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The Mediating Role of Organizational Culture in Transformational Leadership and Employee Engagement

ORIGINAL ARTICLE



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Abstract

In the present study it explores how the shift from transactional to transformational leadership has influenced employee engagement through organizational culture. Idealized influence, Inspirational motivation, Intellectual stimulation and Individualized consideration are the four dimensions of transformational leadership that significantly increase employees' level of motivation, satisfaction at their work place and performance. In service industries, an area where there is empirical evidence for positive impact of transformational leadership is during the literature review conducted by the author. Employee empowerment and creativity are fostered by it. Nonetheless, research has yet to emphasize on specific industries, the role played by organizational culture in such situations, or require longitudinal studies (143). This analysis considers those gaps and suggests potential future research directions,

including extending industry coverage, examining the impact of the COVID-19 pandemic, and incorporating technology into leadership practice. In this way it offers suggestions for enhancing positive organizational culture, continuing education and training and operating feedback systems effectively. By proactively addressing organizational conflicts and tailoring leadership strategies to specific sectors, organizations can enhance employee engagement and productivity.

Key Words

Transformational Leadership, Organizational Culture, Employee Engagement, Job Satisfaction, Psychological Empowerment, Organizational Efficiency.

Introduction

One sign of transformational leadership is the ability to motivate employees because one of the main aims of a leader is to build confidence among workers in their own growth. According to Bass (1985) this kind of leadership affects attitudes, beliefs and behaviour of workers the most. It promotes trust between workers as well as between workers with their chiefs and it enhances motivation leading to job satisfaction in addition to reduced conflicts in an organization. Umar (2018) has mentioned that by focusing on work, transformational leadership increases the ambitions of employees and aligns their values with those of the company hence making them prioritize organizational interests over theirs thus enhancing growth among employees. Transformational leaders drive a process ensuring continuous growth in terms of achievement,

self-actualization, interest in organisation and its surroundings for workers. In setting free authority in an organization, leaders enhance workers' abilities and their confidence level on something, which makes sure they can do more than they have been assigned.

The four dimensions involved in idealized influence, inspirational motivation, intellectual stimulation, and individualized consideration are Transformational Leadership behavioural concepts. Aside from these characteristics, a leader must control or diminish conflicts, teach others, and give rewards. It is well known that bringing about change in leadership influences involvement which then leads to workplace environments that boost worker participation irrespective of how. Such kind of leaders therefore always trigger off and keep going affirmative effects on how one behaves when working and their actual participation at work.

Literature Review

Bass (1985) in the study he discovered that what sets apart visionary transformational leaders from others is their ability to come up with compelling dreams about tomorrow which elicit enthusiasm from their followers thereby pushing them beyond what is ordinarily expected." says BASS (1985)" "The leader invests time on growing others within his/her organization by encouraging constant training programs and acquisition of new skills.

Heskett, Sasser, & Schlesinger (1994) found in their study that human interaction is essential in a service context. A service's worth is founded on service operators' capabilities, incentive mode; and commitment. Workers also act as determinants through whom customers can rate the organization thus influencing its growth or fall.

Agarwal & Kar (2000) in the hospitality industry observed that service delivery quality and happiness of employees have a significant bidirectional relationship; hence consumers would be more contented once they receive top notch customer service in relation to their request requirements.

Avolio et al. (2004) revealed that transformational leadership drives innovation at work, which stimulates employees towards solving their own problems - and this guides the emergence of fresh thinking methodologies.

Gelade and Van den Bossche (2005) found that those in the financial sector employees were more satisfied with their job when they have been led by transformational leader than when they have never had any leader.

Pfeffer (2005) argues that in businesses with employees at risk of burnout due to multitasking and stress need transactional leaders to exist and keep going.

Bryman et al. (2010) in his study found that traditional rules are cantered on transactional leadership that focuses on achievement of goals and payment for services offered. Nevertheless, this may not work in service businesses with highly committed employees. It spurs workers to undertake activities beyond the defined scope.

Ryu and Han (2010) noted that profound inspiration has a significant influence on organizational identification and commitment, indicating that transformational leadership could be a watershed moment for increased employee commitment amidst tough times.

Leung et al. (2011) discovered that if causality is reversed, transformational leadership affects engagement through psychological empowerment; this implies that employees who feel empowered can engage themselves at the workplace.

Mitra and Mitra (2014) the findings suggest that transformational leaders played a significant role by promoting an enabling and humane working environment within the context of the Indian healthcare organizations.

