Does Transformational Leadership Affects NPOs Performance?

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Abstract

This paper intends to focus on the importance of transformational leadership and whether it affects NPO performance. Nowadays, the role of NPOs has become more critical since the occurrence of several unfortunate events, such as the outbreak of the pandemic and the natural disasters that frequently happened. NPOs act as a helping hand for the government to handle public affairs, have made them accountable to the public at large, and need to be managed by good leaders. In addition, for organisations to achieve transparency, individual managers must agree to conduct their jobs in an atmosphere of trust and high ethical standards. The implementation of transformational leadership can resolve the mentioned issue. This study exposes the importance of transformational leadership and its effects on NPO performance. Previous studies have found that transformation has positive impacts on organisational performance. Hence, this research focuses on Malaysia and the third sector. NPOs are obligated to excel in their field as they carry the same responsibility as the government in improving society's quality

of life. At the end of the research, the results determine whether transformational leadership influences the performance of NPOs. This research applies qualitative research design and uses content analysis for the methodology. This study employs a search strategy using online databases, including Scopus and ISI Web of Science (WoS), for studies published from 2017-2021. Therefore, this research is expected to improve the transformational leadership practice in Malaysia. Thus, NPOs can improve their future performance in serving their beneficiaries.

Keywords: leadership, transformational leadership, non-profit organisation, performance, Malaysian NPOs

Introduction

Nowadays, the role of NPOs has become more critical since the occurrence of several unfortunate events, such as the outbreak of the pandemic and the natural disasters that frequently happened. NPOs act as a helping hand for the government to handle public affairs, have made them accountable to the public at large, and need to be managed by good leaders. In addition, for organisations to achieve transparency, individual managers must agree to conduct their jobs in an atmosphere of trust and high ethical standards. This can be achieved through the implementation of transformational leadership.

Recently, the number of cases reported involving NPOs regarding accountability has increased. It includes well-known institutions, including City Harvest Church, the American Cancer Society, the National Kidney Foundation of Singapore, and the United Way of America. The widow of the former *Al-Arqam* founder, Hatijah Am, was caught in a fraud incident involving ISEs funding for orphans in 2013, which led to her detention under the Prevention of Money Laundering and Terrorist Financing Act of 2011. Additionally, the Malaysian Association for the Blind (MAB) case of beneficiary neglect involving NPOs and the ongoing debate over NPOs surrounding the Malaysian Islamic Economic Development Foundation (YAPIEM).

One of the reasons these reported cases occurred is the poor leadership practised in the organisations. Many firms have collapsed due to the management team's weak leadership style in such situations. The workers need to be more effectively managed, controlled, and coordinated, and this attitude has adverse effects on productivity, operational costs, employee cooperation, and other factors. All of these ultimately result in the organisation's closure.

Unsuccessful management costs money because it lowers staff morale and makes people feel less devoted to the organisation's goals. This usually results in lower-quality work being completed more slowly. A poor leadership style may prevent management from coming up with innovative ideas and solutions (Ibrahim & Daniel, 2019). Studies conducted in the past (i.e., Megheirkouni & Mejheirkouni, 2020; Megheirkouni, 2016) reported main issues that organisations face, as explored and investigated in the literature, include a lack of leadership skills, racism, corruption, a lack of funding for training, individualised leadership, sexual harassment, employee theft, incivility, violence, financial and economic crises, demographic changes brought on by immigration, and labour and mind migration, according to these reviews and empirical research. These difficulties can be divided into five categories: skills gaps, unethical conduct, personal initiative, training expenses, and crises and disasters. Leaders are the ones that will trigger the employees towards their stated goal of the organisation. Finding capable leaders with the necessary personality, expertise, intelligence, and experience can be challenging for some organisations. However, leaders in organisations are one of the crucial elements to be paid attention to as they have a major impact towards the NPO's performance.

This study focused on the context of Malaysia. It provides fresh insight as previous studies in this literature have yet to be discussed in this context. It has been found that only several studies have discussed this issue in the context of Malaysia. It should be widely studied as transformational leadership has been proved in other countries' perspectives have influenced the performance of organisations. Furthermore, this study offers organisations and scholars current information that could contribute to the organisation and management literature by using a period spanning from 2017-2021.

