

## Transformational Leadership and its Influence on HRM Practices and Employee Outcomes

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### KEYWORDS

*Transformational Leadership, HRM practices, Employee outcome, management*

### ABSTRACT

This research looks at how strategic HRM and business performance are affected by transformational leadership. The study discovered that motivating inspiration and stimulating intellect had a major favourable impact on managing human resources strategically. The research also emphasized how critical it is to choose the right form of leadership for the turbulent, unpredictable, complicated, and confusing present market climate. The conceptual framework, impacting variables, and processes of action of connected ideas were the main areas of emphasis for this study's examination of the connection between transformational management and employee output. To provide future researchers investigating transforming leadership and worker output a point of guidance, the study also outlined the shortcomings of the previous research and suggested directions for further investigation.

## 1. INTRODUCTION

A key component of a company's accomplishments is its connection with its workforce. Leaders are essential in maintaining a sense of purpose, employing the "Art of Wars" and "harmonies of Men," and consistently guiding their teams toward success. "Oneness of all levels" is a unique demand in the turbulent and changing present environment. Since staff performance gauges the well-being of the company and the efficacy of the management, it is another important component of a successful organization. According to studies, the style of a manager has a significant impact on performance as well as the atmosphere at work and employee morale across the whole company. The use of management theory to enhance worker output has drawn interest from both local and foreign academics. Both transformational as well as transactional leadership philosophies are crucial for improved business efficiency in the twenty-first century. In the current corporate world, strategic HR management done well is essential to success. To improve corporate productivity, this study examines the idea of transformational management in connection to strategic HR management.

The first car endeavour's accomplishment and political unrest in Thailand contributed to a drop in sales figures for the Toyota store in 2014. According to research, strategic HRM procedures implemented by executives with high levels of transformational leadership may have a favourable impact on the dealership's success. Studies outlining the connection between strategic HRM, transformational leadership, and the company's performance are still few.



### Objectives

The primary objective of the research is to identify the significant influences of transformational leadership on the development of significant HRM practices. By identifying the significant relationship between HRM practices and transformational leadership, the study focuses on the development of a strategic HR management in a volatile and dynamic business environment. The significant effects of leadership on overall business outcomes are also examined throughout the study. The mediating roles of different HRM practices are identified throughout the study to improve the output of employees. By evaluating various secondary resources, the research reviews potential information about transformational leadership. The potential literature gaps are also effectively addressed in the research while suggesting future research directions on HRM practices, leadership, and overall organizational performance.

## 2. LITERATURE REVIEW

The idea behind transformative leadership:



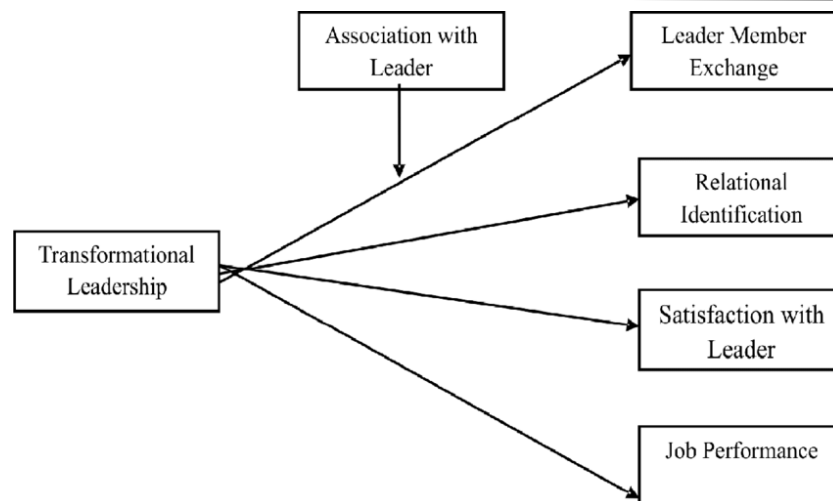
Figure 1: Various aspects of transformational leadership

(Adapted from Akdere, and Egan, 2020)

Due to the leadership's emphasis on the components and connections of the business, it is one of the foremost significant issues for many studies in the fields of managerial behaviour and human resources. One of the primary factors influencing the achievement or failure of a company is the efficacy of its top manager. Leadership is therefore the core of process administration, its beating heart, and the foundational element of managerial positions. It is the motivational or encouraging procedure that impacts others and keeps them more dedicated to completing the tasks needed for themselves (Saira, *et al.* 2021). It also motivates others to utilize their talents and knowledge to carry out tasks that fulfil objectives. Several titles have been used for transformational leadership, such as (magnetic, inspiring, symbolic, and innovative management). However, (Adeeb, 2012) suggests that it is a procedure by which a leader's actions influence the motivations of their followers and guide them in the direction of completing tasks assigned to them and meeting organizational goals. (Hussain, 2018) confirms this, stating that the goal is to win over employees' trust, boost their productivity, and encourage and push them to finish tasks positively—all while avoiding work-related issues and moving the business closer to its goals.

