
TRANSFORMATIONAL LEADERSHIP AND ITS IMPACT ON PRODUCTIVITY AMONG GENERATION Z EMPLOYEES

DR K. UMA MAHESHWARI

PROFESSOR, REGIONAL COLLEGE OF MANAGEMENT BANGALORE (RCMB)
E-MAIL: umameenaxi@gmail.com

MR. KUMAR E

ASSISTANT PROFESSOR, DEPARTMENT OF COMMERCE, SINDHI COLLEGE, BENGALURU 560024.
E-MAIL: ekukumara@gmail.com

MS. VANDANA K.R

ASSISTANT PROFESSOR, REGIONAL COLLEGE OF MANAGEMENT BANGALORE (RCMB)
EMAIL: krvandana4@gmail.com

MR. SUDIP KUMAR SEN

ASSOCIATE PROFESSOR & HEAD HR, REGIONAL COLLEGE OF MANAGEMENT BANGALORE (RCMB),
EMAIL: sudip.sen@rcmb.in

MS SMITHA. S

ASSISTANT PROFESSOR, REGIONAL COLLEGE OF MANAGEMENT BANGALORE, EMAIL: smitha.s@rcmb.in

Abstract

In today's fast-paced digital landscape, organizations need forward-thinking leadership approaches to boost employee involvement and efficiency. This research explores how transformational leadership benefits Generation Z workers in the service industry by enhancing their motivation, encouraging ongoing learning, and strengthening relationships between leaders and employees. It highlights the need to tailor leadership styles to Gen Z's expectations in order to elevate performance and maintain productivity amid digital transformation.

Key Words: Generation Z, Transformational Leadership & Employee productivity

INTRODUCTION

In today's techno-flexible employment landscape, organizations are increasingly attracting young, dynamic individuals who are not only tech-savvy but also possess emerging leadership potential. Generation Z generally defined as those born between the mid-1990s and early 2010s has introduced new opportunities along with unique leadership challenges. This cohort is known for its strong technological skills, creativity, and desire for purposeful work experiences. Unlike previous generations, Gen Z values more than just job security; they seek leaders who provide meaningful direction, regular feedback, a sense of inclusion, and opportunities for both personal and professional growth. As companies aim to boost productivity, it becomes vital to understand how different leadership styles influence this new generation of employees.

Transformational leadership, characterized by inspiration, individualized consideration, intellectual stimulation, and idealized influence, has gained prominence for its ability to motivate and empower employees. Unlike traditional transactional approaches, transformational leaders focus on building strong relationships, aligning individual goals with organizational vision, and fostering innovation and engagement.

This study explores the impact of transformational leadership on the productivity of Gen Z employees, examining how leaders can effectively motivate and maximize the potential of this generation. By identifying the leadership behaviours that resonate with Gen Z, the research aims to provide valuable insights into cultivating a productive, adaptable, and future-ready workforce.

Transformational Leadership

Leadership styles in an organization substantially impact the success of the organization and the productivity of its employees. (Lin Chunhui et.al.,2024) An organization's performance can be predicted by its leadership style. This is among the most significant factors influencing how organisational and employee performance develops (Faiza Manzoor et.al.2019). Since success depends on a leader's ability to inspire, motivate, congratulate, and even compliment their team, leaders must motivate others. Managers have an obligation to take into account each individual and make sure that workers are content and inspired to put in a lot of effort. By articulating a vision of change and cultivating an atmosphere of creativity and invention, transformational leadership inspires and encourages followers to accomplish amazing results. It focusses on maximising team members' potential and

coordinating them with the organization's long-term objectives, going beyond simply overseeing daily duties. Bass and Avolio (2003) define transformational leadership as a change-oriented style of leadership in which an organization's vision is not only developed but also carried out through two main channels: idealized influence and actualized influence. Transformational leadership interactively inspires followers and leaders to achieve, a higher level of morality and motivate justice and equality. (Bass & Riggio, 2010)

Employees Productivity

The results of employee productivity are often the end, targeted outputs that correspond to the expectations of the employee. (McNamara ,2018) Productivity is the result of combining performance with resource economy. (Victor Barinua, Ibe, Uchenna Mabel. 2022) Enhancing employee performance is the primary objective of any organisation in order to endure and thrive in a fiercely competitive environment. (Haleema Ikram, Zohra Shahzad, Abdul Rashid 2023) The performance of employees has a direct impact on the success of the company, making it a crucial metric for assessing both the financial and non-financial performance of the enterprise. (Anyango, 2015) When an employee's output increases while their input stays the same or when their input decreases while their output increases, their productivity can be assessed. Therefore, employee roles and responsibilities are strongly linked to performance, and a variety of factors affect employees' productivity and performance (Irwan et al., 2020). Employee productivity measures how efficiently and effectively a worker or a group of workers contribute to accomplishing organizational goals. (Cole Stryker 2024). One of the factors influencing the employee productivity is the leadership style of a leader within the organization (Haleema Ikram, Zohra Shahzad, Abdul Rashid 2023) Employee Productivity can be significantly impacted by the actions of company leadership. The effectiveness of management and leadership techniques can have a big influence on employee productivity. Throughout the workday, hard labour is often motivated by effective leadership. A toxic business environment or poor management techniques might cause demotivation or poor communication, which will lower productivity. (Cole Stryker 2024)

