



A Study On The Influence Of Transformational Leadership On Employee Performance.

Sridhanalakshmi K¹ Sindhiya Rebecca A²

Student¹, Assistant professor²

Master of Business Administration^{1,2}

Panimalar Engineering college^{1,2}

Ponnamallee, Chennai.

Abstract: This research explores the relationship between transformational leadership and employee performance. The study focuses on four key dimensions of transformational leadership: Inspirational Motivation, Idealized Influence, Intellectual Stimulation, and Individualized Consideration. Employee performance is defined based on specific indicators, including completing work accurately with minimal errors, meeting deadlines without unnecessary delays, consistently achieving or exceeding work targets, and performing tasks independently with minimal supervision. The total population consisted of 280 employees, out of which 162 responses were received and considered for analysis. A quantitative research design was followed, and data were collected through a structured questionnaire. Non-parametric statistical tools spearman's rank correlation analysis, were used for data analysis using SPSS software. The objective is to understand how transformational leadership influences employee performance. The findings provide meaningful insights for IT organizations looking to enhance workforce effectiveness through leadership, particularly in the context of digital transformation and organizational development.

Key words - Transformational Leadership, Employee Performance, Inspirational Motivation, Idealized Influence, Intellectual Stimulation, Individualized Consideration.

1. INTRODUCTION

Transformational leadership is a widely recognized leadership theory that emphasizes inspiring, motivating, and supporting employees to achieve exceptional outcomes. Unlike traditional leadership styles that focus primarily on task delegation and supervision, transformational leadership centers on influencing the attitudes, beliefs, and behaviors of followers through vision, encouragement, and personal attention. This theory was introduced by James MacGregor Burns (1978) and further expanded by Bernard Bass (1985), the theory highlights how leaders can initiate meaningful change within individuals and organizations by fostering a shared purpose and nurturing employee potential.

This leadership style is best understood through its four dimensions of transformational leadership.

- **Inspirational Motivation** refers to the leader's ability to communicate a compelling vision and provide encouragement. Such leaders articulate clear goals, promote optimism, and inspire team members to perform beyond expectations.
- **Idealized Influence** represents the leader's role as a role model. Leaders demonstrate high ethical standards and personal integrity, earning the admiration, trust, and respect of their followers.
- **Intellectual Stimulation** involves encouraging innovation and critical thinking. Leaders who embody this trait challenge existing assumptions, promote creativity, and support the exploration of new solutions.
- **Individualized Consideration** reflects the leader's attentiveness to the unique needs of each employee. These leaders act as mentors or coaches, providing personal guidance and emotional support to foster individual growth and development.

In dynamic and knowledge-intensive sectors like Information Technology, transformational leadership plays a vital role in shaping organizational success. Employee performance, in such contexts, extends beyond task completion and includes indicators such as the ability to deliver accurate work with minimal errors, meet deadlines reliably, exceed performance targets, and carry out responsibilities independently with limited supervision.

This research seeks to bridge theory and practice by examining how the principles of transformational leadership are applied in real-world organizational settings and how they relate to key dimensions of employee performance. The focus is specifically on evaluating the correlation between each of the four leadership dimensions and various performance indicators, offering insight into how effective leadership can enhance individual and organizational outcomes.

2. NEED OF THE STUDY

- Transformational leadership is a theory developed by observing successful leadership behaviours, but it is important to study how it is practically applied in real organizations. This research helps bridge the gap between theoretical knowledge and real-world leadership practices.
- The study is needed as not everyone naturally has transformational qualities, but these can be developed through training to improve performance and workplace culture.
- The study is essential because employees work not just for salary, but also to feel valued, inspired, and grow personally. Transformational leadership helps fulfill these needs by guiding and motivating employees.
- The study helps stakeholders understand how transformational leadership affects employee performance, aiding in creating better leadership development programs.

3. OBJECTIVES OF THE STUDY

Primary Objective

To Determine the influence of transformational leadership on employee performance at Intellect Design Arena, focusing on the role of **Inspirational Motivation**, **Idealized Influence**, **Intellectual Stimulation**, and **Individualized Consideration**.

Secondary Objectives

- To identify the relationship between Inspirational Motivation and employee performance.
- To determine the correlation between Idealized Influence and employee performance.
- To examine the effect of Intellectual Stimulation on employee performance.
- To analyze the effect of Individualized Consideration on employee performance.

