

Influence of Leadership Styles on Employee Performance: Study of Divisional Secretariats in Jaffna District

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Introduction

The adopted styles of leadership, considered by many researchers, have a significant effect on employees' job-related outcomes in organizations. Although the transformational-transactional leadership paradigm has received increased attention from the research community over the past few decades, the nonprofit sector has been largely neglected. Several types of research indicate that there are strong interconnections between leadership and employee outcomes, while in Sri Lanka, especially in the Jaffna District, the work on this subject is unfortunately very limited in its scope.

The objective of The Study

The main objective of the study is to determine the impact of transformational and transactional leadership styles as perceived by the employees on their job performance in the Divisional Secretariats in Jaffna District.

Research Gap

There is evidence of few studies on the subject of leadership in Sri Lanka in a few sectors; remarkably, studies on the impact of transformational and transactional leadership styles on various outcomes such as knowledge creation in Sri Lankan Software Industry (Athukorala, Perera, & Meedeniya, 2016), employee' performance in banking industry (Chamika&Gunasekara, 2016), Union and Organizational Commitment in public sector organizations in Sri Lanka (Dhammika, Ahmad, & Sam, 2013), employees' trust and their organizational commitment for non-teaching staff of the Sri Lankan Universities (Mathotaarachchi, 2013), etc. However, it is very rare to come across studies which have been conducted on the impact of leadership style on

employees' outcomes, particularly, in the Jaffna District. Therefore there is a need for investigating how far the leadership styles influence employee performance in Jaffna context.

Research Question

This research has been designed to address the following question. **“What is the influence of perceived transformational and transactional leadership on employees' performance in the Divisional Secretariats in Jaffna District?”**

The significance of The Research

The findings of this research will be useful for future researchers, students and academicians digesting the effects and importance of different leadership styles on employee performance. After determining the impact of leadership styles on employee performance through the present study, the Administrators of Divisional Secretariats will be able to use the findings of this research to develop leadership programmes that will help the leaders acquire relevant leadership skills for effective management and organizational performance.

Review of The Literature

Leadership

Cole (2005) defines Leadership as a dynamic process whereby one man influences other to contribute voluntarily to the realization and attainment of the goals objectives; aspiration of values of the group that is representing the essence of Leadership is to help a group or an Organisation to attain sustainable development and growth. Leadership has been studied extensively in the past century in the management field (Bass & Avolio, 1997). Current leadership theories indicate that leadership behaviours can be categorized into two main styles: transformational leadership and transactional leadership (Bass & Avolio, 1997; 2000).

Transformational and Transactional Leadership

Transformational style of Leadership comprises of the components of idealized influence, inspiration, intellectual stimulation and individualized consideration and has been suggested widely as the optimum style for managing change. Bass, Waldman, Avolio, and Bebb (1987) discovered that leaders scoring higher on Transformational Leadership factors have followers who display greater levels of transformational behaviours.

Transactional leadership is an exchange process. It is a matter of contingent reinforcement of employees based on performance. It motivates subordinates by

appealing to their personal desires, based on instrumental economic transactions. Bass (1985) and his associates (Avolio et al., 1999; Bass & Avolio, 1990; Hater & Bass, 1988) hypothesized three behaviour dimensions that underlie transactional leadership. They are a Contingent reward, Management by exception- active and Management by exception- passive.

Employee Performance

Employee performance is said to be a multidimensional construct (Befort&Hattrup, 2003). This has induced both practitioners and researchers to identify the dimensions of employee performance with the aim of managing employee performance in organizations. A widely accepted method of conceptualization of employee performance is the role-based model of performance (Welbourne, Johnson, &Erez, 1998).

Effect of Transformational and Transactional leadership on employee performance

The significant positive relationship between both transformational and transactional leadership styles and employee performance is reported in Pradeep and Prabhu (2011), Kehinde and Banjo (2014), Tsigu and Rao (2012) and Gimuguni et al. (2014). Rassol et al. (2015) found that the impact of transactional leadership was not much stronger as compared to transformational leadership on job performance. Andreani and Petrik (2016) showed that there is a positive and significant impact of transformational leadership on employee performance. The same findings have been reported in several studies (Jiang, Lu, & Le, 2016; Sparkling, Mollaoglu, &Kirca, 2016; Andreani& Petrik, 2016; Yammarino, & Dubinsky, 1994; Spangler, &Braiotta, 1990). According to Pradeep and Prabhu (2011), leadership is positively linked with employee performance for both transformational leadership behaviours and transactional contingent reward leadership behaviours. Based on the review of the literature the following hypotheses were formulated in the present study.

