Examining the Relationship Amongst Transformational Leadership, Talent Management, and Organizational Effectiveness: A Review of Literature

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Joshua Karani Magambo
PhD Student: Pan Africa Christian University
Email: Joshua.Magambo@students.pacuniversity.ac.ke

Abstract

Purpose: With the growing need to compete in a globalize world alongside conflicting and competing interest, transformational leadership has resulted in mixed outcomes. A vast number of studies have been conducted to explore the impact of transformational leadership on talent management and organizational effectiveness.

Methodology: This study employed desktop research methodology to critically review literature on the phenomenon with aim of highlighting empirical as well as contextual gaps in extant literature and proposing an integrated conceptual model that links transformational leadership to talent management and organizational effectiveness. This is done while highlighting the role of organizational context and phase of development on the phenomenon.

Findings: The study found that transformational leadership is central to talent management and organizational effectiveness. Although transformational leadership has a positive impact on talent management, which results in organizational effectiveness, a need to include other variables that affect the relationship such as the organizational context and phase of development was identified.

Unique Contribution and Recommendation: The study recommends that organizations should embrace transformational leadership style to achieve organizational effectiveness. Further, the study recommend talent management practice should be a core concern of leaders who intend to realize faster and sustainable organizational effectiveness.

Keywords: Transformational leadership, Talent management, Organizational effectiveness, Organizational context.
Introduction

The explosion of successes and failures of leaders has been well documented (Bass & Riggio, 2006). This gives impetus to continue learning about the relationship between leaders and followers and their effects on organization (Burns, 2003). Although leadership in formal organizations has a long history, this paper traces it from classical approach which included the scientific management, administrative management and bureaucratic management (Hunt & Fedynich, 2019; Morgan, 1997; Kapás, 2008; Hersey, Blanchard & Johnson, 1996; Grey, 2005). Classical approach is credited for advancing the scientific way of organizational management and the principles of management (Ferdous, 2016; Laegaard, 2006; Olum, 2004; Robbins, 1990; Sing, 1983). The limitations of the classical approach, however, led to the emergence of neoclassical theorist such as Hawthorne studies, human relations movement and organizational behaviour, which advanced the need to view the organization as a social system with team dynamics, employees’ motivation and inclusion, as well as work context (Sarker & Khan, 2013).

From the work perspective, leadership was viewed as factor of contingencies and situational, without a single way of management, thus, adopting one style was seen as ineffective in the long term (Friedberg, 1997). Leadership was also viewed as a trait, ‘great man’ (Burns, 2003; Zakeer, Nawaz & Khan, 2016), behaviour (Northouse, 2019; Yukl, 2010), and use of power and influence (Burns, 1978; Hunt & Fedynich, 2019), which gave rise to leadership behaviour such as transformational leadership, transactional, leader-member exchange and authentic leadership (Burns, 1978; Sarker & Khan, 2013; George, 2003; Hunt & Fedynich, 2019; Northouse, 2019).

It is, indeed, the case that various leadership styles are associated with different outcomes. Extant literature indicates that of all leadership behaviours, transformational leadership (TL) positively impacts organization outcomes (Northouse, 2019; Bass & Riggio, 2010; Burns, 2003). Transformational leadership is also associated with James MacGregor Burns (1978), who developed the concepts of transforming leadership and transactional leadership (Burns, 1978). As conceptualized by Burns (2003), TL inspires and encourages members to rise above narrow interests for the common good as opposed to transactional leaders who use reward to manipulate followers’ performance and loyalty. Building on Burns’ (1978) transformational and transactional continuum, Bass (1985) argued that TL is supplemented by transactional leadership and proceeded to develop three levels of leadership, namely transformational, transactional and laissez-faire. Here, transformational leadership is theorized into five order factors, namely idealized influence attributed, idealized influence behaviour, inspirational motivation, intellectual stimulation and individualized consideration, which are used in the Multifactor Leadership Questionnaire (MLQ) (Form 5X) (Antonakis, Avolio & Sivasubramaniam, 2003).

In a raft of many things that leaders are known for, such as visionary, empathetic and charismatic (Northouse, 2019), TL develops followers into future leaders (Burns, 2003; Burn & Riggio, 2006), articulates a compelling vision (Kirkbride, 2006), and through charisma, bring to the attention of followers ethical issues that brings social change (Conger & Kanungo, 1987; Hacker & Roberts, 2004; Bass, 1978; Antonakis & House, 2014). Moreover, TL inspires creativity and innovation (Judge & Piccolo, 2004), sets high performance expectations (Bass & Riggio, 2010), while motivating and engaging employees to continue generating better ideas that improve productivity (Biron & Burke, 2017).
Improving productivity is an aspect of talent management (Karuri & Nahashon, 2015). According to Dessler (2013), talent management (TM) is about talented people in an organization. TM is concerned with how organizations attract, hire, develop and retain the talent to hold strategic positions (Al-Qarioti, 2016; Dessler, 2013; Scullion & Collings, 2011). It is also the case that deployment of TM leads to organizational effectiveness (Bluen, 2013; Rabbi, Ahad, Kousar & Ali, 2015). According to Cameron and Whetton (1983) organizational effectiveness (OE) has to do with how an organization attains its goals and mission.

Despite positive accolades associated with TL such as impact on job retention, team and individual performance (Abouraia & Othman, 2017; Braun, Weisweiler & Frey, 2013; Choi, Goh, Hisyam & Tan, 2016; McCallagham, Leon, Jackson & Heyns, 2019), and predicting managers’ performance (Nykabi, K’Aol & Njenga, 2017), it has also been found to that some dimensions of TL have no significant impact on talent management. Long, Thean, Ismail and Jusoh (2012), for example, found that TL has insignificant influence on employee turnover, while Mir, Khan and Abbas (2020) noted that inspirational motivation has no impact on talent retention. Similarly, Ghadi, Fernando and Caputi (2013) found that TL influence on employee engagement was mediated by employee perception of work meaning. Antonakis et al. (2003) noted that organizational context such as environmental factors and gender of the leader matters in regard to effects of TL.

