

Unlocking Potential: The Impact of Transformational Leadership on Employee Performance

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Abstract: Transformational leadership is now emerging as one the antecedents of the performance of the employees as the recent trends in corporate world. Based on the three-dimensional (3D) transformational leadership approach serialized into transformational leadership attitude toward organic personality of employees at all levels. For this study, 277 respondents were contacted and used EFA & SEM tests to validate the suggested directions. The results indicate a positive and significant relationship of transformational leadership with job performance and fit indices of tested models were acceptable. Findings may also help further influence writing on laboratory or clinic leadership, training for laboratory leadership and performance assessment and management.

1 INTRODUCTION

It speaks to the rearrangement of an allot of managerial customs to frame a model that introduces organizational aims, pathways for declaring and attaining specified aims, and the rules that control actions and mood of organizational level members. One of the most efficacious leadership styles in escalating performance culture, transformational leadership has over the years been the subject of increasing amounts of research literature. In fact, bibliographic analysis of what is labelled as transformational leadership has formed the basis of several important aspects such as the importance of passion, creativity with recognition of individual needs of the employees, as being vital for improving the performance of the employees in the organizations.

While posited as an antithesis to command-and-control leadership, transformational leadership involves inspiring employee to perform beyond their best. This leadership style hinges on three core components: This work distinguishes four categories of leader behaviour: Inspirational Motivation that encompasses sharing of a clear vision of goals and

appealing values with the subordinates; Intellectual Stimulation purposeful encouragement of employees' creativity and critical thinking; and Individualised Consideration under which the leaders encourage employees' development and satisfy their needs in the workplace.

In many of the modern and competitive organizational structures, the type of leadership that helps to the performance of their followers is demanded more. Furthermore, managers focused on motivating people, but on accepting change, and promoting new ways of performing, while contributing meaningful targets that are beneficial to organizational goals. This paper explores the unique organizational impact of transformational leadership on employees, as well as cites research literature in demonstrating its relevance.

2 LITERATURE REVIEW

In the kaleidoscopic hall of the systematic literature review fixing on the categorized extent of the transformational leadership impact on the types of

organizational settings one interesting perspective was the transformational leadership effect on the shapes of the employee behaviour, performance, the organizational effectiveness whatever the forages. They, Liu et al. (2023), explored psychological empowerment as a moderator on transformational leadership employee creativity and innovation. The investigation of this work provided a reinforcement to the theory that those pioneers who promote the degree of intellectual invigorate and self-organization empower the employees to compute outside the container and supply imaginative answers for the issues perceived. It fosters productivity among employees, ensures self-efficacy and self-initiated work, leaders should drive the innovation of a respective.

Expanding on transformational leadership, and the ability of employees to withstand adversity during organisational crises, the research by Nguyen et al. (2022) a synchronously around the story of transformational leadership's role in cultivating employee resilience through the journey of an organisational crisis. Inspirational motivation and individual consideration became important strategies that kept morale and ensured stable work in emergencies from leaders. Such a study also highlights how transformative leadership can cultivate a supportive and adaptable climate concerning the capability of employees' risk management attitude.

Smith and Taylor (2022) conducted in-depth theoretical analysis examining the association of transformational leadership and employee engagement. Sierra and MacLean slowly realised that inspirational motivation, which is also one of the most central leadership styles, creates enthusiasm that leads to committed productivity and goal congruence. Employees who were highly engaged were more likely to be proactive and more committed to the organization. This reflect how crucial leadership is in relation to boosting enchants and team/employee spirits.

Using cross-sectional data, Choi et al., (2021) studies transformational leadership and OCBs, with trust and job satisfaction acting as moderators. Head creates good relations and team cooperation is people get a little more than a strict call of duty, obtain work synergy.

In technology-driven work environments, García-Morales et al., (2021) pointed out the importance of stimulation on the performance of a team. By challenging compliance with traditional routines and embracing invention, fourteen decision-makers

promoted a novel work culture that was essential to the development of new technology.

According to Brown and Peterson (2020), one effective method of fighting turnover is providing individual employee consideration. Management care and supervision improve worker morale and retention; they confirm transformational leadership's efficacy in talent recruitment and staff happiness. In their study Huang and Wang (2019) reviewed the literature on transformational leadership for enhancing adaptive performance of workers in dynamic work environments. Leaders applied ideas to instruct employees to accept change and problems, and apply creativity in handling them, which enhanced flexibility of organizations.

The cross-sectional study by Sharma et al. (2019) also found that transformational leadership decreases job stress and improves the health of a worker. Managers who follow the best practices in workplace emotional support secure the management system that demonstrates the relation of leadership activity to employee psychological well-being.