H1: Transformational leadership has a significant positive impact on the perceived performance of employees.

H2: Transactional leadership has a significant positive impact on the perceived performance of employees.

Methodology

To determine the answers to the research questions and test the proposed model, a quantitative survey method was used in the present study. The full range leadership model suggested by Avolio and Bass (2000) consists of three main styles: transformational, transactional and laissez-faire. However, for this research, only the transformational and transactional leadership styles were considered.

Table 1-a: Model Summary for Transformational Leadership and Performance

Model	R	R Square	Adjusted R Square	Std. The error of the Estimate
1	.552 ^a	.305	.303	11.82697

a. Predictors: (Constant), Transformational leadership

Table 1-b: ANOVA^a

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	17500.671	1	17500.671	125.115	.000 ^b
	Residual	39865.008	285	139.877		
	Total	57365.679	286			

a. Dependent Variable: Performance

b. Predictors: (Constant), Transformational leadership

Table 1-c: Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	23.610	4.072		5.798	.000
	Transformational leadership	.585	.052	.552	11.185	.000

a. Dependent Variable: Performance

A sample of 287 employees was selected from the Divisional Secretariats operating in the Jaffna District. Transformational and Transactional Leadership styles were measured using the Multifactor Leadership Questionnaire (MLQ) Form 5X - rater form, developed by Bass and Avolio (2000). Employee Performance was measured using the Five Factor Performance Scale developed by Welbourne, Johnson and Erez (1998). The instruments were pretested before administering.

Data Analysis

Data analysis was conducted using SPSS 20.0 for Windows. The instruments used in the study were reliable and thus the researcher decided to proceed with the analysis.

The Table 1-a, 1-band 1-c depict the results of regression analysis. According to the regression analysis, transformational leadership has a significant positive impact on employee performance ($B=0.585$) and the relationship is significant at 0.01 level ($p<0.01$). The R-square value of 0.305 denotes that 30.5% of the variation in employee performance could be accounted for the variation in transformational leadership style.

Based on the results of the study, the hypotheses **H1 "Transformational leadership has a significant positive impact on the performance of employees"** is supported.

Table 2-a: Model Summary for Transactional Leadership and Performance

Model	R	R Square	Adjusted R Square	Std. The error of the Estimate
1	.399 ^a	.159	.156	13.01030

a. Predictors: (Constant), Transactional leadership

The Table 2-a, 2-band 2-c depict the results of regression analysis for identifying the impact of transactional leadership on employee performance. According to the regression analysis, transactional leadership has a significant positive impact on employee performance ($B=1.115$) and the relationship is significant at 0.01 level ($p < .01$). The R-square value of 0.159 denotes that 15.9% of the variation in employee performance could be accounted for the variation in the transactional leadership style

Based on the results of the study, the hypothesis **H2: "Transactional leadership has a significant positive impact on Performance of employees"** is supported.

Table 2-b: ANOVA^a

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	9124.310	1	9124.310	53.905	.000 ^b
	Residual	48241.369	285	169.268		
	Total	57365.679	286			

a. Dependent Variable: Performance,

b. Predictors: (Constant), Transactional leadership

Table 2-c : Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	25.334	5.927		4.274	.000
	Transactional leadership	1.115	.152	.399	7.342	.000

a. Dependent Variable: Performance

Discussion of Findings

This study revealed that both transformational and transactional leadership styles have a positive impact on employee performance. The results of the present study are consistent with the previous research findings. Thus, the significant positive impact of both leadership styles on employee performance was reported in Pradeep and Prabhu (2011), Kehinde and Banjo (2014), Tsigu and Rao (2012) and Gimuguni et al. (2014). Rassol et al. (2015) found that the impact of transactional leadership was not much stronger as compared to transformational leadership on job performance. Thus, the leader and the follower are in an agreement on what the follower would receive upon achieving the negotiated level of performance. The success of such leadership depends on the level of satisfaction the leader and followers have in following this system of performance-based appraisals.

Conclusion

This study provides a guideline to help managers better understand the need for adopting both transformational and transactional leadership styles to increase employee performance. Future researchers may expand the study to other districts and other public sector organizations to generalize the findings to the public sector in Sri Lanka.

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