

TRANSFORMATIONAL LEADERSHIP AND EMPLOYEE PERFORMANCE: AN EMPIRICAL STUDY ON SELECTED IT/ITeS COMPANIES, VISAKHAPATNAM

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Abstract

The success of any organization depends on its employees only. But for achieving the set expected performance by the employees choosing an appropriate leadership style by a leader is crucial. The purpose of this paper is to empirically investigate the role of transformational leadership in enhancing the performance of the employees in selected IT/ITeS Companies. The data is collected from 8 companies both comprising IT/ITeS located in IT, SEZ Vishakhapatnam. The results obtained through regression analysis proved that there exists a positive and stronger relationship between transformational leadership and employee performance. Findings also proved that selection of this style among the selected companies shown positive results in the terms of providing intrinsic motivation and working together in achieving the organizational mission.

Keywords: Leadership Styles, Transformational Leadership and Employee Performance

1 Introduction

Leadership plays a crucial role in every organisation; it is the key driver for overall organizational excellence. Choosing which kind of leadership style drives the employee performance is very difficult to define. To understand this for years various researchers have conducted research to determine and understand what is effective leadership. **(Connie Deng, 2022)**

Recent, leadership studies conducted by various researchers on various leadership models like ethical, authentic, servant and transformational leadership styles proved significant positive impact on enhancing the employee performance in organizations. **(Connie Deng, 2022)**

Leaders who follow this style create a proper vision for the organizational growth and also install confidence among their team to achieve the stated goals. Transformational leaders benefit the organisation and employees in two ways: 1. Encourage innovation and 2. Implement new ideas. **(J. Yang, G. Zheng, 2025)**

The existing research conducted proved that there exists a direct relationship between transformational leadership style and employee performance in the selected IT/ITeS companies, in Visakhapatnam. It is a well-known fact that IT sector is technology driven and highly innovative through this style creativity and new idea generation can be generated among the employees. Organizational innovation success mainly depends upon the team member's collective thinking to be innovative and working together. **(J. Yang, G. Zheng, 2025)**

For nearly three decades, the full development of transformational leadership model by Burns, Bass and Riggio has been the most influential work on leadership. Various research reviews were referred to understand what exactly is transformational leadership style and how it benefits the organization. **(Sarah, Robert, Jennifer and Jean, 2023)** To understand the full range transformational leadership model we have to understand the four I's. The first one is that leaders have to gain trust from their team, second inspirational motivation, third encourage innovation and finally the fourth drive towards achieving the organisational vision. **(Sarah, Robert, Jennifer and Jean, 2023)**

No leadership style is perfect and transformational leadership is also not an exception. Some researchers have identified the dark sides of this style that the leaders can use this style for self-interests, sometimes may transform into pseudo transformational style. **(W. Guo, J. Cui, J. O'Brien, 2024)**

2. Literature Review

2.1 Transformational leadership and innovative work behaviour

H Li, N. Sajjad (2019): Transformational leadership in true sense builds trust and belief in between the leader and their followers, in turn can lead to perform better than the set standards. Creation of trust is not unilateral it should come from both sides then only this style of leadership actually shows its magic. By understanding the social exchange theory one can know how the relationship between the leader and team can be strengthened.

2.2 Predicting Employee Performance through Transformational Leadership Style

Y Chen, R Ning, T Yang (2018): Explain how employee performance is influenced by this style various studies proved that employee performance is a dependent variable and its relationship depends upon the parameters selected.

2.3 Transformational leadership on job satisfaction and organisational commitment

A. Eliana, S. Maarif and Muzakki (2019): This style of leadership is directly connected with job satisfaction and organisational commitment. Job satisfaction depends upon several factors but as an employee he himself has to be intrinsically motivated in performing the job and later proper recognition and reward system has to be appropriately given. Organisational commitment depends upon being a good team member, willingness to work hard and accept the values and goals of the organisation.

3. Research Methodology

3.1 Research Design

By using a quantitative analysis through regression analysis this analysed the relationship between transformational style and employee performance in the selected IT/ITeS companies, Visakhapatnam. A convenience non-probability sampling technique was used to collect the data from 378 respondents. The following conceptual model was developed by the researcher to conduct his study. For the study the following hypothesis was constructed.

H0: There exists no direct relationship between Transformational leadership on Employee Performance.

H1: There exists direct relationship between Transformational leadership on Employee Performance.

