

## *Full Length Research Paper*

# Effect of Transformational Leadership and Governance on Employee Performance in Gulu and Kitgum Local Government, Uganda

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Received 5 March 2020; Accepted 12 April, 2020

This study examined the effect of transformational leadership and governance on the performance of public sector employees of Gulu and Kitgum District Local Governments in Uganda. The purpose of this study was to examine the effect of transformational leadership and governance on employee performance in the public sector in Uganda. The study assessed the relationship between transformational leadership and employee performance, evaluated the relationship between good governance and employee performance, and discussed the effect of transformational leadership and good governance on employee performance. The findings revealed that there was a significant positive relationship between transformational leadership and the performance of public

sector employees. It was also found that good governance had a positive relationship with the performance of public sector employees. In conclusion, transformational leadership and good governance are imperative for the performance of public sector employees. The researcher recommends that transformational leadership style so as to influence performance of organizations, managers and employees. Leaders in local governments should also ensure good governance in order to enhance the performance of employees.

**Keywords:** Leadership, transformational, governance, employee performance, and public sector

## INTRODUCTION

Public sector can be defined as part of the economy concerned with providing basic government services (Manzoor, 2011). The public sector provides services which benefit all the members of the society rather than just the individual who uses the service (such as public education), and services that encourage equal opportunities. Kinyili, (2012) writing from Ugandan context argues that an efficient, motivated and well-trained civil service is expected to be one of the major foundations of a country. Reports on employee performance in Uganda indicate that performance is below expectations (Tumuhimbise, 2017). This stimulated the researcher's interest to venture into the area of

performance of public sector employees targeting Gulu and Kitgum Local Government.

According to Burns (1978), transformational leadership is the process whereby leaders and followers help each other to advance to a higher level of morale and motivation. Lenz, (1993) defines leadership as diagnosing situations, determining what needs to be done and marshalling collective effort sufficient to achieve a desired future or avert significant problems. Transformational leadership plays a crucial role in developing a learning climate within companies, and empowers employees in the pursuit of organizational goals (Bernard et al., 2014).

Leaders in large organizations such as public sector require people who have been inspired to face the changes in the business environment. A transformational leader exhibits certain traits and behaviours to inspire and motivate a team or organisation to rally around a common vision or goal. These behaviours and traits include charisma, intellectual stimulation, inspirational motivation and individual consideration for each team or group member. For many reasons, transformational leadership is an important factor at both the micro, or individual level, and macro, or organizational, societal level (Bass, 1985). Accordingly, transformational leadership entails the use of power and persuasion to define and determine the changing problems and opportunities of an organisation, and the solutions produced and actions are taken by individuals and groups both inside and outside organisation to cope with such issues. The purpose of exercising influence in organisational decision-making processes is to foster learning and facilitate change. According to Northouse (2006), transformational leadership is a process that changes and transforms individuals through values, ethics, standards, and long-range goals. It also involves examining followers' motives, gratifying needs, and caring for them. Transformational leadership entails an outstanding type of influence that encourages followers to perform beyond that which is expected of them. Transformational leadership can be described also as a process that changes and transforms individuals through an exceptional form of influence that moves followers to accomplish more than what is usually expected (Avolio and Yammarino, 2002).

Regarding the concept of governance, it generally encompasses all aspects of the way a country is governed including its economic policies and regulatory framework (Subramaniam, 2001). Governance can be defined also as the manner in which power is exercised in the management of a country's economic and social resources for development (World Bank, 1991). Good governance is focused on a clean government that provides quality service towards its society/community, transparent and participative in its decision-making process, and is accountable for its actions at all times; both under legal and society scrutiny (Alter, 2002). According to United Nations (2009), good governance is an approach to government that committed to creating a system founded in justice and peace that protects individual's human rights. The relevance of getting good governance comes precisely from its relationship with the development of the country and the reduction of poverty (Grindle, 2004). With United Nations, good governance is characterised by eight major characteristics such as participation, rule of law, transparency, responsiveness, consensus oriented, equity and inclusiveness, effectiveness and efficiency, and accountability.

The concepts of leadership and good governance have been analysed with emphasis on their nature.

