

Effect of Idealised Influence, Inspirational Motivation, Intellectual Stimulation and Individualised Consideration on Service Sector Employees’ Performance in Karachi, Pakistan

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Received: Oct. 31, 2021 Accepted: Nov. 17, 2021 Online published: Nov. 22, 2021

doi:10.5296/ijhrs.v11i4.19219

URL: <https://doi.org/10.5296/ijhrs.v11i4.19219>

Abstract

Transformational leaders motivate their employees in such a way that employees start adopting the vision of the organisation as their own vision. Precisely research concerning relationship between transformational leadership and employee’s performance has been conducted by many researchers as well as in leading sectors and industries of Pakistan. However, there is a dearth of researches that investigates the effect of four dimensions of transformational leadership on employee’s performance in services sector. Therefore, this study was carried out to assess the relationship between transformational leadership and its four dimensions on the performance of employees considering services sector in Karachi, Pakistan. Snowball sampling was utilised and participants were selected among the service sector employees in Karachi, Pakistan. Hypotheses were tested by utilising Smart-PLS. The findings revealed that individualised consideration and idealised influence significantly

contributes towards enhanced performance of employees. Contrary to expectation, intellectual stimulation and inspirational motivation was found to be not significant with employee performances'. It is suggested that management of service sector organisations' should acknowledge the importance of the dimensions of transformational leadership on employees' performance, which will eventually will lead to the achievement of the strategic goals and tasks defined by the service sector organisation.

Keywords: idealised influence, inspirational motivation, intellectual stimulation and individualised consideration, service sector, employees

1. Introduction

According to the World Trade Organisation (WTO), services sector contributes about 70% of the total global output. It is one the most rapidly growing sector in the global economy. This sector has significant relationship with the cross border trade too (Memon, 2015). Pakistan Economic Survey also indicates that that about 6.43% of robust growth has been observed in service sector in the last two years (Rana, 2018). The latest figures of the year 2017 showed that services sector of Pakistan contributes about 53.09% of the country's GDP (Statista, 2019).

To stay in competitive environment, service sector organisations are very much concerned about the performance of employees. It is also anticipated that service sector organisational success is much dependent on the effective leadership and better synchronisation among the leader and its and employees (Khan, Bukhari and Channar, 2016). Precisely, transformational leaders motivate their employees in such a way that employees' start adopting the vision of the organisation as their own vision (Jiang et al., 2017). Precisely research concerning relationship between transformational leadership and employee's performance has been conducted by many researchers as well as in leading sectors and industries of Pakistan. However, there is a dearth of researches that investigates the effect of four dimensions of transformational leadership on employee's performance in services sector. Therefore, this study was carried out to assess the relationship between transformational leadership and its four dimensions on the performance of employees considering services sector in Karachi, Pakistan.

2. Literature Review

2.1 Individualised Consideration and Employees' Performance

Individualised consideration involves socio-economical support to the employees by the leaders, (managers or supervisors) of the organisation. This helps the employees in stimulating the development of the employees and empowering them with their responsibilities (Suresh and Rajini, 2013). Furthermore, leaders are very much concerned about their needs and demands and their feelings. Using this approach, a leader utilizes its subordinate's potential and talent so that they can contribute more effectively to the organisation. The manager or the leader considering this approach acts as an advisor to its subordinates. According to Ogola, Sikalieh and Linge (2017a), employees give their optimum performance when the leader recognises their efforts towards their work, bestows them

confidence, encourages the development of employees, communicates with them in a friendly manner and treats them as a mentor or a coach rather than a typical boss. Thus, it could be hypothesized that:

H1: Individualised consideration of a leader is positively related to performance of employees.

2.2 Idealised Influence and Employees' Performance

Leaders' idealised influence refers to leaders who should represent themselves as an ideal leader for their followers and provide a sense of mission and vision to their employees, to focus on long term plans (Strukan, Nikolić and Sefić, 2017). The leader acts as a mentor to its employees and become a role model for their employees. Leader go beyond their own self-interest for the sake of the employees or the organisation.(Khan et al., 2016). Leaders with idealised influence characteristic sets such examples which are being adopted and followed by their employees. Consequently, it was found out that employees' performance gradually increases when leaders encourages them to think critically to solve the problems, to take initiatives at their own and to apply innovative approach to their work or task assigned to them. (Ogola, Sikalieh and Linge, 2017b). Thus, it could be hypothesized that:

H2: Idealised influence of a leader is positively related to performance of employees.

