

EFFECTS OF TRANSFORMATIONAL LEADERSHIP ON EMPLOYEE WORK PERFORMANCE: EMPIRICAL STUDY FROM A TECH COMPANY IN CHINA

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ABSTRACT

This research aims to study the influence of transformational leadership on employee work performance in the technology industry in China. The study surveyed 400 employees, collecting data through a purposive sampling method. Data analysis was conducted using Partial Least Squares Structural Equation Modeling (PLS-SEM). The results indicate that transformational leadership, particularly in the idealized influence dimension, significantly influences employee performance in the Chinese technology industry, with statistical significance at the .001 level. The model also demonstrates a predictive power of 57.8%.

Keywords: Transformational Leadership, Employee Work Performance

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INTRODUCTION

In organizations, leaders with authority and resources not only establish the organization's baseline but also influence the attitudes and behaviors of subordinates through their interactions (Schermuly & Meyer, 2016). Transformational Leadership is a leadership style that places emphasis on a leader's interactions with subordinates, utilizing charisma, vision, intellectual stimulation, and personalized care to internally motivate them (Ramsey, Rutti, Lorenz, Barakat, & Sant'anna, 2017). Gomes (2014) highlights that transformational leadership addresses employees' deep spiritual needs, making them aware of the significance and responsibility of their work, and helping them reach their full potential for optimal job performance. Transformational leadership is often categorized into four dimensions: idealized influence, inspirational motivation, intellectual stimulation, and individualized consideration, further enhancing and developing transformational leadership behaviors in employees.

Ghasabeh and Provitera (2017) argue that transformational leadership is the most influential and effective style for fostering innovation and creative thinking, which is a fundamental requirement for innovation. This involves employees' ability to generate new ideas and implement them in practical ways, including new products, plans, and methods. Employees often seek the support and validation of their leaders for their ideas, and transformational leadership excels in engaging, motivating, and strongly supporting employees, thereby enhancing their individual creativity.

This article identifies four specific mechanisms of transformational leadership that stimulate employees' creative thinking. Firstly, through Idealized Influence, transformational leadership establishes an innovative pattern for employees by considering the significant benefits of employees and having the courage to take risks. This fosters employees' trust, admiration, and other emotions, thereby stimulating their creative thinking (Mokhber, bin Wan Ismail, & Vakilbashi, 2015). The second aspect is that transformational leadership explains future goals to employees through inspirational motivation, which stimulates employees to break the status quo and achieve higher goals. This helps employees build confidence and determination to achieve higher goals, subsequently fostering their creative thinking (Lee, Legood, Hughes, Tian, Newman, & Knight, 2020). The third aspect of transformational leadership involves intellectual stimulation, which encourages employees to generate new ideas and challenges the existing state of affairs. It prompts them to solve problems from new perspectives and approaches (Alrowwad, Abualoush, & Masa'deh, 2020). Lastly, through individualized consideration, transformational leadership demonstrates admiration and support for employees, enhancing their psychological stability. When employees encounter work-related issues, they receive timely advice and assistance, helping them recognize that their leaders support and enable them to explore new ideas and enhance their creative thinking (Hughes, Lee, Tian, Newman, & Legood, 2018).

The researchers acknowledge the crucial role of transformational leadership in enhancing employees' work performance across various dimensions. This is particularly significant in the technology industry in China, where the economic importance of creative innovation and technology in improving human life is highly emphasized. Therefore, the objective of this research is to investigate the impact of transformational leadership on employee work performance by presenting empirical data within the context of a technology company in China. Additionally, we aim to utilize the findings to foster transformational leadership among organizational members through various training and activities that promote positive relationships between leaders and employees.