Cross-cultural transformational leadership, the introductory authors aimed to clarify the process to support the positive effects of inspirational motivation and individual consideration towards commitment and organizational inclusiveness of culturally assorted employees as recommended in Kim and Lee (2018). Most of their research was centered around transformational leadership in international organisations.

In 2018, Mehmet and Dursun articulated that perceived transformational leadership influenced human capital as emotional intelligence towards job performance. Furthermore, the study proved, that leaders with an emotional sense enhance employee motivation and also harmonize the workplace, which in turn yield better performance.

Original reviews of such leadership theories focused on transformational to deal with current organizational problems were presented in Bass & Riggio (2018)). In their paper they focused five basics psychological needs, which is, idealized influence, instrumental communication, inspirational communication, individual consideration and end; sustainability in leadership outcomes.

They hypothesized that transformational leadership would have a mediating influence in the positive relationship between creative climate and intrinsic motivation, and tested this hypothesis (Jaiswal & Dhar, 2018). As this research showed, the more transformational the leader, the more the employee was engaged in innovation activities, and

more organizational creativity was taking place. Kelloway et al. (2000) examined the influence of transformational leadership on safety performance.

Managers adopting safe behaviours and their close adherence to agreed safety measures led to a more positive safety culture and safer practice. Miao et al. demonstrate the positive relationship of transformational leadership with ethical behaviour and LAP of organization reputation and performance. In sum, the leadership position reinforces the culture of ethics across the enterprise through role modeling of ethical principles. Together these works demonstrate the possibilities and potential of the leadership role in guiding creativity, tenacity, interest, and ethical practice in the service of both innovation and the health and growth of people and organizations.

2.1 Objective

This research aims to examine the relationship of transformational leadership to employee performance to find the relationship of its dimensional constructs that are Inspirational Motivation, Intellectual Stimulation and Individualized Consideration on job performance as one of its constructs.

2.2 Hypothesis

H1: Transformational leadership has a significant positive effect on job performance.

3 RESEARCH METHODOLOGY

A total of 277 employees of organizations completed the structured questionnaire (h) Feedback (from strong decline to strong accord) between the degree of their supervisor's consensus concerning transformational leadership with the self and mutual/evaluation in their job performance (on the five-on the five-point Likert scale. Exploratory Factor Analysis (EFA), which is used to confirm transformational leadership factors with data until October 2023, and Hypotheses developed in the current study were tested using Structural Equation Modelling (SEM) techniques. To further validate the appropriateness of the variable pool for factor analysis, a Principal component with Kaiser Meyer Olkin (KMO) test and Bartlett's test of sphericity was derived.

4 DATA ANALYSIS AND RESULTS

4.1 Demographic Details of the Respondents

Table 1 summarizes the respondents ($N = 277$), showing that 54.9% are male and 45.1% female. Regarding age distribution, most of the respondents were aged 30 years to 39 years (43.3%) and 20 years to 29 years (30.7%). The 40–49 age group (19.9%) is followed by those aged 50 years and above (6.1%). 48% with Bachelor degree and 35% Master degree. Nine percent have a high school diploma, just 3.6% a doctorate. The majority of the workers had somewhere between 5–10 years of experience in their field (37.9%), next most common were workers with less than 5 years of experience (32.5%). 18.1%, and 11.6% respectively account for 11–15 years of experience and 15+ years of experience. The majority of respondents occupy mid-level positions (50.5%), with 25.3% at entry-level and 24.2% in senior-level roles. Industry-wise, the largest segment is from IT (39.7%), followed by manufacturing (27.1%), education (18%), and healthcare (15.2%). These demographics suggest a diverse sample in terms of professional experience, job roles, and industries, providing a robust foundation for analyzing transformational leadership and job performance across various organizational contexts.

4.2 Factor Analysis for Transformational Leadership

KMO measure ($0.878 > 0.60$) suggested that the sample had excellent sampling adequacy, with Bartlett's test of sphericity being significant at 1%, which indicated suitability for factor analysis. WFA performed exploratory factor analysis with principal component analysis and varimax rotation, which yielded three components (Individualised Consideration, Intellectual Stimulation, Inspirational Motivation). These dimensions accounted for 76.26% of the total variance, indicating an adequate one factor structure. All constructs produced Cronbach's alpha > 0.7 , indicating high internal reliability and consistency. In general, the construct's validity and coherence were confirmed by both data-driven and theory-driven methods for subsequent statistical analysis within the dataset.

Table 1: Detail of Sample (N=277).

