

**Investigate the Impact of Transformational Leadership on Employee Performance
Through Mediating Role of Job Satisfaction**

Zunaira Ghani

zunairaghani8@gmail.com

MS Student, Management Sciences National University of Modern Languages (NUML), Islamabad

Hafsah Zahur

hzahoor@numl.edu.pk

Assistant Professor, Management Sciences National University of Modern Languages (NUML), Islamabad

Dr. Sidra Swati

sidraswati@numl.edu.pk

Lecturer, Accounting and Finance National University of Modern Languages (NUML), Islamabad

M. Habibullah Amanat

Habibrao253@gmail.com

MS Student, Management Sciences National University of Modern Languages (NUML), Islamabad

Aniqa Qayyum

aniqach051@gmail.com

MS student, Management Sciences National University of Modern Languages (NUML), Islamabad

Corresponding Author: * Zunaira Ghani zunairaghani8@gmail.com

Received: 17-08-2025

Revised: 22-09-2025

Accepted: 17-10-2025

Published: 02-11-2025

ABSTRACT

Purpose

This research paper explores how transformational leadership influences the performance of employees with a focus on job satisfaction as a mediating variable. It seeks to unravel the relationship between the transformational behaviors of leaders that include inspiration, intellectual stimulation, and individualized consideration and the motivation of employees, their level of satisfaction and their output in the service industries.

Methodology

The structured questionnaire that was given to 69 employees working in different service fields was used as a quantitative research design. The survey was used to measure transformational leadership behavior, job satisfaction, and employee performance by validating Likert-scale measurement tools. The statistical analyses were conducted to test the relationship between the variables through statistical means such as reliability test, correlation, regression and mediation analysis.

Findings

Findings indicated that transformational leadership positively influences employee performance to a significant extent. Furthermore, this relationship is mediated by job satisfaction, which means that transformational leaders can improve performance in part by raising the degree of satisfaction of employees towards work. There was no significant impact of demographic variables like gender, age, working status

and experience on performance, which demonstrated that leadership style is a more powerful predictor of employee performance.

Conclusion

The results show that transformational leadership promotes positive work culture that enhances performance and satisfaction among employees. Inspirational and empowering leaders add to increased organizational commitment and productivity. The research supports the need to embrace transformational leadership practices as a way of attaining sustainable performance within service-based organizations.

Keywords: Transformational Leadership; Employee Performance; Job Satisfaction; Service Industries; Organizational Behaviour

INTRODUCTION

Transformational leadership is one of the styles which have a significant influence on the performance of employees and this case is relevant to the contemporary world of business which is both dynamic and competitive. This type of leadership styles inspirational and motivational of employees to do more than they are supposed to do by creating a sense of purpose and dedication. In service industries, where employee interactions have a direct impact on customer satisfaction and business success, transformational leadership is even more important (Avolio & Yammarino, 2013). The role of transformational leadership behaviours in shaping the performance of employees is important because organizations that seek to enhance their productivity, job satisfaction and successful performance should understand how these behaviours work.

The relationship between transformational leadership and employee performance has been viewed in many studies. These researches tend to reveal that transformational leadership positively influences many areas of performance among employees including motivation, job satisfaction, and effectiveness as a whole (Judge and Piccolo, 2004). As an example, it has been found that transformational leaders may contribute significantly to job satisfaction and it subsequently results in an improved performance. Such a positive association has been noted in various industries, which underscores the widespread advantage of transformational leadership.

Nevertheless, regardless of numerous investigations concerning transformational leadership and employee performance, there are gaps that should be addressed in more detail. In particular, job satisfaction as a mediating variable in this connection has not been extensively examined. While some research recognizes the importance of job satisfaction, few studies have looked at how it mediates the effect of transformational leadership on employee performance (Kahn, 1990). This research gap indicates that there is need to conduct further research to establish the effects of transformational leadership on employee performance based on job satisfaction.

This study is significant in that it is meant to fill these gaps and contribute to our knowledge of leadership and organizational behaviour. This study contributes more on the relationships between transformational leadership behaviours and performance of employees by emphasizing the mediating position of job satisfaction. The findings can provide useful insights to managers and leaders in service sectors to make them embrace leadership approaches that would improve job satisfaction and performance.