The terms leadership was created from the word leader which means someone who shows people the way to follow, especially by going in the front, to hold and guide someone or a group of people to a particular direction. Governance was created out from the word govern, which means: to rule a country, to control or direct the public affair of a city, to control or influence something or someone and to determine something; so, governance is the activity or manner of governing (Noble, 2012). The concepts of governance and leadership encompass strategic direction, plans and policies, effective oversight, regulation, motivation, and partnerships. The concept of good governance is derived from the concept of good administration, primarily understood as a professional and ethical mannered excellent public servant, which can only be sufficiently motivating staff of the organization (Nichols, 1988). Weiss, (2010) states that good governance is an ideal which is difficult to achieve in its totality.

The United Nations (2007) defines good governance as the exercise of authority through political and institutional processes that are transparent and accountable and encourage public participation. UN further elaborates that good governance makes institution to be democratic making them create avenues for the public to participate in policy making via formal or informal consultations. It also establishes mechanisms for the inclusion of multiple social groups in decision-making processes, especially on a local level. According to OECD (2013), good governance can be explained as participation, transparency and accountability, effective, equity promoting rule of law. According to the World Bank, (2003), good governance in institutions is the key to successful and satisfactory efficiency and should thus be initiated and practiced within institutions in order to achieve better performance.

With employee performance, this is an important building block of an organisation and factor (Abbas and Yaqoob, 2009). According to Bayley, (1990), employee performance is a record of the results produced in a specific job function or activity during a specific time period associated with organizational objectives. Hence, employee's performance is the result produced by a specific functional unit or individual activity over a given period and not the personal characteristics of employees who perform the work.

## LITERATURE REVIEW

### Theoretical review

Theoretically, this study was guided by Transactional Leadership Theory; and Intuitive Theory. Transactional Leadership Theory was first described by Max Weber in 1947 and later developed by Bernard et al., 2014 in Bass, (1981). Transactional leadership theory highlights on the

relationship between leader and followers, and the mutual benefits that the leader offers in form of rewards in return for the commitment (De Bono et al.2008). Transactional leadership theory seeks to explain and describe the behaviours in and around these interactions or transactions, and make followers achieve organizational objectives through rewards and punishment (Bass, 1981; Waldman et al., 2001). That rewards and punishments are contingent upon the performance of followers. Managers and subordinates have an exchange type of relationship. Subordinates need to be carefully monitored so as to ensure that expectations are met (Bass, 1981). Transactional Leadership Theory is useful since it delegates two factors to influence employees positively. The most important factor is the reward factor. Rewards influence employees to perform better and an organization is always benefiting from this. In such a case, the transactional leader carries out an interim review. The study attempts to find out whether performance and productivity of employees is by any way influenced by transactional leadership.

Intuitive Theory was developed from the philosophy of intuitionism defined by Fox and Meyer, (1995) as the philosophy which states that moral and practical dilemmas can be solved by means of intuitions or the basic truths which tend to be intuitively known. According to intuitionism, one does not need to go through any kind of logical or experiential processes to discover what is right or wrong since everyone has been born with certain basic understanding ethical truths (Fox and Meyer, 1995). With this philosophy, one's native intuition is capable of informing him immediately when something is wrong as the result of being transparent to our natural moral laws that are influenced by outside factors such as a healthy environment, sound political institutions, good economic situation, adequate education and religious belief as the fruits of one's intuitive inner powers. A good code of ethics may be of great importance in inculcating the principles of good governance such as transparency and accountability (Fox and Meyer, 1995). Intuitive Theory is linked to Transactional leadership theory in a way that both seek to explain and describe the behaviours in and around the organization. The theory enabled the study to understand how public officials are supposed to act when delivering services to the community, where they are guided by a code of ethics in implementing policies that will contribute to the social and economic development of the nation.

### **Empirical review**

The empirical review was based on the following specific objectives to: assess the relationship between transformational leadership and employee performance in Gulu and Kitgum District Local Government; evaluate the relationship between good governance and employee

performance in Gulu and Kitgum District Local Government; and discuss the effect of transformational leadership and good governance on employee performance in Gulu and Kitgum District Local Government.