4. SCOPE OF THE STUDY

- This study aims to examine how transformational leadership influences employee performance in the workplace.
- It focuses on four leadership dimensions: Inspirational Motivation, Idealized Influence, Intellectual Stimulation, and Individualized Consideration, along with key performance indicators.
- The study is conducted within selected departments of Fintech organization.
- The study covers a population of 280 employees, from which a sample of 162 respondents was selected using a structured questionnaire.
- A quantitative, descriptive research design was used, and data was analyzed using non-parametric test.

5. LIMITATIONS OF THE STUDY

- The study is limited to select departments within the organization, which may not reflect the entire organization's diversity.
- Being cross-sectional, the research captures data at one point in time, restricting insights into long-term effects or trends.
- Data is based on self-reported questionnaires, which may carry personal bias or socially desirable responses.
- The study is IT sector-specific and excludes other industries or leadership styles, limiting generalizability.

6. REVIEW OF LITERATURE

Helalat, A., Sharari, H., Alhelalat, J., & Al-Aqrabawi, R. (2025). Transformational Leadership and Employee Performance: A Further Insight Using Work Engagement. *Innovative and Economics Research Journal*. This research investigates transformational leadership and how it could improve employee performance through the mediation role of work engagement in the hospitality industry. This led to gathering 293 questionnaire responses, that were cleansed and qualified for analysis using the AMOS software. The results obtained indicate that transformational leadership can direct employees to adopt participatory and empowering behaviours to improve their overall performance. The findings suggest that transformational leadership positively influences employee performance, with work engagement serving as a full mediator in this relationship.

Monje-Amor, A., Vázquez, J. P. A., & Faíña, J. A. (2020). Transformational Leadership and Work Engagement: Exploring the Mediating Role of Structural Empowerment. *European Management Journal*.

This research examines how transformational leadership influences work engagement, with a focus on the mediating role of structural empowerment. It seeks to understand the mechanisms through which transformational leaders can enhance employee engagement by empowering their teams.

Ndisya susan mwongeli (2016) explored the influence of transformational leadership on employee performance at Safaricom Limited, focusing on three key aspects: inspirational motivation, individualized consideration, and intellectual stimulation. The study targeted Safaricom's Customer Care Management Branch in Nairobi, chosen for its success in East Africa. A sample of 109 respondents was surveyed, with 100 completed questionnaires returned. The study employed a correlational and descriptive survey design to establish the relationship between the variables.

7. RESEARCH METHODOLOGY

The systematic processes or methods used to find, pick, process, and evaluate data related to a subject are known as research methodology. The methodology part of a research article gives the reader the opportunity to assess the overall validity and reliability of the study. It is a plan or design that serves as a roadmap for carrying out research and methodically resolving the research issue. It covers the methods for data collecting, analysis, sampling, and research design.

Research design

A research design is a blueprint that outlines the specific steps required to gather the data required to organize or resolve research issues. The general approach you take to logically and cogently combine the many study components, guaranteeing that you will successfully tackle the research challenge, is referred to as the research design.

Type of research design

The type of research design adopted in this study is descriptive research.

Descriptive research

A research design known as descriptive research outlines the traits of the population or phenomenon under study. The "what" of the study topic is given greater attention by this methodology than the "why" of the topic. The purpose of this kind of research is to examine averages, frequencies, and other statistical computations.

Data collection

There are two kinds of data that we should consider while discussing the data collection strategy that will be employed for the study. Such as primary and secondary data.

Primary data

Primary data are those that are unique in nature and are gathered for the first time. The researcher gathers them personally and studies a certain issue. The key data in this case is the questionnaire.

Secondary data

Secondary data are those that have already been gathered for a specific reason and are accessible for the current investigation. Secondary data has been gathered for this study's analytical analysis and supporting evidence. I've gathered a few from books and journals here.

Closed ended questions

Closed ended questions are just that direct questions that ask for specific pieces of information from a respondent. They limit the respondent field of choice and length of response. A closed- ended question is a question format that limits respondents with a list of answer choices from which they must choose to answer the question.

Different types of closed ended questions are

Dichotomous type questions

When a question has two possible responses, we consider it as dichotomous type. Surveys often use dichotomous questions that ask for yes/no, true/false, agree/disagree.

Multiple choice questions

Multiple choice questions are a type which has list of answer choices from which the respondents had to choose.