This study is significant for improving the leadership aspects of Malaysian NPOs as it proves the relationship between transformational leadership and NPOs' performance. NPOs should pay more attention to leadership styles and implement the right ones in the future. Eventually, this will strengthen their functions as one of the agents of the country's growth. At the global level, Malaysian NPOs can improve their roles in supporting the Sustainable Development Goals (SDGs). Being one of the members of the United Nations, it is the responsibility of Malaysia to uphold the sustainable development goals and address the issue of human rights globally. Hence, it is crucial to improve our third sector as it is also involved with the global issues

such as refugees and human trafficking. This study exposes the importance of transformational leadership and determine whether it affects the performance of NPOs. Previous studies have found that transformation has positive impacts on organisational performance.

Literature Review
Non-profit Organisations

These days, the government and authorities cannot resolve problems involving the necessities of society on their own (Khoo, 2013). Herein lies the crucial function of the third sector, in particular the non-profit sector (NPO). For private and public individuals who are still overburdened in their efforts, non-profit organisations' support in caring for the poor, disadvantaged, ill, old, and marginalised segments of society is essential (Singh & Mthuli, 2020; Smith, 2018). These NPOs are a significant player in the third sector and occasionally take on significant duties. Globally, NPOs have been growing, which is encouraging. Around ten million NGOs and non-governmental organisations exist worldwide (Conrardy, 2020). In the US, the Internal Revenue Service (IRS) registered 1.54 million non-profit organisations in 2016, a 4.5 percent increase from 2006.

NPOs have the obligation to be excel in their field as they carry equal responsibility as the government in improving the quality of lives of the society. The five main qualities of ordered, private (institutionally independent from government), not-for-profit distribution, self-governance, and voluntary can all be used to identify NPOs (Salamon & Sokolowski, 2016). The researcher went on to definea NPO as a group of individuals working together voluntarily to better the lives of their communities, independent of the government or the business sector. In Malaysia, for instance, the NPOsplay an imperious role in developing the country by delivering social work services to the community. According to the 13 categories as classified under the Malaysian Registrar of Society (ROS) are religious, welfare, social and recreation, women, culture, mutual benefit societies, trade associations, youth, disable, education, political, employment associations, and general (i.e., consumer associations, environmental associations, old boys/girls' associations, residential associations, ex-police, and ex-servicemen's).

It is a market that has grown more popular recently in the areas of welfare provision, education,community development, international affairs, the

environment, or the arts and entertainment despite being in the third sector, behind government and its agencies of public administration and the world of business or commerce (Anheier, 2014; Lewis et al., 2020). Contrary to common belief, NPOs may generate profits but are not permitted to pass those gains to shareholders or directors. The organisation's activity must be fully funded out of the benefit obtained (Anheier, 2014). However, despite a growing push for corporate productivity, efficiency, and competitiveness that has urged NPOs to boost their economic and social success over the past 10 years, the internal operations of NPOs have received less attention to date (Hamilton, 2019).

Additionally, NPOs can be distinguished from for-profit businesses and government organisations because neither of these groups derive their authority from the political process (Lewis et al., 2020). Thus, Willetts (2001) provided three generally acknowledged traits that disqualify particular organisations from being labelled NPOs. First, the NPOs should not be political organisations or branches of the government. All criminal organisations should be exempt from the notion of NPOs since they are neither part of the government nor a private organisation. Second, they should not be profit-driven or artificial bodies (Mohd Noor, 2017; Willetts, 2001). Unfortunately, this definition is ambiguous because some NPOs are profit-generating businesses that use earnings to raise money for their operations (Mohd Noor, 2017; Zainon, 2014). Moreover, the NPO's output is non-profit in nature (e.g., a decrease in the prevalence of poverty), while the input, such as funding, can come from either profit or non-profit oriented activities such as business or membership fees (Mohd Noor, 2017).

There is no big difference between NGO and NPO. However, there are some features that differentiate these both big components in third sector. To be started, both of them belong to the third sector that have been acknowledged their functions in the society lately. Some claim that the third sector is inherently unsuitable for singular definition. First, the "third sector," which is frequently linked to the concepts of civic engagement and volunteerism. Second, the word "third" itself suggests that the third sector is a residual category for items that do not fall within the state or the market, the two other "main" and "secondary" categories. In reality, the term "third sector" is used to describe a wide range of organisations that do not fit within the state or market classifications, including charities, nongovernmental organisations (NGOs), self-help groups, social enterprises, networks, and clubs, to mention a few (Salamon & Sokolowski, 2016).

