

Determinants of organizational performance: a proposed framework

Bashaer Almatrooshi, Sanjay Kumar Singh and Sherine Farouk
*College of Business Administration, Abu Dhabi University,
Abu Dhabi, UAE*

Abstract

Purpose – The purpose of this paper is to review the existing literature on determinants that influence organizational performance and to develop a framework that could be beneficial for leaders.

Design/methodology/approach – This paper uses a systematic review of articles on the factors that influence organizational performance. The purpose of this systematic review is to collect and summarize all empirical evidence from literature that fits the context of this study.

Findings – The findings of the study have been weaved together in a proposed framework for the role of cognitive, emotional, and social competencies on leadership competencies that in turn influence both employee and organizational performance.

Research limitations/implications – This paper is a literature review, a framework on the determinants of organizational performance has been proposed but has not yet been tested empirically.

Practical implications – Leaders can leverage the results of this study to enhance their leadership competencies for the purpose of improving the performance on both individual employee and organizational levels.

Originality/value – There are few research-based studies on the determinants of organizational performance. This paper has identified key variables that play a significant role in helping organizations perform effectively.

Keywords Organizational performance, Employee performance, Leadership competencies

Paper type Conceptual paper

1. Introduction

The potential success of a business depends on its organizational performance, which means its ability to effectively implement strategies to achieve institutional objectives (Randeree and Al Youha, 2009). Several variables constitute organizational performance, such as business model effectiveness, efficiency, and outcomes (Deshpandé *et al.*, 1997; Boyatzis and Ratti, 2009; Ryan *et al.*, 2009). The performance of any organization depends in large part on the level of skill its leaders possess when it comes to implementing strategies. Silva (2014) described the essence of leadership as a conditional relationship that exists between a manager and his or her followers. Given that there are always hurdles to achieving organizational goals, it is important that the techniques that leaders use be flexible enough to accommodate change. The performance of an organization also depends on its employees, who are a key part of the organization and form the team that works toward achieving the organization's goals. The concept of leadership is often incorporated within the context of a virtual team (Mukherjee *et al.*, 2012). Virtual teams are established by leaders to ensure achievement of a specific goal. Notably, research indicates that virtual teams cannot succeed without effective leadership (Pech, 2003). Cognitive competencies of both teams and leaders are also considered vital for effective organizational performance.



Organizational performance and leadership competencies correlate with a leader's social, cognitive, and emotional intelligence (EI) competencies (Ryan *et al.*, 2012). Boyatzis and Boyatzis (2009) identified social intelligence as the ability of a leader to focus on innovation and motivate it among his or her team members. This is often referred to as directive leadership and depends heavily on delegation, where leaders understand how to confer some leadership powers to team members and allow them room to explore new ideas (Emrich, 1999). On the other hand, cognitive competence highlights creative and critical abilities that help enhance decision making, problem solving, and learning (Sun and Hui, 2012). A leader who develops a vision and strategies to achieve that particular vision must effectively communicate these elements to employees. The techniques that leaders apply include but are not limited to negotiating, influencing, problem solving, coaching, and motivating (Tomal and Jones, 2015).

The variables discussed in this paper include cognitive competencies, social competencies, EI competencies, leadership competencies, and employee performance as well as their direct and indirect impact on organizational performance. All these elements are woven together to ensure the sustainability and success of a given organization and to aid in relationship building with the other individuals in any organization (Miyake and Friedman, 2012). The different types of competencies link together to form the ability of the leader to create a dynamic organization (Yahyazadeh-Jeloudar and Lotfi-Goodarzi, 2012). To achieve success in organizational performance, a leader must incorporate all three competencies to influence employee performance. Babcock-Roberson and Strickland (2010) established a positive correlation between leadership and employee performance, both of which contribute to the effectiveness of an organization.

