on shaping and building the DNA of an organization. Thompson (2015) argues that people within the organization have the opportunity to work with others to influence and shape it and bring about improvement. Crotts et al. (2005) mention that leaders are the drivers to performance in the organization. Leaders also set a direction, align people, motivate and inspire (Kotter 2001). Tangen (2004) states that leaders can formulate the strategies, identify capabilities, and plan processes. Transformational leadership is a democratic, inclusive type of leadership, one that shares both the strategy and vision of the organization with all employees. A manager with a transformational approach will encourage the contributions of subordinates and provide them with an invitation and space within which they can engage themselves. By applying the 4 Is concept, the transformational leader will create a climate of trust, inspire and instill motivation, stimulate and challenge, and positively influence subordinates.

In doing so, the employee operating under such management and senior leadership will thrive and be more satisfied in their job. They will be empowered to take ownership of tasks and be committed and loyal to the organization. They will become engaged and as a result of this will perform better. Each subordinates heightened individual performance is beneficial to the organization.

. Evidence was presented and it was thereafter proven that transformational leadership positively impacts individual performance. Furthermore, engagement was identified as a mediating variable.

Within an organizational performance context, it is possible to visualize how transformational leadership impacts overall performance. Conclusions can be drawn from

this research that transformational leaders positively impact individual performance by creating a space in which employees can become more engaged. A more engaged employee will perform better that will in turn benefit the overall performance of the organization.

Previous research supports these conclusions and add weight to the discussion. Researching the impact of transformational leadership on the performance of technology-based SMEs in Malaysia, Arshad et al. (2016) found that this leadership approach led to exceptional business performance. Akram (2018) and Strukan et al. (2017) found similar results in Pakistan and Bosnia respectively. The consensus amongst researchers confirms that transformational leadership, if properly utilized, leads to positive business outcomes. Strukan et al. (2017) attribute the high likelihood of success of transformational leadership to the fact that it enables leaders and their subordinates to view organizational goals as their own, thus making them strive to achieve satisfaction from the achievement of these goals. This assertion is supported by Alqatawenh (2018) who discusses the reconciliation of personal and organizational goals as one of the reasons why this leadership approach has been found to be highly effective.

The present study has accomplished it's desired goals by contributing to filling gaps that exist within the scope transformational leadership and individual performance. By identifying and validating engagement as a mediating variable between transformational leadership and individual performance by means of a proven and scientifically accepted statistical analysis process, the study provides insight into the interaction and relationship amongst the variables. There is an abundance of literature relating to each theme individually, however there is a lack of material that academics and scholars can lean on to develop theories and concepts, by treating the three significantly correlated variables as a positively functioning group.

Literature has established transformational leadership as an approach that managers and HR professionals can utilize in order to include employees in every aspect

of the organization's goals, at both the strategic and operational level. By including subordinates in the decision-making process and allowing employees to express themselves creatively, and to grow personally and professionally, the transformational leader can create a space in which organization members can engage themselves. In doing so the employees will perform better and contribute to increased overall performance.

The quantitative analysis undertaken during this research supports this by providing empirical evidence and contributing to a greater understanding of the field of study. The main goals of the research have been met. The results of this research presented in section 4 support the hypotheses that were developed during the literature review. This was achieved through the statistical analysis of the data that was collected after the distribution of the questionnaire that was tested for reliability and validated by means of a proven and credible statistical analysis process.

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