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IMPACT OF PERCEIVED TRANSFORMATIONAL LEADERSHIP STYLE ON JOB PERFORMANCE: INTERVENTION OF PSYCHOLOGICAL EMPOWERMENT

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ABSTRACT

The present study aims to examine the impact of perceived transformational leadership style on employees' job performance and the mediating effect of psychological empowerment in the association between transformational leadership and employee performance. The study was explanatory and a cross sectional survey method was employed. The study population involves the employees working in the public sector organizations in the Northern Province of Sri Lanka. A sample of 684 employees was selected in this study. Leadership style, employee performance and psychological empowerment were measured using standard instruments namely MLQ - Form 5-x, Job Performance Scale and Empowerment Scale respectively. Analysis involves confirmatory factor analysis and structural equation modeling. The results of the study show that perceived transformational leadership style significantly and positively impacts employee performance and employees' psychological empowerment has a mediating effect in the impact of transformational leadership on employee performance. The study gives an insight that leaders should adopt transformational leadership to promote employee performance and also the leaders should empower the employees to further enhance employee performance. This study suggests that future researchers should cover public sector organizations in other regions and the private sector organizations in Sri Lanka to better understand the relationship between the variables.

Keywords: Job performance, psychological empowerment, transformational leadership, public sector

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1. Introduction

The leaders play a critical role in achieving higher productivity of the organizations as they are in charge of directing all the employees to achieve organizational goals. They are expected to lead their subordinates towards greater performance that meets or exceeds organizational goals. Leaders and managers could employ different leadership styles to get organizational goal and objectives achieved. However, in the literature, there are inconsistent findings about which style would work best. Thus, the present study attempts to investigate the effects of transformational leadership on employee performance and the mediating effect of psychological empowerment in the effect of transformational leadership on employee performance. The results of the study would equip the organizational leadership to determine which styles to adopt so that the employees have a much better performance.

A number of studies examined the effects of leadership styles on employee performance (for example, Rasool, Arfeen, Mothi, & Aslam, 2015; Pradeep and Prabhu, 2011; Aboshaiqah, Hamdan-Mansour, Sherrod, Alkhaibary, & Alkhaibary, 2015; Tsigu & Rao, 2015; and Gimuguni, Nandutu, & Magolo, 2014). But in the Sri Lankan public sector, there are very limited studies on the impact of leadership style on employee performance. Within the Sri Lankan public sector, 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. Thus the focus of the current study is to investigate the relationship among the variables in the context of Sri Lanka. Public enterprises were seen to be inefficient and slack performance, and were burden for the state and for the treasury (Corea, 1988). According to Gunaruwan (2016), inefficiency is common feature in all Sri Lankan state owned enterprises, across all organizational categories. The inefficiency is partially caused by the employees' performance problems. Warnakula & Manickam (2010) reported that majority of the employees spend considerable time in social network sites during working time in Sri Lanka. Therefore, there is a need to look for the ways to deal with the problems and to promote productivity in the public sector. In this process, leadership plays an important role in regulating employee behaviour and performance to ensure quality public service in the country.

Objective

The main objective of the study is to determine the impact of perceived transformational leadership on employee performance and the mediating effect of psychological empowerment in the impact of transformational leadership on performance of employees in the public sector organizations in the Northern Province of Sri Lanka.

Research Gap

Chan (2010) pointed that several researchers who investigated leadership styles have not come up with a specific style suitable for specific situation. He suggests that different styles are needed for different situations and leaders need to understand which style would fit to the situation. Even though there has been considerable empirical research on leadership in different sectors in various countries (for example, Basham, 2012; Bolden, Gosling, O'Brien, Peters, Ryan, & Haslam, 2012; Herbst & Conradie, 2011; Lopez-Dominguez, Enache, Sallan, & Simo, 2014; Vinger, 2009), these studies have varied widely in terms of context, objective

and methods used. Particularly, meta-analyses by Gottfredson and Aguinis (2017) and Ng (2017) revealed the relationship between transformational leadership and performance related outcomes. However, those two meta-analyses failed to address psychological empowerment as mediator in the relationship between transformational leadership and employees' performance. The current study provides an insight of the relationship between these variables by including psychological empowerment as the potential mediator. Furthermore, previous researchers have studied different types of leadership theories such as autocratic and democratic leadership, task and people-oriented leadership, directive and supportive leadership etc. There is a gap in the current literature examining the effects of transformational leadership style on employee performance in the Sri Lankan context.