Moreover, there are divergences in the conceptualization of TL, TM and OE as well as what constitutes dimensions of talent management and measuring indicators of OE. This study will, therefore, explore the phenomenon to highlight the conceptual, theoretical literature gaps and propose a new conceptual model.

Statement of Problem

Extant literature has raised a number of issues regarding transformational leadership and the deployment of talent management. First, there is divergence in conceptualization of TL such as a process (Burns, 1978), behavior (Bass, 1985), and as multidimensional such as visionary (Yammarino & Bass, 1990), and charismatic (Conger & Kanungo, 1987). This compounds the confusion on how to distinguish TL from visionary leadership and charismatic leadership.

Secondly, there are mixed reactions with regard to TL’s impact on talent management. Khan, Anjam, Faiz, Khan and Khan (2020), for example, hold that TL positively affect job satisfaction; while Dionne, Yammarino, Atwater and Spangler (2004) found that TL impacts team commitment. In the same vein, Joo & Lim (2013) found TL to impact career satisfaction; Ohunakin, Adeniji, Oludayo, Osibanjo & Oduyoye (2019) report TL’s impact on talent retention. Other studies, however, found that TL has no significant influence on employee turnover (Long et al., 2012). Inspirational motivation, for example, was found to have no impact on talent retention (Mir, Khan & Abbas, 2020).

Thirdly, in spite of vast literature on the construct, there is lack of consistency in the operationalization of TL dimensions. Extant literature has indicated that idealized influence attribute and idealized influence behavior are presented as idealized influence. Fourthly, when talent management is deployed, there is confusion on how to measure the effect since OE indicators are conceptualized differently making it difficult to directly compare talent management impact on organizations effectiveness. Fifthly, extant literature does not take into consideration
organizational context and its phase of development when assessing organizational effectiveness. More so, there are various research methods that have been used highlighting areas of limitations, which is indicative that these studies were inconclusive.

Considering the above, the study has comprehensively reviewed existing literature on the phenomenon and determined what happens when talent management is deployed. Moreover, the study has reviewed the existing theoretical and empirical literature on transformational leadership, talent management and organizational effectiveness; has identify emerging conceptual and theoretical issues, and, proposed a suitable conceptual model for study of transformational leadership. The study was considered significant since has consolidated various perspectives that focus on the transformational leadership, deployment of talent management and organizational effectiveness. Further, the study highlighted conceptual gaps and proposed a theoretical model, developed propositions and considered variables such as organizational context and phase of organizational development and linked them to TL. The proposed conceptual model for TL and propositions discussed give direction for future studies.

**Methodology**

To gather sufficient data on how the constructs of the study are conceptualized and operationalized within the extant literature, a desktop research methodology was used. Saunders, Lewis and Thornhill (2007) define methodology as a theory of how the research will be undertaken. For that reason, this study adopted a desktop review since it is concerned with the review of secondary information and is not expensive. This approach enabled the author to carry out a systematic literature analysis ranging from 1978 to 2020. Four criteria were used to select literature to study, starting with literature that have used the three variable of variables transformational leadership, talent management and organizational effectiveness, which were important to this study. Secondly, the literature must show a relationship between transformational leadership and talent management. Third, the literature must indicate that the study covered an organization and there is a methodology such as population and sample. Fourth, the literature must cover a leader that is directly responsible to subordinates. The search for relevant literature was conducted from various databases such as Emerald, Sage, Google Scholar, Science Direct, JSTOR, Web of Knowledge, DOAJ, and ProQuest where an average of 120 published academic journals were reviewed.

**Conceptualization of Key Constructs**

**Leadership**

To appreciate transformational leadership role in this study, it is of importance to review how it is connected with the concept of leadership. The concern for leadership has been an issue from the hereditary genius associated with Galton’s 1869, the great man (Zaccaro, 2007), the trait theorist (Northouse, 2019), and behavioral perspectives such as situational, charismatic, authentic, servant, transformational and transactional (Northouse, 2019; Yukl, 2013; George, 2003; Stone, Russell & Patterson, 2003; Bass, 1985). In spite of the lack of convergence on definition, To Burns (1978), leadership as process where a leader induces followers towards realization of common goals. In effect, Winston and Patterson (2006), defines leaders as a person or group of persons who have the ability to influence followers towards the realization of the organization’s mission, objectives and where the followers enthusiastically follow. A leader’s key concern is to help organizations to
have a sense of purpose and through members’ efforts realize positive outcomes (Taylor, Cornelius & Colvin, 2014). Among leadership behaviours that is antecedent to organization outcomes is the transformational leadership (Burns, 1978; Northouse, 2019; Antonakis & House, 2014; Van Seters & Filed, 1990).

**Transformational Leadership**

Transformational leadership, as conceptualized today, has basis from James MacGregor Burns’ book in leadership that was published in 1978, where leadership is viewed as a process rather than a behaviour (Burns, 1978). From Burns’ (1978), perspective, leadership consists of two dimensions that are on a continuum. On one end is transforming leadership and transacting leadership. Transforming leadership in this perspective is more of a process. This is captured in Burns (1978) statement that "leaders and followers raise one another to higher levels of morality and motivation” (p. 20). Burns (1978) further states that a transformational leader’s goal is to uplift followers to higher moral ground, and to motivate followers to forgo self-interest for the good of all members compared to a transactional leader, whose relationship with followers is based on social exchange such a political leaders concern to exchange rewards for loyalty and compliance (Burns, 1978; Den Hartog, Van Muijen & Koopman, 1996).