Sampling

A simple random sample of 162 respondents participated in the survey and the population size is 280. In this investigation a non-probability sampling technique is used, specifically purposive/ judgmental sampling technique is used. The departments were selected based on their relevance to the research and accessibility of data.

Sampling methods

Non-probability sampling

Since the level of significance is less than 0.05, null hypothesis is rejected. Hence, the data does not follow a normal distribution. Non -parametric test is used.

Non-probability sampling is a sampling technique where the samples are gathered in a process that does not give all the individuals in the population equal chances of being selected. Non-probability sampling has its strength in the area of convenience.

Purposive sampling

The sampling technique adopted for this study is judgmental sampling, also known as purposive sampling. This non-probability sampling method was chosen because the researcher specifically selected departments within the organization. that are most relevant to the study of transformational leadership and employee performance. These departments were identified in consultation with the HR team, ensuring that the sample includes employees who are likely to have direct experience with leadership practices and whose performance can be meaningfully assessed.

Spearman's rank correlation

A statistical technique for determining the relationship between two variables is correlation. The symbol p represents the correlation coefficient, which is a number between -1 and 1. A perfect positive correlation is represented by a p_1 value, a perfect negative correlation by a p_{-1} value, and no correlation by a p_0 value.

8. DATA ANALYSIS AND INTERPRETATION

CORRELATION ANALYSIS BETWEEN INSPIRATIONAL MOTIVATION AND EMPLOYEE PERFORMANCE

Null Hypothesis:

There is no significant relationship between inspirational motivation and employee performance.

Alternative Hypothesis:

There is a significant relationship between inspirational motivation and employee performance.

Table showing spearman's rank correlation coefficient between inspirational motivation and employee performance

			Correlations	
			INSPIRATION AL MOTIVATION	EMPLOYEE PERFORMAN CE
Spearman's rho	INSPIRATIONAL MOTIVATION	Correlation Coefficient	1.000	.556**
		Sig. (2-tailed)	.	.000
		N	162	162
	EMPLOYEE PERFORMANCE	Correlation Coefficient	.556**	1.000
		Sig. (2-tailed)	.000	.
		N	162	162

**. Correlation is significant at the 0.01 level (2-tailed).

Interpretation:

There is a statistically significant relationship between Inspirational Motivation and Employee Performance ($r = 0.556$, $p = 0.000$). The correlation value shows a moderate positive relationship, indicating that when Inspirational Motivation increases, Employee Performance also tends to increase. Since the p-value is less than 0.05, the null hypothesis is rejected, showing that there is a significant relationship between Inspirational Motivation and Employee Performance.

CORRELATION ANALYSIS BETWEEN IDEALIZED INFLUENCE AND EMPLOYEE PERFORMANCE

Null hypothesis

There is no significant relationship between idealized influence and employee performance.

Alternative hypothesis

There is a significant relationship between idealized influence and employee performance.

Table showing spearman's rank correlation coefficient between idealized influence and employee performance

Correlations			IDEALIZED INFLUENCE	EMPLOYEE PERFORMANCE
Spearman's rho	IDEALIZED INFLUENCE	Correlation Coefficient	1.000	.472**
		Sig. (2-tailed)	.	.000
	EMPLOYEE PERFORMANCE	N	162	162
		Correlation Coefficient	.472**	1.000
		Sig. (2-tailed)	.000	.
		N	162	162

**. Correlation is significant at the 0.01 level (2-tailed).

Interpretation:

There is a statistically significant relationship between Idealized Influence and Employee Performance ($r = 0.472$, $p = 0.000$). The correlation value shows a moderate positive relationship, indicating that if Idealized Influence increases, Employee Performance also tends to improve. Since the p-value is less than 0.05, the null hypothesis is rejected, showing that there is a significant relationship between Idealized Influence and Employee Performance.

CORRELATION ANALYSIS BETWEEN INTELLECTUAL STIMULATION AND EMPLOYEE PERFORMANCE

Null hypothesis:

There is no significant relationship between intellectual stimulation and employee performance.

Alternative hypothesis:

There is a significant relationship between intellectual stimulation and employee performance.