LITERATURE REVIEWS

Concepts and Theories of Transformational Leadership

Burns (1978), a sociopolitical scientist, initially introduced the concept of transformational leadership. Bass and Avolio later expanded upon Burns' original ideas, proposing that transformational leadership comprises four distinct components as outlined by Salter, Harris, and McCormack (2014): 1) Idealized Influence: Transformational leaders set a positive example for their followers, earning their trust and respect. Followers often emulate their leaders and look up to them as role models, instilling a sense of vision within the organization. This trust-based relationship between the organization and its employees is continually nurtured, encouraging employees to willingly go beyond their assigned tasks and even make personal sacrifices for the greater benefit of the organization. 2) Inspirational Motivation: Transformational leaders possess a clear vision and are adept at effectively communicating it to their followers. They inspire their followers to share the same vision and motivate them to achieve their goals. 3) Intellectual Stimulation: Transformational leaders not only challenge the status quo but also encourage followers to develop creative thinking and explore new approaches to various tasks and learning opportunities. 4) Individualized Consideration: Transformational leaders cultivate supportive relationships with individual followers by maintaining open lines of communication, allowing followers to freely share their ideas. These leaders also directly acknowledge the unique contributions of each individual follower. Furthermore, Transformational Leadership fosters the establishment of long-term goals by recognizing and addressing the needs of subordinates. It also expects employees to have a clear comprehension of leadership principles and the alignment between organizational requirements and their individual values. Consequently, Transformational Leadership requires significant job involvement from employees, which aligns with Maslow's higher-level needs, leading to increased employee satisfaction, trust, and the facilitation of career growth (Dugan, 2017).

Concepts and Theories of Employee Work Performance

Employee work performance has long been a central concern in human resource management. However, despite numerous successful research endeavors, there remains a lack of consensus on the implicit meaning and definition of employee work performance (Baldamus, 2013). The content related to employee work performance is typically examined from three distinct perspectives: the outcome view, the behavior view, and the comprehensive view (Ehrenberg, Smith, & Hallock, 2021). Let's delve into each perspective: 1) The outcome view of employee work performance centers on employees' achievements and assesses the success of their work or profession over a specific timeframe, typically within a week. It places a particular emphasis on the outcomes, results, and accomplishments. Although employee work performance is influenced by various factors, including abilities, attitudes, and situational factors, scholars who subscribe to the outcome view argue that results reflect the highest level of efficiency in employees' job performance (Mone, London, & Mone, 2018). However, a sole focus on the final results may overlook the effort and processes undertaken by employees, potentially leading to inaccurate judgments. Thus, it is essential to foster dedication and commitment in employees' work (Cameron & Whetten, 2013). 2) The behavior view emphasizes that employee work performance is a form of behavior or a behavioral process that can be observed during the work process or task completion. It particularly focuses on outcomes, results, and achievements. However, not all behaviors related to an employee's organizational performance can be neatly categorized as work performance. As a result, scholars provide a more comprehensive definition of employee performance, encompassing various dimensions that include outcomes, behaviors, and abilities (Schultz & Schultz, 2020). 3) The comprehensive view of employee work performance takes on a broader perspective, suggesting that the quality of employees, their behavioral processes, and the resulting outcomes function as an interconnected system (Pradhan & Jena, 2017). "The quality of employees" refers to the stable

internal attributes of employees and the internal attributes of their work abilities (Selvam, Gayathri, Vasanth, Lingaraja, & Marxiaoli, 2016). In conclusion, the literature review on measuring employee work performance underscores the importance of considering multiple dimensions to gain a comprehensive understanding of employees' performance and potential.

The Relationship between Transformational Leadership and Employee Work Performance

The relationship between Transformational Leadership and employee performance has been explored by incorporating the concepts of 'Positive Organizational Behavior' and 'Transformational Research' to introduce the notion of 'Employee Flourishing.' Key research findings related to Transformational Leadership can be summarized as follows: 1) Job Satisfaction: The first significant research area examined in this study is job satisfaction, which is associated with keywords such as work performance, organizational context, and empowerment. Eliyana and Ma'arif (2019) conducted a survey, gathering data from 30 middle-level leaders in organizations through questionnaires. They utilized partial least squares (PLS) and structural equation modeling (SEM) to demonstrate that Transformational Leadership has a direct impact on job satisfaction. This finding aligns with Abelha, Fernandes, Mesquita, Seabra, and Ferreira-Oliveira's (2020) research, which collected data from various types of organizations. They employed hierarchical regression analysis to explore the influence of organizational environmental factors on the relationship between Transformational Leadership and job satisfaction. This study tested the boundary conditions of the influence of Transformational Leadership in modern organizations, contributing to a deeper understanding of organizational environmental factors. 2) Innovation: The second significant research area investigated in this study is innovation, encompassing keywords such as innovative climate, creative thinking, organizational learning, and knowledge sharing. Zuraik and Kelly (2018) gathered survey data, revealing that Transformational Leadership has both a direct positive impact on organizational innovation and an indirect impact through the fostering of an innovative climate. The significance of nurturing an innovative climate was underscored, as it acts as a partial mediator in the relationship between Transformational Leadership and organizational innovation. Strengthening the cultivation of an innovative climate can enhance Transformational Leadership, subsequently fostering organizational innovation.

