

The Impact of Leadership Styles on Employee Performance

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The study expects to assess the effect of leadership styles on employee' performance in banking industry. The main objective of the study is to examine the effect of different leadership styles specially transformational and transactional leadership styles on employee' performance. A cross section descriptive survey research strategy was implemented in which 80 usable structured questionnaires were collected. The leadership styles were measured through the Multi factor Leadership Questionnaire developed by Avolio and Bass (1995), modified to fit the context of the study. Employees' performance was measured by the performance scale of Yousef (2000). Pearson's correlation and regression analysis were used to evaluate both relationships and effects as per the hypotheses of the study. The findings illustrate that transformational leadership style is the most exhibited style at the banks. Bank employee performance is above average and overall, transformational leadership style was found to be strongly correlated with employee performance. The results suggest that supervisors in banks need to use a lot of transformational leadership behaviors or rather embrace transactional leadership style. From the results, transformational leadership could have larger effects on employee productivity and quality of performance. It is recommended therefore that Transformational leadership is the most effective leadership style in improving employee performance.

Keywords: Leadership style, Transformational leadership, Transactional leadership, Employee performance