

Transformational Leadership and Employee Performance

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Abstract

Background - *Little research examines the relationship among transformational leadership, LMX quality and employee performance in the banking industry and little research examines the moderating effect in the above relationship.*

Purpose - *The purpose of this paper is to examine the relationship among transformational leadership, LMX quality and employee performance as well as the moderating effect of LMX-differentiation measured by employee performance.*

Design/methodology/approach - *This paper adopts the Hierarchical Linear Modeling (HLM). We collected data from a large commercial bank in Taiwan.*

Findings - *The findings show that LMX quality mediates the positive relationship between transformational leadership and employee performance. Besides, LMX differentiation measured by employee performance moderates the relationship between transformational leadership and LMX quality and moderates transformational leadership's indirect effect on employee performance via LMX quality.*

Research limitations - *This paper only focuses on the banking industry. Thus, the conclusions may be limited to explain the situations in other industries.*

Originality/value - *This paper adopts HLM to analyze and collect sample data from several sources. Hence, we can identify individual and group effects on the outcome of interest.*

Keywords : transformational leadership, employee performance