Developing from Burns (1978) perspectives, Bass (1985) presented transformational leadership as a behavior and opposed Burns’ argument that placed transformational and transactional in a continuum. In this regard, Yukl (2013) observes that transformational leadership and transactional leadership, as presented by Bass, are “distinct but not mutually exclusive processes” (p. 322). Moreover, Bass (1985) in support of distinctiveness of the two constructs argues that an effective leader should be able to exercise both transformational and transactional behaviours. To demonstrate transformational leadership behaviour, Bass (1999) finds that a transformational leader inspires members to achieve higher goals more than they thought they could, a view that agrees with Bass and Riggio (2010), who state that transformational leaders set higher performance expectations, perform beyond the ordinarily and more so “help followers grow and develop into leaders by responding to individual followers needs” (p. 76).

Over time, TL has continued to attract other perspectives, such as visionary leadership (Taylor, Cornelius & Colvin, 2014), charismatic leadership as demonstrated by the leader’s ability to bring social change, high conviction, effective communicator, role model, successful and self-aware (Conger & Kanungo, 1987; Jiang, Zhao & Ni, 2017; Day & Antonakis, 2012; House & Shamir, 1993; Yukl, 2010; Day & Antonakis, 2012; Kouzes & Posner, 2010; Abouraia & Othman, 2017). Transformational leadership is also about leadership ethics as expressed by a leader’s commitment to moral values, beliefs and team goals, which then influence individuals to work more leading to goal achievement (Caldwell, Dixon, Floyd, Chaudon, Post, & Cheokas, 2012; Khan, Nawaz, & Khan, 2016). Here, Stone, Russell and Patterson (2003), add that transformational leaders create conditions that are conducive to building trust and relationships.

Extant literature indicates that the impact of transformational leadership on the organization is based on revised Multifactor Leadership Questionnaire (MLQ), which has five TL dimensions, namely idealized influence manifested through follower perception of the leader as powerful, trustworthy, positive emotional words (Antonakis et al., 2003; Bass & Avolio,2004; Bono & Ilies, 2006), and member's perception of positive relationship with the leadership (Braun et al., 2013).
On the one hand, idealized influence behaviour is about followers admiring the leader’s charismatic behaviours such as ethics, values, mission, and then members mimic those behaviours (Stone et al., 2003; Antonakis et al., 2003; Bass & Riggio, 2010). Inspirational motivation, on the other hand, has to do with how a leader articulates a vision, optimism and convincingly communicates high expectations, which inspires followers’ emotions, the need to share leader’s vision, and to forgo self-interest for the common good (Antonakis et al., 2003; Northouse, 2019). This is done while the leader is inspiring members to be more independent in coming up with solutions to problem (Khan et al., 2016; House & Shamir, 1993).

Individualized stimulation, as described by Bass (1985), focuses on the leader challenging followers’ assumptions, creating challenging but attainable goals, and encouraging members to be creative while challenging their own world view (Yukl, 2010; Mhatre & Riggio, 2014). Here, the leader maintains emotional balance and rationally deals with complex problems (Khan et al., 2016). Individualized consideration is about a leader providing supportive climate, listening to the specific need of each member, developing member to attain individual needs (Northouse, 2019; Mhatre & Riggio, 2014; Avolio & Bass, 2002), training followers to fully engender (Northouse, 2019; Stone et al., 2003), and to keep on reassuring, caring and coaching individuals, as well as being open to followers and consulting them toward self-actualization (Khan et al., 2016; Antonakis et al., 2003). Inspiration motivation and intellectual consideration have been shown to help leaders to set high individual and team performance expectations (Bass & Riggio, 2010) and to improve leader’s communication which is critical in organization performance (Sharma, 2017). Inspiration motivation also impacts talent management, which significantly influences innovation and, subsequently, organization effectiveness (Widodo & Mawartob, 2020; Onyango, 2015). Application of these transformational leadership behaviours influence employees to willingly improve work performance (Bass & Avolio, 2004; Bass & Riggio, 2010).

**Talent Management**

The construct talent management as conceptualized today was popularized by McKinsey Group statement “war for talent” (Beardwell & Claydon, 2007; Tarique & Schuler, 2010; Simonton, 2011). Salih and Alnaji (2014) state that it is not easy to define TM since the term is interchangeably used to describe processes and outcomes. Rathod (2014) defines TM as talent while Al-Qarioti (2016) argue that talent and TM mean the same depend on the type of organization strategies and the environment. In addition, TM has to do with how organizations attract, hire, develop and retain the best talent to hold strategic positions (Dessler, 2013; Scullion & Collings, 2011; Lewis & Heckman, 2006).

TM dimensions have been conceptualized differently by different scholars. It consists of attraction, retention and development (Rathod, 2014; Dagogo & Ogechi, 2020) while Rabbi et al. (2015) list talent attraction, selection, retention and talent development as key dimensions of TM. In contrast, Lyria, Namusonge and Karanja (2017) aver that TM dimensions are attraction, retention, learning and development as well as career management. Due to a lack of consensus on dimensions, in this paper, TM will be operationalized by talent acquisition, retention, development and engagement.

The dimension of talent acquisition is the initial process in TM that focuses on building a pool of potential employees to take up the executive position and steer the organization towards achieving competitive performance (Rabbi et al., 2015). As such, talent acquisition involves hiring of talent.
from within and outside of the organization (Sahay, 2014; Armstrong, 2008). In addition, talent attraction is a factor of many things that attract talent to an organization such as creating an environment which influences employees’ performance, retention, engagement and job satisfaction (Jyoti & Bhau, 2015; Lyria et al., 2017; Karuri & Nahashon, 2015; Erkutlu, 2008).