### Transformational Actions:

Four activities are associated with transformational leadership: role and idealized authority, motivating inspiration, stimulating the intellect, and imagined impact. The idealized effect entails using bravery, commitment, and selflessness to create bonds of loyalty, faith, and identification with supporters. While cognitive stimulation raises followers' knowledge of issues, motivational speaking encourages followers to do their obligations with greater effectiveness and efficiency. Personalized attention entails assigning tasks, providing mentoring, imparting knowledge, and honouring the needs of subordinates (Hai, *et al.* 2020).



**Figure 2: Influences of transformational leadership on employee outcomes**

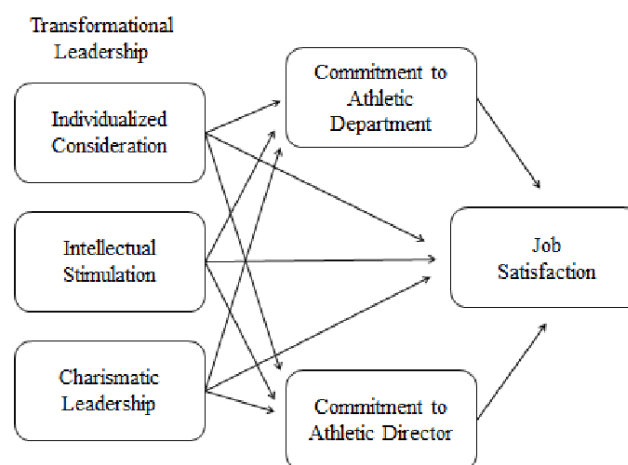
(Adapted from Kawana *et al.* 2020)

Transformational managers concentrate on both present and future requirements, taking a long-term view. They approach issues holistically and take appropriate action. Empirical studies demonstrate that an engaging manner of speech, including task signals and vision, enhances attitudes and awareness while also boosting performances. Positive organizational creativity, employee approval, and a work environment that fosters creativity are all positively correlated with transformational management.

HR management is essential to the process of developing a vision and sharing it with followers in transforming leadership. HR that is tactically presented supports the goal by giving followers a common set of guidelines for realizing it. The HR department that improves human capital may strike a balance between the transformative leadership of the CEO and the arbitrary evaluation of the company's success (Lauritzen, *et al.* 2022). The link between transforming management and an atmosphere that fosters greater business innovation is moderated by an organizational culture that is performance-driven and competitive.

### 3. METHODOLOGY

The study significantly evaluates different aspects of transformational leadership by adopting a secondary research approach through empirical literature review and findings. From the reviewed theoretical model of transformational leadership, significant understanding is acquired for the variables of HRM practices, employee outcome, and transformational leadership. By reviewing previous studies, key insights have been obtained about the impacts of transformational leadership on employee performance. By identifying the significant literature gaps in previous secondary studies, the following study potentially emphasize on investigating the influential behaviours of transformational leaders.



**Figure 3: An effective depicting the contribution of transformational leaders on employees' job satisfaction and improved outcomes**



(Adapted from Lauritzen, *et al.* 2022)

#### 4. FINDINGS AND DISCUSSION

##### Employee performance is impacted by transformational leadership:

The Interaction between leaders and members connection acts as a mediator in the interaction between organizational citizenship actions, employee output, and transformational leadership. Research indicates that transformational leadership, via organizational dedication, has a beneficial predictive impact on employee output. The association between worker output and transformational leadership style is also mediated by dedication to the organization (Kazmi, *et al.* 2021). By encouraging the sharing of expertise and collective effectiveness among teammates, transformational leadership contributes to increased creativity. Efficiency and work happiness are strongly correlated with employees' psychological resources, and transformational leadership has a beneficial impact on both. Although self-efficacy somewhat mediates the relationship between transformative leadership and worker output, trust in leadership completely links it (Akdere, and Egan, 2020).