Transformational leadership  Employee Performance

Fig 1. Conceptual Model

3.2 Population and Sampling

The study investigates the eight selected IT/ITeS companies located at IT Sez Hill no 1 and 2, at Madhurawada, Visakhapatnam. This area was chosen because after the bifurcation of the Andhra Pradesh state in the year 2014, the state underwent lot of challenges especially in IT/ITeS Sector because all the development related to this sector was concentrated in one place

Hyderabad city only. The reason for focusing on Visakhapatnam IT/ITeS sector is after the division vizag is the largest city in Andhra Pradesh and the government has special focus to turn Visakhapatnam IT/ITeS sector into Tier 1 cities like Bangalore and Chennai. To conduct this study convenience sampling method was chosen because due to strict company policies. The data is collected directly from the available respondents in the selected companies. Descriptive and analytical model was used to analyse the collected data and then regression analysis was employed to test the relationship between transformational style and employee performance. (Cohen, 1988)

3.3 Questionnaire

The entire research study was conducted by constructing a valid questionnaire on two variables transformational leadership style which consists eight statements and employee performance which consists four statements as a dependent variable. The research instrument showed internal consistency through Cronbach’s alpha of over 0.7, confirming that all the questionnaire items are measuring the concept. The item loading of transformational style and employee performance is shown in the following Table 1 and Table 2

Table 1 Item loading of Transformational Style

Items	Factor Loadings
TL1	0.701
TL2	0.784
TL3	0.698
TL4	0.674
TL5	0.725
TL6	0.729
TL7	0.724
TL8	0.719

Table 2 Employee Performance

Items	Factor Loadings
PF1	0.795
PF2	0.618

PF3	0.783
PF4	0.838

From the above table 2 it is proved that all the factor loadings for both independent and dependent variable is above the threshold level proving its consistency. The present research study focused in measuring the direct relationship between transformational leadership style and employee performance without any mediating variables intervention.

3.4 Data Analysis

Table 3 Different Leadership Styles

Leadership Style	Mean Level	Variation (SD)	Response Pattern	Simple Interpretation
Autocratic (AL1–AL8)	Low (2.27–2.87)	Moderate (~1.1–1.3)	Slight positive skew	Employees generally disagree that leaders are autocratic.
Situational (SL1–SL8)	High (3.49–3.75)	Low (~1.0)	Negative skew	Employees agree leaders adapt to situations.
Transformational (TL1–TL8)	High (3.61–3.80)	Low (~1.0)	Negative skew	Leaders are seen as inspiring and motivating .
Transactional (TC1–TC8)	Moderate to High (2.74–3.75)	Moderate (~1.0–1.2)	Slight negative skew	Some reward-based leadership exists, but weaker in TC6 & TC7.

(Source: Researcher Compilation through Primary Data)

From the above table 3 it is evident that when compared to other leadership styles like autocratic, situational, transactional the transformational style of leadership showed very strong relationship with employee performance. Leaders using transformational leadership style are viewed as inspiring and motivating. Autocratic leadership is low. All other leadership styles are rated moderate to high. Most responses are negatively skewed, meaning respondents generally gave high agreement scores. Standard deviations around 1 show normal variation, meaning responses are reliable and not extreme.

The entire analysis is further studied and tested by using regression method to test the direct relationship between transformational leadership style and employee performance. The application of standardized beta coefficients (2) implies the magnitude and the direction of the impact of each predictor, whereas the R and adjusted R 2 values show the explanatory power of the model as a whole.

Table 4 Multiple Regression Analysis of Transformational Leadership Style on Employee Performance

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.861 ^a	.741	.737	1.79496
a. Predictors: (Constant), TL11 Transformational				
b. Dependent Variable: PF11 Employee Performance				

(Source: Researcher Compilation through Primary Data)

From the above table 4 it is very clear that the regression analysis has a very strong relationship with employee performance that is $R = 0.861$ indicating a strong positive correlation with the two variables. $R^2 = 0.741$ proved that nearly 74.1% variation in the employee performance is explained by the transformational leadership. Adjusted $R^2 = 0.737$ variance of employee performance is still explained by transformational leadership. The standard error is 1.79496 indicates that the average deviation of the employee performance scores when compared to predicted values.

So, from the above analysis it is proved that transformational leadership has a strong positive relationship with employee performance ($R=0.861$). Hence, the Hypothesis (H1 is accepted).

4 Conclusion

The study conducted examines the how transformational leadership enhances the employee performance specifically in the selected IT/ITeS companies, in Visakhapatnam. Earlier research done on this style proved that transformational leadership showed a significant impact on employee performance positively.

Based on the above hypothesis structured it shows that transformational style of leadership helps in increasing the performance. Transformational leaders in the selected IT/ITeS companies have not used their power to make the employees work instead they inspired and motivated to excel in their job performance. The leaders followed open communication, sharing the thoughts, receiving ideas and inputs from their team make the difference.

Moreover, if we observe the table 3 it depicts when compared to other leadership styles the transformational style has a negative skew indicating that most of the respondents are positive and has accepted this style in the selected companies.

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