Arising from talent attraction is the dimension of talent retention. In this regard, Abdul Azeez (2017) argues that human resource is the most valuable organizational asset. Talent retention is, therefore, about retaining skills and knowledge of talented employees for a very long time in order to sustain and to be competitive (Bluen, 2013; Dagogo & Ogechi, 2020; Lyria et al., 2007). Among the drivers that leaders of an organization must put in place include supportive culture (Luthans, 2008), rewards and how employees perceive they are being treated by their immediate supervisors and leadership (Bussin, 2018).

The third dimension of talent management is the talent development which is defined as a process that target development of individuals and organizational stakeholders’ competencies (Davis, Cutt, Flynn, Mowl & Orme, 2007). Talent management is concern with identification of knowledge and skills’ gaps and developing focused learning interventions (Mankin, 2009; Noe, Hollenbeck, Gerhart & Wright, 2010). It also affords opportunity for employees to advance their careers (Armstrong & Taylor, 2014; Millmore, Lewis, Saunders, Thornhill & Morrow, 2007). One of the exceptional transformational leaders’ attribute is the ability to develop followers to become leaders and to improve performance (Bass & Riggio, 2010; Bass, 1999).

Closely linked to the three dimensions is the concern of how the organization will engage talent. Moshoeu (2016) defines employee engagement as “an emotional and intellectual commitment to the organization or the amount of discretionary effort exhibited by employees in their work roles” (p.4). Here, employee engagement is used to refer to the alignment of an individual’s maximum satisfaction with maximum contribution to the organization, which drives organizational performance such as customer loyalty, talent attraction and innovation (Rice, Marlow & Masarech, 2012).

Organizational Effectiveness

The construct of organizational effectiveness has a long history and has attracted various approaches such as the goal attainment, system resource, process model, multiple constituents, and competing value (Eydi, 2015). Despite vast studies in the field, there is no one way of defining or measuring organizational effectiveness (Cameron, 1986). According to Dagogo and Ogechi (2020), organizational effectiveness is the ability of an organization to sustainably attain its goals and objectives, while Cameron and Whetton (1983) define it as the degree to which an organization attains its goals and mission. A differing definition is that of March and Sutton (1997) as cited by Henri (2004), who aver that organization effectiveness and organization performance are interchangeably used. This contradicts Richard, Devinney, Yip and Johnson (2009), who opines that organization effectiveness is broader to incorporate organization performance.

Arguably, this lack of unifying definition has, to a large extent, affected organizational effectiveness indicators. In this regard, Rodsutti and Swierczek (2002) listed return on assets, most admired, job satisfaction, personal satisfaction, organizational culture and multicultural management style. Uche and Timinepere (2012) lists leadership, technology, financial capacity,
profitability, revenues, job satisfaction, sales, revenue, reputation, and competitive products as measures of OE. From a different view, Tofighi, Chaghary, Amerioun, and Zarchi (2011) list working environment, provision of opportunities, staff’s mood, teamwork and general planning. Again this differs from Ambro and Praprotnik (2008), who view OE as being measured by the degree of employee involvement, innovation, adaptability and mission.

Divergences with in regard to the conceptualization of OE led Connolly, Conlon and Deutsch (1980) to state that the “current approach to OE is conceptually conflicting and empirically arid” (p.211). In support of this view, Liket and Mass (2013) aver that OE lacks sufficient tools to measure effectiveness, even though, financial indicators have been prevalent in the literature. It is for these reasons, but drawing from the literature, that this study will use organization performance, innovation, corporate culture and customer service programs as dimensions of OE.

The indicator of organizational performance is concerned with quantifiable indicators of an organization (Muthimi & Kilika, 2018). Here, qualitative items include return on assets, sales, shareholder value, equity and growth of business over a period of time (Choudhary, Akhtar & Zaheer, 2013; Gibson & Birkinshaw, 2013). Here, Long (2013) defines high organizational performance as the ability of an organization, on an ongoing basis, to be productive and to meet objectives through its productive workforce. In support of this view, Islam, Rahman, Hamid and Mahmud (2018), note that organizational competitive advantage is achieved in lights of product diversity, growth and managerial competencies driven by employees.

Organizational performance is supported by corporate strategy. A corporate strategy has to do with how an organization offers products and services in market based on the market demands (Porter, 1990). Strategy also helps an organization to realize its desired results (Drucker, 1996), coordinate various organizational activities (Volberda, Morgan, Reinmoeller, Hill, Ireland & Hoskinsson, 2011), and to plan for the future (Pearce, Robinson & Mital, 2007). As such, an organizational strategy is executed by its employees. Here, an integrative talent management strategy focuses on how to identify employees’ potential, developing leadership capabilities, designing programs that are focused on maximizing and improving individual and team’s performance, ultimately leading to improved organizational performance in terms of profits and market competitiveness (Martin, 2015). In the same way, strategy focuses on market demands, which requires innovation to not only develop new services or products that are useful to organizations, teams, communities and individuals (Bledow, Frese, Anderson, Erez & Farr, 2009), but also innovative products that offer value, increase efficiency in a process, reduce costs and increase production (Cropley, Kaufman, & Cropy, 2011). Here, innovation is a key pillar to organization effectiveness indicators (AlHrassi, Masa’deh, Al-Lozi & Irtaimeh, 2016), which is influenced by how the organization develops talent, sets performance expectations and identifies potential successors (Khaki, Khanzadeh & Rad, 2017).

As the saying goes that ‘culture eats strategy for breakfast’ (Groysberg, Lee & Cheng, 2018), corporate culture is in every organization (Drucker, 1996; Denison, Hooijberg, Lane & Lief, 2012). Corporate culture is concerned with the values that an organization articulates, the philosophy that guides policies and procedures, the climate that is created in the organization, the shared meanings and rules of the game (Schein, 2010). In this regard, Luthans (2008) finds that an organization can have very strong dominant values that it instills on members such as quality of service, efficiency
and low absenteeism. Schein (2010), metaphor on leadership and culture as two different sides of the same coin is used to demonstrate the complementarity of the two constructs. Fifth, the indicators of organizational effectiveness revolve around customer service programmes such as customer attraction, retention and loyalty (Gerson, 1998). Customer service programmes are all about an end to end customer experience and includes product development, sales, after-sales support, billing and handling of customer experience (Goodman, 2009).

