THE ROLE OF TRANSFORMATIONAL LEADERSHIP IN EMPLOYEE PERFORMANCE: A SYSTEMATIC LITERATURE REVIEW AT XYZ UNIVERSITY

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Abstract

Transformational leadership has become an important subject of research in the field of management and organizational psychology, due to its powerful influence on individual and group performance. The method used in this study is the search for scientific articles in leading academic databases. Inclusion criteria were established to select articles relevant to this research topic, i.e. research explaining the relationship between transformational leadership and employee performance at XYZ University. After passing the selection process, articles that meet the inclusion criteria are taken as research samples. The results of this systematic literature review show that transformational leadership has a significant positive impact on employee performance at XYZ University. Several studies have found that transformational leadership is positively associated with productivity, work quality, job satisfaction, and employee organizational commitment. Previous research has shown that transformational leadership affects employee performance through several mechanisms. First, transformational leadership encourages employees to adopt a strong organizational vision, which provides clear goals and direction. Second, transformational leadership creates a work environment that supports employees' personal and professional development, which increases their motivation and commitment to the organization. Third, transformational leadership builds strong interpersonal relationships between leaders and employees, which improves trust, communication, and collaboration. In addition, this literature review also identified several contextual factors that can moderate the relationship between transformational leadership and employee performance. These factors include organizational culture, organizational structure, and individual characteristics of employees. In an organizational culture that supports innovation and participation, transformational leadership can have a stronger impact on employee performance. Similarly, flexible and empowering organizational structures can enhance the effects of transformational leadership on employee performance. In addition, individual characteristics such as motivation and personality can also influence the relationship between transformational leadership and employee performance. The findings of this study show that transformational leadership has an important role in improving employee performance. However, more research is needed to understand more deeply the mechanisms and contextual factors that influence these relationships, as well as test their effects in different organizational contexts.

Keywords: Transformational Leadership, Employee Performance
1. Introduction

The main challenge for organizations at XYZ University today especially in terms of building the intellectual capital of their employees is how the organization can facilitate knowledge sharing activities among employees well and to ensure that the knowledge shared can contribute to the progress of the organization, as expressed by Chen et al (2019) where the competitive advantage of every organization depends on knowledge owning the organization itself. In this case, the knowledge created and stored by employees must be well managed and usable by the organization, Higher individual performance hints that transformational leadership has a positive relationship with the individual performance of employees. Employees led by transformational leaders tend to exhibit higher levels of productivity, quality of work, and goal achievement; in other words, existing knowledge is not only created and stored on its own, but must be shared with other employees for the purpose of organizational success. Better innovation and adaptability provide transformational leadership can also drive innovation and adaptability within organizations. Leaders who are able to inspire employees to think creatively, take controlled risks, and adapt to change can help organizations face challenges and achieve competitive advantage. In this case General Problems and General Organizational Performance related to the Role of Transformational Leadership on Employee Performance, where problems often occur 1). Lack of employee commitment: Organizations often face challenges in maintaining employee commitment to the organization's vision, mission, and goals. When transformational leadership is not implemented properly, employees may lose clear direction and trust in the organization, which can lead to decreased performance, 2). Low productivity: When transformational leadership is absent or less effective, employees tend to lose intrinsic motivation and engagement in their work. This can lead to a decrease in overall productivity within the organization, 3). Lack of innovation: Supportive transformational leadership can hinder an organization's ability to innovate. Employees may not feel encouraged to think creatively, take controlled risks, or contribute with new ideas that can improve performance and competitive advantage.