Based on the existing literature review, this study has determined that Transformational Leadership has a positive impact on all aspects of the organization. As originally postulated by Bass, Transformational Leadership motivates employees to transcend self-interest by employing exceptional abilities, inspiration, intellectual stimulation, and personalized care. This leadership style nurtures and inspires team members, fosters their intellectual growth, and defines organizational goals. Consequently, individuals who exhibit Transformational Leadership qualities are inclined to achieve high levels of work performance (Hamstra, Van Yperen, Wisse, & Sassenberg, 2014).

General Information about the Technology Industry

The current development of the technology industry presents unique characteristics and challenges in various aspects, driven by rapid innovation and technological advancements. To effectively respond to these industry revolutions and new challenges, several management theories offer valuable insights: 1) Innovation Management Theory: This theory focuses on fostering innovative capabilities and driving innovation activities within an organization. It encompasses the entire process, from idea generation to implementing innovation in the technology industry. Given the rapid changes in technology and the market, this theory is crucial, as it necessitates organizations to continually introduce new products and services. 2) Agile Management Theory: Emphasizing iterative and incremental working methods, this theory prioritizes quick adaptation to changing requirements and environments. It underscores rapid decision-making, swift delivery, and teamwork, enabling organizations to effectively

navigate uncertainties and the rapid changes characteristic of the technology industry. 3) Change Management Theory: This theory centers on the planning and implementation of organizational changes. It equips managers with a diverse range of tools and methods to manage risks, engage employees, and enhance the success rate of change initiatives. 4) Service Management Theory: Emphasizing the delivery of excellent customer service and the fulfillment of customer needs, this theory provides a variety of methods and strategies to help organizations foster a customer-centric culture and provide high-quality services. 5) Sustainable Development Management Theory: This theory focuses on the sustainability of organizations across economic, social, and environmental dimensions. It encourages companies to adopt sustainable business models and innovative solutions that strike a balance between economic growth and social responsibility. However, it's important to note that managers can select and integrate multiple theories based on their organization's specific needs and context. The key is to incorporate these theories into practical considerations and develop management strategies and action plans tailored to the organization's requirements. From the literature review, the conceptual framework can be drawn as shown in Figure 1.