**Issues Arising from Conceptual Review**

The study reviewed the literature on the constructs of transformational leadership, talent management and organizational effectiveness. Several issues have emerged and are discussed in this section. Firstly, is about the quality, diversity and depth of information which is very useful in understanding of the role of the transformational leadership in management of organizations. Specifically, quality is represented by the scholar’s research methodology that has included the validity and reliability of tools, while diversity is from a variety of disciplines that include leadership theories, human resources management, organizational theory and psychology. It is, therefore, sufficient to state that the constructs in the literature review are clearly conceptualized and compressible.

Secondly, there is a trail of evidence to indicate that transformational leadership has effects on the construct of talent management. Authors argue that the deployment of the two construct can lead to organizational effectiveness, which essentially leads to the realization of an organization’s purpose (Widodo & Mawarto, 2020; Erkutlu, 2008; Obeidat, Yousef, Yassin & Masa’deh, 2018).

Thirdly, although the constructs have been conceptualized well, the deployment of transformational leadership and talent management situational variables is not discussed. Instead, it is argued, variables such as organizational context and organization phase of development should be considered. Fourthly, the deployment of talent management leads to organizational effectiveness. There is, however, a need to contextualize what organizational effectiveness measures are due to divergence of opinions (see for example Sharma & Singh, 2019; Uche & Timinepere, 2012; Tofighi, Chaghary, Amerioun & Zarchi, 2011), on what OE is and what the organizational effectiveness indicators are. Although there are five transformational leadership dimensions, only four are popular, idealized behaviours, inspirational motivation, intellectual stimulation and individualized consideration Extant literature revealed that some studies have conceptualized idealized influence attribute and idealized influence behaviours as idealized influence (Hoxha, 2015; Ahmad, Mohamed & Manaf, 2017; Cahyono, Novitasari, Sihotang, Aman, Fahlevi, Nadeak & Purwanto, 2020; Mukhtar, Risnita & Prasetyo, 2020). Equally, there is no consensus on the dimensions of talent management. Considering this, it is critical to have a clear view of dimensions of transformational leadership and talent management.

**Theoretical Support**

From the conceptual review, transformational leadership has, over the years, attracted a lot of interest from scholars on its impact on talent management. In order to examine the relationship between the constructs, this study considers transformational leadership theory, the resource-based
view (RBV), human capital theory (HCT) and the leader-member exchange (LMX) as these theories provide insights in regards to the leader and followers interaction and relationship.

**Transformational Leadership Theory**

For decades, transformational leadership theory has generated interest amongst organizational leadership researchers (Givens, 2008). Transformational leadership theory is closely associated with James Macgregor Burns’ (1978) descriptive work that focused on political leaders. Among transformational leadership outcomes is member’s inspiration that motivates them to accomplish higher things for the common good (Burns, 1978). Transformational leaders focus on the followers’ moral values in order to align them with those of the organization (Givens, 2008). From experience, Burns (1978) felt that there was a need to distinguish the concept of management and leadership and pointed out that critical differentiators are in the parties’ character and behaviour. Burns proceeded to propose two constructs, namely transforming leadership and transactional leadership (Pawar, 2016). According to Pawar (2016: 14), the transforming leadership approach "creates significant change in the life of people and organization...redesigns perceptions and values, and changes expectations and aspirations of employees".

Similarly, Bass (1985) argues that a transformational leader encourages followers to do more than they thought they could not do. As conceptualized by Bass (1985; 2008), transformational leadership is based on respect, admiration and trust. To measure the leader's effectiveness on followers, therefore, Bass (1985) proposed three levels, namely transformational leadership, transactional leadership and laissez-faire. Within transformational leadership, there are five dimensions of: idealized influence, idealized influence behaviours; inspirational motivation; intellectual stimulation and individualized consideration (Avolio & Bass, 2004). Past studies on transformational leadership have shown a very positive effect on people and organizational effectiveness. Transformational leadership dimensions are associated with improved performance (Ogola, Sikalieh & Linge, 2017), job satisfaction (Long, Yusof, Kowang & Heng, 2014), inspiration (Givens, 2008), and organizational creativity (Pashavi, Abadi & Sanamnejad, 2012).

**Resource-Based View (RBV)**

Resource-based view is conceptualized as the structure and behaviour of how organizations are and should sustainably position themselves for competitive advantage (Grant, 1996). Here, resources at the organization’s disposal that lead to competitive advantage are rare, valuable, non-inimitable, and non-substitutable (Porter, 1990). As it were, organizations use these resources to differentiate the organization from the competitors and to maintain superior performance (Porter, 1990; Grant, 1996; Wernerfelt, 1984). Notable organization resources and capabilities include; organizational culture, trust, human resource practices and information technology (Barney & Clark, 2007). This theory is relevant in this study because talent management is an organization's competitive resource, although TM can be affected by the type of leadership and culture. According to Beamond, Farndale and Härtel (2016), organizational culture affects the motive of talent management such as the choices managers make with regard to talent attraction, development and retention of talented people in the organization. Where talented individuals are provided with an enabling environment and resources, they can improve organizational efficiency and effectiveness (Rabbis et al., 2015).
Human Capital Theory (HCT)

To supplement resource-based view is the human capital theory associated with the work and leadership of Theodore Schultz, Gary Becker and Jacob Mincer. The theory was based on the realization that physical capital was no longer measuring the entire income growth of majorities of countries (Hartog & Maassen, 2007; Becker, 1993). The search for a better way that incorporates nontangible factors such as technology and human capital lead to the development of HCT (Becker, 1993). Key factor in HCT is argument that training is a form of investment (Hartog & Maassen, 2007). Becker (1993) observed that education, computer-related training, training on virtues and provision of good healthcare are among the vital organization investment. Moreover, such investments improve both the individual and organizational performance (Nafukho, Hairston & Brooks, 2004; Richez, 2018). This theory is relevant in this study since investing in skills development enhances productivity and talent retention (Lyria et al., 2017). Empirical studies have shown that employees leave organizations because they want to pursue further education, for a better salary and due to poor supervision (see for example Allen, Bryant & Vardaman, 2017). Lepak and Snell (1999), supporting an organization's need to internalize employment, argue that tacit knowledge that is held by individual employees are competencies that an organization cannot find externally.