Demographic Variable	Category	Frequency (n)	Percentage (%)
Gender	Male	152	54.9%
	Female	125	45.1%
Age	20–29 years	85	30.7%
	30–39 years	120	43.3%
	40–49 years	55	19.9%
	50 years and above	17	6.1%
Education	High School	25	9.0%
	Bachelor's Degree	145	52.3%
	Master's Degree	97	35.0%
	Doctorate	10	3.6%
Work Experience	Less than 5 years	90	32.5%
	5–10 years	105	37.9%
	11–15 years	50	18.1%
	More than 15 years	32	11.6%
Job Level	Entry-level	70	25.3%
	Mid-level	140	50.5%
	Senior-level	67	24.2%
Industry	IT	110	39.7%
	Manufacturing	75	27.1%
	Healthcare	42	15.2%
	Education	50	18.0%

Table 2: Constructs Loadings and Descriptive.

		Loadings	Mean	Standard deviations	Cronbach's alpha
Inspirational Motivation	Q1	.867	3.67	1.038	0.825
	Q2	.858	3.70	1.151	
	Q3	.831	3.80	1.043	
Intellectual Stimulation	Q4	.841	3.88	.962	0.852
	Q5	.880	3.70	.993	
	Q6	.885	3.76	.952	
Individualized Consideration	Q7	.859	3.84	.982	0.845
	Q8	.871	3.68	.973	
	Q9	.863	3.79	.977	

Source: Primary survey

Hence all the three constructs; Inspirational Motivation, Intellectual Stimulation & the Individualized Consideration were included in the main survey which had all the constructs with very good reliability as Cronbach's $\alpha > 0.7$: for Inspirational Motivation: 0.825, Intellectual Stimulation: 0.852, Individualized Consideration: 0.845 which is shown in Table 2. In addition, all the items loadings were above 0.8 telling us that all the items have good measures of their corresponding constructs. Inspirational Motivation had factor loadings ranging from 0.831 to 0.867 and mean value

from 3.67 to 3.80 with standard deviations close to 1, meaning that the participants really agreed with the items in the related construct indicating moderate dispersion. The highest factor loadings ranging from 0.841 to 0.885 with a mean ranging from 3.70 stated by subjects obtained Intellectual Stimulation subscale items which received a corresponding lower standard deviation of below 1 positive perception. Similarly, Individualized Consideration had strong item loadings from 0.859 to 0.871 with means from 3.68 to 3.84 suggesting positive responses but more variant than for Intellectual Stimulation.

4.3 Hypothesis Testing Using Structure Equation Modelling (SEM)

Direct effect of transformational leadership on employees' job performance was tested using Maximum Likelihood Estimation (MLE) based Structural Equation Modelling (SEM). The reason for this is that SEM is most relevant when the

associations between observed variables and Latent variables are complex (Blunch, 2013).

P-values (1.96) were used to assess the hypotheses. Hypothesis 1 is supported as: transformation leadership significantly impact positively on job performance of the employee as: standardized coefficient (β) = 0.630, T-value 12.068, p-value 0.000.