The primary objectives of the study will be to test whether transformational leadership behaviours have a direct influence on employee performance, and to test if job satisfaction mediates the influence of transformational leadership behaviours on employee performance. Through the realization of these objectives, the study will provide a holistic model, which will explain the intricate dynamics of leadership, engagement, and performance in service industries. The study does not only add to the body of

knowledge but also gives practical implications on how to enhance the leadership practice and organizational results.

LITERATURE REVIEW

Transformational Leadership Behaviour

Transformational leadership behaviour refers to leaders who inspire and motivate their employees to exceed expectations by fostering an environment of trust, innovation, and enthusiasm. According to Bass and Riggio (2006), "Transformational leaders are those who stimulate and inspire followers to both achieve extraordinary outcomes and, in the process, develop their own leadership capacity" (p. 34). Transformational leadership has four key elements, namely, idealized influence, inspirational motivation, intellectual stimulation, and individualized consideration. All these elements are interdependent in forming an active relationship between the followers and the leaders which translates into better performance and satisfaction.

Bass and Avolio (1993) also point out that transformational leaders deliver vision and a sense of mission, inculcate pride, earn respect and trust (p. 112). Transformational behaviour among leaders is capable of motivating employees to go beyond their self-interests to the benefit of the organization, which can subsequently result in increased performance levels. The given leadership style is represented by the possibility to express a strong vision, create a climate of intellectual stimulation and provide employees with personal support and encouragement.

Hypothesis 1 (H1): Transformational leadership behaviour is significantly positively associated with employee performance.

Impact on Employee Performance

One of the key results of the organization is employee performance, which is usually in terms of productivity, the quality of work, and its overall contribution to the organizational goal. Transformational leadership has also been associated with better employee performance due to its focus on motivation and engaging employees. Judge and Piccolo (2004) argue that transformational leadership is positively, and significantly related to employee performance in different organizational contexts (p. 765). Transformational leaders can also increase the level of intrinsic motivation of employees by encouraging employees and making them feel the purpose, which results in an increase in the level of performance.

According to Avolio and Yammarino (2002), transformational leadership has helped in driving employee performance through establishing an environment that supports innovation and creativity (p. 85). When leaders are able to challenge employees in an intellectual manner and give them a chance to grow and develop, this may lead to better job performance. Transformational leadership can make its employees feel competent and confident about their abilities and this makes them work better since it is a supportive and empowering leadership style.

Hypothesis 2 (H2): Job satisfaction is significantly positively associated with employee performance.

The Mediating Role of Job satisfaction

Job satisfaction is the investment of emotion and psychological commitment of workers to their organizations and jobs. The highlight of engaged employees is a passion, commitment, and preoccupation with the job. According to Schaufeli and Bakker (2004), "Job satisfaction is a crucial determinant of organizational success, as it drives employee performance and overall productivity" (p. 295). When

employees are engaged, they tend to do more than their job titles, which leads to an increase in performance levels.

Transformational leadership may have a strong influence on job satisfaction since it ensures that employees have a supportive and appreciating working environment. According to Macey and Schneider (2008), transformational leaders are capable of enhancing job satisfaction by giving it meaning and acknowledging the individual input (p. 24). Employees will become more interested and devoted to their work when leaders are concerned with the well-being of employees and their professional development.

Hypothesis 3 (H3): *Transformational leadership behaviour is significantly positively associated with job satisfaction.*

The Relationship between Transformational Leadership, Job satisfaction, and Performance

The correlation among transformational leadership, job satisfaction, and performance has a well-written literature. Transformational leadership has a positive contribution to job satisfaction, which leads to performance of employees. Rich, Lepine, and Crawford (2010) state that the transformation leadership is mediated by job satisfaction and employee performance (p. 619). This means that the effect of the transformational leadership on performance is partially mediated through the degree of engagement that employees develop.