H1: Transformational leadership positively influences employee productivity among Gen Z.

MATERIALS AND METHODOLOGY

The primary aim of this study is to examine the impact of transformational leadership on employee productivity within the service sector. A conceptual framework has been developed, drawing from existing literature and proposed relationships, to explore the complex connection between transformational leadership and employee performance. The research particularly focuses on how managers can effectively enhance the productivity of Generation Z employees by applying transformational leadership practices.



Variables

Transformational leadership: A dynamic and motivating strategy, transformational leadership inspires people, promotes teamwork, and propels organizational success by developing a compelling shared vision, promoting creativity and intellectual curiosity, developing individuals and groups to accomplish strategic objectives and integrating morals and principles into the culture of the company. This variable consists of six item items designed by Wang et al. (2005) is a researcher's self-developed questionnaire and 5-point Likert scale from 1 "strongly disagree" to 5 "strongly agree" was adopted to measure the variable.

Employee Productivity

Employee productivity is the effectiveness and efficiency with which a employee accomplishes tasks, meets objectives, and adds to the success of the company as a whole. It gauges how well a employee uses their time, abilities, and assets to accomplish their objectives and support the success of the company. To measure this variable 6 items 5-point Likert scale questions where used based on the dimension's knowledge, organizational support, motivation, performance feedback, reliability and environmental compatibility Soudabeh Vatankhah et al (2017)

Statement of the Problem

Increasing employee productivity is a major challenge for organisations in the fast-paced workplace of today. It has been demonstrated that transformational leadership, which is typified by inspiration, motivation, and individual consideration, improves gen z employee outcomes (Bass & Riggio, 2006). However, little is known about the exact processes by which transformative leadership results in increased productivity. Closing this gap is crucial for both theoretical development and real-world implementation particularly in the context of digital era. The purpose of this study is to look into how transformational leaders encourage gen z employees and how these affect worker productivity. Organisations looking to maximise staff development and leadership techniques in more competitive and agile workplaces will find great value in the findings.

Objectives

- To explore how different components of transformational leadership (idealized influence, inspirational motivation, intellectual stimulation, individualized consideration) influence Gen Z productivity.
- To examine the impact between transformational leadership and the productivity of Generation Z employees.

Hypothesis

H1: There exists a positive relationship between Transformational leadership and employee productivity for the Gen Z Employees

RESEARCH METHODOLOGY

Research Design: This study adopts a mixed-method approach, combining quantitative surveys and qualitative interviews to gather comprehensive data on the relationship between transformational leadership, and employee productivity. **Data Collection Methods - Surveys:** Structured questionnaires with Likert scale questions will be used to assess employees' perceptions of transformational leadership dimensions, and employee productivity. **Sampling Technique:** convenient sampling method will be used to ensure a representative sample from service sectors. The target population includes employees from various service sector industries. **Data Analysis** Quantitative data will be analyzed using statistical tools such as SPSS to identify correlations and smart PLS will be used to find the relationships between variables.

FINDINGS AND SUGGESTION

Table -1 Reliability Statistics

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
0.897	0.899	12

Table -2 Reliability for Transformational Leadership and Employee Productivity

Particulars	No. of Items	Cronbach's Alpha
Transformational leadership	6	0.916
Employee Productivity	6	0.911

Table 3 Mean, Standard deviation & Correlation

	Mean	Std. Deviation	TL	EP
Transformational leadership	3.893	.6559	1	
Employee Productivity	4.202	0.4781	0.300	1

Table 4

Relationship between transformational leadership and employee productivity

	Sum of Squares	Df	Mean Square	F	Sig.
Between Groups	6.555	16	.410	2.116	.015
Within Groups	16.073	83	.194		
Total	22.627	99			

