

**THE EFFECT OF TRANSFORMATIONAL  
LEADERSHIP ON EMPLOYEE JOB SATISFACTION  
IN SMALL AND MEDIUM IT ENTERPRISES**

P.A.H.E Perera

219136F

Master of Business Administration in Information Technology

Department of Computer Science and Engineering

University of Moratuwa

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Palaweni Arachchige Harshana Eranda Perera

219136F

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for the Master of Business Administration in Information Technology

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University of Moratuwa

Sri Lanka

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## **Declaration of the Candidate and Supervisor**

“I declare that this is my own work and this thesis/dissertation does not incorporate without acknowledgement any material previously submitted for a Degree or Diploma in any other University or institute of higher learning and to the best of my knowledge and belief it does not contain any material previously published or written by another person except where the acknowledgement is made in the text.

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The above candidate has carried out research for the Masters/MPhil/PhD thesis/ Dissertation under my supervision.

Name of the supervisor: Dr. M.P.A.P Wijayasiri

Signature of the supervisor:

15.07.2023

Date :

## **Abstract**

A transformational leadership style is currently identified as a critical component affecting the performance of small and medium-sized businesses (SMEs), impacting their trajectory towards development, innovation, and long-term success. The current study was carried out by the researcher with the overall purpose of recognizing the effects of transformational leadership on employee job satisfaction in small and medium-sized information technology enterprises in the Sri Lankan context. The concept of transformational leadership was characterised into four components which perform as the independent variables of the study including inspirational motivation, idealized influence, individualized consideration and intellectual stimulation while employee job satisfaction used as the dependant variables. The study population for the investigation chosen as the employees who are working in SMEs in IT sector in Sri Lanka. As the sample of the study, the study selected 400 employees of SME firms of IT industry from the population. All the respondents were chosen from IT SMEs which employed workers between 11 to 200 based on the SME categorization introduced in National Policy Framework for Small Medium Enterprise Development utilizing convenient sampling technique and distributing a structured questionnaire. The data analysis for the study was carried out using SPSS software 25.0 version. Descriptive statistical analysis, Pearson correlation analysis and multiple regression analysis were used to address the core requirements of the study. According to the findings of the correlation analysis discussed, the independent variable of the study including inspirational motivation, idealized influence, individualized consideration and intellectual stimulation were positively associated with the employee job satisfaction in small and medium-sized IT enterprises in the Sri Lanka. Finally, based on the findings of multiple regression analysis, all the independent variables including inspirational motivation, idealized influence, individualized consideration and intellectual stimulation considered in the regression model has demonstrated a significant positive influence on the determination of employee job satisfaction within the considered a study context.

*Key Words:* idealized influence, inspirational motivation, intellectual stimulation and individualized consideration, employee job satisfaction, transformational leadership, small and medium-sized businesses.

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## Table of Contents

Declaration of the Candidate and Supervisor .....	i
Abstract.....	ii
Acknowledgement .....	iii
Table of Contents.....	iv
List of figures.....	vii
List of Tables .....	viii
CHAPTER ONE - INTRODUCTION.....	1
1.1 Background.....	1
1.1.1 Motivation.....	1
1.1.2 Research Scope .....	3
1.2 Problem Statement .....	3
1.2.1 Research Gap .....	5
1.2.2 Research Questions .....	6
1.2.3 Research Objectives.....	6
1.3 Significance of the Study .....	6
CHAPTER TWO - LITRETURE REVIEW .....	8
2.1 Introduction.....	8
2.2 Information Technology Sector in Sri Lanka.....	8
2.3 Small and Medium Businesses in Sri Lanka.....	9
2.4 Leadership Style.....	10
2.4.1 Transformational Leadership .....	11
2.5 Employee Job Satisfaction .....	16
2.6 Theoretical Review of The Study Issue .....	17
2.6.1 Social Exchange Theory .....	17
2.6.2 Expectancy Theory .....	19
2.7 Empirical Review on Transformational leadership and Employee Job Satisfaction ...	20
2.8 Chapter Summary .....	22
CHAPTER THREE - METHODOLOGY OF STUDY .....	23
3.1 Introduction.....	23
3.2 Development of Hypotheses .....	23