The aim of this paper is to construct a conceptual framework from the relevant literature to identify the determinants that influence organizational performance. This paper has three primary objectives: the first objective is to describe and summarize how authors approach organizational performance in the selected literature review; the second objective is to identify the factors that influence organizational performance; and the third objective is to identify the gaps in the existing literature and present them for future research. The remaining portion of the paper is designed as follows: Section 2 describes the methodology and the relevant literature on organizational performance and its determinants; Section 3 describes the proposed framework; Section 4 presents the implications of the study, and Section 5 presents the conclusion which includes future research directions.

2. Literature review

This paper uses a systematic review of articles on the factors that influence organizational performance. We conducted a systematic review to collect and summarize all empirical evidence from the literature that fits the context of this study. This approach was used because it does not consider statistical data analysis and findings summarization as it is with meta-analysis (Transfield *et al.*, 2003). Two key steps were followed: selecting studies and databases and setting inclusion (Alderson *et al.*, 2004; McLean and Antony, 2014). Peer-reviewed literature, book chapters, and journals were the key sources of data and information about the determinants of organizational performance. We used two steps to select the relevant literature. The first step involved searching articles using databases such as EBSCOhost,

Elsevier's Science Direct, and Emerald in the fields of business and strategic management and managerial, industrial, and organizational psychology. We selected documents that discussed organizational performance, leadership and employee competencies. The second step, citations of the identified sources from the first step were used to define the literature scope. Through this approach, we found 243 articles to be relevant to this research. After screening the articles depending on their title and abstract, we excluded 120 of the articles. We then conducted a detailed study on the remaining 123 articles; 48 articles did not satisfy the study's inclusion criteria. The remaining 75 articles satisfied our inclusion criteria; we chose them for this research and discuss them further in the sections below.

2.1 Organizational performance, employee performance and leadership competencies

"Organizational performance," according to Cho and Dansereau (2010), refers to the performance of a company as compared to its goals and objectives. In addition, Tomal and Jones (2015) define organizational performance as the actual results or output of an organization as measured against that organization's intended outputs.

The effectiveness of an organization consists in the efficiency of each of its individual employees; thus, employee performance can be defined, in part, as a function of leadership (Mastrangelo *et al.*, 2014). In particular, employee performance can be managed by manipulating the factors on which it depends. These factors include a wide range of variables. However, employers do not necessarily possess the power to affect all of these variables. For example, it is often impossible to influence age, seniority, or the personal goals of workers (Cho and Dansereau, 2010). Nonetheless, some factors are subject to the assessment and management of a company seeking higher organization performance efficiency. Furthermore, the key factors that contribute to organizational performance include leadership competencies.

Employee performance and leadership competencies are the key factors that contribute to organizational performance. According to Mastrangelo *et al.* (2014), competent leaders influence their followers. Organizational leaders play a vital role in the achievement of organizational goals and objectives by creating a conducive environment that influences employees' behaviors, attitudes, and motivations. However, as Babcock-Roberson and Strickland (2010) mentioned, competent leadership empowers employees to engage themselves and improve their performance outcomes. These authors stated that leadership competency determines organizational success. Another key factor that leads to the improvement of organizational performance is employee performance.

2.1.1 Organizational performance and leadership competencies. The success of an organization depends on the competency of its leaders and the organizational culture those leaders create. The beliefs and values of an organization's leaders will always influence its performance (Soebbing *et al.*, 2015). Ssekakubo *et al.* (2014) studied leadership competencies and its effects on organizational performance and noted that leadership competencies can improve employee performance; this improvement is evinced by enhanced organizational performance. Globally, researchers have focussed on the relationship between the competencies of leaders and how well their organizations perform. In management studies, leadership is currently considered a buzzword because individuals in charge of organizations would rather be referred to as leaders than as managers (Pradhan and Pradhan, 2015). According to McNair *et al.* (2011), leadership is the art of motivating teams or groups of people so that they act

appropriately to achieve a given common goal. Further, the competencies of a leader represent his or her abilities to persuade other people, on behalf of the organization, to complete the tasks required to accomplish the organization's objectives and to communicate its vision to others. Leadership competencies represent a means of creating followers through skills and knowledge (Lee *et al.*, 2015). According to Overstreet *et al.* (2014), some analysts consider competent leaders to be born whereas others say that competent leaders are made. However, both groups may be correct; some leaders have inborn qualities, but these may not be enough to ensure organizational success. Some leaders' skills require development as well as more knowledge and more experience before those leaders can be considered competent.