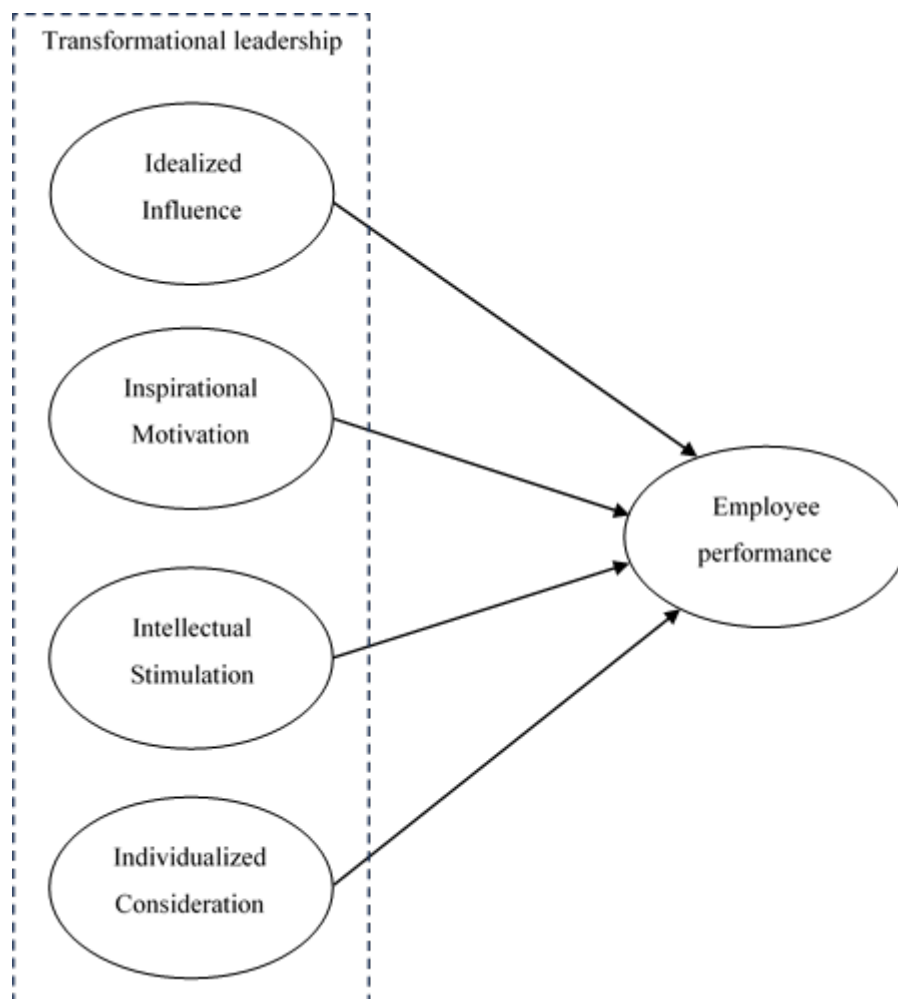


Figure 1 Conceptual Framework

RESEARCH METHODOLOGY

The research population comprised employees from a medium-sized technology company situated in Guangzhou, China. When the exact population size was known, data was collected from a sample of 400 individuals. The sample size was determined using the sampling formula proposed by Hair et al. (2010) and was selected through purposive sampling.

Questionnaires served as the primary data collection tool to obtain the necessary information. The research questionnaire was meticulously developed based on a comprehensive literature review and related research to ensure that the questions aligned with the research objectives. It was divided into four parts: Part 1 contained questions related to general information. Part 2 focused on transformational leadership. Part 3 addressed employee work performance. Part 4 provided space for recommendations and additional comments.

Data analysis encompassed descriptive statistics, including frequency tables, percentages, means, and standard deviations, to offer an initial understanding of the data. Inferential statistical analyses were conducted to test the research hypotheses. A significance level of 0.05 was used, and the analysis was performed using Partial Least Squares Structural Equation Modeling (PLS-SEM). To ensure that the research objectives were met, the results are presented in a descriptive and tabulated format, offering a comprehensive overview of the findings. More detailed information is provided in the following section.

RESEARCH RESULTS

The analysis of personal factors reveals that the majority of respondents are male (69.25%), aged 31 - 40 years (58.50%), have an education level lower than a bachelor's degree (49.00%), earn an income of 4,001 - 5,000 CNY (33.75%), and have 3-5 years of work experience (53.25%). Moreover, it is noteworthy that the majority of respondents 'strongly agree' with both the overall and individual aspects of transformational leadership. Similarly, the respondents express a strong agreement with both the overall and individual aspects of employee performance in the technology industry in China.