Mainly third sector can be understood as the other sectors apartfrom the public and private sector that also aimed to improve the life of the society. They comein several meaningful purposes as mentioned above. In this third sector, there are two main bodies - which are the NGO and NPO. The acronym NGO stands for non-governmental organisation. Even while it might receive support from the government, it is a company that runs on its own accord. Depending on its connectivity and reach, an NGO is a non-profit organisation that operates on a regional, national, or international scale (Shikha, 2020).

NPO, meanwhile, stands for non-profit organisation. An NPO can be established by a group of people or by a single person to further cultural, religious, social, or professional goals. The NPO's trustees or members raise the initial funding. Due to the fact that this organisation does not operate for profit, all of its excess funds are used to advance its goals rather than being distributed among its participants (Shikha, 2020). The scope for NGO would larger while NPO would be more limited. Otherwise, both of them are working towards improving the state life of the society

Overview of NPOs in Malaysia

In Malaysia, there are an increasing number of non-profit organisations (NPOs), and figures from the Registrar of Societies (ROS) show that from January 2017 to March 2021, there were 107 591 NPOs registered in total (Registrar of Societies, 2020). The 13 categories listed under ROS are, by ROS (2020), as follows: (1) religious; (2) welfare; (3) social and recreational; (4) women; (5) cultural; (6) mutual benefit societies; (7) trade associations; (8) youth; (9) disabled; (10) education; (11) political; (12) employment associations; and (13) general. Consumer associations, environmental associations, old boys/girls' associations, residential associations, and ex-police and ex-organisation servicemen are among the groups that fall under the category of "generic" (Othman & Ali, 2012). If the NPOs intend to act on their behalf, they must be legally recognised. In Malaysia, NPOs are frequently registered with the Companies Commission of Malaysia (CCM) and the Registrar of Societies (ROS). NPOs, such as the Muslim Care Society and the PERTIWI Soup Kitchen that have annual revenues of less than Ringgit Malaysia (RM) 1 million are eligible to register with (ROS) and are subject to the Societies Act 1966's regulations (Farouk & Wing, 2019). On the other hand, NPOs with sales of more than RM 1 million may be registered with the CCM as limited liability

companies and held accountable under the Companies Act of 1965 (Iqmal et al., 2018).

Transformational leadership

In a simple explanation, many scholars agree leadership is the art of moving others to struggle for shared aspirations (Kearns et al., 2015). Besides, leadership can be defined as the non-specific process-oriented activities of questioning the process, inspiring a shared vision, empowering others to respond, modelling the path, and stimulating the spirit (Kurt & Erdoğan, 2021). Therefore, a leader is a person who can inspire, empower and influence others. A leader does not have to be the one who holds the position or possesses the power; he can be anyone with the credibility to influence and follow him. Leadership is crucial in maintaining the workforce and increasing their dedication to the company (Schreiner et al., 2018).

NPOs rely heavily on their workers, who are also drawn to these organisations because of their social purpose and value, to achieve their objectives (do Adro & Leitão, 2020; Knapp et al., 2017). A successful working relationship must be based on cooperation, trust, and respect (do Adro & Leitão, 2020; Kim et al., 2018). A connection risks degenerating as trust erodes (Cornforth & Macmillan, 2016; do Adro & Leitão, 2020). Without strong leadership that can be trusted, employees and volunteers in an organisation will not feel secure in their work or the atmosphere in which they operate (Kim et al., 2018; Koo et al., 2017). Because trust must be earned, leaders must develop close relationships with their team members. This may be done by adopting a leadership stance that will direct the organisation and strengthen mutual trust (Ndirangu, 2018).

As can be observed throughout other literature, leadership has been a significant influence on several organisational elements such as organisational innovativeness and organisational culture (Al-Ali et al., 2017) and employee performance (Buil et al., 2019). Leadership is essential to guide and lead the organisation's members to work together towards their missions or goals (Brimhall, 2019; do Adro & Leitão, 2020; Madanchian et al., 2017). Transformational leadership is defined as a leader who listens intently to inputs and employee grievances and is especially keen to give attention to the

employees' demands for personal growth, soft skills, and career advancement (Freeborough & Patterson, 2016; Susilo, 2018).