Leader-Member-Exchange Theory (LMX)

Leader-member-exchange theory has become one of the best theories in the study of the relationship between leader and follower (Gerstner & Day, 1997). According to Dienesch and Liden (1986), LMX is a leadership approach that describes a dyadic relationship that is linked to the social exchange, which existed between the leader and the member (Graen, Orris, & Johnson, 1973; Dansereau, Graen & Haga, 1975). In an organizational set up, there exists differentiated interaction between a manager and employee managers (Yukl, 2013), who develop a relationship which can either be high-quality or low-quality. In high-quality relationships, members and the leader create an environment of in-group that is manifested by great trust and obligation amongst themselves and the leadership, in low-quality relationships between managers and employees, the results is creation of the out-group that exhibit a low level of trust, respect as well as a low obligation (Northouse, 2019; Dansereau et al., 1975).

According to Northouse (2019), members who feel that they have a positive relationship with the leader tend to be more motivated, have higher performance compared to those who feel that the leader does not care about them, and manifest low performance. Moving from one group to the other is influenced by how a member negotiated with the leader such as a member’s request for additional tasks and, if granted, moves to the in-group, and if not, the member moves to the out-group (Northouse, 2019). This theory becomes very relevant in understanding transformational leadership's behaviour such as creating a conducive environment that encourages implementation and deployment of talent management.

Theoretical Issues

A few issues arising from theoretical review include; a clear demonstration of the study constructs of transformational leadership, talent management and organizational effectiveness with an element of leadership are anchored on the discussed theories. It is clear that there is
complementarity between transformational leadership theory, resource-based view, human capital theory and LMX in the study of talent management as factors in organizational effectiveness. Talent management is an organization’s valued asset that leadership has access to and can be deployed to achieve organizational effectiveness. Extant literature has, on the one hand, shown that some dimensions of constructs have basis on study theories such as transformational leaders uplifting followers to higher levels and setting high expectations (Burns, 1978; Bass, 1985). On the other hand, followers forgo self-interest for the common goal, although there is an expectation based on trust that the leader will deliver, which relates with the LMX premises, particularly, the in-group relationship. In addition, talent management is based on the notion that the organization will identify amongst its employees those who have potential and who are classified as talented. This cadre of staff is provided with differentiated benefits compared to other members of staff, therefore, creating the in-group and the out-group scenarios as advanced by LMX theory.

**Case for Conceptual Model**

The articulation of a construct is not only for ease of its conceptualization but identification and operationalization of it dimensions. The extant literature did not provide this opportunity, therefore, supporting the case for a new theoretical model that puts into consideration transformational leadership, talent management and organizational effectiveness. Moreover, extant literature dimensions of transformational leadership, talent management as well as organizational effectiveness indicators have been conceptualized and empirically discussed in various ways, thus, making it difficult to expressly make any direct comparisons. Secondly, the deployment of talent management has provided different results, therefore, creating gaps on what impact transformational leadership dimensions have on dimensions of talent management from leadership management studies. A proposed new model, transformational leadership dimensions as revised by Bass and Avolio (2004), have been considered. Owing to the lack of consensus on TM dimensions as well as organizational effectiveness indicators, the author extracted from conceptual and empirical literature, talent management dimensions and OE indicators which are quantifiable and non-quantifiable indicators.

Thirdly, from extant literature, there is lack of recognition of other variables such as organization context and the phase of organization development as indirect variables affecting the deployment of talent management. Moreover, Porter and McLaughlin (2006) review of literature found that the organization context affects the quality of leadership and that there is no consensus on what constitute organizational context. We, however, know that context is very relevant as it dictates leadership behaviour based on internal and external contingencies of the organization (Muthimi & Kilika, 2018). To appreciate the interactions of these constructs, a new model is proposed where organizational context is derived from conceptual, theoretical and empirical studies. Fourth, it has emerged that the deployment of TM is a factor of the phase of organization development. Here, Witek-Crabb, 2016) argue that organizations, at different stages of development, assume different types of risks, flexibility and level of confidence. It is, therefore, important to bring in the organization’s level of development from infancy, middle to maturity as moderating variables.
The Proposed Conceptual Model

In light of the issues raised above, the author posits that there is a need for a new model to offer clarity and direction with regard to the relationship between interacting variables and study of the phenomena. The proposed model is grounded on five variables, namely transformational leadership, talent management, organization effectiveness, organization context and organization development phase. The model is proposed in figure 1, and provides a summary of the linkages between the variables transformational leadership, talent management, organization effectiveness, organization context and an organization’s development phase.