Pradhan and Pradhan (2015) argued that the competency of a leader is best measured by the performance of the organization. Competent leadership is built upon various variables and characteristics, including values, knowledge, intellectual drive, ethics, charisma, creativity, self-confidence, and courage. A competent leader has a purpose and a balanced personality as well as skills that can be used to put purpose behind deeds. Asree *et al.* (2010) stated that vision, integrity, openness, dedication, and creativity among leaders ensure that all employees succeed and that organizations perform better.

Examples of competencies that leaders should employ include mentoring and coaching, leading and motivating, problem solving and decision making, communicating and listening, and influencing and negotiating (Tomal and Jones, 2015). It appears that a relationship exists between leadership competencies and cognitive competencies. Currently, because of globalization the performance of an organization depends largely on the effectiveness and flexibility of its leaders (Soebbing *et al.*, 2015). The types of leaders who achieve high performance are those who act as agents of change by enabling employees as well as organizations to adapt and succeed while keeping in mind the satisfaction of customers.

Bass and Steidlmeier (1999) asserted that management in the United Arab Emirates (UAE) remains committed to running successful businesses and meeting set objectives. Moreover, Bass and Steidlmeier (1999) pointed out that the leadership competencies at the Fly Emirates Airline in the UAE were the reason for its success in overall organizational performance. The authors used the illustration of Fly Emirates among the numerous organizations within the UAE because of its well-polished management, which applied leadership strategies and techniques that enabled employees to attain the maximum possible performance (Siddique, 2012).

2.1.2 Organizational performance and employee performance. Numerous organizational and behavioral research studies have examined links between employee and organizational performance, leading to various definitions of the two concepts. For instance, Price (2001) defined employee performance as the effective orientation of an employee in regard to his or her work. Additionally, Sempane *et al.* (2002) considered employee performance to constitute an individual's overall perception and evaluation of the work environment, and it may also be viewed as a positive emotional status that develops from an individual's job appraisal and job experiences (Islam and Siengthai, 2009). The overriding concept that links these definitions is that employee performance is a result of employee satisfaction, which captures how individuals in an organizational environment feel regarding their overall work. Various studies have emphasized personal characteristics and environmental factors as critical variables influencing employee satisfaction and performance (Ganguly, 2010). For instance, Ganguly (2010)

concluded that the person-environment paradigm offers the most appropriate explanatory value in understanding employee satisfaction and job performance. In addition, some studies have pointed out that employee satisfaction and performance depend on interactive linkages among a host of factors, including recognition; coworkers; communication; working conditions; fringe benefits; the nature of the work; the nature of the organization; organizational policies, systems, and procedures; work compensation; promotion; personal development; security; appreciation; and supervision (Irving and Montes, 2009). In general, employee satisfaction has widely been recognized by organizations in management science and practice as a critical predictor of employee performance in the workplace (Dawal *et al.*, 2009).

Research has also focussed on the subject of employee satisfaction and organizational performance. In this regard, there is general consensus that the attainment of organizational productivity and efficiency depends on the satisfaction of employees and holistic sensitivity to both their socioemotional and physiological needs (Schneider *et al.*, 2003). Empirical studies have established statistically significant correlation coefficients between the attitudes of individual employees and their overall job performance (Judge *et al.*, 2001). Judge *et al.* (2001) established a strong positive correlation among employee satisfaction and influential variables such as motivation, organizational citizenship, job involvement, and job performance. Another study found positive links among employee satisfaction, job productivity, organizational turnover, and customer satisfaction in organizations across the globe (Harter *et al.*, 2002). Examining the link between employee satisfaction and organizational performance in the financial industry, Zohir (2007) established a positive correlation between these two critical variables. In addition, Chandrasekar (2011) found that individual employee dissatisfaction caused by poor workplace environmental conditions can also contribute toward substantial reduction in individual employee productivity, thereby leading to worsened organizational performance. These findings have also been supported in various studies conducted in Asian economies, including that of the UAE.