One of the few leadership theories that has been thoroughly studied in the fields of leadership, organisational studies, and human resource management is transformational leadership theory. The relationship between personality and organisational performance, personal epistemology and beliefs, self-esteem and teamwork improvement, and performance and satisfaction has been studied in research on transformational leadership. Transformational leadership is being studied as a predictor of other leadership theories, such as LMX (Megheirkouni & Mejheirkouni, 2020).

This leadership style has four central dimensions: inspirational motivation, intellectual stimulation, idealised influence, and individual consideration (Figure 1). First, inspiring and motivating leaders push their followers to advance professionally and provide them with a firm perspective on how to do so by raising workplace productivity (Moradi Korejan & Shahbazi, 2016). These are examples of inspirational, motivating traits in leaders: they can express lofty ideals, use metaphors to concentrate on hard labour, and succinctly communicate important goals (Ndirangu, 2018; Susilo, 2018). This effect would significantly affect the development of enthusiasm, hope, and performance inspiration, inspiring people to pursue achievement alongside great achievers (Ndirangu, 2018; Susilo, 2018). This theory identified three stages of subordinate development: empowerment (also known as active engagement, critical-independent approach, and self-efficacy), morality (defined as the internalisation of the organisation's collective orientation and needs), and motivation (Ndirangu, 2018).
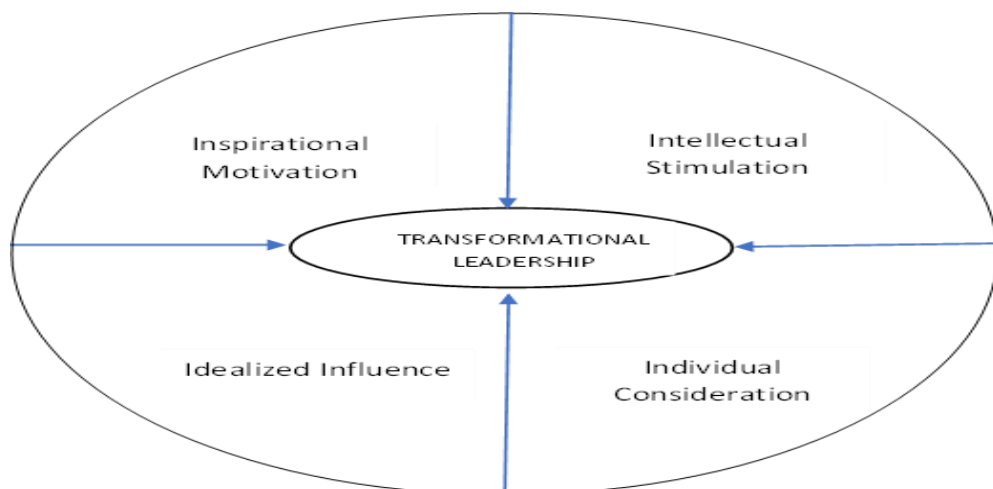
Source: Adopted from Susilo (2018)

Figure 1 Dimensions of Transformational Leadership

Next, the two-way conversation between supporters and leaders that defines personalised attention allows leaders to examine potential organisational issue (Susilo, 2018). This dimension is evident when the leader engages with subordinates based on their unique abilities and attributes. By providing new learning opportunities depending on each person's interests and skills, the leader gives each person special consideration to foster strong friendships. Individual consideration includes individualised concerns for specific employees, advice, support, and direction (Susilo, 2018). The degree to which the leader attends to the interests of each follower acts as their tutor or teacher and listens to their concerns will determine whether or not they are a part of the organisation. A transformational leader is attentive to staff and subordinates' diverse and primary interests (Ndirangu, 2018). This leadership style enables leaders to develop followers and subordinates to ever-higher potential levels and enhancing their ability to enhance the organisation's performance (Ndirangu, 2018).

Leaders motivate followers to develop inspiration and imagination by altering their approaches and opportunities. The main objective of a leader is to promote the free exchange of ideas so that their followers and followers can experiment with different strategies (Moradi Korejan & Shahbazi, 2016). According to Boberg and Bourgeois (2016), a leader who strives to create an environment that fosters the growth of innovation and creativity has a high level of intellectual stimulation. This aspect can be demonstrated in the organisation's style by creating creative plans, providing inventive solutions to problems faced by employees, and motivating staff to look for novel ways to do their current jobs.