The literature on knowledge management has long suggested that knowledge sharing can enable organizations to develop competitive advantage and increase employee capacity to come up with creative solutions (Jackson et al, 2016). According to (James Bass and Bernard M. Bass, 1998) transformational leadership involves four main components, namely idealization of influence, motivational inspiration, intellectual stimulation, and individual attention to implement transformational leadership effectively, management must understand several important concepts and practices, including: 1). Understand the principles of transformational leadership: Management needs to understand the essence of transformational leadership, such as influence leaders towards vision development, employee empowerment, and building strong relationships, 2). Development of leadership skills: Management needs to develop the leadership skills necessary to be an effective transformational leader, such as communication skills, relationship building skills, and employee inspiring and motivating skills, 3). Establish a supportive organizational culture: Management needs to build an organizational culture that supports transformational leadership. This involves creating a collaborative, innovative, and empowering work environment, where leaders and employees can support each other and be involved in the achievement of organizational goals in addition, knowledge sharing is also recognized as an important social asset for organizations to
improve job performance and increase organizational success (Masa'deh et al, 2016). Knowledge sharing can also play a major role in organizations considering that these activities lead to the formation of new knowledge, the refinement of old knowledge and synthesizing a lot of knowledge in the future (Fong et al, 2017).

Leadership was identified as one of the four key characteristics of knowledge sharing (Goh, 2020). Leaders are advised to assist in establishing a conducive sharing environment and encourage the intrinsic motivation of the individual being led (Gamosanchez and Cegarranavarro, 2015). Among many leadership theories, transformational leadership has been shown to have a very positive impact on business unit performance (Howell and Avolio, p.35, 1993), further transformational leadership is considered one of the most significant factors that can motivate employees to produce outstanding performance as well as promote knowledge sharing within the organization (Bryant, 2016). Thus, addressing the consequences of task performance, which is influenced by leadership and knowledge sharing, needs to be explored academically. Therefore, the purpose of this study is to describe the relationship between transformational leadership and knowledge sharing which is influential for organizational performance.

With regard to human resources, organizational performance depends on the leadership of the organization and the performance of the employees in it (Kamali, 2014). Employees with good performance can be an asset to the organization and leaders have an important role in influencing employee performance and organizational success as from the results of previous studies that revealed that leadership is key in encouraging knowledge sharing activities between employees within the organization (Yin et al, 2019). Leadership is important in organizations to encourage employees to actively engage in knowledge behavior (Adamu et al, 2016).

By understanding common organizational issues and general performance related to transformational leadership, as well as the management knowledge provided by experts, management can take appropriate steps to implement and improve transformational leadership practices in their organizations, According to (Bruce J. Avolio and Bernard M. Bass, 2000) transformational leadership involves a deep understanding of employees, providing motivation, providing clear direction, and develop and empower employees to reach their full potential with the goal of improving employee performance and achieving better organizational success

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<td>What is the role of transformational leadership towards performance in relation to performance?</td>
<td>Identify transformational leadership roles and their relationship to performance</td>
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2. Theoretical Background

Transformational Leadership

Leadership is the process of behavior by which a person encourages a group of individuals to achieve a series of goals Northouse (2020). Transformational leadership is one of the key leadership styles in management practices that is proven to positively
impact employee attitudes, behaviors, and individual development (Berraies and El Abidine, 2019). Various researchers have suggested that transformational leadership theory has greatly expanded current leadership research (Mittal and Dhar, 2015).

Based on transformational leadership theory, transformational leadership consists of four unique dimensions, namely, ideal influence or charisma, inspirational motivation, intellectual stimulation and individual consideration (Nemanich and Keller, 2017). In this framework, ideal influence refers to the characteristics exhibited by a transformational leader who becomes a role model for his followers, respects and trusts the leader and seeks to emulate the leader's behavior. Inspirational motivation suggests that a leader inspires followers by conveying a vision that appeals to them and then motivates them to embrace and achieve that vision. Both of these dimensions reflect the charismatic features of a transformational leader. Intellectual stimulation suggests that a leader encourages his followers to challenge existing norms and take risks by addressing problems in new ways (Hu et al., 2022). Individual consideration refers to the process by which a leader motivates followers by paying attention to followers' needs and listening to their concerns to help them develop and grow (Hoffman et al., 2011). By engaging in these transformational leadership behaviors, a leader can change followers' attitudes and behaviors, foster value for change, and thus drive change and enhance followers' professional growth (Carmeli et al., 2014).

