
**TRANSFORMATIONAL LEADERSHIP, EMPLOYEE ENGAGEMENT AND PERFORMANCE
OF RETAIL PHARMACIES IN KAMPALA**

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ABSTRACT

This study looked at the connection between employee engagement, transformative leadership, and retail pharmacists' achievement in Kampala. The study used a quantitative research methodology and a cross-sectional research design. a representative sample of 338 pharmacy stores from Kampala's 5 districts. Using a standardized questionnaire, data was collected. Data analysis was conducted using SPSS (v. 25). Frequency tables, correlation, regression, and a med-graph were used to display the results. According to the study, transformational management and business success are positively correlated. Employee participation and company efficiency had a good link. According to the study, there is a link among the company's culture and work happiness. The study discovered that the association between transformative leadership and company efficiency is partially mediated by staff involvement. the conclusion that in order to achieve organizational performance, leaders must select the appropriate leadership model. The study does in fact show that one of the exceptional leadership types that stimulate organizational performance is transformational management. Additionally, it concludes that because it fosters a sense of psychological commitment and reciprocal obligation among workers, employee engagement is crucial in assessing organizational effectiveness. According to the report, in order to achieve organizational success, retail pharmacies should embrace innovative management and boost staff involvement. The study makes several recommendations for further research, including: conducting a comparative study to look at the connection between change management, staff involvement, and performance at work across

various industries; and examining the connection between revolutionary leadership, employee participation, and the organizational achievement with a focus on both financial and non-financial measures.

Key words: *transformational leadership, employee engagement and performance*

Background of the Study

While retail pharmaceutical firms have had significant economic expansion, their overall nonfinancial competence has continued to deteriorate, according to the European Federation of Pharmaceutical Industries and Association (EFPIA, 2021). Internal processes that are employee- and customer-oriented are declining as a result. For instance, from 18.7% to 21.9% more retail pharmacies eliminated employee benefits in 2018 than did so in 2017 (Christopher et al., 2022). These benefits included overtime pay and weekend pay. Additionally, it is stated that 7 out of every 11 after-sale complaints made by customers of retail pharmacies go unanswered. Additionally, 19.5% of retail pharmacies failed to deliver ordered pharmacies to their consumers in 2020 compared to 7.3% in 2019 even after receiving payment (Mikulic, 2021). Specific to Africa, IQVIA (2019) reveals decline in customer-oriented tendencies, expressed mainly in failure to attend to customer queries from 8.2% in 2018 to 15.9% in 2019.

Retail pharmacies in Uganda are having trouble meeting customer expectations, as is the situation elsewhere. According to National Drug Authority (2020), between 2018 and 2019, more than 973 retail pharmacies in Uganda ceased operations due to unprofitable operations. One of the regions that is severely impacted is Kampala. More than 26.7% of retail pharmacies in the area report having trouble with feedback

from clients, 13.7% report seeing an overall decrease in sales as a result of consumers complaining that they don't meet their requirements or expectations, and 11.9% report having no plans to improve internal operations in the next five years. As a consequence, this has increased the knowledge gap in regard to how transformational leadership and employee engagement influence organizational performance attributes such as liquidity, profitability, and sales among others (Annet et al., 2023). The current study seeks to close this gap by providing empirical evidence in reflection of the performance of retail pharmacies in Kampala.

Statement of the problem

*Business competitiveness and sustainability depend on its operational efficiency (Chan et al., 2021; Drouvelis & Paiardini, 2021). The profitability of retail pharmacies in Kampala has been deteriorating for the previous three years, which is concerning. This loss has primarily been seen as a decline in employee- and customer-focused internal processes (National Drug Authority, 2020). Notably, some retail pharmacies ignore client complaints that they have received from unhappy customers (Nelson, Christopher, Teddy, et al., 2022). Additionally, 43% of retail pharmacies do not prioritize their employees. Employees are subjected to strict work schedules and receive poor pay. If this is not addressed, retail pharmacies might struggle to remain in business, which could further impede access to healthcare. Transformative leadership and staff engagement may be responsible for retail pharmacies' success (Andriani et al., 2018; Purwanto et al., 2021; Steffens et al., 2018; Tarliman et al., 2022). This encourages the investigator to conduct additional investigation on the subject. **Research objectives***

- 1. To examine the relationship between transformational leadership and performance of retail pharmacies in Kampala.*