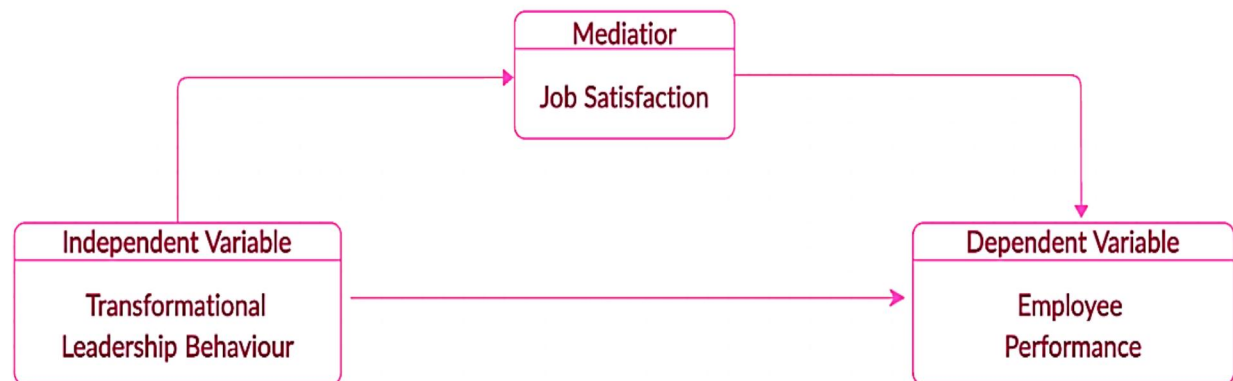
Moreover, there are increased chances that, employees who are motivated will show much more discretionary effort, creativity and commitment that will lead to better performance. According to Christian, Garza, and Slaughter (2011), engagement is a key channel with the help of which transformational leadership can increase the performance of employees (p. 104). Thus, job satisfaction should be encouraged by organizations that want to enjoy the advantages of transformational leadership.

Hypothesis 4 (H4): *Job satisfaction mediates the relationship between transformational leadership behaviour and employee performance.*

RESEARCH MODEL METHODOLOGY

Population Sampling

This research was based on the population of employees who work in different service industries. In order to collect the relevant information in an efficient manner, the survey method was used to collect data. The survey instrument comprised the structured questionnaires that were to gauge the perception of employees towards transformational leadership behaviours, the degree of engagement, and performance.



We used a convenience method of sampling. This approach was selected due to its convenience and accessibility to the respondents within a short time. As much as convenience sampling lacks the amount of randomness as other techniques, it was the best approach in this exploratory study due to the limitations and manageable sample size.

The total sample was composed of 69 participants. It was decided to use this number because the number of respondents is available and because it is necessary to guarantee a wide representation of the various service sectors. This was also sufficient enough to perform substantial statistical tests and formulate preliminary inferences on the associations between transformational leadership and job satisfaction and employee performance.

In this study, ethical integrity was the most important. To maintain anonymity and confidentiality, we used unique identifiers to anonymise the responses of all the participants. Information was safely stored in a limited form. The participants received complete information regarding the purpose of the study, procedures, and possible effects, which is a written consent. The participation was not forced by any incentive and was done on free will.

Demographic Analysis

Our sample gives a picture of the population of employees working in the service sectors that were involved in our study. This multicultural group of people has different visions and experiences that can only enhance our knowledge of the population.

Gender Dynamics

Our sample is composed of 45 males (65.2 %) and 24 females (34.8 %) and the sample size is 69. Such gender distribution gives us a chance to investigate the possible variations in the perceptions and experiences of female and male employees in the service industries.

Age

The age distribution of our sample is varied, as there are 18 participants (26.1%) who are between 18-25 years old, 41 participants (59.4%) who are between 26-35 years old, and 10 participants (14.5%) who are 36 years old and older. The age bracket allows us to study how the various age categories view transformational leadership and their effects on job satisfaction and performance.

Work Status and Experience

We have 54 full-time employees (78.3%) and 15-part time employees (21.7 %). Experience wise, 38 participants (55.1%) have had 0-5 years' experience, 27 participants (39.1%) have had 6-10 years' experience and 4 participants (5.8%) have had 11 years or more experience. This combination of work status and level of experience has offered a broad overview of the population of workers in the service industries.

Measurement

A 5-point Likert scale was used to fill in transformational leadership, job satisfaction, and employee performance. This was a scale with 1 (strongly disagree) to 5 (strongly agree) scores that enabled the respondents to state how much they were in agreement with different statements.

Transformational leadership

It was measured using a 7-item scale developed by Podsakoff et al. (1990). One sample item is,

“The leader asks the follower’s opinion about how to improve the way they do things.”

Job satisfaction

It was assessed using a 9-item scale created by Andrade et al (2021). One sample item is, "In my relationship with my manager, I feel encouraged to share ideas and concerns."

Employee performance

It was evaluated using a 6-item scale by Tabouli et al. One sample item is, "I have the ability to plan my work and its accomplishment according to the planned schedule."