Transformational leadership is considered as factor that has a major influence on the performance of organizations, managers and employees (Wang et al., 2005). Bass, (1985) and Burns, (1978) suggests that transformational leadership, more than transactional leadership, has a stronger positive effect on employees' attitudes towards their job, their job environment, and ultimately affects their work performance. Gadot, (2007) point out that the relationship between leadership and performance was indirect as well as direct which proves the importance of developing leaders through leadership development programs. Parry, (2003) specifically examined leadership styles in public sector organizations and found that a transformational leadership style has a positive effect on the innovation and effectiveness of these organizations. Abbas and Yaqoob, (2009) examined the effect of leadership development on employee performance in Pakistan, and found that five factors of leadership development, i.e. coaching, training and development, empowerment, participation and delegation and it was found that the combined effect of these factors influences employee performance with 50%. However, rest of the 50% contribution towards employee performance other than leadership development factors can be the result of other factors such as: attitude, commitment, motivational factors, and trust in the organization, and other factors such as compensation, reward and bonuses etc. can also increase the employee performance. Leadership is considered as a factor that has a major influence on the performance of organizations, managers and employees (Wang et al., 2005). Burns, (2008) suggests that transformational leadership, more than transactional leadership, has a stronger positive effect on employees' attitudes towards their job, their job environment, and ultimately affects their work performance. Gadot, (2017) points out that the relationship between leadership and performance was indirect as well as direct which proves the importance of developing leaders through leadership development programs. Parry, (2013) specifically examined leadership styles in public sector organizations and found that a transformational leadership style has a positive effect on the innovation and effectiveness of these organizations. Also, Abbas and Yaqoob, (2009) examined the effect of leadership development on employee performance in Pakistan, and found that five factors of leadership development, i.e. coaching, training and development, empowerment, participation and delegation and it was found that the combined effect of these factors influences employee performance. However, there were also other factors including attitude, commitment, motivational factors, and trust in the

organization, and other factors such as compensation, reward and bonuses etc. can also increase the employee performance.

O'Neal and Cammack (2012) conducted a study on good governance and service delivery in Malawi. This study is based on case studies of two districts (Dedza and Rumphi) and one city (Blantyre) and three services such as health, education, water and sanitation. Data was collected through interviews with key informants from central and local government, civil society and local communities. The findings of the study show that many local government employees and service providers are doing good work and some remarkable success is achieved with little money or support. Boreholes are dug, schools built, babies delivered, children taught, health campaigns conducted and security ensured. While national social indicators are generally low, some show rapid improvement.

A scarcity of literature in the area of study exists, particularly in the developing countries like Uganda. There was information gap in public sector especially in Kitgum and Gulu District Local Government in particular thus the essence of this very study. The few that have been conducted in Uganda have eluded criticism in the criteria, title, scope; methodology used hence the research gaps in terms of literature. This therefore prompts the researcher to undertake this study in order to bridge the knowledge gap on transformational leadership and governance on employee performance in Uganda, using Gulu and Kitgum Local Government as a case study. Therefore, this study will contribute to previous literature. As conclusion, the literature review has showed that although empirical evidence appears to be limited.

Gulu and Kitgum Local Government were found to be heavily dependent on Central Government transfers that account for 97% of the two districts revenue. With regard to employee performance outcomes in the Primary Education sub-sector, 1.76 % and 36.33% of pupils in the districts passed in divisions I, II respectively in 2011. Under the water and sanitation sector, safe water coverage level was at 64.79% while the functionality of water sources was at 71%. Pit latrine coverage was at 58.2%. In the health sector, Infant Mortality Rate was at 132/1,000 live births while Maternal Mortality Rate was at 354/100,000 live births. Major employee performance challenges in Gulu and Kitgum Local Government included; low levels of motivation among councillors and technocrats, poor participation of councillors in the affairs of the lower local governments; low funding for strategic sectors in Gulu and Kitgum Local Government high dependence on the Central Government funding.

In Uganda, transformational leadership in the public sector is aimed at encouraging better service delivery and improved accountability by establishing a standard for good governance in the public sector (IFAC, 2013). Effective governance in the public sector encourages better decision making, efficient use of resources and

strengthens accountability for the stewardship of resources (Mutahaba, 2012). Despite efforts in ensuring transformational leadership and good governance by public sector, there is still lack of effective leadership in the Ugandan public sector that has led to a failed public institution plagued with mismanagement of resources and inadequate service delivery. Leadership ineffectiveness has allowed corruption and maladministration to thrive for decades. This leadership failure is manifest in the quality of service rendered, in the prevalence of corrupt practices that occur in the federal government ministries like ministry of education and sports and also from unfavorable attitude to work displayed by the employees in the civil service. Public sector has been greatly neglected, precipitating deterioration as a result of corruption and lack of effective leadership skills (Yirga, 2010). Studies conducted have not specifically focused on the effect of transformational leadership and good governance on performance of public sector employees. Performance of public sector employees shall be better understood with establishing the relationship between transformational leadership and good governance in the public sector.