2. *To assess the relationship between employee engagement and performance of retail pharmacies in Kampala.*
3. *To examine the relationship between transformational leadership and employee engagement among retail pharmacies in Kampala.*
4. *To examine the mediation effect of employee engagement in the relationship between transformational leadership and performance of retail pharmacies in Kampala.*

Research Questions

1. *What is the relationship between transformational leadership and performance of retail pharmacies in Kampala?*
2. *What is the relationship between employee engagement and performance of retail pharmacies in Kampala?*
3. *What is the relationship between transformational leadership and employee engagement among retail pharmacies in Kampala?*
4. *What is the mediation effect of employee engagement in the relationship between transformational leadership and performance of retail pharmacies in Kampala?*

Methodology

Research Design

A cross-sectional research design was used in the study. According to Sekaran (2003), this research method calls for collecting data on a specific variable only once or in a snapshot. Given the limited time window for completion, this research design was chosen (Sekaran, 2003) since it was appropriate for the investigation. The study used a method based on quantitative analysis since it wanted to look at the relationships between the variables and test for mediation. The quantitative technique, which is

wholly dependent on the application of statistical models, may genuinely establish this.

Study Population

The study population comprised of 2,656 registered retail pharmacies in Kampala (NDA, 2020). These retail pharmacies were also used as the unit of analysis.

Sample size and Procedure

A sample in this study was determined based on the Yamane (1967) formular as illustrated below;

$$n_r = \frac{N}{1+N(e)^2}$$

Where; n_r is the desired sample size,

N is the population

e is the allowable error, taken as 5%.

$$n_r = \frac{2,656}{1+2,656 (0.05)^2}$$

$$n_r = 348$$

A sample of 348 people was chosen based on the calculation. To obtain this sample, the investigator used a stratified random sampling procedure. Retail pharmacies were ranked according to their division during the procedure. There are five divisions in Kampala: the Central division, the Nakawa division, the Makindye division, the Kawempe division, and the Rubaga division. These divisions were used to classify the retail pharmacies, creating a sampling frame with 5 strata. The investigator then arbitrarily chose a certain number of retail pharmacies from each stratum. Disproportionate sampling was utilized since it takes the quantity of items in a particular stratum into account.

Table 1: Sample size selection

<i>Division</i>	<i>Total population</i>	<i>Sample</i>
<i>Central division</i>	<i>533</i>	<i>70</i>
<i>Nakawa division</i>	<i>795</i>	<i>104</i>
<i>Makindye division</i>	<i>477</i>	<i>62</i>
<i>Kawempe division</i>	<i>530</i>	<i>69</i>
<i>Rubaga</i>	<i>321</i>	<i>43</i>
<i>Totals</i>	<i>2,656</i>	<i>348</i>

Source: NDA (2020)

Data Collection Method and Instrument

Data were gathered for the study using a survey form. Because it is efficient at gathering numerical information, this tool was used. The method was utilized in this investigation because it was effective at gathering data from a large population (Creswell, 2018; Rahman, 2020). A Likert scale with ratings from 1 to 5 was used to anchor the closed-ended items on the organized survey. The survey was divided into two sections: Section A, which asked about demographic information, and Section B, which asked about the factors under research.

Data Analysis

The Statistical Package for Social Scientists (SPSS. v25) was used for processing and analyzing the collected data once it had been sorted, cleaned, and confirmed for accuracy (Nelson, Christopher, & Milton, 2022). To show and explain the results, the investigator acquired frequency tables and inferential statistics of correlation and regression. Frequency tables were used to illustrate the demographic features, and proportions were used to understand them. The link between the variables under study was examined using correlation. The degree of predictability between the researched variables was determined using regression analysis, which was also

utilized to help the study rate the variables. Using a Med Graph System, mediation was tested. The statistical values of the Sobel z-value and p-value were used to interpret the findings in regard to negotiation.

