

Leadership Competency and Employee Performance: Empirical Evidence

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Abstract: Employee performance is crucial in an organization. Demotivation and dissatisfaction of employee have affected the performance of employees. Motivation of the employee are associated with leadership competencies. The paper examined compensation strategies, leadership competencies and employee performance. Transformational leadership theory was used to explain these variable. Desk review was used to examine empirical review associated with compensation strategies, leadership competencies and employee performance. The study found that leadership competencies were measure by social, functional, personal and cognitive competencies that are necessary skills of a leader to improve performance of employee. However, there are varying relationship between leadership competencies variable with performance of employee.

Key Words: Leadership Competency, Employee Performance.

1. Introduction

Human resource has been one of the important resource in organization for a long time. In order to improve output human capital optimization through ensuring high employee performance. Researcher and scholar have continuously improved the performance of through enhancing competition strategies, leadership enhancement, technology development and career development (Arasa, Ngui, & Kimani, 2017). According to Kabiru (2018), compensation packages are important in enhancing the organization performance through motivation of employees.

According to Noor and Che (2017), leadership competencies are based on the contribution of leaders' skills for superior performance. This skills relates to multiple intelligences capacity of leader which includes intrapersonal intelligence, interpersonal intelligences, cognitive intelligence, emotional intelligence and social intelligence. Hence, multiple intelligences are appropriate leadership competencies required for organizational performance.

Leadership competencies are necessary skills which a leader should have in order to take fulfill organizational goals. Noor and Che (*ibid*) also pointed out that leadership competencies can be related to multiple intelligences which are intrapersonal intelligence, interpersonal intelligence, cognitive intelligence, emotional intelligence and social intelligence. Leaders competencies that relate to mastering multiple intelligence are associated with superior performance.

Leadership, competency, motivation and organization culture has been found to have positive significant influence on job satisfaction (Sunya, Basalamah, Gani, & Zakaria, 2017). However, leadership and competency had no significant effect on performance. Job satisfaction, organizational culture and motivation had positive significant effect on performance. Job satisfaction had a mediating effect on the leadership, competence, organization and motivation had significant relationship with performance of the firm.

Problem Statement

Employee performance plays a major role in ensuring high performance of the firm. Firms are stragglng to achieve high performance where employee performance plays a significant role. However, poor performance of employee has often led to failure of business, low profitability and losses as well as low production. This results to inefficiency, ineffectiveness and poor customer satisfaction. Leadership competencies are also linked with employee performance. Hence, the study investigates the contribution of compensation strategies on employee performance as well as moderating effect of leadership competencies.

Objectives

The study investigates the effect of leadership competency on employee performance.

2. Literature Review

Theoretical Literature Review

Transformation leadership theory was proposed in 1985 by Bernard M. Bass. This relates to the early work of Downton in 1945 and Burns continued in 1978 on concept of transformation leadership. The theory is based on a style of leadership that motivate and work with subordinate in changing the organization through inspiring, vision and motivate employees. According to Bass (1985) transformation leader has high influence on their followers. Hence, the theory improves job performance, morale and motivation of their followers.

Transformational leadership theory support leadership competency as means of enhancing the performance of the organization. Diverse competencies of the leader enable the organization to work efficiently and effectively by bring to contribution of every employee (Burns, 1995). Besides the theory supporting leadership competency, the theory is anchored on motivation of employees. This theory also support compensation strategies as means of motivating employees. A transformational leader has respect, admiration and trust from their followers. Since, the leader’s competencies and personality are anchor in changing their followers vision, motivation, perceptions and expectations towards achieving organizational goals.

Transformational leadership theory supports social, emotional, interpersonal, intrapersonal and cognitive competencies (Onduso, 2018). Based on these competencies of the leader is able to gain respect, loyalty, admiration and trust from their followers. Hence, the theory support leadership competencies necessary for enabling leader to be influence the followers as well as need for compensation strategies. competencies.

Empirical Literature Review

Noor and Che (2017) examined leadership competencies and organizational performance. The study was based on review of literature with a proposed framework where it focused on multiple intelligences. This included intrapersonal intelligence, interpersonal intelligence, cognitive intelligence, emotional intelligence and social intelligence. Mastering of this skills has a positive impact on organization performance.

Sunya, Basalamah, Gani and Zakaria (2017) analysed the influence of leadership, competency, motivation and organizational culture on employees’ job satisfaction and performance in ternate city government in Indonesia. A sample 349 respondents were given questionnaires. Linear Structural Relation and Structure Equation Modelling inferential statistic were used. The results indicated that organization culture, motivation, competency and leadership had positive significant effect on job satisfaction. However, there was direct relationship of competency and leadership on performance but organization culture, motivation and job satisfaction had positive significant impact on performance. Organizational culture, motivation, competence, leadership had indirect relation with performance through mediation of job satisfaction.

Onduso (2018) examined leadership competencies on performance of Christian Private Universities in Kenya. Social, personal, functional and cognitive leadership competencies were analysed on performance. Descriptive research design was used which used multiple regression and correlation analysis. The result indicated that personal, functional and social leadership competencies had significant relationship with performance. However, cognitive leadership competencies had no significant effect on performance. The study recommended training so as to improve cognitive competency.

Table 2.1 Summary of research gaps

Author	Focus	Findings	Research Gaps
Noor & Che (2017)	Leadership competencies and organization performance	Leadership competencies related to ability of a leader to have multiple intelligence which include intrapersonal, interpersonal, cognitive, emotional and social intelligence.	The study reviewed literature of multiple intelligences.
Sunya, Basalamah, Gani and Zakaria (2017)	Influence of leadership, competency, motivation and organization culture on employees’ job satisfaction and performance in ternate city	Organization culture, motivation, competency and leadership had significant effect on job satisfaction. However, leadership and competency has no direct relationship with performance but organization culture, motivation and job satisfaction had significant influence on performance. Organization culture motivation, competency and leadership had positive	Examined interrelationship between Organization culture, motivation, competency, leadership, job satisfaction and performance.

	government.	significant effect on performance through job satisfaction.	
Onduso (2018)	Leadership competencies and performance of Christian Private University in Kenya.	Social, personal and functional competencies had positive significance influence on institution performance. However, cognitive competencies had no significant effect on institution performance.	Explains the relationship between leadership competencies and performance.

3. Research Methodology

The study adopted desk review of empirical and theoretical literature. This methodology allow summary of literature based on synthesis of concepts, theories and results to come out with conclusion.

4. Discussion of Findings

Transformation leadership theory explained the need for leadership competencies which is recommended so that the leader can inspire, motivate and inspire subordinate. The theory also explains ability of transformative leadership to consider compensation strategies as means of motivating employees.

Social, cognitive, personal and functional leadership competency were used as concepts of leadership competence. These concepts are related to social intelligence, cognitive intelligence, emotional intelligence, interpersonal and interpersonal intelligence. The personal competency relates with both interpersonal and interpersonal intelligence. Leadership competence can be conceptualized as moderating variable since with a competent leader there is high employee performance as results of compensation strategies applied.

5. Conclusion and Recommendation

Conclusions

The study concluded also that leadership competencies are social, personal, functional and cognitive. In some context multiple intelligence is associated with leadership competencies which involve social, interpersonal, intrapersonal, emotional and cognitive intelligence. This have been found by different scholar to have varying effect on employee and firm performance. Hence there is conclusive evidence that all leadership competencies are significant on employee performance.

Recommendations

The study recommended that the leadership competencies which is measure using social, functional, cognitive and personal leadership competencies as moderating effect on the relationship between compensation strategies and employee performance.

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