From these studies, we deduce that organizations seeking to improve organizational performance must address employee satisfaction, which in turn helps to stimulate better employee performance, thus improving overall organizational performance. Conversely, dissatisfied employees are more likely to experience negative effects on their mental health status and job performance, thus leading to a decline in organizational productivity and performance (Judge *et al.*, 2001).

According to Siddique (2012), the objective of all organizations is profitability. The success of any organization depends on its employees' performance; therefore, poor employee outcomes are detrimental to a given company's success (Judge *et al.*, 2001). Judge *et al.* (2001) further added that creating an effective approach to coaching and managing an organizational workforce requires both the expertise of a leader in human resources and support from the company's executive leadership. If the focus of an organization is developing innovative, high-quality products, the performance of its employees will play an integral part in achieving these organizational goals.

2.1.3 Employee performance and leadership competencies. According to Siddique (2012), the UAE is among the Middle Eastern nations undergoing rapid economic expansion. With the nation experiencing massive growth in various sectors such as tourism, trade, and agriculture, most of its organizations have taken part in business activities across the world (Siddique, 2012). The nation utilizes the expertise and skills of various individuals, including natives as well as foreigners (MacLeod and Clarke, 2011).

The availability of diverse knowledge and skills has created competent managements and, eventually, remarkable employee performance in most organizations within the UAE; organizational knowledge is one of the assets that has been perceived in the UAE as a basic source of success and wealth in the current competitive and globalizing business environment (Siddique, 2012).

A significant relationship exists between leadership competence and employee performance in various organizations in the UAE (Siddique, 2012). Macleod and Clarke (2011) asserted that management focusses on developing and improving employee performance through the enhancement of employees' skills by means of positive guidance and training. Management also guides employees regarding the application of ethics to enable them to realize maximum results at work.

Many organizations, such as the Fly Emirates Company, work in accordance with a vision to enhance employee performance and motivate employees' efforts, a factor that maximizes performance (Clarke *et al.*, 2011). With the application of competencies and expertise, the management of most well-performing organizations within the UAE offer their employees opportunities to improve through training and performance evaluation in order to obtain the best possible results (Agha *et al.*, 2012).

Asree *et al.* (2010) studied how leadership competencies affected employee performance, which influenced responsiveness and ultimately the performance of the organization. The authors chose the service industry (specifically looking at hotels) as the subject of their study and found that leadership competencies and organizational performance were positively correlated. The authors observed that specific leadership competencies led to greater employee satisfaction and that employees thus served the customers better, which in turn generated customer loyalty.

We can explain the relationship between leadership competencies and employee performance using Bello's (2012) iceberg model. Bello's model proposes that leadership competencies fall into two categories: dominant competence and hidden competence. Dominant competence is tangible in that leaders apply acquired skills to discharge their organizational duties (Bass and Steidlmeier, 1999). Hidden competence involves the social skills and personal knowledge that serve as advantages for organizational leaders. The dominant category of competence involves ensuring that employees are doing their best to enable the organization to meet its long- and short-term objectives; these actions contribute to the success of any organization (Bello, 2012).

This identification of three contributory; competencies cognitive competencies, social competencies and EI competencies, shows the relationships among leadership competencies, and employee performance as well as their direct and indirect impact on organizational performance. The studies highlight the fact that these cognitive, emotional, social, and leadership competencies result in enhanced organizational performance.