Research Questions

This research has been designed to address the following questions:

1. What is the impact of perceived transformational leadership on employees' performance in the Public Sector organizations in the Northern Province?
2. Does psychological empowerment mediate the impact of transformational leadership on employees' performance in the Public Sector organizations in the Northern Province?

2. Review of Literature

Leadership

The leadership facilitates an organization or a group to attain sustainable development. According to Cole (2002), leadership is a dynamic process whereby one person influences others to contribute for attaining goals and objectives. Andersen (2016) has pointed out that leaders stimulate, motivate and recognize their employees to get work done and to achieve expected results. Leadership styles adopted by leaders encourage positive behaviours among employees. Lok and Crawford (2004) stated that leadership can better predict the success or failure of an organization.

Transformational Leadership

Transformational leadership is concerned with how a leader inspires and influences the followers to make them behave in a desired way. Burns (1978) pointed out that transformational leadership style can be seen when leaders and followers make each other to move on to high level of moral and increased motivation. These types of leaders modify the beliefs and attitudes of the employees by inspiring them. They create a vision and articulate it to the followers and motivate them to achieve particular goals. Transformational leaders have the ability to inspire followers to make changes in their perceptions and expectations, and motivate them to reach the goals set for them. Walumbwa, Avolio and Zhu (2008) reported that transformational leaders enhance perceptions of self-efficacy of followers by communicating high expectations, and encouraging them to accomplish the mission of the organization.

Bass (1985), Hater and Bass (1988), and Bass and Avolio (1990) have proposed five subscales or dimensions of transformational leadership: inspirational motivation, idealized influence (attributes), idealized influence (behaviour), individualized consideration and intellectual stimulation. Inspirational motivation refers

to the articulation and representation of a vision by the leader. According to Sarros and Santora (2001), most transformational leaders had the ability to provide inspirational motivation to their followers. Intellectual stimulation is concerned with challenging the assumptions of followers' beliefs, analyzing the problems faced by them and the solutions generated by them (Rowold, 2005). Transformational leaders stimulate change and encourage creativity and thus followers are encouraged to approach problems in new ways. Individualized consideration means considering individual needs of followers and developing their strengths. Key indicators of individualized consideration include encouragement, care for workers, coaching them, consulting them and adopting an open approach (Sarros & Santora, 2001). Idealized influence involves the ability of building confidence in the leader. Without such confidence in the leader's motives and aims, any attempt to direct the organization may cause great resistance. The major indicators of idealized influence consists of role modeling, values creation and articulation, sense of purpose, confidence in followers, self-esteem, self-determination, self-confidence, emotional control, etc (Sarros & Santora, 2001). Idealized influence is divided into two types namely attributes (traits assigned to a leader) and behaviour (what one does). Idealized influence-attributes refers to the attribution of charisma to the leader whereas idealized influence-behaviour stresses a sense of mission and values and acting upon these values (Rowold, 2005).

Employee Performance

Employee performance is the capability of individuals to achieve the goals set for them (Kreitner & Kinicki, 2007). The employees who are highly engaged in their organization and demonstrate high commitment towards the organization create immense outcomes and give higher performance for the organization (Luthans & Peterson, 2002). Befort and Hatstrup (2003) view employee performance as a multidimensional construct. Researchers attempts to identify the indicators or dimensions of employee performance in various jobs for the purpose of assessing and managing performance of employees in organizations (for example, Kats & Khan, 1978; Borman & Motowidlo, 1997). Kats and Khan (1978) categorized job performance into two: task performance and contextual performance. Task performance refers to the effectiveness of activities of employees to contribute for the functioning of the organization whereas contextual performance is defined as the extent to which employees contribute for the organizational development and for promoting organizational culture (Kats & Khan, 1978). In the similar way, Borman & Motowidlo (1997) also categorized job performance as task performance and contextual performance. Task performance is referred to as "in-role prescribed behavior" (Koopmans, et al., 2011) and it describes the key job responsibilities of an employee. It is reflected in quality and quantity of the work assigned to the employees. Contextual performance is referred to as "discretionary extra-role behavior" (Koopmans et al., 2011). It is reflected in activities of employees such as coaching peers, strengthening social relationships at work and going the extra mile for the organization.