RESULTS

Table 2: Correlation Analysis

Variables/Constructs	1	2	3	4	5	6	7	8	9
Transformational leadership (1)	1								
Idealized Influence (2)	.483**	1							
Inspirational Motivation (3)	.661**	.167**	1						
Intellectual Stimulation (4)	.651**	.160*	.425**	1					
Individualized Consideration (5)	.597**	.236**	.302**	.397**	1				
Employee Engagement (6)	.606**	.310**	.433**	.460**	.242**	1			
Dedication (7)	.628**	.217**	.476**	.448**	.271**	.679**	1		
Absorption (8)	.267**	.133*	.144*	.277**	.144*	.528**	.100	1	
Organizational Performance (9)	.692**	.222**	.481**	.539**	.372**	.557**	.598**	.279**	1

Note: n=252; ** p<.01 (2-tailed); Items under vigor as a subcomponent of employee engagement were rejected by the factor analysis and subsequently eliminated from this analysis.

Source: Primary Data

Transformational leadership and Organizational performance

Table 2's correlation findings showed a substantial and favorable correlation between transformational management and organizational performance ($r=.692$, $p.01$). Based on the findings, encouraging innovative management would boost organizational performance. Also found in the results were significant and positive relationships between idealized influence and company efficiency ($r=.222$, $p.01$), inspirational drive and organizational achievement ($r=.481$, $p.01$), stimulation of thought and the organizational performance ($r=.539$, $p.01$), and significant and positive relationships between individuals and the performance of the organization. The results meant that exercising transformational leadership through idealized influence, inspirational motivation, intellectual stimulation, and individualized consideration is necessary in stimulating organizational performance of retail pharmacies in Kampala.

Employee engagement and Organizational Performance

Staff involvement and retail pharmacy performance in Kampala were shown to be significantly and favorably correlated in Table 2 ($r=.557$, $p0.01$). The findings indicated that among Kampala's retail pharmacies, a rise in staff involvement may be linked to a possible enhancement in company performance. Additionally, the outcomes showed that commitment is strongly and favorably related to organizational success ($r=.598$, $p0.01$). The association between company performance and internalization was also shown to be substantial and favorable ($r=.279$, $p0.01$). These findings indicated that retail pharmacies are more likely to succeed the more committed and invested their workers are in their profession.

Transformational leadership and Employee engagement

Employee involvement and transformative leadership were significantly and favorably correlated, according to Table 3 ($r=.606$, $p.01$). The findings indicated that

increasing transformational management will increase staff engagement in Kampala's retail pharmacies. Additional findings included significant and positive relationships among idealized impact and staff participation ($r=.310$, $p.01$), motivational quotes and employee involvement ($r=.433$, $p.01$), cerebral stimulation and employee engagement ($r=.460$, $p.01$), and particular attention and employee involvement ($r=.242$, $p.01$). According to the findings, increasing idealized influence, inspirational motivation, intellectual stimulation, and personalized consideration will result in staff members becoming more involved in retail pharmacies in Kampala.

Regression Analysis

Regression analysis was applied in this study to address three important issues. First, to examine the predictability of studied variables. Secondly, the model was used to determine which variables were significant in predicting the dependent variable, in addition to ranking between predictors. In particular, the study applied a multiple regression analysis because it enables a wholistic assessing the strength of the relationship of all predictor variables on the outcome variable. The results are presented in table 4.

Table 2: Multiple Regression Analysis

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.	Collinearity Statistics	
	B	Std. Error	Beta				
(Constant)	1.377	0.166		8.279	0.000		
Transformational Leadership	0.468	0.047	0.561	10.045	0.000	0.633	1.581

<i>Employee Engagement</i>	0.210	0.054	0.217	3.896	0.000	0.633	1.581
	<i>R</i>	<i>R</i> ²	<i>Adj. R</i> ²	<i>F</i>	<i>Sig.</i>		
	.714 ^a	0.509	0.505	129.23 1	.000 ^b		

Note: *n=252; Dependent Variable: Organizational Performance; The computed variable of employee engagement does not contain vigor as it was eliminated by the factor analysis.*

Source: *Primary Data*

Table 4 showed that there was an adj R2 =.505 between the effectiveness of Kampala's retail pharmacy and transformational management, staff involvement, and commitment. The findings indicated that up to 50.5% of the variations in the efficiency of retail pharmacies in Kampala may be predicted by innovative management and staff participation working together. In this instance, it was implied that retail pharmacies' performance would dramatically increase by up to 50.5% as long as they encouraged transformative leadership and staff engagement.