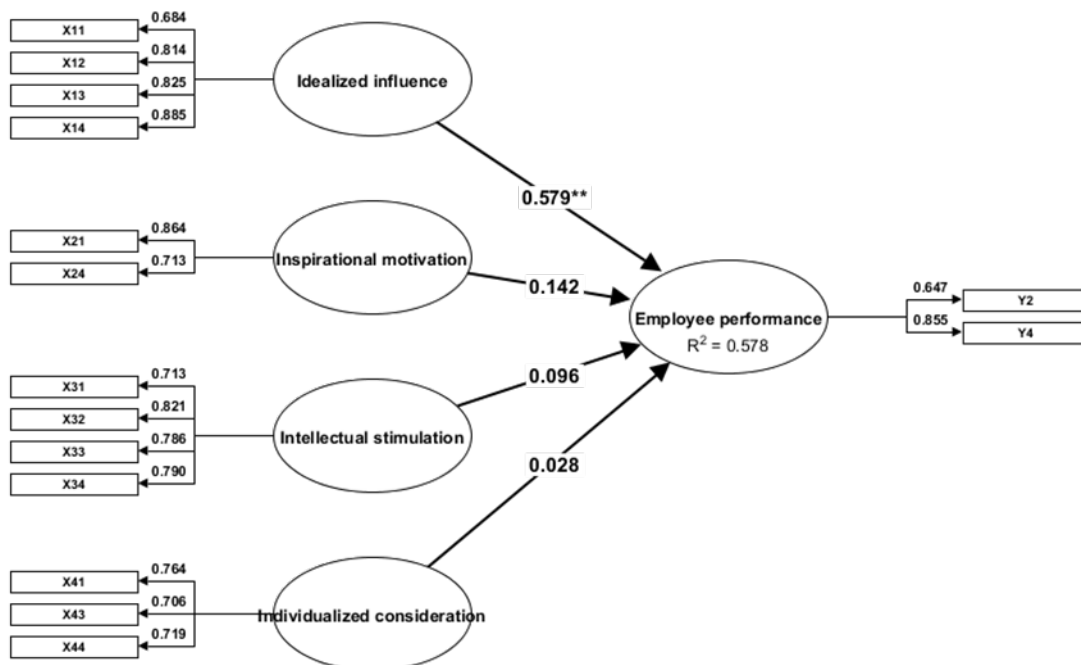


Figure 2 Shows the results of hypothesis testing

According to Figure 2, illustrates a significant influence of Transformational leadership in the idealized influence dimension on employee performance in the technology industry in China. The statistical significance of this influence is at the .001 level. Furthermore, this model demonstrates a predictive power of 57.8%.

DISCUSSION & CONCLUSION

Transformational Leadership in a Tech Company in China

The study highlights the significance of transformational leadership, specifically focusing on its dimensions of idealized influence, inspirational motivation, intellectual stimulation, and individualized consideration within a tech company in China. One key factor contributing to this importance is the presence of idealized influence, a prominent trait of transformational leadership. In this context, leaders serve as role models and wield significant influence over their subordinates through their own actions and principles (Bass & Riggio, 2006). In a highly competitive and demanding work environment typical of technology firms in China, leaders who exhibit idealized influence have the ability to cultivate trust and loyalty among their subordinates, as noted by Wang, Oh, Courtright, and Colbert (2011). Transformational leaders continually inspire their staff to uphold high moral and ethical standards by consistently demonstrating these principles through their actions. This is particularly significant in the Chinese context, where cultural and sociological factors can pose challenges to maintaining ethics and integrity (Arestis et al., 2021). Employees who observe their leaders consistently aligning their words with their actions are more likely to cultivate strong work ethics and integrity, thus contributing to the development of a positive and ethical work culture within the technological organization.

Furthermore, it's crucial to underscore the importance of inspirational motivation within the context of transformational leadership. This aspect involves crafting a compelling vision for the future, igniting the desire of employees to actively contribute to its realization (Bass & Riggio, 2006). In the dynamic technological landscape of China, characterized by rapid evolution, the presence of leaders with the ability to inspire and motivate their teams is paramount. These leaders play a pivotal role in pushing their teams to consistently challenge conventional limits and strive for exceptional performance, as highlighted by Wang et al. (2011). Through effective communication of a well-defined and inspiring vision, leaders can foster a shared sense of purpose and enthusiasm among employees, thereby nurturing a collective commitment to achieving corporate objectives. In the highly competitive tech sector of China, the challenge of recruiting and retaining top talent is of special significance (National Bureau of Statistics of China, 2021). Transformational leaders can create a stimulating and encouraging work environment through inspirational motivation. This approach empowers individuals to unlock their full potential and make valuable contributions to the overall success of the organization.

In addition, intellectual stimulation stands out as a critical component within the framework of transformational leadership, particularly in the technology sector of China. This element involves the practice of encouraging employees to engage in critical thinking, challenge assumptions, and propose innovative solutions (Bass & Riggio, 2006). In the realm of technology, maintaining a competitive edge necessitates ongoing innovation. Leaders who promote intellectual stimulation have the capacity to create an environment that nurtures creativity and continuous learning, as emphasized by Wang et al. (2011). Transformational leaders can enhance problem-solving capabilities and foster creativity within an organization by encouraging employees to explore novel ideas, take calculated risks, and critically examine established processes. This significance is particularly pronounced in the context of China, where the technology sector is experiencing rapid expansion and demands continuous advancement in technical capabilities (National Bureau of Statistics of China, 2021). Leaders who provide opportunities for their employees to enhance their knowledge and skills contribute not only to individual personal and professional development but also ensure the sustained competitiveness and adaptability of the organization within the dynamic technological landscape.

Lastly, the concept of individualized consideration is a multifaceted idea that entails the recognition and addressing of the unique needs and aspirations of each employee. It is often recognized as a distinguishing feature of transformational leadership (Bass & Riggio, 2006). In a socio-cultural context marked by diversity, as is the case in China, where individuals have varied desires and expectations, leaders who employ individualized consideration can foster strong interpersonal relationships and cultivate a positive working environment.