Employees are usually unwilling to share knowledge with others without strong motivation because they perceive their personal knowledge as a source of profit and strength (Ma et al., 2014). Researchers in the field of knowledge management have examined many factors that may influence knowledge sharing activities in organizations, among which it was found that transformational leadership has an important role in promoting knowledge sharing activities through employee motivation (Bryant, 2003). These findings are also in line with findings in previous studies (Berraies and El Abidine, 2019; Le and Hui, 2019; Shariq et al., 2019). Furthermore, transformational leadership can encourage knowledge sharing activities because a transformational leader can change his followers through attitudes and behaviors that can foster value for change (Carmeli et al., 2014). With a new vision or change idea for a better future, followers are more willing to accept the transformational leader's call to share their knowledge with other group members so that they can work together to achieve a better future for the organization and each individual member.

Organizational Performance

Given the various challenges facing organizations today, it involves evaluation and analysis of how an organization achieves its goals and desired outcomes. According to Armstrong, M. (2012), that organizational performance management should be based on clear objectives, as well as integrating aspects such as strategic planning, goal setting, performance measurement, feedback, performance development, and rewards. Some of the key points described by Armstrong in his book include 1). Goal Setting: The organization must have clear and measurable goals to provide a clear direction for performance. These goals should be related to the vision, mission, and strategy of the organization, 2).

Performance Measurement: Armstrong underscores the importance of using relevant, measurable performance indicators to measure the achievement of organizational goals. Performance measurement should cover a variety of dimensions, including financial and
nonfinancial, 3). Performance Development: The organization should provide support and opportunities for individual and team performance development. This can include coaching, learning, mentoring, and career development. Organizational performance can be measured through various indicators, such as productivity, efficiency, effectiveness, customer satisfaction, innovation, and sustainability. Handling performance is one of the keys to the success of any organization in order to survive and succeed in a changing business environment. According to Richard Daft (2005), organizational performance is the result achieved by the organization in combining and utilizing resources effectively to achieve predetermined goals, so performance is the ability of individuals to realize goals, meet expectations and achieve organizational targets or standards (June and Mahmood, 2021).

According to Daft, R. L., & Marcic, D. (2010) a deep understanding of management, including organizational performance explains how organizations can achieve optimal performance through strategic planning, effective organization, good leadership, and proper control. In the business world, performance is seen as the fulfillment or achievement of job duties that can be measured through completeness, timeliness, accuracy standards, cost and so on. According to Robert Kreitner and Angelo Kinicki (2013), organizational performance is the ability of an organization to achieve goals and satisfy customers through efficient use of resources, in this case Performance is the achievement that a person obtains as a result of experience during their career span (Vikineswaran, 2017). Performance can also mean a demonstration of ability, especially when compared to other colleagues (Domingues et al., 2017).

3. Methods

This research is a systematic literature review or SLR using the Preferred Reporting Items for Systematic Reviews and Meta-analysis or PRISMA method. Systematic literature review is a research method that aims to evaluate, identify and analyze the results of research that has been done previously related to a topic that is the focus of discussion. There are several stages in the preparation of research using systematic literature review, as follows: Formulating research questions, searching, screening and selecting appropriate research articles or journals, conducting analysis and synthesis in the form of qualitative results, implementing quality control and preparing final reports (Penny & Hammond, 2018).

The stages in this systematic literature review consist of several stages based on the explanation above by Penny & Hammond (2018), such as; 1) Compile an introduction or background and purpose, 2) Compiling research questions, 3) Search and collect literature, 4) Selection of criteria, 5) Data segregation strategy, 6) Assess the quality of the selected literature, 7) Data synthesis and the last stage is, 8) Presentation of results.

Literature Search

The search for research articles that are relevant to the topic or focus of discussion is carried out using keywords such as: Transformational leadership and employee performance and Transformational leadership and Employee Performance. The use of keywords using English because the articles or journals used as literature in this study are articles or journals that are published internationally. Furthermore, research databases used in literature search are such as: Emerald Insight, ProQuest, DOAJ, ScienceDirect. The strategy of adjusting keywords in literature search is also carried out to find literature
that is relevant. According to Daft, R. L., & Marcic, D. (2010) a deep understanding of management, including organizational performance explains how organizations can achieve optimal performance through strategic planning, effective organization, good leadership, and proper control in the business world. Performance is seen as the fulfillment or achievement of job duties that can be measured through completeness, timeliness, accuracy standards, cost and so on. According to Robert Kreitner and Angelo Kinicki (2013), organizational performance is the ability of an organization to achieve goals and satisfy customers through efficient use of resources, in this case Performance is the achievement that a person obtains as a result of experience during their career span (Vikineswaran, 2017). Performance can also mean a demonstration of ability, especially when compared to other colleagues (Domingues et al., 2017).