Control Variable

Based on the results presented in table 3 below, there is no significant differences in employee performance across the demographics of gender, age, work status, and experience. As none of these factors show statistical significance (P value > 0.05), they do not need to be controlled for in our analysis. This indicates that employee performance is consistent regardless of these demographic variables.**RESULTS**

Reliability Analysis

Table 1: Reliability Analysis

Variables	Reliabilities
Transformational Leadership Behavior	0.767
Job satisfaction	0.688
Employee Performance	0.726

N = 69

Table 1 shows the reliability coefficients for the variables "Transformational Leadership Behavior" (0.767), "Job satisfaction" (0.688), and "Employee Performance" (0.726). These values indicate acceptable to good internal consistency for the measures used. The sample size for this analysis is 69.

Descriptive Statistics

Table 2: Means and Standard Deviation

Variables	Means	SD
Job satisfaction	3..6023	.61493
Employee Performance	3.9662	.66702
Transformational Leadership Behaviour	3.7705	.77970

N = 69

Table 2 indicates means and SD of the variables: Job satisfaction (mean = 3.6023, SD = 0.61493), Employee Performance (mean = 3.9662, SD = 0.66702), and Transformational Leadership Behaviour (mean = 3.7705, SD = 0.77970). Such statistics demonstrate moderate values of all the variables with diverse dispersion.

One-way ANOVA

Table 3: One-Way ANOVA

Demographics

DV (Employee Performance)

Demographics	DV (Employee Performance)	
	F statistics	P value
Gender	.032	.858
Age	.521	.596
Work status	.645	.425
Experience	.056	.945

N= 69

Table 3 exhibits the outcomes of the One-Way ANOVA analysis in which the gender ($F = 0.032$, $p = 0.858$), ages ($F = 0.521$, $p = 0.596$), work status ($F = 0.645$, $p = 0.425$) do not significantly influence the employee performance ($N = 69$). All these P values are above 0.05 meaning that there were no significant differences in the performance of the employees of these demographics.

Correlation Analysis

Table 4: Correlation Analysis

Variables	EE	EP	TL
EE	1	.484*	.736**
EP	.484**	1	.588**
TL	.736**	.588**	1

N= 69

Table 4 presents the correlation relationship between Job satisfaction (EE), Employee Performance (EP) and Transformational Leadership (TL). Job satisfaction positively and moderately relates to Employee Performance ($r = 0.484^{**}$) and strongly, to Transformational Leadership ($r = 0.736^{**}$). Also, there is moderate and significant correlation between Employee Performance and Transformational Leadership ($r = 0.588$) which reveals that these variables are significantly positively correlated.

DISCUSSION

The results of this research provide an important insight into the role of transformational leadership in job satisfaction and performance among employees. The results of reliability prove that each instrument that was given in the survey was reliable and suited to collecting data, which guaranteed the credibility of the results. The average scores on the entire variables suggest that the respondents did not perceive their leaders as excessive transformational and had a fair and equal satisfaction and performance levels. The employee performance was the most meaningful variable among the three factors and the participants perceived themselves as productive and performing reasonably.

The one way ANOVA results indicated that the demographic factors like gender, age, work status and experience did not significantly affect the employee performance. The implication of this finding is that individual traits have a minor influence on the performance outcomes in the context that was investigated. Rather, the workplace determinants appear to affect employee performance more directly and in a stronger manner due to the leadership style and job satisfaction.

The correlation analysis showed that transformational leadership, job satisfaction and employee performance have significant positive relationships. Transformational leadership was found to have a strong relationship with job satisfaction, and moderate positive relationships with leadership and performance and between satisfaction and performance. The implication of these relationships is that leaders who express the vision clearly, offer encouragement, and applying a personalized consideration can increase employee motivation and satisfaction, and this, in the end, leads to improved performance.

Overall, the discussion has shown that transformational leadership has a beneficial and positive work environment where employees feel respected, active, and able to work efficiently. This observation is consistent with other studies that have noted that leadership is a critical aspect in the determination of attitudes among employees and organizational performance.

CONCLUSION

The research finds that transformational leadership behaviour is vital in ensuring job satisfaction and enhanced performance of employees. Inspirational, empathetic, and directional leaders will be more inclined to create a positive working environment that will contribute to a significant increase in the level of motivation and belonging of employees. The findings also demonstrate that the effects of demographic factors do not play a significant role in employee performance, which means that the impact of leadership style and satisfaction are more influential than the power of personal traits on productivity.