Transformational management had a standardized coefficient of =.561 with respect to the predictor factors, *p* =.05. This information indicated that organizational success in retail pharmacies was significantly predicted by transformational management. That implies that retail pharmacies that encourage transformative leadership do deliver on their promises. Additionally, the outcomes showed that the standardized coefficients for worker engagement were =.217, *p*.05. In light of these findings, it may be concluded that employee involvement significantly predicts organizational effectiveness in pharmacy stores. These findings also suggested that real improvements in organizational performance will be seen as long as retail pharmacy personnel are engaged.

It's important to note that when the beta values of transformative leadership and staff participation were compared, the latter scored higher ($=.561$ vs. $=.217$). This indicated that leadership that transformed outperformed staff participation as a predictor of organizational effectiveness in retail pharmacies. This suggested that revolutionary management outperforms employee involvement in retail pharmacies in terms of organizational effectiveness.

Mediation Effect of Employee Engagement in the relationship between Transformational Leadership and Organizational Performance

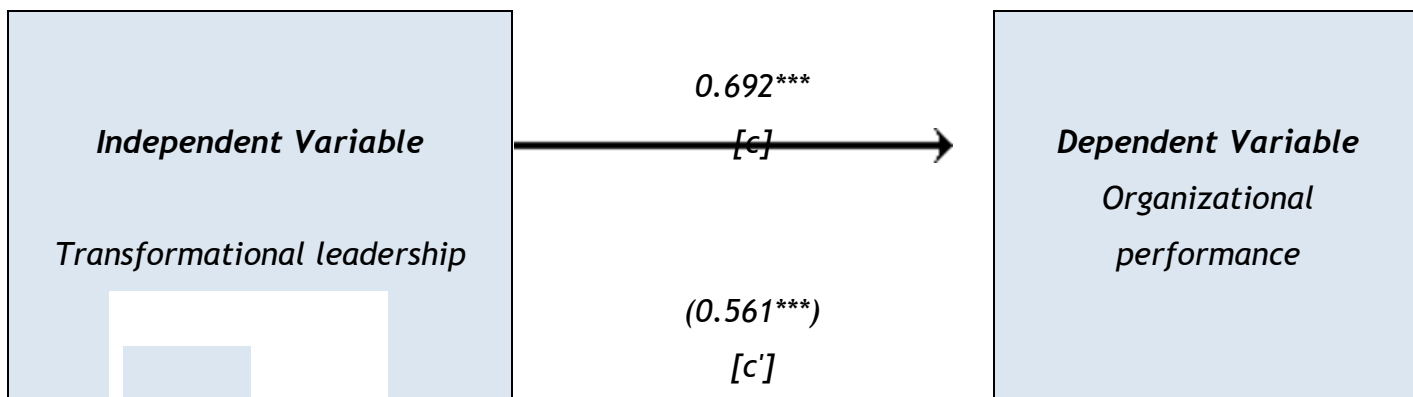
Table 5: Hierarchical regression model to test mediation effect of employee engagement

Model	Unstandardized Coefficients		Standardized Coefficients Beta	F-value	R	R ²	Adj R ²	ΔR^2	
	B	Std. Error							
1 (Constant)	1.769	0.136	0.692	0.000	.692 ^a	0.479	0.477	0.479	230
Transformational leadership	0.578	0.038							
2 (Constant)	1.377	0.166		0.000	.714 ^b	0.509	0.505	0.030	15
Transformational leadership	0.468	0.047	0.561						
Employee engagement	0.210	0.054	0.217						

a. Dependent Variable: Organizational Performance

Type of mediation	Null
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Sobel z-value	0.38869	p = 0.697505
95% Symmetrical Confidence interval		
Lower	-0.444	
Higher	0.66366	
Unstandardized indirect effect		
a*b	0.10983	
se	0.28256	
Effective Size measures		
<u>Standardised Coefficients</u>		
Total:	0.692	
Direct:	0.561	
Indirect:	0.131	
Indirect to Total ratio	0.19	