2.1.4 Cognitive intelligence. Cognitive competence denotes the critical and creative aptitudes that enhance learning, problem solving, and decision making (Sun and Hui, 2012). Lee *et al.* (2013) proposed a similar definition in their study; they stated that cognitive competency describes the use of ideas, system thinking, and the recognition of patterns. Another study defined cognitive competence as an individual's ability to think and analyze information (Boyatzis and Boyatzis, 2009). Boyatzis and Boyatzis (2009) further defined intelligence as an individual's ability to plan, reason, solve problems, comprehend complex ideas, think abstractly, learn from experience, and learn quickly. Despite the diverse language these studies use to define cognitive skills,

each reaches a similar conclusion. Sun and Hui's (2012) definition seems to best encompass all aspects of cognitive competencies.

Leadership describes a conditional relationship between managers and their followers (Silva, 2014). Good leadership encourages effectiveness and doing the right thing. Specifically, leadership entails creating a vision via a strategic plan, communicating that vision to subordinates, and motivating subordinates to accomplish it (Gilson *et al.*, 2011). Sun and Hui (2012) asserted that cognitive competency is a critical attribute that leaders should possess to create a vision and implement all the associated processes to achieve that vision.

In his five clusters pertaining to cognitive competencies that differentiate great leaders from mediocre ones, Stoller (2008) confirmed a correlation between leadership and cognitive competencies. Lee *et al.* (2013) demonstrated that at the team level, a relationship exists between leadership competency and social capital among project managers. Their study also revealed that a project manager's cognitive intelligence positively impacts the team's social capital. A related study found that a leader in the private sector should have cognitive intelligence in addition to social and EI (Boyatzis and Ratti, 2009). Another study by Morley *et al.* (2010b) identified three factors related to the competencies of cross-cultural global leadership. The first factor, perception management, represents a cognitively oriented competency. The other two factors were interpersonal and intrapersonal competencies. The Morley *et al.* (2010b) study concluded that leadership competencies and cognitive competencies share a close relationship. Another study by Avolio *et al.* (2009) established that the ability to work with schemas represents a vital attribute of cognitive leadership (Avolio *et al.*, 2009). This study indicated that schemas may help leaders understand particular contexts and make sense of them. Leaders use schemas to interpret events. In order to, they must possess the cognitive competencies that allow them to make valid interpretations. Thus, the Avolio *et al.* (2009) study indicated a clear relationship between leadership competencies and cognitive competencies.

Cherniss (2010) argued that cognitive intelligence constitutes not merely book learning, the ability to take tests well, or other narrow academic skills; rather, it involves a deeper and broader ability to comprehend one's surroundings, figure things out, catch on, and make sense of how to do things. Cognitive intelligence is crucial to the success of an organization. Historically, but most leaders today realize that cognitive intelligence is important in the workplace pertaining to organizational success (Cherniss, 2010). Cherniss (2010) further points out the ways in which leaders and subordinate staff members respond to everyday situations have both negative and positive impacts on the performance of any organization. By emphasizing cognitive intelligence in team building and hiring as well as in training programs, executives and human-resource managers can improve their decision making and problem-solving abilities and become better able to cope with employees' (Gilson *et al.*, 2011).

2.1.5 EI. Modern organizations have increased in complexity. These complexities include changes in emotional diversity among employees (Mayer and Brackett, 2004). Because emotions play a significant role in any institution, managers must exercise extensive EI to effectively manage an increasingly complex workplace, respond to global expansion, deal with workplace stress, and lead organizational changes (Morley *et al.*, 2010a). Therefore, managers must acquire and exercise EI. "EI" refers to the ability to monitor one's own feelings as well as the feelings of others (Mustaffa *et al.*, 2013). It enables a person to take actions that demonstrate care for the feelings of others.

EI competencies among managers significantly enhance their leadership skills and assist in their understanding of employees' feelings. According to Cherniss (2010), managers should understand the emotions of their employees as well as those of their colleagues. Cherniss (2010) argued that employees regard managers more highly when those managers make an effort to understand their employees' feelings. Therefore, leaders with EI competencies may be better able to significantly influence their employees. Furthermore, because managers make decisions that impact the feelings of their employees, sound managerial decisions require an understanding of the emotional state of the workforce. Leaders should consider the feelings of their employees while making decisions that directly affect them. Riggio (2010) asserted that one can develop EI by understanding the feelings of one's peers.