Additionally, intellectual stimulation involves applying creative, logical, and sensible problem-solving techniques to learn about issues and develop novel solutions (Susilo, 2018). Leaders serve as examples for their followers and exhibit ideals through their social actions (Moradi Korejan & Shahbazi, 2016; Susilo, 2018). They respect, believe in, and love their followers. They put their supporters' needs ahead of their own. They avoid abusing their position of power (Moradi Korejan & Shahbazi, 2016). The company's transformational leadership must set an example and function as a positive role model in acts, behaviours, successes, or commitment to subordinates in order to boost the charismatic element (Alrowwad et al., 2016; Boberg & Bourgeois, 2016; Susilo,

2018). Therefore, a transformational leader may focus on his team's requirements, utilise only as needed and not for personal gain, have a clear sense of direction, and inspire pride in his team members (Arif & Akram, 2018; Susilo, 2018).

All four dimensions of transformational leadership should be implemented overall in order to sustain this leadership style within an organisation. The leadership style suits the environment of the NPOs, which are constantly changing from time to time. The leaders of NPOs must be flexible in adapting to changes to successfully guide and support other employees in adapting to the new transformations. The dimensions established under this leadership style promote a positive environment for both leaders and employees as it is fair towards both parties. Leaders are the foundation that will reinforce the organisation's goal despite challenges.

Most leaders in NPOs come from different backgrounds, such as business, education, and entertainment. These different backgrounds hold different environments from this third sector. Hence, they will practice different styles of management and leadership. The management of volunteers, donations, few resources, often lower salaries, and competition with other talent-seeking industries present distinct challenges for NPO leadership, even though it shares some characteristics with that of the commercial sector (Allen et al., 2018). Compared to public and private sector management capacities, the third sector's leadership often takes a "scattered" approach (do Adro & Leitão, 2020). The leaders have limited knowledge about proper and suitable leadership type. There is a lack of qualified leaders in the third sector. Hence, the related authorities should take further action, such as offering workshops or seminars to educate future leaders (Ivanovska Hadjievska et al., 2022).

Another common issue in this sector is the accountability held by the leaders towards the organisation. Accountability is a crucial aspect of NPO. They are accountable towards their various stakeholders. Initially, it must be started from the root, which is the leaders. Accountability is closely related to ethics within an individual. The principles and morals that a person or society as a whole think adequate, fair, or appropriate are what ethics is all about. Ethics concerns people's moral character and motivations. The ethical theory provides guidelines or principles that help people decide what is morally right or wrong and good or bad in a particular scenario they are faced with (Kabeyi, 2018). Moral difficulties and related issues arise as a result of a person's character fails him/her to engage in unethical behaviour, and organisational social norms that lack a defined or stringent code of ethics (Kabeyi, 2018).

Recently, the number of cases reported regarding the accountability of NPO leaders has been increasing at a worrying rate. For example, financial issues that involved fraud, such as the case that involved one of the *Tahfiz* (informal religious school) in Terengganu, where one of the educators mismanaged the money for the organisation (the disclosure of the donation process for Palestine that was being handled by the leaders of *Persatuan Cinta Gaza Malaysia*) (Rozlan, 2021). Other issues are not related to money, such as the case of the *Rumah Bonda's* founder, Siti Bainun, who harassed one of the children in her care (Bernama, 2022) and a case involving a founder of the NPO of *Pertubuhan Kasih Umat Malaysia* that reported with sexual harassment (Mikail, 2022). Unfortunately, these cases have made the public feel unsafe, and disrupting the trust towards the NPOs. These issues damaged the reputation of the NPOs as agents of delivering services to improve society's lives. These issues occurred because of the lack of ethics among the leaders and the ethical conduct practised by the NPOs. The related authorities must review and enforce the rules and regulations governing this third sector to avoid more severe cases in the future.

NPOs performance

The degree to which an organisation has achieved its stated goals and objectives and how well it performed during the process is called its organisational performance (Porbeni, 2016). Operational excellence, moral character, social responsibility, and success are all aspects of performance (Arif & Akram, 2018). The first perspective maintains that only financial metrics can accurately assess an organisation's success; while the second supports financial and non-financial metrics. The balanced scorecard, which includes three categories (i.e., customer, learning and development, and internal business process) also lists non-financial initiatives (Iwu et al., 2015). Although Upadhaya et al. (2014) acknowledge these standards, they advise that non-financial indicators like market share, staff engagement, and efficiency should also be considered. Additionally, NPOs can now persuade governments and large corporations to alter or change their behaviour. As a result, it is critical that they fulfil the expectations of various stakeholders as they take on these kinds of significant responsibilities on behalf of citizens and use society's resources to do so (Iwu et al., 2015).