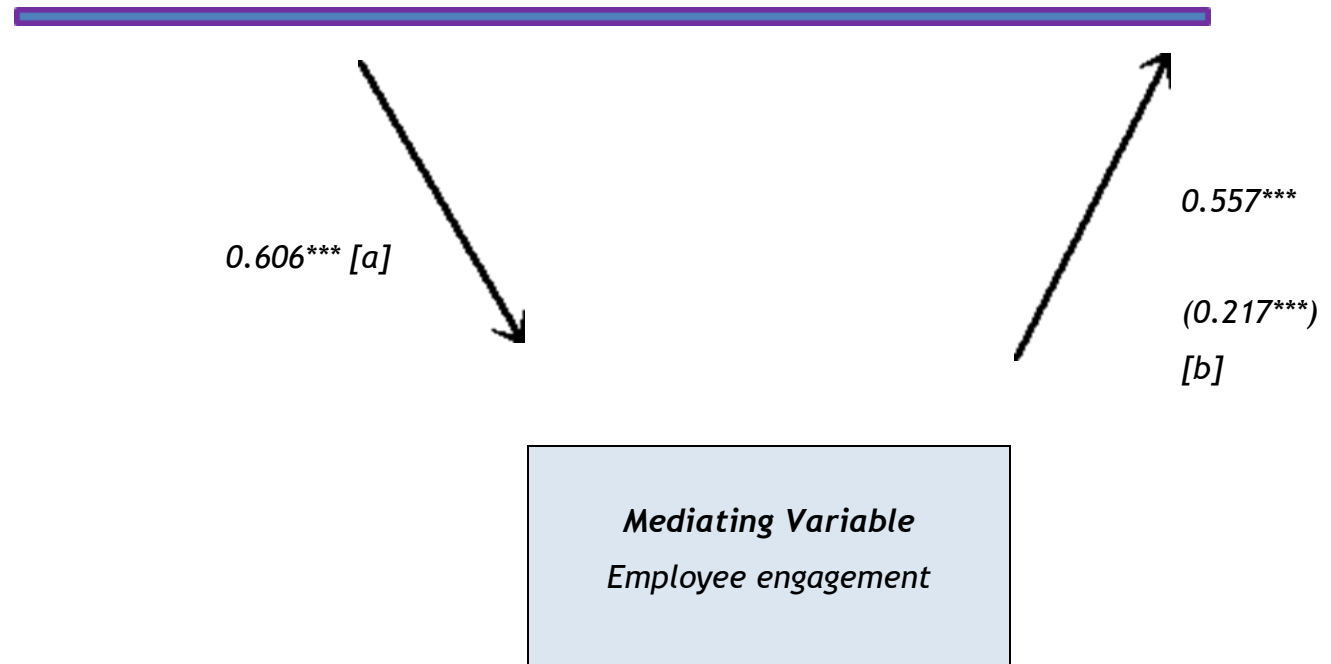


Figure 1: Mediation of Employee engagement in the relationship between transformational leadership and organizational performance

Source: Primary Data

Results in relation to the mediation of employee engagement in the relationship between transformational leadership and organizational performance revealed Sobel z-value= 3.704155 and p-value=0.000212. Important to note, the Sobel z-value obtained was over the p-value, while the p-value was also less than 0.5. Based on this, it meant that employee engagement significantly mediated the relationship between transformational leadership and organizational performance.

Furthermore, the results obtained that the relationship between the beta weight of the basic relationship between transformational leadership and organizational performance was $r=.692$, $p<.05$. With the inclusion of the mediator, the beta weight of the basic relationship reduced and remained significant [$c' = (r=.561, p<.05)$].

*These results meant that employee engagement was a partial mediator in the relationship between transformational leadership and organizational performance. This meant that part of the influence of transformational leadership on organizational performance is attributed to employee engagement. From the results, it was revealed that 18.9% [(Indirect/Direct) *100%] of the influence of transformational leadership on organizational performance was indirect, emanating from employee engagement, whereas 81.1% of the relationship was directly influenced.*

Conclusion

Leadership in retail pharmacy is crucial. This study has demonstrated how crucial transformational leadership is to improving company efficiency. This leadership strategy will encourage leaders to lead by example and show honesty and integrity. These qualities will unavoidably encourage CEOs to recognize the importance of running a retail pharmacy that is committed to improving internal procedures as well as being employee- and customer-focused. The study comes to the conclusion that as leaders that exhibit transformational leadership habits are known for reviving staff participation, it is unavoidable to assign positions of leadership to them.

Recommendations

To improve company efficiency, retail pharmacies should adopt transformational management. In order to significantly improve achievement, retail pharmacies must successfully teach their leaders and instill in them fundamental values such as honesty, integrity, and role modeling.

Retail pharmacies must encourage staff participation to boost performance by regularly giving staff members difficult tasks and responsibilities, enhancing an

atmosphere of work where staff members have some degree of freedom and input into decision-making, and praising and rewarding top performers.

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