Often, individuals communicate feelings nonverbally, and EI may help a leader understand these nonverbal cues. Riggio (2010) noted that EI increases social and leadership competencies. Knowledge of employees' feelings enhances a leader's ability to make sound decisions. A study by Walter *et al.* (2011) indicated that Goleman's (2001) model on EI presents a set of emotional and social competencies that lead to effective performance. Walter *et al.* (2011) asserted that EI competencies contribute to an increase in competent leadership. According to this study, leaders who have acquired EI perform better in their roles, and thus a correlation exists between EI competencies and leadership competencies. A similar study conducted by Boyatzis and Boyatzis (2009) indicated that EI represents a valid metric in assessing the effectiveness of leaders; their results indicated that high EI shared a positive correlation with competency in leadership roles. Furthermore, Smollan and Parry (2011) argued that leaders could use EI to assess the needs of their employees and thus incentivize them by addressing those needs. Thus, the leader increases his or her leadership ability by supporting employees emotionally.

A leader with EI competencies can more aptly motivate employees and thus realize improved performance (Yunus *et al.*, 2011). Rajah *et al.* (2011) identified that EI increased the perceived influence of those leaders who encourage their employees to attain the mission of the enterprise. Moreover, the authors noted that EI inspires workplace motivation, thus improving both the employees' performance and that of the organization. Furthermore, because leaders understand their employees' emotions, leaders will be more considerate for individual employees when necessary (Kumar, 2014).

Another study by Guillén Ramo *et al.* (2009) on emotional competencies among executives in Spain revealed that EI is related to job performance; executives who exercised significant EI outperformed others in terms of leadership. The study concluded that EI contributed to improving leadership competencies and thereby improved performance.

Leaders must be emotionally competent; they must develop social capital that can lead to improved effectiveness. Leaders are directly responsible for the emotions of their teams as well as their own emotions (Brotheridge *et al.*, 2008). Therefore, leaders have the ability to influence people within their organizations, thereby improving organizational performance. A mutual relationship exists between leaders and employees; an organizational culture affects the leader's emotional state, which in turn affects the team's EI (Rosete and Ciarrochi, 2005; Sharpe, 2000).

These studies demonstrated the existence of a strong relationship between EI competencies and leadership competencies. Various studies revealed that

EI competence, including self-awareness, understanding the feelings of others, motivating others, and empathy for others, contributes to enhanced leadership capabilities, including strong coordination, motivation of employees, and improved performance.

2.1.6 Social intelligence. Rahim (2014) stated that “social intelligence” specifically refers to the power of observing as well as understanding social situations. Social intelligence is defined as an individual’s ability to achieve the requisite objectives in a particular social setting (Beheshtifar and Roasaei, 2012). Yahyazadeh-Jeloudar and Lotfi-Goodarzi (2012) contended that social intelligence is related to personality as well as to individual behavior. It is the construct that contributes most effectively to our understanding of how successful leaders manage their social relationships. A major aspect of developing social intelligence is learning to be present and as clear as possible (Beheshtifar and Roasaei, 2012). Studies have linked social intelligence with leadership competence. According to Ryan *et al.* (2009), social intelligence develops when the leader encourages innovation among team members and knowledge management within the group. In this situation, the leader can directly control the team members through directive leadership. This strategy involves delegated leadership, in which the leader confers some powers to the team members, allowing them to make decisions (Emrich, 1999). Social competency relies on shared leadership, which plays a role in self-managed teams. This strategy allows more employees to inhabit leadership roles, but it also increases the likelihood of disagreement among team members. To avoid potential workplace tensions, feedback among participants must be encouraged, leading to a greater degree of commitment and identification among the team members. Accordingly, Boyatzis and Ratti (2009) stated that social capabilities are more strongly linked to performance management than cognitive capabilities.