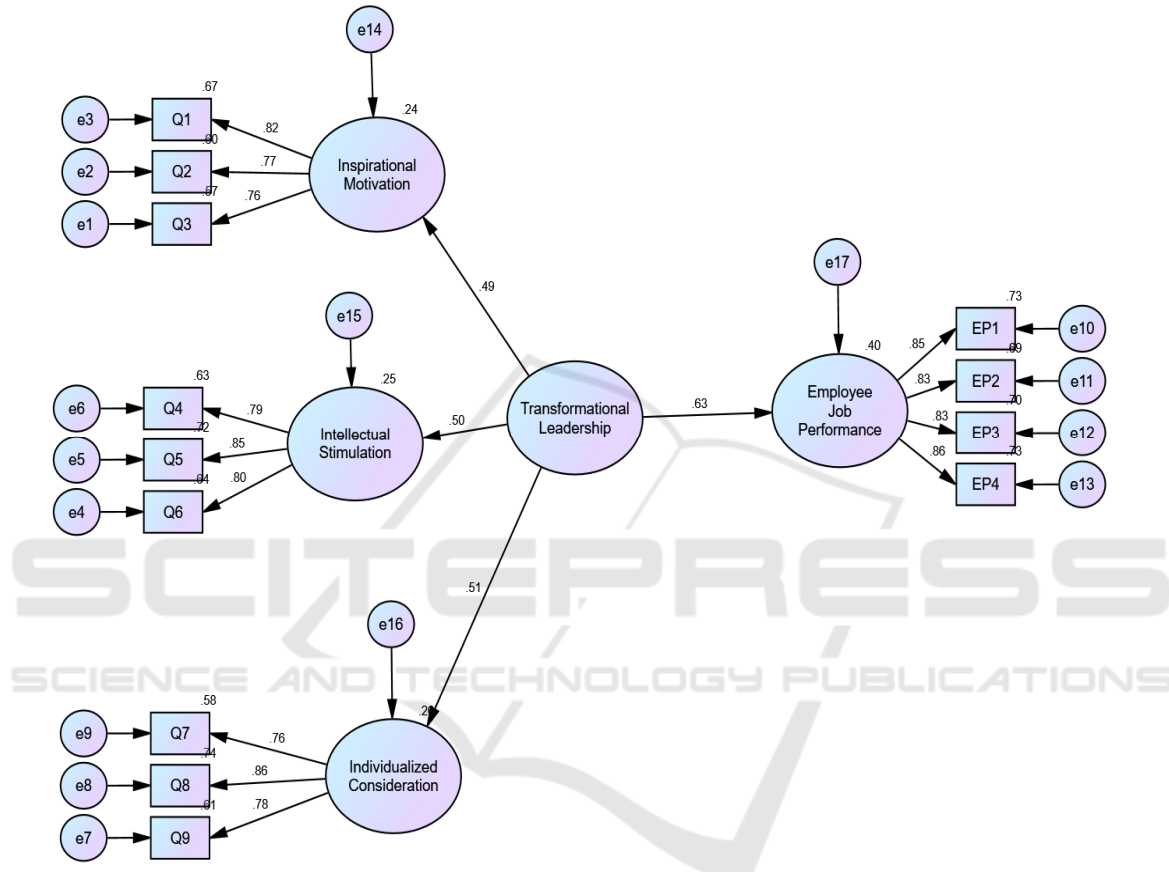


Figure 1: Structural Model.

Table 3: Hypothesis Result.

Hypothesis	Path	Standardized coefficient (β)	S.E.	C.R./T	P	Decision
H1	Transformational Leadership → Employee Job Performance	0.630	.089	12.068	0.000	Supported

Table 4: Model Fit Indices.

Indices	Abbreviation	Observed values	Recommended criteria
Normed chi square	χ^2/DF	1.664	$1 < \chi^2/df < 3$
Goodness-of-fit index	GFI	0.947	> 0.90
Normed fit index	NFI	0.945	> 0.90
Comparative fit index	CFI	0.977	> 0.90
Tucker-Lewis index	TLI	0.972	$0 < TLI < 1$
Root mean square error of approximation	RMSEA	0.049	< 0.05 good fit < 0.08 acceptable fit

The determination of coefficient (R^2) value is 0.403, indicating 40% of variations in employee job performance explained by transformational leadership. Additionally, the model fit indices of structure models are all as per threshold criteria as mentioned in Table 3, 4 and Figure 1 Structural model.

4.4 Discussion and Implications

The results of this study confirm the utmost importance of transformational leadership on job performance shown by the high path coefficient ($\beta = 0.630$). These results are consistent with current literature highlighting the multidimensional influence of transformational leadership. In particular, Inspirational Motivation has been found to develop and share a powerful vision that provides energy to employees and results in greater engagement and productivity. As an example, leaders who establish clear objectives and motivate shared commitment have a positive impact on organizational performance (Alonderiene & Majauskaite, 2016).

Intellectual Stimulation encourages creativity by challenging individuals to explore ideas beyond traditional boundaries and find innovative solutions to problems. Particularly vital in rapidly changing contexts where innovation serves as a fundamental enabler of success (Mittal & Dhar, 2015). Likewise, the use of Individualized Consideration has been related to job satisfaction and loyalty by paying attention to the individual needs of employees and providing them personalized support consistently (Tse et al, 2018).

These findings add to the emerging evidence that transformational leadership is a precursor to increased individual and organizational performance. It is time to embed Inspirational Motivation, Intellectual Stimulation and Individualized Consideration into how people lead the only way to create a sustainable rise in performance.

4.5 Managerial Implications

- **Leadership Training:** Organizations need to train the right programs to focus on obtaining transformational leadership implementation. These programs should contain modules about how to inspire employees by providing vision and setting context, present them with intellectual challenges to create innovation, and give personalized mentoring to employees to develop them.
- **Performance Metrics:** Set up leadership assessment frameworks that includes transformative behaviours. Metrics that measure a leader's capacity to communicate objectives (Inspirational Motivation), inspire innovative thought (Intellectual Stimulation), and deliver place-specific support (Individualized Consideration), for instance, may ensure that these practices are entrenched in the corporate ethos.
- **Employee Development Programs:** Encourage leaders to participate actively in employee development initiatives. Transformational leaders should be equipped to identify and nurture talent, promoting not only task completion but also personal and professional growth among employees.

5 CONCLUSION AND FUTURE RESEARCH

The results reveal that transformational leadership, (and indeed Inspirational Motivation, Intellectual Stimulation and Individualised Consideration) prours positively correlated with employee's performance. Additional studies could examine heterogeneity across specific industries, or study these associations in different countries or cultures. Moreover, longitudinal approaches would be also better suited in understanding nature of transformational leadership at organisational level and the overtime evolution of it, particularly in fast changing environment.

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