## METHODOLOGY

This study adopted a descriptive survey design and cross-sectional research design while mixed research approach was used to carry out this study. The study population of 360 employees of Gulu and Kitgum district local governance gave a sample size of 189 respondents based on slovin's formula. This study combined both primary and secondary data. Interview and survey were used as data collection methods while interview guide and self-administered questionnaires were used as data collection instruments. The results of quality control showed that content validity ratio was 0.775 and cronbach alpha coefficient was 0.865. Since the content validity and cronbach alpha coefficients were above 0.7, the items selected for this study were relevant to the study variables. Quantitative data was analysed using SPSS version 22.0 while qualitative data was analyzed in terms of content and narrative analysis.

## RESULTS AND DISCUSSION

### Relationships between variables

To establish whether there was relationship between transformational leadership and performance of public sector employees, correlation analysis was carried out. The results were as indicated in (Table 1). Results from (Table 1) revealed that there is a significant positive relationship between transformational leadership and performance of public sector employees ( $r = 0.969$ ,

**Table 1.** The relationship between transformational leadership and performance of public sector employees.

	Transformational leadership	Performance of employees
Transformational leadership	1	0.969** 0.000
Performance of employees	0.969** 0.000	1

**Table 2.** The relationship between good governance and performance of public sector employees.

	Good governance	Performance of public sector employees
Good governance	1	0.987** 0.000
Performance of public sector employees	0.987** 0.000	1

P<0.01). The p value was 0.000 implying that there is a significant relationship between transformational leadership and performance of public sector employees. This is consistent with findings of the studies conducted by Bass, (1985) and Burns, (1978), who suggested that transformational leadership has a stronger positive effect on employees' attitudes towards their job, their job environment, and ultimately affects their work performance. Parry, (2003) also examined leadership styles in public sector organizations and found that a transformational leadership style has a positive effect on the innovation and effectiveness of these organizations. To support the above findings, some of the respondents interviewed had this to say;

*“Transformational leaders are role models to their followers and display solid moral and ethical principles which ensures better performance of their subordinates”.*

*“Transformational leaders have a positive influence of employee performance since they emphasize commitment towards achieving organizational goal”.*

*“Transformational leaders stimulate team spirit, generating hope and passion among followers”.*

### **The relationship between good governance and performance of public sector employees**

This was one of the key objectives of the study and the researcher wanted to find out the relationship between good governance and performance of public sector employees. A Pearson`s correlation test was run to show the relationship between good governance and performance of public sector employees. The results on this are indicated in (Table 2). The results from (Table 2) indicates that good governance has positive correlation to

performance of public sector employees equal to 0.987 and the p-value is .000 which is less than 0.01. This means that there is a significant positive relationship between good governance and performance of public sector employees. The implication here is that good governance contributes greatly to performance of public sector employees since there is transparency, accountability, participation and rule of law. The above findings are in line with Ncube, (2015) who established that transparency in government decision making and public policy implementation reduces uncertainty and can help inhibit corruption among public officials. Goddard (2015) also revealed that greater accountability is often presumed to provide more visibility and transparency for organizational activity, enabling appropriate organizational behaviour and ultimately impact on employee performance. To support the above findings, one of the respondents interviewed asserted that;

*“Good governance ensures that there is transparency in the organization’s activities which motivates employees to perform well at their work place”.*

### **Regression analysis**

Regression analysis was conducted between independent variables (transformational leadership and governance) and dependent variable (employee performance).

The results in (Table 3) shows that the most influential predictor of employee performance was Good governance (Beta=0.558).

Transformational leadership variable is less likely to influence employee performance since it portrays a low value (Beta=0.278). The findings revealed that transformational leadership and good governance were strong predictors of employee performance.

**Table 3.** Regression analysis.

	Standardised Coefficients	Significance
	Beta ( $\beta$ )	t
Transformational Leadership	0.278	0.000
Good Governance	0.558	0.000

## Conclusions and recommendations

The findings revealed that there was a significant positive relationship between transformational leadership and performance of public sector employees. It was also found that good governance had a positive relationship with performance of public sector employees. In conclusion, transformational leadership and good governance are imperative for the performance of public sector employees. The researcher recommends that transformational leadership style so as to influence the performance of organizations, managers and employees. Leaders in local governments should also ensure good governance in order to enhance performance of employees.

## Authors' declaration

We declare that this study is an original research by our research team and we agree to publish it in the journal.

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