2.3 Intellectual Stimulation and Employees' Performance

Intellectual stimulation of leader focused towards enhancing creativity and innovation among employees. In another words, the leader inspires its employees to come up with new creative ideas and innovation. The leader promotes their followers/employees thinking and encourages them, allow them to communicate and express their ideas and opinions. Employees are encouraged to develop and to come up with some new solution to the problems, when it comes to crucial decision making (Stump et al., 2016). As per Ogola et al. (2017a), employees' performance gradually increases when leaders encourage them to think critically to solve the problems, to take initiatives at their own and to apply innovative approach to their work or task assigned to them. The performance of employees increases when leaders motivates and promoted creativity and innovation among the employees and encourages them to come up with some creative solution to the problem. (Khalil et al., 2018). Thus, it could be hypothesized that:

H3: Intellectual stimulation of a leader is positively related to performance of employees.

2.4 Inspirational Motivation and Employees' Performance

As an inspirational motivator, the leader portrays their optimistic and enthusiastic behaviour towards their employees (Nyokabi et al., 2017). The leaders convince its followers towards the compelling vision of the organisation by sharing the positive aspects of the vision, giving them self-confidence and communicates what are the leader expectations from its subordinates through the motivation and stimulation displayed by the leader (Uusi-Kakkuri, 2017). Leader communicates the vision of the organisation clearly and consistently to its employees and by doing so, leader encourages its followers and provides them the guidance

needed to achieve the goals by clearly illustrating them the importance of organisational vision (Stump et al., 2016). This indicates that leaders' inspirational motivator inspires its followers/employees towards the vision of the organisation in a way by motivating them through fulfilment of their material and non-material needs, which will consequently enhance employees' performance. Thus, it could be hypothesized that:

H4: Inspirational motivation of a leader is positively related to performance of employees.

Figure 1 depicts the research framework of the study.

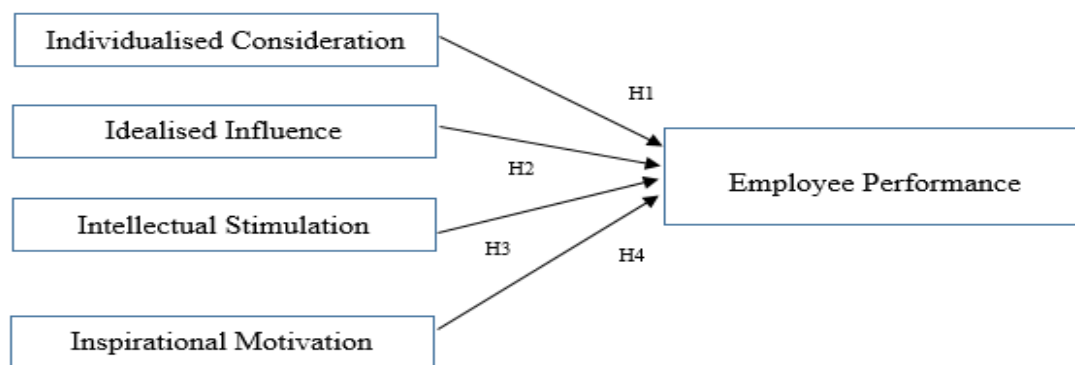


Figure 1. Research Framework of the Study

3. Methodology

A quantitative approach was used to test the questionnaires towards attaining reliable results. Snowball sampling was utilised and participants were selected among the service sector employees in Karachi, Pakistan. The data was collected by using questionnaires. All scales in the questionnaire were measured using a 5-point Likert scale range. Transformational leadership was measured by utilising a modified version of the Multifactor Leadership Questionnaire (MLQ). The modified version only included statements about the four dimensions of transformational leadership. Job performance was measured using a 6-item scale developed by Williams and Anderson (1991). After the major data collection, 100 completed questionnaires were returned, and the raw data was manually keyed in through SPSS version 22.0 and analysed by utilising Smart-PLS.

4. Results

4.1 Respondents' Demographic Profiles

Frequency analysis was run to assess the demographic profiles. Table 1 exhibits the respondents' demographic profile of the study.

Table 1. Respondents' demographic profile of the study

Category	Frequency	Percentage (%)	Cumulative Percentage (%)
Gender	Male	87	87
	Female	13	13
Age	18 – 29	21	21
	30 – 39	36	36
	40 – 49	42	42
	51 years and above	1	1
Level of Education	Diploma	16	16
	Degree	37	37
	Masters	36	36
	PhD	1	1
Number of years served in current organisation	1-4 Years	31	31
	5-8 Years	33	33
	9-12 Years	31	31
	13 years and above	1	1

4.2 Reliability Analysis

With regards to the result of reliability analysis, Cronbach's alpha for all constructs is greater than 0.8 and ranges from 0.836 to 0.915 (as per Table 2). This is in line with Zikmund et al.'s (2013) arguments that Cronbach's alpha close to 1 represents higher reliability and greater internal consistency. In this study, all the constructs are quite close to 1. Hence, it can be concluded that instruments used in this study represents high consistency and can be used for further analyses and investigation.