**Selection Criteria**

The literature used is an international article or journal published from 2012 to 2022. After obtaining samples, the selected literature is then classified as a collection for relevant information. Furthermore, based on the results of analysis and synthesis of data from the literature will produce information according to the focus of discussion.

![Figure 1. PRISMA Flow Diagram Systematic Review](image-url)
4. Results and Discussion

Based on the results of searching literature and passing quality control as stated in figure 1, 11 literature sources were obtained that met the criteria to answer the questions from this study. The following is a review of previous research on transformational leadership on performance and its effect on performance, that one way to improve performance is to apply a transformational leadership style to produce high performance. A transformational leader creates a model tailored to employees' desires in terms of sharing knowledge and to continuously learn and seek new ideas. In addition, organizational leaders create a climate or atmosphere that allows and facilitates knowledge sharing. In addition, transformational leaders contribute to knowledge through a shared vision, provide appropriate models, encourage adaptation to group goals, and inspire employees. Leaders support innovative ideas, build systems and cultures, and share knowledge that ultimately improves employee performance. Performance is enhanced through transformational leader roles where teams or groups work cohesively. This cohesive nature in relation to work can improve the implementation of joint work activities. This joint activity is carried out with intensive communication between colleagues by sharing knowledge with each other and allowing knowledge sharing to complete all tasks (Layaman et al., 2021).

Transformational leadership has an influence, of course, this also has a positive impact on performance, during the knowledge work process, employees see their leader as a figure that can be imitated in their daily work lives and automatically the performance of their employees will also improve and be better (Yani et al., 2022). Further, most studies on the relationship between transformational leadership style and performance produce positive and significant results as already conducted by (Buil et al., 2019; Ribeiro et al., 2018; Obeidat & Tarhini, 2016; Asrar-ul-Haq and Kuchinke, 2016; Cavazotte et al., 2013; Sundi, 2013; Carter et al., 2013; Ghafoor et al., 2011). The results of the following studies show that transformational leaders inspire subordinates to have a vision, mission, and organizational goals. In addition, the leader encourages and motivates subordinates for maximum performance, stimulates them to act and solve problems critically, and treats employees individually. As a result, subordinates respond by working to the maximum.

The results of other studies from (Rohim and Budhiasa, 2019) also show that knowledge sharing affects employee performance. Knowledge sharing activities include technical expertise, training, policy documents and cooperation. Employee performance will be better if there are open opportunities in leadership. Achieving performance targets will be easier because knowledge sharing reduces teamwork conflicts, reduces duplication of knowledge, and generates synergistic knowledge that provides the best course of action solutions.

5. Conclusion

This study identifies previous literature or research on transformational leadership on performance and its relation to employee performance. The authors conclude that transformational leadership has a significant role in improving employee performance. The studies covered in this review show a positive relationship between transformational leadership and individual and group performance. In the context of individual performance, transformational leadership has a positive impact on employee productivity. Transformational leaders are able to inspire, motivate, and give clear direction to
employees, thereby improving their performance. In addition, transformational leadership is also associated with higher quality work, where employees tend to achieve higher standards in their tasks. Although this literature review provides strong evidence of a positive relationship between transformational leadership and employee performance, keep in mind that there is variation in findings between the studies covered. Therefore, more research is needed to understand the mechanisms underlying this relationship and the contextual factors that influence it. The authors hope future research can continue a more comprehensive understanding of the complexity of the relationship between transformational leadership and employee performance. As well as transformational leadership roles play an important role in improving employee performance. Organizations need to pay attention to the importance of implementing effective transformational leadership, pay attention to relevant contextual factors, and develop the knowledge and management skills necessary to be successful transformational leaders. Thus, organizations can achieve better performance and create a productive, innovative, and motivating work environment for employees.

References


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