Figure 1

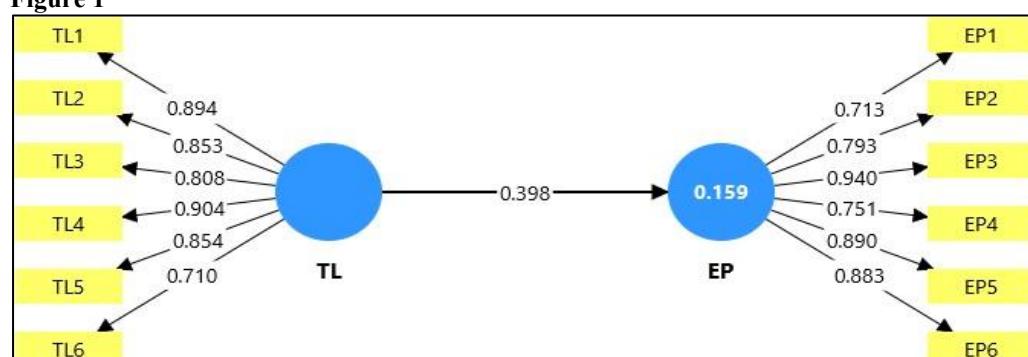


Table 5 Total effect TL & EP

	Original sample (O)	Sample mean (M)	Standard deviation (STDEV)	T statistics (O/STDEV)	P values
TL -> EP	0.398	0.428	0.070	5.658	0.000

Table 5 Model Fit

Particulars	Saturated model	Estimated model
SRMR	0.092	0.092
d_ULS	0.654	0.654
d_G	0.659	0.659
Chi-square	292.600	292.600
NFI	0.744	0.744

RESULTS

The most frequently used Cronbach alpha reliability test in SPSS is used in this study to assess the internal consistency and dependability of the questionnaire.

Table 1 shows the reliability statistics which provides the value of Cronbach alpha. It shows the Cronbach alpha value, which in this instance is **0.897**, indicating the great reliability of the questionnaire. Additionally, it shows a high degree of internal consistency for the particular sample and **Table-2** shows the reliability of the two variables of the study

Table 3 shows the mean standard deviation and correlation of the variables. In order to determine the direction and strength of the relationships between the study's variables, correlation analysis was performed. The Pearson correlation coefficient was used in this study. This test was carried out before regression analysis to determine whether the variables related in a manner that was linear. The result as presented in the table 3, shows that $r = 0.300$ and $P < 0.001$ indicates that the transformational leadership have positive correlation with employee productivity

Table 4 indicates the impact of transformational leadership has a significant positive influence on employee productivity as the F value 2.116 and P value shows significant as 0.015

Table 5 demonstrate that transformational leadership has a significant positive influence on employee productivity. The original sample value of 0.398 indicates a moderate effect, which is further supported by a sample mean of 0.428, suggesting consistency across the data. With a low standard deviation of 0.070 and a high t-statistic of 5.658, the effect is statistically robust. Moreover, the p-value of 0.000 confirms the significance of the relationship. These findings indicate that transformational leadership effectively enhances the productivity of employees, particularly relevant in the context of managing Generation Z in the service industry.

Table 6 suggest that the proposed structural model is acceptable, though with room for improvement. The Standardized Root Mean Square Residual (SRMR) value of 0.092 for both the saturated and estimated models is slightly above the ideal threshold of 0.08, indicating a moderate fit. Both dULS (0.654) and d_G (0.659) values are consistent across models, reflecting similarity between the empirical and theoretical correlation matrices. The Chi-square value of 292.600, while high, is not uncommon in larger models. The Normed Fit Index (NFI) stands at 0.744, which is below the recommended threshold of 0.90, suggesting that the model explains a reasonable portion of the variance but could benefit from refinement to achieve a better fit.

Therefore, the effect is fully significant and the model is fit. Finally, the results concludes that the hypothesis H1 is accepted that is relationship between transformational leadership and employee productivity.

Findings

According to the study, transformational leadership significantly boosts worker productivity by inspiring employees to align their own goals with the organization's mission. By fostering motivation, creativity, and adaptability, transformational leaders empower employees to achieve excellence in their work. Transformational leadership has a particularly powerful impact on improving productivity indicators like output quality, flexibility, and inventiveness in the service industry, where employee engagement and adaptability are crucial.

CONCLUSIONS

The study highlights that transformational leadership significantly strengthens the productivity among Generation Z in the service sectors. Transformational leadership plays a pivotal role in enhancing the productivity of Gen Z employees by fostering inspiration, trust, and a shared vision. Leaders who motivate, empower, and intellectually stimulate their teams create an environment in which Gen Z employees feel valued and driven to perform at higher levels. By encouraging innovation, autonomy, and continuous learning, transformational leadership enables Gen Z to utilize their strengths effectively, adapt quickly to changing demands, and deliver improved outcomes. Ultimately, organizations that embrace transformational leadership are better positioned to cultivate a highly productive, engaged, and future-ready Gen Z workforce.

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