Table 2. Reliability Analysis

Construct	Cronbach's Alpha
Intellectual Stimulation	0.901
Inspirational Motivation	0.867
Individualised Consideration	0.915
Idealised Influence	0.907
Employees Performance	0.836

4.3 Correlation Analysis

Correlation analysis was carried out to determine the strength of relationship between the independent and dependent constructs. Table 3 illustrates the results of the Pearson

Correlation test. The test was conducted to determine the relationship between dependent construct (employees' performance) and independent constructs (inspirational motivation, intellectual stimulation, individualised consideration and idealised influence). The value of "r" for all the independent constructs is greater than 0.5. For instance, (1) $r = 0.622$ (inspirational motivation), (2) $r = 0.563$ (intellectual stimulation), (3) $r = 0.636$ (individualised consideration) and (4) $r = 0.680$ (idealised influence). Hence, it can be concluded that fair and moderate relationship exists between independent constructs and dependent construct of the study. Furthermore, as per Table 3, significant and positive relationship exists between all the independent constructs with the dependent construct ($p < 0.05$).

Table 3. Reliability Analysis

Independent Constructs	Pearson Correlation	Sig. (2 tailed)
Inspirational Motivation	0.622**	0.000
Intellectual Stimulation	0.563**	0.000
Individualised Consideration	0.636**	0.000
Idealised Influence	0.680**	0.000

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

Dependent Construct: employee's performance

4.4 Test of Hypotheses

Hypothesis testing is utilised to examine whether the stated hypothesis can be supported or not supported. Model's R-square shows the value of 0.691. This means 69.1 percent of the variance in the dependent construct was described by the model.

Table 4. Test of Hypotheses

	Individualised Consideration	Idealised Influence	Intellectual Stimulation	Inspirational Motivation
Standardised Beta	0.247	0.632	0.014	-0.029
t-value	1.981	4.747	0.107	0.210
p-value	0.048	0.000	0.915	0.834
UL	0.517	0.892	0.243	0.263
LL	0.013	0.379	-0.249	-0.283
f^2	0.035	0.295	0.000	0.001
VIF	1.581 to 3.528	1.806 to 4.345	1.973 to 3.367	2.567 to 3.287

Based on Table 4, individualised consideration was found to be positively related to employee performance ($\beta = 0.247$, t -value = 1.981, p -value = 0.048). Idealised influence is positively related to employee performance ($\beta = 0.632$, t -value = 4.747, p -value = 0.000). Intellectual stimulation was found to be not significant with employee performance ($\beta = 0.014$,

t-value=0.107, p-value=0.915). Inspirational motivation is not significantly related to employee performance ($\beta=-0.029$, t-value=0.210, p-value=0.834).

5. Conclusion

The study was conducted to investigate the relationship between individualised consideration, idealised influence, intellectual stimulation and inspirational motivation with employee performance. Based on the finding, it shows that positive relationship exists between individualised consideration and idealised influence with employee performance. However, intellectual stimulation and inspirational motivation was found to be not significant with employee performance.

From the findings, it is clear that individualised consideration and idealised influence greatly effects employee performance. Individualised consideration helps in motivating the employees' through awarding in terms of monetary and treating them being a coach or a mentor. As supported by Ogola et al. (2017a) study, employees' performance gradually increases when leaders encourage them to think critically to solve the problems, to take initiatives at their own and to apply innovative approach to their work or task assigned to them which depict role of idealised influence of the leader.

With regards to the insignificant association between intellectual stimulation and employee performance, this result disputes with Faiza, Longbao, Mohammad and Qazi (2019), who disagree that intellectual stimulation encompasses subordinates in fostering novel and diverse solutions to common. This kind of leadership encourages employees as they try novel approaches and cultivate innovative approaches of handling service sector organisational issues. It encourages employees' thinking things out on their own and engaging in careful problem solving. Intellectual stimulation entangles stimulating employees' cognitive ability, so that employees can gauge in independent thinking in terms of conducting work responsibilities.

The study identified that inspirational motivation had no significant effect on employees' performance. Results of this study corroborated Brown and Arendt (2011) who found that inspirational motivation had no significant effect on employees' performance. Result of this study contradicted Mwangeli and Juma's (2016) study that the leaders ought to be dedicated towards the vision of the organization by focusing in an optimistic manner about future goal attainments, towards enhancing performance of employees. Precisely, the leader ought to work together with their employees by moving the employees forward with inspiring words and actions.

The study recommends that management of service sector should focus their efforts of management strategy on attracting, developing and retaining transformational leaders which could impact the service sector organisation in a more positive regard as employee become and remain engaged. Generally, this study can be used to formulate and adopt new policies for the training and development of the management staff so that they can exhibit the characteristics of a true transformational leader, which will significantly influence the performance of the staff attached to the service sector organisation.

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