The primary purpose of the NPO, or at least an adequate requirement, is to serve its stakeholders. This requirement determines stakeholder approach to NPO efficacy, which develops from interpretation to appraisal. While nonprofits work to bring their partners together around a common goal, they frequently encounter opposing viewpoints. The stakeholder fulfilment method is a social architecture approach to measuring nonprofit effectiveness that has grown in popularity in recent decades. It is based on the stakeholder theory by Freeman (1984) and the multiple constituency theory (Campbell & Lambright, 2016; Mitchell, 2013; Tran, 2020). Since public and nonprofit management must deal with typically long-term, vague, and conflicting goals, evaluating performance is one of the most challenging difficulties (Tran, 2020).

In order to measure the performance, as it is socially constructed and based on the stakeholders' expectations, which are connected to the stakeholder theory utilised to guide this study, this stakeholder satisfaction approach is frequently employed. The extent to which objectives are achieved within budgetary constraints, overall goals are attained, services are deemed valuable, funding is sustained and sufficient, and impact on the population served are all indicators of external performance. Metrics of organisational performance are represented by internal performance. These metrics are as follows: (1) goal clarity, (2) clarity of programme activities, (3) goal setting, (4) activities, (5) decisions of task structure, (6) performance assessment, (7) intervention strategy, (8) goal determination, (9) communication, (10) change in decision making, (11) interdependence, (12) diversity of funding sources, and (13) long term decisions (Mohd Noor, 2017). All of these indicators are based on the preferences of the stakeholders. In various research, several measurement techniques are applied to gauge organisational performance. The behaviours of followers are influenced by a leader's qualities in order to achieve corporate objectives. Consequently, a leader's style might enhance an organisation's performance (Kılıç & Uludağ, 2021).

Transformational leadership and NPOs performance

Every organisation needs a leader to lead and guide the operation to achieve its established goals. Managers play a crucial part in these events to encourage and support the employees in coming up with new ideas for improving their jobs because it is their obligation to promote and improve performance in any firm (Arif & Akram, 2018). Many styles of leadership have

been practised in the world. One of the most common styles that have been used is transformational leadership. This style of leadership has been widely discussed about its impacts towards organisational performance (Kılıç & Uludağ, 2021). As the roles of NPOs have been acknowledged and being noted as crucial nowadays, organisational performance is the most vital aspect being looked at by their stakeholders (Arif & Akram, 2018).

Transformational leadership is the best style to guide and accommodate NPOs as it can cope better with the conditions and circumstances the NPOs will always face. The constant and dynamic change demands a leader who can control and handle their teams to adapt fast and accurately according to each situation (Mohd Noor, 2017). NPOs are managed by a single individual, a team of experts, and a few employees. Therefore, the leadership of NPOs determines whether development projects are successful or unsuccessful (Aboramadan & Kundi, 2020).

This leadership style also offers another reason for the employees and volunteers to stay longer in the NPOs (Malinen & Harju, 2017). This is because they stay motivated and energetic to keep serving the beneficiaries of the support and motivation given by the transformational leaders. When they feel motivated, they will eventually work in a positive mood, which will lead to a positive work environment. Involving in the third sector, such as in NPOs, will not provide them monetary rewards but the satisfaction of helping those in need. Thus, those involved need another kind of reward or token to stay passionate about NPOs. The leaders and managers play this significant role in showing good examples and supporting their teams.

Methodology

This study applies qualitative research design. It employs a search strategy using online databases, including Scopus and Web of Science (WoS), for studies published from 2017-2021. The method was a content analysis of a search of words and concepts relating to NPOs' performance and transformational leadership in the context of Malaysia through the newly developed search engine. Content analysis is any method for concluding messages by carefully and objectively determining their unique qualities (Holsti, 1968). This approach was chosen because it offers perception into intricate models of the human mind and language use, and it is a simple and inexpensive research method (Wilson, 2016). The papers selected are being

reviewed, and the specific information is to determine whether transformational leadership influence the performance of NPOs. This method is chosen as the study is focused on the existing theory and concept of transformational leadership, and it needs to be more in-depth in the context of Malaysian NPOs.