Psychological empowerment

Researchers have distinguished between two major perspectives on empowerment: the structural empowerment and the psychological empowerment. The structural empowerment involves delegation of decision-making power from higher to lower levels of organization (Heller, Pusic, Strauss & Wilpert, 1998)

and increasing access to information and resource for individuals at the low levels (Bowen & Lawler, 1995). Thus, structural empowerment entails the delegation of decision making power to employees along with the discretion to act on one's own (Mills & Ungson, 2003). Through this, employees would feel more control over how to perform the job and would be aware of the business context in which they perform the job. They would be more responsible for performance outcomes (Bowen & Lawler, 1995). Conger & Kanungo (1988) relabeled these cognitive- affective responses as psychological empowerment.

The psychological view of empowerment focuses on perceptual or psychological dimensions of empowerment. Spreitzer (1995) defined psychological empowerment as the degree of empowerment that employees feel internally. Psychological empowerment is increased intrinsic task motivation, i.e. generic conditions by an individual, pertaining to the task, that produce motivation and satisfaction (Thomas & Velthouse, 1990). Leaders train their workers, arrange meeting with them and get feedback from them. As a result, employee productivity is added. Ozaralli (2002) found that transformational leaders increase employee's performance by empowering their team members.

Empirical Evidence

Transformational Leadership and Employee Performance

The effect of transformational leadership on performance was proposed by Butler, Cantrell, and Flick (1999) that transformational leadership behaviors will bring significant positive effect to improve psychological empowerment of subordinates. Transformational leaders give confidence to their followers that they can achieve the goal set for them (Sharmir et al., 1993). Surveying 107 managers from a multinational company, Cavazotte, Moreno and Bernardo (2013) suggest that transformational leadership is associated with high task performance. Several studies found significant effect of transformational leadership style on employee performance (for example, Pradeep & Prabhu, 2011; Kehinde & Banjo, 2014; Ejere & Abasilim, 2013; Tsigu & Rao, 2012; Gimuguni et al., 2014; Andreani & Petrik, 2016; Jiang, Lu, & Le, 2016; Sparkling, Mollaoglu, & Kirca, 2016; Yammarino, & Dubinsky, 1994; Spangler, & Braiotta, 1990). Transformational leaders encourage subordinates to have vision, mission and organization goals, motivate them for higher performance, stimulates to act critically and to solve problems in new ways. However, Elgelala and Noermijatib (2014) reported that transformational leadership doesn't impact employee performance. Based on the review of literature the following hypothesis was formulated in the present study.

Transformational Leadership and Psychological empowerment

An outcome of transformational leadership is the empowerment of followers. Through empowerment, the followers are converted into effective leaders (Burns, 1978). Transformational leaders can also empower followers by providing both positive emotional support and opportunities to experience task mastery. Moreover, followers can be empowered by encouragement and positive persuasion from the transformational leader (Bass, 1985; Boamah, Laschinger, Wong & Clarke, 2018). Several researchers (e.g. Pieterse, Van Knippenberg, Schippers & Stam, 2010; Allameh, Heydari & Davoodi, 2012) have reported positive influence of transformational leadership on psychological empowerment. However, there is lack of adequate evidence for the effects of transactional leadership style on psychological empowerment.