Popli and Rizvi (2015) found out that transformational leadership affects employee service orientation in the Indian Private service sector. Their research points out that if transformational leaders pay more attention to serving others, this leads to higher levels of employee engagement alongside superior customer relations.

Kumar and Singh (2018) in their study was the Indian banking sector of India with a hypothesis that says that transformation leadership makes workers feel empowered. According to their study, a conclusion can be drawn out about the essence of decision-making among leaders operating in a transformational paradigm which gives them an advantage over other kinds because subordinates respond better when their supervisors have power in terms of personal influence, thus enabling them perform better in their work especially when working in a bank organization.

Research Gaps

Despite the extensive research, there are notable gaps in the literature:

- **Restricted Industry Focus:** Some sectors, such as healthcare and IT, attract most of the attention in investigations while others are neglected.
- **Organization Culture:** The role of transformational leadership and employee engagement moderated by organization in between.
- **Leadership Nuances:** Grooming details in supervision and staff preferences at different demographic settings and professions necessitate further and exact scrutinization in the intricacy of leadership.
- **Longitudinal Studies:** Most studies have concentrated on cross-sectional type to find out about the peculiarities of leadership that are only revealed temporarily; however, these sorts of things need to be extended into longitudinal formats in order to look at the changes that are brought by transformational leadership styles in the course of time.
- **Covid Impact:** More study is asked for to understand the full-time influence of Covid-19 pandemic on leadership approach and human resource involvement in India.

Rationale of the Study

In many organizations, the top executive officers control the environment in which work is done, engendering specific work cultures that lead to staff commitment. Nevertheless, numerous other factors contribute to different engagement behaviours, leadership being the most influential in terms of response level. For future researchers who care about understanding the relationship between leadership and engagement in organizations, this study is useful. Employers' loyalty in the health care industry could be probed into further using this study. Moreover, it would enable them to figure out the reasons underlying employees' decreasing commitment based on various strategies that field specialists recommend as implemented within a society.

Objectives of the Study

- To explore the impact of transformational leadership on employee motivation and personal development.
- To examine the role of transformational leadership in enhancing employee engagement and job satisfaction.
- To assess the effects of transformational leadership on organizational efficiency and conflict reduction.
- To identify the dimensions of transformational leadership that contribute to employee empowerment and psychological engagement.
- To compare the effectiveness of transformational leadership in different sectors, with a focus on the healthcare and financial sectors.
- To investigate the intermediary role of organizational culture in the relationship between transformational leadership and employee engagement.
- To identify research gaps and propose future directions for studies on transformational leadership and employee engagement.

Limitations

This secondary study that relied on data may not cover all findings exhaustively because it associated with limited generalizability due to its dependence on secondary data sources, and besides, focusing only on India's financial services could overlook finer details in other divisions or regions. Therefore, forthcoming research needs to extend geographical coverage across various regions while incorporating primary datasets from other sectors so as to enhance industry-specific specificity for more reliable results.

Methodology

Sampling Design

It's a descriptive research paper based on secondary data available.

Sources of Data

Secondary Data: Information obtained from this secondary source will be obtained from books, online sources, published journals, research papers, and other relevant literature.

Findings

This section analyses the impact of transformational leadership on employee engagement and organizational efficiency based on secondary data from existing literature:

- **Transformational Leadership and Employee Engagement:** According to the literature, employee engagement is positively affected by transformational leadership style. This has been shown in the study of Avolio et al. (2004) where it was shown that under such leadership, workers are more creative as well as good at solving problems which makes them more committed. Motivated employees are those who feel that their leaders are keen on their own growth both at work and personally.
- **Transformational Leadership and Organizational Efficiency:** It has been shown by various studies (for example, Gelade & van den Bossche 2005; Kumar & Singh 2018) that transformational leadership increases the effectiveness of an organization. Such type of leadership gives more power to workers so they become sure of what they are doing and are ready to fulfil any objective of a company. As a result, staff engagement grows and performance, as well as productivity levels go up which create overall efficiency within the company.
- **Sector-Specific Insights:** There is a growing body of knowledge on the power of transformational leadership in the finance industry as regards employee engagement and operational efficacy. Popli and Rizvi (2015) outline how transformational leaders transform Indian bank workers into more efficient and engaged employees (Kumar & Singh, 2018). This study by both Popli and Rizvi highlights how transformational leadership impacts service orientation within different sectors, emphasizing its importance.
- **Psychological Empowerment:** In the association between transformational leadership and employee engagement, Leung and other scholars (2011) have argued that psychological empowerment plays a crucial role. A more motivated workforce will be developed by transforming leaders who give workers psychological power. This has been observed to lead to increased organizational commitment and identification levels (Ryu & Han, 2010).