Transformational Leadership and Organizational Effectiveness

Leadership affects all facets of an organization and its performance (Arif & Akram, 2018). Areas of organization effectiveness are “financial performance, adoption and human capital” (Yukl, 2008, p. 708). As such, transformational leadership’s idealized influence depicts a leader as a role model, trustworthy and high values (Bass & Avolio, 2004). High values leadership positively impacts job satisfaction, employee commitment, and individual performance (Fitzgerald & Desjardins, 2004). Through inspirational motivation, the leader articulates the future direction, sets high performance expectations and encourages followers towards the realization of the organizational objectives (Bass & Riggio, 2010; Bass, 1985). Transformational leaders create an environment that encourage employees to be creative and allocate resources that support innovation (Arif & Akram, 2018; Sadeli, 2012; Gumusluog˘lu & Ilsev, 2009). Furthermore, Chuang, Judge and Liaw (2011) confirm that a transformational leader’s behaviours positively influence job satisfaction and emotions, both of which are critical in the support of customer service. The author therefore proposes that;
Proposition 1: Deployment of transformational leadership will positively affect the various organizational effectiveness dimensions

Figure 1. Theoretical Model Linking Transformational Leadership, Talent Management and Organizational Effectiveness.

Transformational Leadership and Talent Management
Even though deployment of transformational leadership influence dimensions of organizational effectiveness, this relationship is directly influenced by talent management. Talent management is a process used by organization leaders to strategically position their organizations for competitive advantage. From the RBV, Rofaida (2016) argues that it is the responsibility of organizational
leaders to attract, retain, develop talent and integrate talent into the organization’s system as distinctive capability. Rofaida (2016) further notes that talent, like other organization resources, can be derived from its internal sources. Empirical evidence has pointed to the direction that there is a correlation between transformational leadership and talent management. Here, Eliyana and Ma’arif (2019) observe that transformational leadership has a positive and significant influence on job satisfaction. According to Lyria et al. (2017), job satisfaction is about employee perceptions or feeling about the position they hold. In this regard, Kamal and Lukman (2017) find that organizations can achieve job satisfaction by implementing talent management strategies.

Moreover, talent management positively influences the firm’s level of innovation and organizational success (Ogbari, Onasanya, Ogunnaike, & Kehinde, 2018). Talent management dimensions such as attraction and retention are critical to organizational transformational leadership since they directly affect organizational innovative behaviour and performance (Widodoa & Mawartob, 2020). Here, learning and development, which form some of talent management dimensions, are critical human resources motivators which lead to improved individual proficiency and, subsequently, high performance (Devi & Shaik, 2012). This view agrees with Krishna and Wassie (2016), who observe that “a well-trained and qualified manpower equipped with modern managerial, technical, research and leadership capabilities play an indispensable role for the speedy development of competitive industries in the country” (p. 141).

The author, therefore, proposes that:

**Proposition 2: There is a correlation between the deployment of transformational leadership on talent management**

**Talent Management and Organizational Effectiveness**

Talent management practices provide organizations with the opportunity to assess and align labour demand and supply of people who have the right skills, interest, physical, mental and emotional fitness (Joubert, 2007). Deployment of TM dimensions such as talent acquisition, retention, development and engagement affects organization financial performance, leads to increased sales and return on investment (Muthimi & Kilika, 2018; Lyria et al., 2017). Moreover, a leader’s key responsibility is to deploy resources such as talented employees to strategic areas supporting the realization of organizational performance. According to Tusang and Tajuddin (2015), an organization’s quest to achieve overall performance, growth and strategic incorporate talent management is part of overall business strategy. The author, therefore, proposes that:

**Proposition 3: There is a correlation between the deployment of talent management and organizational effectiveness dimensions.**

**The Role of Transformational Leadership on Organization Context**

A transformational leader’s interaction with talent management is better understood when the organizational context is considered. Porter and McLaughlin (2006) advocate for the inclusion of the organizational context as a key factor affecting leadership behaviour as well as the leader’s outcomes. Essentially, a leader’s perception of the environment aids in generating information that directs the leader’s behaviour in order to maximize on the environmental opportunities (Muthimi & Kilika, 2018). Internal organizational context indicators include culture, purpose of the
organization, and resource availability while external context includes operating environment, stakeholder’s interests and competitive landscape.

Additionally, organizational culture affects organizational strategy, innovation and individual performance. Here, Sadeli (2012) argues that organizational culture influences the relationship between talent management and employee engagement. As such, organizations are competing in complex environment with competing demands. It is, therefore, sufficient to posit that leaders will look at the availability of resources at the organization’s disposal and prioritize the allocation, which will fundamentally affect decisions on TM. Ashton and Morton (2005) aver that an organization’s search for competitiveness is a factor of how it aligns talent management strategies with overall organizational strategic priorities. High organizational strategic priorities are well articulated by the leadership and sufficiently allocated resources (Hughes, Beatty & Dinwoodie, 2014). It is, therefore, proposed that:

*Proposition 4: Organizational context as perceived by the transformational leader will moderate deployment of the talent management and organizational effectiveness.*

**The Role of a Transformational Leader on Organization Development Phase**

Organizations are entities that have five developmental phases. Jan Bílek (2018) outlines five stages of organizational development, namely the founding phase also referred to as the birth stage and characterized with instincts for survival; building a competitive advantage through increased sales, improved production and formalizing of structures; maturity stage where the organization is stable, has formal structures, and begins to suffer from bureaucracy, lack of innovation and political struggles start to emerge (Mintzberg, 1984) as cited by Jan Bílek (2018). The maturity stage gives way to fifth stage, the revival stage, where the organization seeks to revive itself and if it succeeds, it survives or moves to decline and demise stage.