Psychological empowerment and Employee Performance

Employee empowerment has been a topic of discussion for many years in academic research and it has been identified as the most effective process for organizations to get the best outcome from their employees (Spreitzer, 1995; 2015; Kar, 2017). Many studies have reported that the employees perform better when they are empowered (e.g. Kohli & Sharma, 2017; Baird, Su & Munir, 2018). Empowerment has been viewed as the process of stimulating employees to be engaged in the workplace (Kohli & Sharma, 2017; Northouse, 2018) as the employees are given the power to make decisions and become innovative and thus certain types of functions can be carried out (Spreitzer, 1995; Kar, 2017). Bell and Staw (1989) found that high levels of perceived control which is a feature of empowerment was associated with positive outcomes such as high levels of involvement, performance, motivation, job satisfaction, and low level of physical symptoms, and some negative outcomes such as emotional distress, role stress, absenteeism, and turnover intention. Contrary to these findings, Bose (2018) reported that the impact of empowerment on employee performance is not significant. Some employees may become overconfident in the workplace which may lead to lower performance as the management may lose control over certain employees (Lewis, 2018).

Mediating effect of psychological empowerment in the effect of transformational leadership on employee performance

Epitropaki and Martin (2005) suggested that, by empowering employees, transformational leaders can create a perception among employees that are being taken seriously, listened to, and valued as members of the organization. Samuel and Herlina (2017) found direct effects of leadership on employee performance, and indirect effect of leadership on employee performance through psychological empowerment and organizational commitment as intervening variables, so the total effect of the leadership on employee performance was stronger. Bartram and Casimir (2007) conducted a study of customer service operators in an Australian call-centre with a sample of 109 participants and have reported that the effects of transformational leadership on the performance of followers were mediated by empowerment. Empowering followers to attain organizational goals and performance targets is very essence of transformational leadership (Avolio et al., 2004; Bennis & Nanus, 1985). In addition, Pieterse et al. (2010) surveyed employees of government agency in Netherlands and reported that transformational leadership is positively related to innovative performance only when psychological empowerment is high.

3. Research Methodology

Conceptual Framework

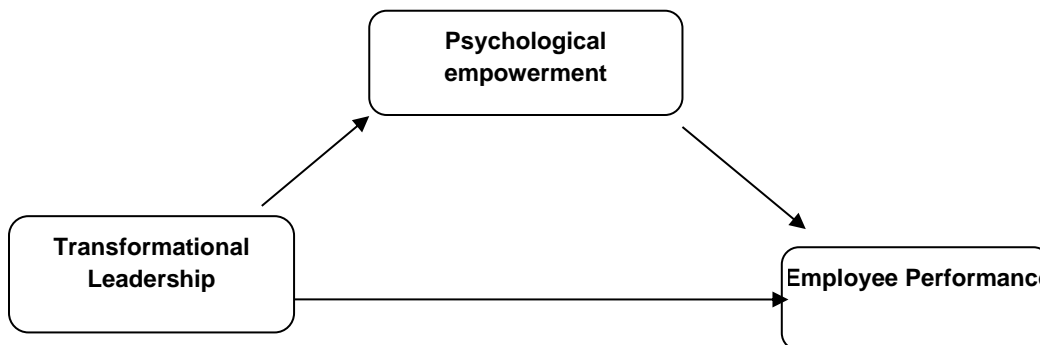


Figure 1. The conceptual framework

Hypotheses

Following hypotheses were established based on the literature review.

H1: There is positive impact of transformational leadership on employee’ performance

H2: There is positive impact of transformational leadership on employees’ psychological empowerment

H3: There is positive impact of psychological empowerment on employees’ performance

H4: Psychological empowerment mediates the impact of transformational leadership on employees’ performance.

Sampling

The organizations come under the public sector include various categories. The population includes the employees working in various public sector organizations in the Northern Province of Sri Lanka. The samples were selected convenience sampling technique. Out of the 684 surveys, only 525 were returned constituting a response rate of 76%. The incomplete surveys were removed and an effective sample of 508 was considered for the analysis.

Measures

Established questionnaires were used to collect data from the research participants. Transformational leadership was measured using Multifactor Leadership Questionnaire developed by Bass and Avolio (2000). The rater form (5-x) was used. It is a 45 item scale and the 20 items measuring transformational leadership were extracted for the purpose of data collection in the present study. The respondents were asked to rate their leaders’ behaviour based on their own perception.