Recommendations

Based on the findings, the following recommendations are proposed:

- **Encourage Transformational Leadership Training Programs:** Organizations should invest in leadership development programs that focus on the four dimensions of transformational leadership: idealized influence, inspirational motivation, intellectual stimulation, and individualized consideration. These programs should be designed to enhance leaders' abilities to inspire, motivate, and develop their employees.

- **Promote Employee Development and Continuous Learning:** Transformational leaders should prioritize the personal and professional growth of their employees. Organizations should create opportunities for continuous learning and development, including workshops, seminars, and courses that help employees acquire new skills and knowledge.
- **Foster a Positive Organizational Culture:** A supportive and positive organizational culture should be cultivated to enhance employee engagement and commitment. Transformational leaders should focus on building trust, encouraging open communication, and recognizing and rewarding employees' contributions.
- **Implement Regular Feedback Mechanisms:** Establish regular feedback mechanisms where employees can share their thoughts, concerns, and suggestions. This can help leaders understand the needs and aspirations of their team members and align organizational goals with individual objectives.
- **Address Organizational Conflicts Proactively:** Transformational leaders should be equipped with conflict resolution skills to manage and reduce organizational conflicts effectively. By addressing conflicts proactively, leaders can maintain a harmonious work environment that fosters collaboration and engagement.
- **Enhance Psychological Empowerment:** Leaders should focus on empowering employees by giving them more autonomy and responsibility. Psychological empowerment can be achieved by involving employees in decision-making processes and encouraging them to take ownership of their tasks and projects.
- **Sector-Specific Leadership Strategies:** Tailor leadership strategies to fit the specific needs of different sectors. For example, in the healthcare and financial sectors, transformational leaders should focus on improving service orientation and operational efficiency by aligning leadership practices with sector-specific challenges and opportunities.
- **Conduct Longitudinal Studies:** Future research should consider longitudinal studies to examine the long-term effects of transformational leadership on employee engagement and organizational performance.
- **Expand Research to Diverse Industries:** To address the research gap in industry focus, future studies should expand to include a broader range of industries. This will provide a more comprehensive understanding of how transformational leadership impacts various sectors differently.
- **Assess the Impact of COVID-19:** Investigate the impact of the COVID-19 pandemic on leadership approaches and employee engagement. Understanding these effects can help organizations adapt their leadership strategies to better support employees during and after crises.
- **Promote Work-Life Balance:** Organizations should encourage transformational leaders to promote a healthy work-life balance. This can be achieved by implementing flexible working hours, remote work options, and wellness programs to reduce burnout and increase job satisfaction.

Conclusion

For improving employee engagement, motivation, and organizational efficiency, the essential thing is to practice transformational leadership. That way individual teams will be inspired, motivated by demonstrating excellent service worthiness and trust among themselves, thus eliminating discord. Business leaders from all sectors needs to adopt this type as it promotes empowerment of workers aligned with company processes which will lead to higher output in the end especially in service-based industries. Nonetheless, further studies need to be carried out so as to identify the long-term effects of it that are not yet clear, broader applications in industries and the importance of organization culture which is not always considered given the situation created by COVID-19 pandemic. There should be a better way than this if transformational leadership models are to

be improved. The purpose of this improvement should be to ensure that transformational leadership models work in different contexts so as to benefit both the employees and the entire organization.

Future Scope

There are several promising areas to explore in future research on Transformational Leadership in connection with its effects on staff commitment and the organizational efficiency. Expansion of research across more diverse industries together with longitudinal studies will yield insight into how sustainable are long-term outcomes from applying transformational leadership behaviours. In addition, the examination of intermediary role played by organizational culture, the incorporation of technology and the unique challenges faced when there is a crisis like COVID-19 would be beneficial. However, it would be interesting for future researchers to look into how transformational leadership influences different demographic groups, staff welfare and psychological state within the context of evaluating the efficiency of diverse leadership development programs. Comparative studies across different countries and regions can highlight global variations and trends, further enriching the understanding of how transformational leadership can foster innovation, creativity, and overall organizational success.

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