Aligned to Jan Bílek (2018), five phases, the author conceptualizes three phases; the infancy which is the forming phase characterized with immature structures, systems, lack of specialization and low staffing levels. In the infancy phase, it is difficult to delineate the level of transformational leadership and deployment of talent management. In the middle and mature phases, however, organizations present well established structures, systems and specializations which present opportunity to examine the role of leadership, talent management, organizational effectiveness, and organizational context. It is, therefore, proposed that:

*Proposition 5: Organizational development phase will moderate the deployment of talent management as perceived by transformational leadership*
add value to existing body of knowledge. Specifically, the extant literature has revealed the following:

First, that this study is among few that have examined the impact of TL on talent management and its effects on organizational effectiveness. More so, the author found that transformational leadership is conceptualized differently. Burns (1978) view of transformational leadership as a process where the leader appeals to the motivation and morality of the followers to uplift them to higher levels. Bass (1985) conceptualized TL has a behaviour which led to development of MQL, but that was later revised (Bass & Avolio, 2004) to include five TL behaviours, namely idealized influence attribution, idealized influence behaviour, inspirational motivation, intellectual stimulation and individualized consideration. Further, it was found that only four of TL behaviours outlined in the revised MLQ are commonly used in transformational leadership and talent management studies. For example, idealized influence attribution and idealized influence behaviour are commonly combined. This is well captured by Northouse (2019) while describing idealized influence as focused on the influence aspect but delineated measurement into attribution and behaviour.

Second, the author presents that through dimensions of TL, a leader positively impacts talent management. Similar to TL, talent management dimensions are differently conceptualized. For ease of understanding, the author summarized TM dimensions into four categories, namely talent acquisition, retention, development and engagement. Here, talent acquisition is the process of building a pool of talent (Bluen, 2013). According to Sahay (2014), talent acquisition involves organizational internal and external factors while talent retention is the ability of an organization to retain talented employees for a very long time (Dagogo & Ogechi, 2020). Talent development is broad process that involves identification of knowledge and skills gaps of employee and developing intervention programmes to cater for the identified gaps (Davis et al., 2007). Talent engagement focuses on ensuring that employees are not only motivated but also engaged (Moshoeu, 2016; Rice et al., 2012).

Effective deployment of talent management requires a broad view of variables that directly and indirectly influence people’s perception and attitude. Braun et al., (2013) study found that transformational leadership influenced job satisfaction and team performance, which is consistence with Khan et al., (2020) study done in UAE, and another study by Darshan (2011) that found that the dimensions of TL had positive effects on employees’ job satisfaction. With regard to employee engagement, Erkutlu (2008) found that TL dimensions positively impacted employee engagement, similar to Besieux, Baillien, Verbeke and Euwema (2015) study done in a Belgium bank. Similarly, Ghafoor (2011) found that TL positively affected employee engagement and engaged employees were more accountable and increased performance. Leaders articulate organization culture which equally influence corporate strategy. Strategy prioritize what organizations want to achieve and resources allocation. Talent being inimitable resource, transformational leaders should have talent management strategies aligned with corporate strategy to achieve organizational effectiveness.

Third, it was revealed that organizational effectiveness is an outcome of deployment of talent management. Extant literature conceptualizes the construct organizational effectiveness in different ways as well as divergence views that are prevalent on what constitute OE indicators. For
these reasons, the author, reviewed all literature that has organization performance alongside organizational effectiveness. Organizational effectiveness indicators, therefore, consist both quantifiable and non-quantifiable indicators such as profits, sales, return on investment, strategy, innovation and customer service. Lyria et al., (2017) study found that TM positively and significantly impacted organization performance especially in increased sales and profitability, which is consistence with Sareen and Mishra (2016), and also Soud, Ogolla and Mureithi (2018) studies.

Gonnah and Ogollah (2016), noted that transformational leadership can improve organization performance by improving employees work-related practices such as job rotation, having multinational teams and secondment. Moreover, deployment of talent management strategies has positively been associated with transformational leadership behavior such as individualized motivation and intellectual stimulation. According to Bass (1999), individualized motivation enables leaders to set up high performance expectations. Bass and Riggio (2010) aver that intellectual stimulation inspires followers to perform beyond their expectation while also emphasizing the need for leaders to develop their followers into leaders.

Conclusion

The study focus was to examine the constructs of transformational leadership and specifically detailing the outcome of the phenomenon when talent management is deployed. From the extant literature, the study argues that transformational leadership is one of the leadership styles that has attracted a lot of interest and associated with positive impact on organization outcome though application of idealized influence attribution, idealized influence behavior, inspirational motivation, intellectual stimulation and individualized consideration. The study argues that when transformational leadership is deployed on talent management, there are positive and impactful organization outcomes. Transformational leadership and talent management, however, impact on organization effectiveness and is a factor of leadership perception of the organization context and the phase of organizational growth.

The study has highlighted how transformational leadership, when deployed, impacts the talent management and further it has provided details of various constructs and their operational dimensions and indicators. Relevant theories from where the study is anchored have also been highlighted including resource-based view, human capital theory and leader-member exchange. Moreover, the study has demonstrated how these theories have enhanced studies of transformational leadership and talent management specifically on the complementarity roles. From empirical review, the study has argued on how transformational leadership has impacted talent management and how talent management, when deployed, has led to organization effectiveness.

Specifically, the study has highlighted divergences and research limitations covering variables and research methodologies that have been used in empirical studies. Empirical limitations and research gaps that were highlighted have been used to propose a theoretical framework. In light of the issues raised in the study, it is the author’s view that the proposed conceptual model can be the basis for future studies especially in testing of proposed dimensions and indicators. More so, to move these propositions to empirical state, the researcher interested in them will have to design
measurement tools to measure proposed dimensions and indicators. The study used a desk top review which is a limitation since other methods could have generated different findings.

**Recommendations**

Transformational leadership style stimulates empowerment and commitment, therefore, this study recommends that organization should embrace transformational leadership style since its deployment positively leads to organizational effectiveness. It is further recommended that organizational leaders should be cognizant of the facts that transformational leadership behaviours, talent management dimensions, and organizational effectiveness are affected by other variables such as the internal and external organizational environment, and the phase of organizational development. This view is in line with Baliga and Hunt (1988), as cited by Erkutlu (2008), who concluded that transformational leadership style is very critical in all stages of organizational development and revitalization.

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