Table showing spearman's rank correlation coefficient between intellectual stimulation and employee performance

Correlations

			INTELLECTUAL STIMULATION	EMPLOYEE PERFORMANCE
Spearman's rho	INTELLECTUAL STIMULATION	Correlation Coefficient	1.000	.456**
		Sig. (2-tailed)	.	.000
		N	162	162
	EMPLOYEE PERFORMANCE	Correlation Coefficient	.456**	1.000
		Sig. (2-tailed)	.000	.
		N	162	162

**. Correlation is significant at the 0.01 level (2-tailed).

Interpretation:

There is a statistically significant relationship between Intellectual Stimulation and Employee Performance ($r = 0.456$, $p = 0.000$). The correlation value indicates a moderate positive relationship, showing that if Intellectual Stimulation increases, Employee Performance also tends to improve. Since the p -value is less than 0.05, the null hypothesis is rejected, indicating a significant relationship between Intellectual Stimulation and Employee Performance.

CORRELATION ANALYSIS BETWEEN INDIVIDUALIZED CONSIDERATION AND EMPLOYEE PERFORMANCE

Null hypothesis:

There is no significant relationship between individualized consideration and employee performance.

Alternative hypothesis:

There is a significant relationship between individualized consideration and employee performance.

Table showing spearman's rank correlation coefficient between individualized consideration and employee performance

Correlations				
			INDIVIDUALIZED CONSIDERATION	EMPLOYEE PERFORMANCE
Spearman's rho	INDIVIDUALIZED CONSIDERATION	Correlation Coefficient	1.000	.552**
		Sig. (2-tailed)	.	.000
	EMPLOYEE PERFORMANCE	N	162	162
		Correlation Coefficient	.552**	1.000
		Sig. (2-tailed)	.000	.
		N	162	162

**. Correlation is significant at the 0.01 level (2-tailed).

Interpretation:

There is a statistically significant relationship between Individualized Consideration and Employee Performance ($r = 0.552$, $p = 0.000$). The correlation value shows a moderate positive relationship, indicating that if Individualized Consideration increases, Employee Performance also tends to improve. Since the p-value is less than 0.05, the null hypothesis is rejected, showing that there is a significant relationship between Individualized Consideration and Employee Performance.

9. SUMMARY OF FINDINGS

- Inspirational Motivation and Employee Performance show a statistically significant positive relationship ($r = 0.556$, $p = 0.000$), indicating that as Inspirational Motivation increases, Employee Performance improves.
- Idealized Influence is statistically significantly related to Employee Performance ($r = 0.472$, $p = 0.000$), suggesting that leaders acting as role models and earning trust positively impact Employee Performance.
- A statistically significant relationship exists between Intellectual Stimulation and Employee Performance ($r = 0.456$, $p = 0.000$), meaning that encouraging creativity and critical thinking improves Employee Performance.
- Individualized Consideration and Employee Performance are statistically significantly related ($r = 0.552$, $p = 0.000$), showing that leaders providing personal attention and support enhance Employee Performance.
- Inspirational Motivation ($r = 0.556$) shows the highest correlation with Employee Performance, followed by Individualized Consideration ($r = 0.552$), indicating that these two leadership behaviours have the strongest positive impact on performance.

10. SUGGESTIONS

- Implement structured hybrid leadership training programs that combine online and offline modules to develop transformational leadership skills while accommodating diverse work schedules, as the study found that transformational leadership positively influences employee performance.
- Encourage leaders to practice individualized consideration by understanding and supporting the personal needs, goals, and aspirations of employees. Leaders should show empathy, which makes employees feel valued, respected, and motivated to perform better.
- Promote a culture of intellectual stimulation by motivating employees to think creatively, solve problems innovatively, and actively participate in decision-making processes, fostering a more engaged and productive workforce.
- Conduct regular employee feedback surveys focused on leadership effectiveness to assess progress, gather insights, and refine leadership strategies for continuous improvement.

11. CONCLUSION

The study examined the relationship between transformational leadership and employee performance in the organization focusing on the four dimensions: Inspirational Motivation, Idealized Influence, Intellectual Stimulation, and Individualized Consideration. Spearman's rank correlation was used to assess the relationship between leadership dimensions and employee performance, revealing that all four dimensions have a positive and statistically significant relationship, with Individualized Consideration and Inspirational Motivation showing the strongest correlations. Employee performance was evaluated based on task accuracy, timely completion, achievement of targets, and independent work with minimal supervision. This research effectively bridges theoretical concepts with practical application, emphasizing that transformational leaders are not just task managers but catalysts for personal and professional growth, innovation, and alignment with organizational goals.