The most pertinent publications in these databases use the broad search phrases "transformational leadership" and "organisational performance" in the title search. However, we accepted the causal path model that evaluates and extends the direct influence of transformational leadership on organisational performance. We also rejected any publications that examined transformational leadership as a moderating or mediating variable. Additionally, it is recognised that organisational performance is a multifaceted idea that can be evaluated from both financial and non-financial angles. Besides, the term' sustainability performance' was also included while the term 'social innovation' was not included.

The content analysis answered two main questions of this study: i) What are the positive impacts of transformational leadership on Malaysian NPOs?, and ii) Does transformational leadership influence Malaysian NPO's performance? The researchers initially found 46 papers; however, only 22 papers were finally analysed. The researchers choose to code the existence of the concept of transformational leadership and NPO performance in each paper. The researcher analysed the frequency of the related phrases and words to conclude the relationship between transformational leadership and NPO performance. Several steps of conceptual content analysis are carried out to obtain the final findings.

Findings and Discussion

No previous study investigated the direct relationship between transformational leadership and NPO performance in Malaysia during this research to the acknowledgement of the researchers. This study can only answer the first research question: What are the positive impacts of transformational leadership on Malaysian NPOs? Nevertheless, it fails to answer the second research question, ii) whether transformational leadership influences Malaysian NPOs' performance, as no paper has been found in the specific context of Malaysian NPOs. Hence, the researchers included the relationship between transformational leadership and organisational performance to reflect other sectors besides this third sector.

Several studies are included in the research that involved the performance of organisations from different industries and focus on other areas. There are slight differences between the sectors and areas. However, it still managed to prove that there is a positive relationship between transformational leadership and NPO performance. The researcher included other critical performance analyses, such as job and team performance, because these elements build organisational performance. With them, organisations could be considered successful. Leadership in an organisation is vital as the leaders play a significant role in guiding and bringing the team to the desired goals. With a capable leader, the whole organisation will stay intact; a great leader significantly impacts those under his supervision.

Studies by Megheirkouni in 2016 stress that creating individual leaders and creating effective leadership processes are similar around the world because they rely on the same leadership theory principles but with some differences in terms of the content, purposes, and implementations that are appropriate for each organisation or country, serve as excellent examples of this. Therefore, applying leadership theories is the only way to build influential individual leaders and effective leadership processes. In light of this, we contend that leadership development techniques are founded on theories derived from leadership theory concepts that span traditional approaches to modern ones (Megheirkouni & Mejheirkouni, 2020).

Researchers have looked into the relationship between transformational leadership and personality, as well as with positive outcomes like organisational performance follower self-esteem, and teamwork improvement (Williams et al., 2018). Transformational leadership is being studied as a predictor of other leadership theories, such as LMX (Megheirkouni & Mejheirkouni, 2020). Even though transformational leadership has piqued the interest of leadership scholars and researchers for more than 50 years, it is still the theory in leadership that has received the most research and is thought to be very effective. Its prominence may be due, in part, to the fact that this type of leadership is more effective at meeting the needs of modern leaders than conventional management development programmes are at doing so in the face of rising problems and dynamic contexts (Megheirkouni & Mejheirkouni, 2020).

In addition, the ability to adjust feelings, opinions, and attitudes in response to sudden change is the first advantage of this leadership approach. This manager will also possess emotional intelligence skills, making them

better able to effect organisational change by giving employees more attention (Jimenez, 2018). Leaders boost participants' commitment and their propensity to work harder to succeed and build high performance in the organisation because they have strong personalities, pay attention to individual distinctions and high-level desires of individuals, and have emotional stimulus (Malik et al., 2017; Moradi Korean & Shahbazi, 2016). Leaders should not only instruct the employees but must also be able to motivate and support them to achieve their goals together. This will encourage the career growth needed by each employee. Employees have different capacities for accepting changes and challenges and need supportive leaders to back them up when the situation is complicated. The knowledge and experience possessed by the leaders could assist them in their situations.