On the whole, transformational leadership helps not only to enhance the emotional bond between the employees and their organization but also to increase the efficiency and productivity. Transformational leaders encourage and empower subordinates to form a commitment culture, trust, and mutual respect. Thus, transformational leadership practices can be considered a successful strategy to adopt by organizations that wish to increase the level of satisfaction and performance among its workforce.

RECOMMENDATIONS

Based on the findings of this study, several recommendations are proposed to improve leadership practices and employee outcomes:

1. **Leadership Development:** Structured leadership training programs should be invested in by organizations to ensure that managers learn to follow transformational behaviours as active communications, goal setting, and individualized support of employees.
2. **Employee Engagement:** To increase the values and satisfaction of employees in their workplace, the management should promote open communication, rewarding, and involving decision-making.
3. **Feedback and Performance Systems:** Developing clear feedback systems may assist the staff in determining areas of improvement and their strengths to foster a constant advancement of the profession.
4. **Recognition and Motivation:** Motivation can be maintained by the introduction of incentive and recognition programs to the employees who perform excellently and this will motivate others to do the same.
5. **Future Research:** Future research must use larger and more diverse samples, and also take into account other variables like organizational culture, emotional intelligence, or commitment of employees so as to obtain a more comprehensive picture of the role of transformational leadership.

REFERENCES

- Avolio, B. J., & Yammarino, F. J. (2013). *Transformational and charismatic leadership: The road ahead*. Emerald Group Publishing.
- Qureshi, A. D., Gill, W. Q., & Ishaq, M. (2025). The Impact of Transformational Leadership on Project Success with Mediating Role of Job Satisfaction. *Annual Methodological Archive Research Review*, 3(5), 67-93.
- Judge, T. A., & Piccolo, R. F. (2004). Transformational and transactional leadership: A meta-analytic test of their relative validity. *Journal of Applied Psychology*, 89(5), 755.
- Kahn, W. A. (1990). Psychological conditions of personal engagement and disengagement at work. *Academy of Management Journal*, 33(4), 692-724.
- Bass, B. M., & Riggio, R. E. (2006). *Transformational leadership* (2nd ed.). Psychology Press.
- Bass, B. M., & Avolio, B. J. (1993). Transformational leadership and organizational culture. *Public Administration Quarterly*, 17(1), 112-121.
- Judge, T. A., & Piccolo, R. F. (2004). Transformational and transactional leadership: A meta-analytic test of their relative validity. *Journal of Applied Psychology*, 89(5), 755-768. 7. Avolio, B. J., & Yammarino, F. J. (2002). *Transformational and charismatic leadership: The road ahead*. Elsevier Science/JAI Press.
- Schaufeli, W. B., & Bakker, A. B. (2004). Job demands, job resources, and their relationship with burnout and engagement: A multi-sample study. *Journal of Organizational Behaviour*, 25(3), 293-315.
- Macey, W. H., & Schneider, B. (2008). The meaning of job satisfaction. *Industrial and Organizational Psychology*, 1(1), 3-30.
- Rich, B. L., Lepine, J. A., & Crawford, E. R. (2010). Job engagement: Antecedents and effects on job performance. *Academy of Management Journal*, 53(3), 617-635.
- Christian, M. S., Garza, A. S., & Slaughter, J. E. (2011). Work engagement: A quantitative review and test of its relations with task and contextual performance. *Personnel Psychology*, 64(1), 89-136.
- Yong, P., & Zhang, J. (2025). How Transformational Leadership Reduces Teachers' Role Stress: Dual Mediation of Affective Commitment and Job Satisfaction *Frontiers in Psychology*, 16, 1634303.
- Oktaysoy, O., Topcuoglu, E., Ozgen-Cigdemli, A. O., Kaygin, E., Kosa, G., Turan-Torun, B & Uygungil-Erdogan, S. (2025). The mediating role of job satisfaction in the effect of green transformational leadership on intention to leave the job. *Frontiers in Psychology*, 16, 1490203.
- Abid, M. N., Siming, L., Chao, H., Amin, M., & Sarwer, S. (2025). Enhancing faculty teaching performance through constructive leadership with a mediating role of job satisfaction. *Scientific Reports*, 15(1), 13454.