In connection with business organizations, social intelligence is defined as the intentional use of good people skills with the understanding that effective utilization of such skills will positively impact others in an observable manner (Beheshtifar and Roasaei, 2012). Beheshtifar and Roasaei (2012) argued further that social intelligence, also known as appraisal skills, “resideems at the heart of effective leadership” (p. 204). According to Semeijn *et al.* (2014) and Lee *et al.* (2015), there is a direct relationship between social intelligence competence and leadership competence; however, there is a lack of adequate empirical evidence to support this relationship. Social intelligence involves an awareness regarding the substantial effect of relationships in helping to enhance the performance of both employees and their leaders (Beheshtifar and Roasaei, 2012). Social intelligence also entails the ability to choose an appropriate response as well as the ability to behave flexibly (Beheshtifar and Roasaei, 2012). According to Furtner *et al.* (2010), a leader who lacks awareness of how her or his emotions impact other people is likely to fail as a manager, regardless of job skills and other competencies. This finding underscores the importance of social intelligence in leadership and management.

When applied to leadership, social intelligence is recognized as foundational to the leader’s most important activity: creating good relationships with others to enhance performance (Anand and Udayasuriyan, 2010). Leaders lacking well-developed social intelligence skills often fail to connect effectively with their followers and may even offend or alienate them (Anand and Udayasuriyan, 2010). Researchers have theorized that social intelligence is positively correlated with intellectual-communication sensitivity. Additionally, social intelligence is positively correlated with peaceful

conflict resolution, whereas the lack of social intelligence skills may result in an increase in all forms of aggressive behaviors. Some researchers have suggested that social intelligence is the key to innovation and workplace communication (Sigmar *et al.*, 2012). Batool (2013) proposed that there is a positive relationship between social intelligence and transformational leadership. Furtner *et al.* (2010) asserted that individuals with developed social intelligence skills have better self-leadership. In this regard, self-leadership is defined as the regulation and control of one's own behaviors and thoughts (Beheshtifar and Roasaei, 2012). Social intelligence skills enable leaders to pursue their goals and needs effectively within their social and professional environments.

3. A proposed framework

This section of the paper presents a proposed framework that includes all the themes covered in the review of the literature, which concluded that cognitive, social, and EI competencies influence overall leadership competencies. Moreover, leadership competencies have a significant influence on employees' performance, which influences the overall performance of any given organization (Figure 1).

The aptitudes of employees enhance the employees' understanding of their organization's operations (Stoller, 2008). Without the discussed competencies, leaders in an organization do not have the capacity to implement different strategies and build a sense of understanding pertaining to employee positions at different times in the organization. Developing awareness is an important and basic part of leadership development (Pedler *et al.*, 1996). Having this understanding enables leaders consciously to lead better by knowing which words to choose in order to motivate employees. Furthermore, this understanding establishes a workplace culture in which employees feel valued and thus perform even better in the organization.

The proposed framework serves as a potential tool for leadership to consider regarding developing employees and improving organizational outcomes; it further relates to the influence of leadership on both employee performance and organizational performance. We conducted a review of the literature to understand the influences of leadership competencies and to highlight how these key competencies influence both employee and organizational performance. Mastrangelo *et al.* (2014) stressed that a failure to consider leadership results in overall poor organizational performance. It is therefore important to implement an enduring framework that combines leadership competencies with cognitive, social, and EI by linking them to employees' performance and the overall outcome of the organization's performance.