The Implementation of transformational leadership improves people's sense of distributive, judicial and interacting fairness. Staff performance is favourably impacted by good views of corporate fairness, whereas adverse thoughts have the opposite effect. The theoretical framework of the cross-level mediation and regulating impacts of team empowering atmosphere and psychological empowerment of employees on the link between transformational management and workforce innovation outcomes was developed by Yuan Boqiao (2017). Al-Amin (2017) discovered a favourable relationship between transformative leadership and worker performance, supporting the idea that worker engagement plays a mediating role. The mediation function of exploration of creativity in the link between company efficiency and the transformational leadership actions of CEOs was shown by Chen *et al.* (2019). According to Buil *et al.* (2019), there is a direct correlation between transformative leadership and worker productivity, and this link is mediated by job involvement. Kawana *et al.* (2020) discovered that transforming managers had a favourable impact on staff output via satisfaction, whereas Guterresa, Armanu, and Rofiaty (2020) observed that a leader's personality may affect employee outcomes through workplace motivation.



Figure 4: Roles of transformational leaders in the organizations

(Adapted from Shayegan, *et al.* 2022)

##### The effect of transformative leadership on worker attitude and HR procedures:

In new firms, transformational leadership is essential for promoting engagement from staff and unity. It includes leaders who strengthen followers' dedication to a clearly stated vision, encourage them to reflect creatively about issues, and excite them to work hard for ultimate objectives and higher-order demands for personal development. This kind of leadership helps workers see beyond their interests by helping them see the significance and worth of predefined outcomes.

Low performance in mergers and acquisitions is often linked to a lack of leadership, which raises employee distrust. Top managers are often seen as strangers during mergers and acquisitions which lessens the degree to which staff members can relate to their fresh ideas. Workers frequently create their ideas about what makes for effective leadership, which may include leveraging cultural disparities, offering a platform for communication, controlling change demands, clearly stating the necessity for a shift, and having leaders be aware of their behaviour (Ehnrrooth, *et al.* 2021). It is more probable for transformational leadership to emerge in chaotic, informal settings when there is a common set of values. Through favourable correlations with worker efficiency, innovative thinking, and acquiring approval, transformational leadership may resolve disputes resulting from high degrees of cultural disparity in these circumstances and facilitate post-acquisition unity. Establishing trust is a crucial aspect of this kind of leadership, as it motivates staff members to accomplish goals by being



transparent, encouraging involvement, and integrating traditional practices with novel methods.

Positive correlations have been discovered between transformative leadership and several outcome variables via empirical research and systematic reviews. Effective leadership clears out causal confusion, motivates subordinates to accomplish objectives, and inspires others with tales and common vision declarations. Using the use of narratives and common vision declarations, leaders inspire and give the vision necessary to create the supporting cultures and frameworks required for the effective integration of the two companies (Shayegan, *et al.* 2022).

But these procedures can't be properly put into action if they're not kept an eye on and managed, and workers aren't given the tools they need to adjust to the new company and voice any concerns they may have about potential post-acquisition integrating difficulties. As a result, the leader's function becomes crucial in establishing consistency and order.

**Table 1: Key findings about the variables**

Variables	Description	Findings
Transformational leadership	It refers to an effective leadership style that focuses on inspiring and stimulating employees for long-term strategic vision of the organizations while improving their significant performance.	From the study, it has been observed that transformational leadership positively influences strategic HRM and enhance the output from employees by motivating them.
HRM practices	Strategic human resource management practices involve the significant management of employee relations, talent development, and performance management and it targets the significant achievement of organizational goals.	Strategic HRM practices are significantly implemented by transformational leaders and the practices are focused on the development of employee outcomes while achieving the organizational goals.
Employee outcomes	The outcomes from employees are measured through the key metrics including job satisfaction, productivity, and employee performance highlighting the contributions of employees on organizational success.	The direct influences of transformational leadership are observed for employees' organizational behaviour, performance, and creativity. The commitment of employees potentially influences the relationship between transformational management and improved employee outcome.

## 5. CONCLUSION:

To achieve both organizational recognition and human integration this study offers a theoretical structure that centers on the function of transforming leadership. The model implies that the acquiring company's choice of management style affects how HRM practices affect these results. According to the concept, positive factors that influence employee conduct and identity with the new business include interaction, employee participation, collaboration, and educational opportunities. The use of HRM procedures in mergers and acquisitions is moderated by transformational leadership, which promotes good employee engagement and recognition. To enhance mergers and acquisitions integration and efficiency, the study recognizes the need for more research to validate hypotheses and look into other HR practices, corporate components, and systems. It also highlights the demand for doing a more thorough analysis of how leadership contributes to improving post-acquisition company efficiency. The influence of a leader's age, duration, learning, incentives, multilingual competency, IQ, and ability to handle a method of integration was not taken into account in the research.

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