The leaders serve as role models for the organisation's personnel, guiding and assisting in their personal and professional development. This is another advantage of transformational leadership. Beneficial behavioural discipline and role modelling by transformational leaders have a positive ethical impact on an organisation (Freeborough & Patterson, 2016; Susilo, 2018). A great role model is crucial for employees to look up to and seek guidance in any hardship. The leaders will always be the people that employees refer to for any uncertainty because they have more experience in the related field and might have faced the situation before. Hence, they can suggest and recommend the best solution for the issues. Role models can be one of the essential reasons employees do their best to perform their tasks as they are determined to achieve their desired goals in time.

This leadership style can also increase employee morale and trust in the executives. Numerous leadership studies support the shared upkeep of confidence between leaders and their followers as a crucial condition for leadership to successfully navigate follower behaviour (Constandt & Willem, 2018). After all, positive organisational behaviours, including organisational engagement, support, organisational citizenship behaviours (OCB), and encouragement for innovative projects, are linked to confidence between leaders and their followers (Constandt & Willem, 2018). By intellectually advancing their thought processes and communicating organisational goals and values, transformational leadership, according to previous research, increases their interest in decision-making and instils pride in organisational members. This, in turn, will later foster confidence in their superiors and trust among members, which is a crucial factor in increasing trust in the organisation (Koo et al., 2017; Susilo, 2018). Trust is difficult to gain from any individual;

achieving this takes time and effort. It is crucial in any organisation, especially NPOs, as trust will build a strong bond and lead to a healthier and more conducive working environment. As for the NPOs, a positive working environment is essential as it acts as a non-financial reward to keep on serving the NPOs.

This style of leadership will prepare the next new leaders for their roles. Transformational leaders develop their followers to the point where they can assume leadership roles and achieve results that go above and beyond what is anticipated or desired (Gabbar et al., 2014). In an organisation, people will come and go, and everyone must be replaced by someone else. The leaders today will only be in the organisations for a while. It is essential to continue the legacy to sustain positive organisational performance occasionally. Leaders are not being born but being nurtured; hence, future leaders need to learn from the experience. Get their transformational leaders as leaders and learn from the examples set by them. That is why it is crucial to set good examples for followers to follow in the future.

The reason why it is the most suitable leadership style to be implemented in NPOs is that almost all of the beneficial characteristics of other leadership philosophies are covered by transformational leadership, which also has common ground with level-five leadership, servant leadership, and ethical leadership (Mahalinga Shiva & Suar, 2012). This also supports the strong relationship between transformational leadership and NPOs' performance in this study. The four dimensions of transformational leadership cover all the essential elements and traits needed for a leader. It is concerned with getting the job done and developing a responsible leader.

The researchers suggested that to implement and nurture a transformational leadership style in an organisation, the Human Resources Department should take an active role. This department should provide adequate training for those future leaders to prepare them for the upcoming challenges. With proper training, they can be more confident and well-prepared to make the right decisions and take the right actions for the organisation. In an NPO situation, a proper Human Resources Department might need to be better established, just like the private or public sector. However, there are other excuses for not paying attention. The person in charge should be aware and proactive to enhance transformational leadership in their organisations.

There is a limitation in this study, which is that the content analysis only included the articles from 2017 until 2021. This timeline should have covered other articles with more significant findings or elements. This timeline has limited the range of choices of articles related to this topic. The researcher has limited this study to the context of Malaysian NPOs, which is another limitation of this study. During this study, no single article was found related to this topic in the context of Malaysian NPOs, which failed to reveal the relationship between transformational leadership and NPO performance in Malaysia. It suggested future research to study this topic from the point of view of NPOs in Malaysia.

Conclusion

Leadership is a crucial element that acts as the foundation of an organisation. With strong leadership, the organisation will be able to survive in the field and be deemed to succeed at any time. Leaders will be the ones who lead and guide the members of the organisation in moving towards the desired goals. In an organisation, there will be various types of people with unique attitudes and capacities to accept changes; the leaders will be the ones that unite them to be a team that can work and cooperate to achieve their objectives. Here comes the right leadership style needed to be implemented to nurture an organisation's great leader. The four main dimensions of transformational that have been proven cover all the crucial characteristics and aspects of excellent leaders. In the third sector, specifically, the NPOs, a great leader is crucial because NPOs will always face challenges in coping with changes as the nature of this sector is constantly changing. It is very dynamic, and those in this sector must be flexible regarding changes. They need to adapt to the changes quickly as they have proactive roles to deliver services towards the beneficiaries, which have different kinds of issues and might change in one night.

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