3.3 Conceptual Framework .....	24
3.4 Operationalization of the Study Instrument .....	25
3.5 Methodology of the Study .....	27
3.5.1 Research Philosophy .....	27
3.5.2 Research Approach .....	27
3.5.3 Research Design.....	28
3.5.4 Research Method.....	28
3.5.5 Time Horizon .....	28
3.6 Population and Sample .....	29
3.6.1 Rational for identification of a SME for the study.....	29
3.7 Data Collection Methods .....	30
3.8 Data Analysis methods .....	30
3.8.1 Descriptive Statistical Analysis .....	30
3.9.2 Correlation Analysis .....	30
3.9.3 Multiple Regression Analysis .....	31
3.10 Hypothesis Testing.....	31
3.11 Validity and Reliability of Research Instrument.....	32
3.11.1 Validity .....	32
3.11.2 Reliability.....	32
3.12 Chapter Summary .....	33
CHAPTER FOUR – DATA ANALYSIS .....	34
4.1 Introduction.....	34
4.2 Frequency Distribution Analysis .....	34
4.2.1 Gender of Respondents .....	34
4.2.2 Age of Respondents .....	36
4.2.3 Marital Status of Respondents .....	37
4.2.4 Education Qualification of Respondents.....	38
4.2.5 Experience of Respondents.....	39
4.2.6 Monthly Salary of Respondents.....	40
4.3 Descriptive Statistical Analysis .....	42
4.5 Analysis of Reliability of the Instruments .....	43
4.6 Tests of Normality .....	44
4.7 Pearson’s Correlation Analysis.....	45

4.7.1 Correlation Analysis between Idealized Influence and Employee Job Satisfaction .....	45
4.7.2 Correlation Analysis between Inspirational Motivation and Employee Job Satisfaction.....	46
4.7.3 Correlation Analysis between Intellectual Stimulation and Employee Job Satisfaction.....	47
4.7.4 Correlation Analysis between Individualized Consideration and Employee Job Satisfaction.....	48
4.8 Multiple Regression analysis .....	50
4.9 Hypothesis testing .....	52
4.10 Chapter Summary .....	54
CHAPTER FIVE - DISCUSSION, CONCLUSIONS AND RECOMMENDATIONS.....	55
5.1 Introduction.....	55
5.2 Discussion of the Study Findings.....	55
5.3 Conclusion of the Study .....	57
5.4 Recommendations.....	58
5.5 Limitations of the Study.....	59
5.6 Future research directions .....	60
References List.....	61
Appendices.....	69
Appendix 01: Questionnaire of the Study .....	69
Appendix 02: Statistical Analysis .....	73

## List of figures

Figure 3. 1 Conceptual Framework.....	24
Figure 3. 2 SME categorization in Sri Lanka.....	29
Figure 4. 1 Gender Distribution .....	35
Figure 4. 2 Marital Status Distribution .....	37
Figure 4. 3 Marital Status Distribution .....	38
Figure 4. 4 Education Qualification Distribution.....	39
Figure 4. 5 Experience Distribution .....	40
Figure 4. 6 Monthly Salary Distribution .....	41
Figure 4. 7 Scatter Plots between Idealized Influence & Employee Job Satisfaction	46
Figure 4. 8 Scatter Plots between Inspirational Motivation & Employee Job Satisfaction.....	47
Figure 4. 9 Scatter Plots between Intellectual Stimulation & Employee Job Satisfaction.....	48
Figure 4. 10 Scatter Plots between Individualized Consideration & Employee Job Satisfaction.....	49

## List of Tables

Table 3. 1 Operationalization of the study instrument.....	25
Table 3. 2 Correlation Scale.....	30
Table 3. 3 Decision Criteria for Hypothesis Testing.....	32
Table 4. 1 Gender Distribution .....	35
Table 4. 2 Age Distribution.....	36
Table 4. 3 Marital Status Distribution.....	37
Table 4. 4 Education Qualification Distribution .....	38
Table 4. 5 Experience Distribution .....	39
Table 4. 6 Monthly Salary Distribution .....	41
Table 4. 7 Descriptive Statistics.....	42
Table 4. 8 Cronbach's Alpha Coefficients.....	43
Table 4. 9 Tests of Normality .....	44
Table 4. 10 Idealized Influence & Employee Job Satisfaction .....	45
Table 4. 11 Inspirational Motivation & Employee Job Satisfaction.....	46
Table 4. 12 Intellectual Stimulation & Employee Job Satisfaction .....	47
Table 4. 13 Individualized Consideration & Employee Job Satisfaction .....	48
Table 4. 14 Model Summary of Multiple Regression Analysis.....	50
Table 4. 15 ANOVA of Multiple Regression Analysis .....	50
Table 4. 16 Coefficient of Multiple Regression.....	51
Table 4. 17 Testing Hypothesis Results.....	52