Employee Performance in a Tech Company in China

The findings underscore the significance of employee performance in terms of executing tasks accurately, maintaining good quality, meeting deadlines, and fulfilling assigned quantities within a tech company in China. Several factors contribute to the importance of these aspects. Regarding accurate task execution, the precise and timely completion of activities holds immense importance in technology-oriented organizations, directly impacting the quality and reliability of the products and services offered. Precise task execution is vital for ensuring that products conform to industry standards, meet consumer expectations, and enhance the organization's overall reputation. The impact of accurate job execution on customer satisfaction, loyalty, and overall company performance has been examined in research conducted by Gao et al. (2021). Furthermore, in the highly competitive technology industry, accuracy serves as a distinguishing factor, allowing organizations to gain a competitive edge. Additionally, in the tech sector of China, maintaining consistently high quality is of utmost importance, as it fosters customer confidence and facilitates the establishment of a strong market presence for enterprises. According to a 2019 survey published by Deloitte, contemporary customers exhibit a dual focus on cost-effectiveness and a desire for superior products and services. Employee performance plays a paramount role in ensuring high quality, thereby establishing consumer confidence, maintaining a loyal customer base, and enhancing market presence. Prioritizing quality can empower Chinese IT businesses to enhance customer satisfaction and foster long-lasting partnerships. In addition to quality, effective time management is crucial, particularly in a rapidly evolving sector like technology. It plays a pivotal role in ensuring the timely completion of projects and the achievement of broader organizational objectives. Efficient time management not only boosts productivity and reduces costs but also ensures the timely delivery of products and services. As demonstrated in a study conducted by Zou et al. (2020), the use of efficient time management strategies has a beneficial impact on both team performance and the overall success of projects. Through the implementation of strategies aimed at improving employee performance in time management, technology businesses in China have the potential to enhance operational efficiency and gain a competitive edge. Lastly, concerning the fulfillment of assigned quantity objectives, achieving predetermined quantity targets holds similar significance within a technological enterprise in China. In the context of organizations' continuous efforts to meet market demands, the performance of employees in meeting allocated quantity objectives plays a pivotal role in ensuring the timely completion of production plans, thereby reducing the risk of potential delays and missed business opportunities. Moreover, as emphasized in research conducted by Hassan, M. et al. (2020), attaining predetermined quantity objectives can lead to favorable economies of scale, reduced production costs, and improved profitability for the organization.

Relationship between Idealized Influence and Employee Performance in a Tech Company in China

The study's findings emphasize the significant impact of transformational leadership, particularly idealized influence, on employee performance within tech companies in China. Transformational leadership is characterized by leaders who inspire and motivate their followers, creating an environment where individuals are empowered to reach their fullest potential and go beyond their personal interests to benefit the organization as a whole. Idealized influence is a fundamental element of transformational leadership, signifying the extent to