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QUESTIONNAIRE

Section 1: Demographic Information

1. What is your age group?

- A) Below 25
- B) 25-34
- C) 35-44
- D) 45-54
- E) 55 and above

2. What is your gender?

- A) Male
- B) Female

3. What is your highest level of education?

- A) Post graduate
- B) Under graduate

4. How many years have you been working in this organization?

- A) Less than 1 year
- B) 1-3 years
- C) 4-6 years
- D) More than 6 years

Dichotomous scale Questions

Do you believe that your organization's leadership effectively inspires and motivates employees, sets a positive example, encourages new ideas, and supports employee growth?

- A) Yes
- B) No

Section 3

A. Inspirational Motivation (Clear Vision, Optimism, Inclusion, Productivity)

i) I understand the organization's goals and vision clearly.

- A) Strongly Disagree
- B) Disagree
- C) Neutral
- D) Agree
- E) Strongly Agree

ii) My leader helps me maintain a positive mindset in challenging situations.

- A) Strongly Disagree
- B) Disagree
- C) Neutral
- D) Agree
- E) Strongly Agree

iii) I feel included in team discussions and decision-making processes.

- A) Strongly Disagree
- B) Disagree
- C) Neutral
- D) Agree
- E) Strongly Agree

iv) The leaders encourage me to be more productive and reach my goals.

- A) Strongly Disagree
- B) Disagree
- C) Neutral
- D) Agree
- E) Strongly Agree

B. Idealized Influence (Role Model, Walk the walk, Enthusiasm, Ethical leadership)

i) The leaders act as good role models for us to follow.

- A) Strongly Disagree
- B) Disagree
- C) Neutral
- D) Agree
- E) Strongly Agree

ii) My leader follows the same work ethics and standards that they expect from others.

- A) Strongly Disagree
- B) Disagree
- C) Neutral
- D) Agree
- E) Strongly Agree

iii) My leader's enthusiasm for work motivates me to perform better.

- A) Strongly Disagree
- B) Disagree
- C) Neutral
- D) Agree
- E) Strongly Agree

iv) I trust the decisions made by our leaders because they are consistent and fair.

- A) Strongly Disagree
- B) Disagree
- C) Neutral
- D) Agree
- E) Strongly Agree

C. Intellectual Stimulation (Innovation, Creativity, Goal, challenge)

i) Leaders encourage me to come up with innovative solutions at work.

A) Strongly Disagree

B) Disagree

C) Neutral

D) Agree

E) Strongly Agree

ii) The leader creates an environment where I can freely share my creative ideas.

A) Strongly Disagree

B) Disagree

C) Neutral

D) Agree

E) Strongly Agree

iii) I am encouraged to set and achieve challenging goals in my work.

A) Strongly Disagree

B) Disagree

C) Neutral

D) Agree

E) Strongly Agree

iv) I feel challenged to improve my skills and performance due to the leadership.

A) Strongly Disagree

B) Disagree

C) Neutral

D) Agree

E) Strongly Agree

D. Individualized Consideration (Mentorship, Empathy, purpose, strength & Skills)

i) The leader provides me with personalized guidance and support to enhance my skills and career growth.

A) Strongly Disagree

B) Disagree

C) Neutral

D) Agree

E) Strongly Agree

ii) I feel that leaders care about my well-being and challenges at work.

A) Strongly Disagree

B) Disagree

C) Neutral

D) Agree

E) Strongly Agree

iii) The leader helps me see the purpose and value of my work within the organization.

A) Strongly Disagree

B) Disagree

C) Neutral

D) Agree

E) Strongly Agree

iv) The leader recognizes my strengths and encourages me to develop my skills further.

A) Strongly Disagree

B) Disagree

C) Neutral

D) Agree

E) Strongly Agree

Section 4: Employee Performance

I) I complete my work accurately with minimal errors and corrections.

A) Strongly Disagree

B) Disagree

C) Neutral

D) Agree

E) Strongly Agree

ii) I complete my assigned tasks on time without unnecessary delays.

A) Strongly Disagree

B) Disagree

C) Neutral

D) Agree

E) Strongly Agree

iii) I consistently meet or exceed my work targets.

A) Strongly Disagree

B) Disagree

C) Neutral

D) Agree

E) Strongly Agree

iv) I complete my tasks independently with minimal need for supervision or corrections.

A) Strongly Disagree

B) Disagree

C) Neutral

D) Agree

E) Strongly Agree