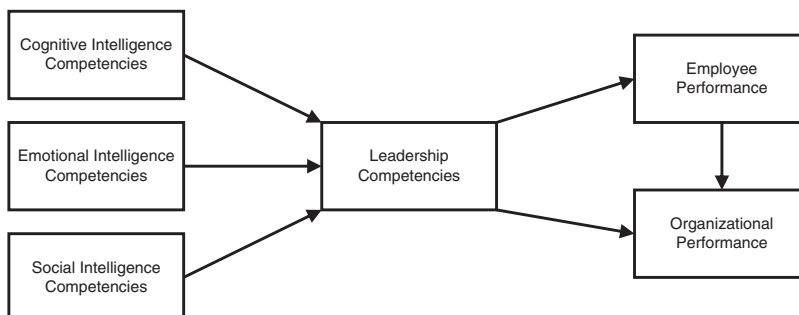


Figure 1.
A framework for
determinants of
organizational
performance

The leader plays an integral role in both the success of the organization and the performance of its employees (Ryan *et al.*, 2009). If the leader lacks one or more of these three competencies, employee performance will be adversely affected. Employee performance and organizational performance arise from competent leadership (Agha *et al.*, 2012). Further, organizational performance relies on employee performance. Thus, improved employee performance may translate to improved organizational performance, which is the ultimate goal of the proposed framework.

Cognitive competency affects the coherence, competence, and quality of an organizational. It also determines the efficiency of the leader's thinking. Leaders are often considered to be experts in their fields; they have carefully learned and organized structures of knowledge. Cognitive competency relates to building leadership capabilities, which subsequently affects organizational and employee performance (Ryan *et al.*, 2009).

High performance of an organization involves the implementation of knowledge and skills necessary to perform certain leadership functions. Leadership requires specific skills and capabilities that are useful in complex leadership situations. Furthermore, social and EI competencies must exist in any organization. A leader with EI is capable of enhancing intelligence among his or her employees (Kussrow, 2001).

To achieve organizational success, a leader must incorporate all three competencies in order to influence employee performance. With the application of cognitive competencies, organizations can build teams that not only understand what is required of them but also have the capacity to perform their roles effectively. In addition, motivating and coaching employees is not a difficult task. The approach of incorporating all three eventually helps to build a manager's leadership capabilities (Ryan *et al.*, 2009). At the same time, the presence of social intelligence ensures that employees are well trained and feel valued in the organization. In terms of a centralized structure, the ability to delegate not only enables leaders to deal with other crucial matters but also molds employees into future leaders of the organization. EI competence further helps to motivate employees. By having a close connection with employees, a leader can understand what the team feels about the organization in general and position him- or herself to influence these feelings. Thus, during turbulent times in the organization, employees can still be motivated enough to work to their full capacities.

4. Implications of the study

4.1 Theoretical implications

This research entails understanding the different measures of success in an organization by testing the proposed framework, which might show that some factors may be omitted or added to the model to enhance its efficacy. In addition to this, it will be interesting to know whether the proposed framework differs in organizations of different contexts. Therefore, a comparison of the proposed framework in different countries and organizations may yield insights about different factors that contribute to organizational performance. Thus, the framework can be further developed based on insights in different contexts.

4.2 Managerial implications

It would be interesting to know how other literature categorizes leadership competencies and whether the factors discussed are incorporated in their leadership

competency profiles. Moreover, it would be beneficial to explore various studies regarding how researchers have identified the competencies that influence employees and their effectiveness in terms of employee performance and financial returns.

5. Conclusions

The purpose of this paper is to propose a framework that represents the determinants of organizational performance. This study concludes that leadership competency is an important variable in the success of any organization. Based on the proposed framework, leadership competency can be improved through the application of cognitive, social, and EI. In combination, these determine the effectiveness of the leader; they also provide measures that might more easily identify effective leaders.

The proposed framework is based on theoretical research; empirical examination is essential to evaluate the potential empirical applications of the proposed framework. Further studies should emphasize validating the proposed framework in terms of relevance, practicality, and adequacy. Testing the proposed framework in an empirical setting (such as in the context of the UAE) would provide beneficial information to professionals when employing the proposed framework. Current studies do not determine explicit competencies and factors that influence organizational performance. Further research should focus on determining explicit competencies that influence organizational performance based on different contexts. Another area for future research is the question of how to develop social, emotional, and cognitive intelligence competencies and whether these can be impaired by destructive organizational practices.

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Corresponding author

Bashaer Almatrooshi can be contacted at: balmatrooshi@gmail.com