Performance of employees was measured using the Performance Scale of Welbourne, Johnson and Erez (1998). It is a 20 item scale measuring five factors of employee performance namely job role, career role, innovator role, team role and organization role behaviour. Participants were asked to rate their own

performance in the 5 point Likert scale. Psychological empowerment was measured using Empowerment Scale developed by Spreitzer’s (1995). It is a 12 item questionnaire to measure the four components of psychological empowerment: feeling of meaning, competence, self-determination and impact.

The questionnaires were subjected to a pilot test with a sample of 30 participants selected based on convenient method. Necessary alterations were made in the items based on the feedback of the respondents of the pilot study to avoid vagueness and confusion.

4. Data Analysis and Results

Data analysis was conducted using SPSS 20.0 for Windows and AMOS 20.0 software. The proposed model and hypotheses were tested with structural equation modelling (SEM).

To validate the instrument, a Confirmatory Factor Analysis (CFA) was performed. The subscales of latent variables named transformational leadership, psychological empowerment and employee performance were included in the measurement model in CFA. The items with low factor loading were dropped from the model and the new measurement model was run. All factor loadings are significant at 0.001 level. The redundant pairs were constrained as “free parameter estimate” and fitness indexes achieved the required level. Likewise, the measurement models of other two constructs also were validated. Consequently, the results show the acceptable goodness of fit values (Hair, Black, Babin & Anderson, 2014.; Kline, 2005). As per the results of CFA, Chi-square (x2/df) =1.49, CFI= .96, TLI= .95 and RMSEA= .041. The fitness indexes GFI and AGFI are closer to the required level (GFI= .89, AGFI=.86) and thus the model fit is acceptable.

Table 1: Estimates, AVE and CR of the study variables

			Estimate	AVE	CR	Cronbach's Alpha
Transformational Leadership constructs						
IND_CN4	<---	INDIV_ CONSIDERATION	0.659			
IND_CN2	<---	INDIV_ CONSIDERATION	0.838			
IND_CN1	<---	INDIV_ CONSIDERATION	0.663	0.524	0.862	.799
INT_STI3	<---	INTEL_STIMUATION	0.856			
INT_STI1	<---	INTEL_STIMUATION	0.615	0.549	0.799	.782
INS_MOT3	<---	INPIRA_MOTIVATION	0.792			
INS_MOT2	<---	INPIRA_MOTIVATION	0.640			
INS_MOT1	<---	INPIRA_MOTIVATION	0.689	0.506	0.858	.786
IDE_INF_B4	<---	IDE_INFLUENCE-BEHA	0.672			
IDE_INF_B1	<---	IDE_INFLUENCE-BEHA	0733	0.496	0.764	.849

Employee Performance Constructs						
PE_CR4	<---	CAREER	0.863			
PE_CR3	<---	CAREER	0.904	0.688	0.963	.843
PE_CR2	<---	CAREER	0.867			
PE_CR1	<---	CAREER	0.695			
PE_TE4	<---	TEAM	0.622			
PE_TE3	<---	TEAM	0.716	0.567	0.893	.822
PE_TE2	<---	TEAM	0.812			
PE_TE1	<---	TEAM	0.774			
PE_OR4	<---	ORGANIZATION	0.778			
PE_OR3	<---	ORGANIZATION	0.936	0.789	0.952	.912
PE_OR2	<---	ORGANIZATION	0.951			
PE_JO4	<---	JOB	0.677			
PE_JO3	<---	JOB	0.727	0.522	0.785	.755
PE_JO2	<---	JOB	0.782			
PE_JO1	<---	JOB	0.685			
PE_IN3	<---	INNOVATOR	0.836	0.712	0.869	.834
PE_IN1	<---	INNOVATOR	0.879			
Psychological Empowerment Components						
EM_MN3	<---	MEANING	0.849	0.606		
EM_MN2	<---	MEANING	0.825		0.854	0.847
EM_MN1	<---	MEANING	0.657			
EM_SD3	<---	SELF DETRMINATION	0.819	0.577	0.693	0.741
EM_SD2	<---	SELF DETRMINATION	0.724			
EM_CM3	<---	COMPETENCE	0.632	0.559	0.886	0.766
EM_CM2	<---	COMPETENCE	0.796			
EM_CM1	<---	COMPETENCE	0.822			
EM_IM1	<---	IMPACT	0.692	0.474	0.633	0.644
EM_IM4	<---	IMPACT	0.645			