which leaders are held in high regard, respected, and trusted by their followers. This entails setting a positive example, upholding elevated ethical standards, and displaying unwavering dedication to the organization's objectives. Numerous studies have consistently demonstrated that the presence of idealized influence has a positive impact on employee performance, yielding favorable outcomes at both the individual and organizational levels. The prevalence of a collectivist culture in Chinese society further enhances the substantial influence of idealized leadership on employee performance within IT companies in China. According to research conducted by Yang et al. (2019), collectivism, a cultural value system that prioritizes the well-being and cohesion of the collective over individual pursuits, is an inherent characteristic of Chinese culture. In this specific cultural context, leaders who adopt a transformational approach and emphasize shared values and a collective vision are more likely to establish strong connections with their followers and inspire them to collaborate toward common objectives. The motivation of employees within a technology business in China is greatly influenced by charismatic leaders who serve as role models and foster trust, resulting in elevated levels of employee performance. Furthermore, empirical studies have consistently shown a positive correlation between idealized influence and employee job satisfaction. According to the findings of Liu, Rudolph et al. (2022), a positive correlation exists between workers' perception of their leaders' ethical and moral standards and their levels of job satisfaction. In the context of a technology organization characterized by frequent high-pressure scenarios and demanding workloads, the presence of a transformational leader who serves as a role model and demonstrates integrity and ethical conduct has the potential to foster a favorable work environment. When employees experience job satisfaction and hold positive attitudes toward the organization, there is a higher likelihood of increased motivation, commitment, and performance levels. Furthermore, empirical evidence has consistently demonstrated that idealized influence influences employee performance by impacting employee attitudes and psychological empowerment. The study conducted by Wang et al. (2017) unveiled that the implementation of transformational leadership, particularly through the practice of idealized influence, had a significantly positive impact on the psychological empowerment of employees. Subsequently, this psychological empowerment was found to be correlated with increased levels of employee performance. Within a technology-oriented organization, it is often crucial for employees to possess qualities like creativity, innovation, and adaptability to effectively navigate the ever-evolving landscape of technical advancements. Transformational leaders who exhibit idealized influence can empower their subordinates by creating a nurturing and trustworthy atmosphere that encourages a willingness to take risks and engage in experimentation. As a result, this phenomenon leads to an enhancement in employee performance, particularly in areas such as idea generation, problem-solving, and adaptability to change. Furthermore, the influence of idealized influence on employee performance is further accentuated by its impact on employee engagement. Mishra et al. (2023) conducted research that unveiled a significant relationship between transformational leadership, particularly idealized influence, and employee engagement. Moreover, the study demonstrated that employee engagement subsequently had a positive impact on employee performance. In the context of a technology firm operating in China, marked by intense competition and rapid industry evolution, employees who exhibit high levels of engagement are more likely to demonstrate commitment, dedication, and proactivity in fulfilling their job responsibilities. Transformational leaders who embody idealized influence have the capacity to motivate their colleagues by instilling a sense of purpose and dedication. This can result in increased levels of employee engagement and, ultimately, enhanced performance.

Relationship among Inspirational Motivation, Intellectual Stimulation, Individualized Consideration Employee Performance in a Tech Company in China

The findings indicate that transformational leadership in terms of inspirational motivation, intellectual stimulation, and individualized consideration insignificantly influences employee performance in a tech company in China. While transformational leadership, characterized by these components, has been extensively studied and shown to be effective in enhancing employee performance, its effectiveness may exhibit variability when applied in diverse cultural and organizational contexts. The effectiveness of transformational leadership within the IT sector is notably influenced by the cultural context of China. Chinese culture possesses distinct characteristics, including a significant power distance, collectivism, and a strong reliance on hierarchical systems. The deference of employees to their leaders and their adherence to traditional conventions present significant challenges for transformational leaders in their efforts to inspire and motivate their workforce. According to a study conducted by Zhang et al. (2022), it has been observed that the Chinese cultural inclination towards collectivism may prioritize group cohesion and collaboration over individual ambition among workers. The pursuit of harmony among employees could potentially diminish the influence of inspirational motivation, as individuals may place greater importance on group objectives over their individual achievements. Additionally, the hierarchical structure inherent in Chinese firms may hinder the effective implementation of intellectual stimulation and personalized attention by transformational leaders. Lower-level employees may be reluctant to publicly challenge or question their superiors.

Another obstacle faced by transformational leaders in Chinese technology enterprises pertains to the perception of their role. In the context of traditional Chinese culture, it is often expected that leaders would adopt a commanding and controlling approach rather than an inspirational and motivational one. People may view transformational leaders as departing from the conventional leadership style, which could potentially hinder the effectiveness of their efforts in inspiring and motivating others. According to research conducted by Li et al. (2018), it was observed that Chinese workers tend to exhibit a preference for an authoritarian leadership style, which emphasizes the provision of precise guidance and specific instructions. Consequently, the utilization of inspiring motivation, intellectual stimulation, and personalized attention by transformational leaders may not align with the expectations of employees, potentially resulting in a limited impact on employee performance.

Chinese technology enterprises often feature hierarchical organizational structures and bureaucratic procedures, which can present obstacles to the effective implementation of transformational leadership. Employees may encounter significant bureaucratic constraints, including numerous processes and required permissions that are necessary for the development of creative solutions or the execution of novel ideas. The inherent inflexibility in this context hampers the expression of creativity and the generation of intellectual stimulation, thereby limiting the potential impact of transformative leaders. According to research by Jiang and Chen (2021), Chinese firms often exhibit a bureaucratic character that presents challenges for transformational leaders in fostering an innovative atmosphere. The presence of restrictive organizational structures within an organization has the potential to hinder intellectual stimulation, a crucial component of transformational leadership. Consequently, this may result in a decline in employee performance.

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