Source : Survey Data, 2018

Table 1 summarizes the results of CFA obtained using maximum likelihood estimation method. The reliability was ensured as the Cronbach's alpha exceeded the minimum requirement of 0.7 (Nunnally, 1978) except for one empowerment subscale named impact. The standardized estimates of all constructs exceed the level of 0.6 and thus the construct validity achieved. As can be seen in Table 1, the calculated values of Composite Reliability (CR) exceed the minimum level of 0.6 and Average Variance Explained (AVE) exceeds the minimum level of 0.5, which proves the internal consistency of scales (Hair et.al., 2014). Convergent validity

requirement was satisfied (Joreskog & Sorbom, 1993) as the standardized loadings for observed variables are above 0.6 and are significant at 0.01 level.

The discriminant validity also was confirmed based on the AVE, the diagonal values of the Table 2. As shown in the table, the AVE is higher than the squared correlation values in the respective row and column except for very few pairs.

Table 2: Mean, Std. deviation, Correlation and Discriminant Validity

	IDE_INF_B	INT_STI	IND_CON	INS_MOT	PE_OR	PE_TE	PE_CR	PE_JO	PE_IN	EM_IM	EM_SD	EM_CM	EM_MN
IDE_INF_B	.496												
INT_STI	.262	.549											
IND_CON	.363	.225	.524										
INS_MOT	.243	.115	.164	.506									
PE_IN	.156	.047	.062	.071	.712								
PE_TE	.175	.044	.047	.060	.436	.567							
PE_CR	.052	.041	.028	.034	.631	.327	.706						
PE_JO	.063	.028	.046	.054	.313	.345	.353	.522					
PE_OR	.192	.069	.018	.051	.437	.335	.331	.293	.789				
EM_MN	.172	.068	.046	.053	.067	.074	.059	.036	.084	.606			
EM_SD	.086	.187	.041	.061	.076	.041	.082	.083	.059	.114	.577		
EM_CM	.095	.119	.065	.035	.141	.051	.052	.122	.106	.079	.074	.559	
EM_IM	.181	.173	.064	.027	.136	.011	.084	.116	.092	.246	.362	.289	.474

Source: Survey Data, 2018

Structural Model

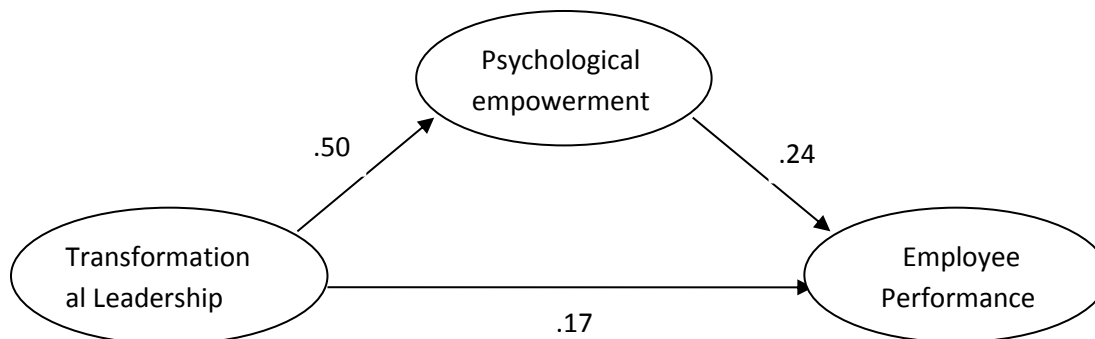


Figure 2. Structural Model

The validated measurement models of the study constructs (through CFA) were integrated in structural equation model. The Figure 2 shows the path coefficients of each pair of constructs. The results of SEM are summarised in Table 3.

Table 3: Results of SEM

Direct Effect	Unstd. Estimate	Std. Estimate	S.E.	P	Status of hypothesis
Impact of transformational style on performance	.33	.25	.12	.000	H1 -Supported
Impact of transformational style on Empowerment	.65	.55	.15	.002	H2 -Supported
Impact of Empowerment on Performance	.41	.34	.30	.023	H3 - Supported
Indirect Effect	Direct effect	Sig.	Indirect effect	Sig.	
Impact of transformational style on performance through empowerment	.27	.000	.32	.000	H4 - Supported

Source: Survey data

The results reported in Table 3 shows that the direct effect of transformational leadership on performance before mediation is 0.25 and the effect is significant (p=.000). Therefore, the Hypothesis 1 is supported.

The direct effect of transformational leadership on psychological Empowerment is 0.55 and the effect is

significant ($p=0.002$). Based on the results, the Hypothesis 2 is supported.

The direct effect of Psychological Empowerment on performance is 0.34 and the effect is significant ($p=0.023$). Thus, the Hypothesis 3 is supported.

The direct (mediated) effect of transformational leadership on performance is 0.25 and the effect is significant at 0.001 level whereas the indirect effect of transformational leadership on employee performance through the mediation of psychological empowerment is 0.32 and is significant at 0.001 level. As the direct and indirect effects are significant, it can be concluded that psychological empowerment partially mediates the effect of transformational leadership on employee performance. Therefore, the Hypothesis 4 is supported.

5. Discussion

The present study found that there is positive impact of transformational leadership on employee performance. The finding is consistent with previous studies (Kehinde & Banjo, 2014; Pradeep & Prabhu, 2011; Tsigu & Rao, 2012; Gimuguni et al., 2014; and Pradeep & Prabhu, 2011).

The positive effect of transformational leadership style on psychological empowerment is also in line with the previous studies (Pieterse, Van Knippenberg, Schippers & Stam, 2010; Allameh, Heydari & Davoodi, 2012). In addition, as per the results of the study, the effect of psychological empowerment on employee performance is statistically significant. The result is consistent with previous research findings (Yasothei, Jauhar & Bashawir, 2015; Ahmad & Atteia, 2016).

The major focus of the current study is to test the mediating effect of psychological empowerment in the effect of transformational leadership on employee performance. The results show that psychological empowerment mediates the effect of transformational leadership on employee performance. The finding of the current study is consistent with the reported results of Bartram and Casimir (2007) and Pieterse et al. (2010)

The present study gives an insight of the need for adopting transformational leadership by managers in the public sector organizations which are responsible for providing better services to the public and for the regional development.

6. Conclusion and Implication

The present study was aimed at identifying the impact of transformational leadership on employee performance and the mediating effect of psychological empowerment in the relationship between them among the public sector employees. The results revealed that transformational leadership is a predictor of employee performance and, psychological empowerment mediates the effect of transformational leadership on employee performance. It is believed that this study will be helpful for the leaders and administrators in the public sector. According to the findings of the current study, the leaders of the public sector need to pay more attention in their leadership style to boost employee performance. As public service is given much importance for promoting the life of community people and the regional development, adopting appropriate leadership becomes vital.

The findings of this research will be useful for future researchers, students and academicians to understand the effect of transformational leadership style on employee performance. The public sector organizations will be able to use the findings of this research to develop leadership programmes that will help the leaders acquire relevant leadership skills. The findings will also help leaders in recognizing the most appropriate leadership style to enhance employee performance.

Directions for Future Research

The findings of this study revealed that transformational leadership predicts job performance as well as psychological empowerment of employees. In addition, psychological empowerment intervenes the association between them. This study adds to the body of knowledge in the field of leadership, however, there are still a number of limitations. Particularly, the transformational leadership style was taken for investigation in the present study and thus the other styles such as transactional style, people/task oriented leadership style and autocratic/democratic style could be considered by future researchers. In addition, this study was conducted in the public sector organizations in the Northern Province of Sri Lanka. The study could be extended to other regions and to private sector organizations including larger samples to find the leadership style that predicts employee performance and the factors mediating the effect of leadership on employee performance.

Another major focus of future researchers should be on other the mediating factors in the leadership-performance relationship such as job satisfaction, OCB, attitudes, etc. As there are not adequate studies in the public sector in Sri Lanka, more research should follow with different samples from various sectors, types of businesses and in different regions. Comparative studies also may be conducted to find out differences based on sectors, types of businesses, locations, etc.

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