

## **Impact of Transformational Leadership Style on SMEs' Performance in Kandy District**

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### **ABSTRACT**

**Purpose:** The purpose of this study is to examine how transformational leadership style influences the performance of SMEs in Kandy district.

**Design/methodology/approach:** The study was based on a quantitative approach. Data were collected from 200 registered SMEs in Kandy district. The data analysis was done using the SPSS 26 version to examine the relationship between research variables.

**Findings:** The findings showed that the transformational leadership style has a moderate positive relationship with SMEs performance.

**Practical implications:** Through comprehensive data analysis, the study endeavors to provide empirical evidence supporting the positive correlation between transformational leadership style and SME performance, offering valuable insights for business leaders and policymakers seeking to foster a culture of innovation and growth within the SME sector.

**Research limitations:** The study's geographical scope was limited to the Kandy district, which may not fully represent the diversity of SMEs across the entire Sri Lankan landscape. The sample size represents only a fraction of the total SMEs in Kandy district. Qualitative data, such as in-depth interviews or open-ended survey questions, could have provided richer insights into the topic.

**Originality Value:** Finding of this study provides empirical evidence to support existing leadership theories and enhances scholarly discourse on leadership effectiveness within SMEs and informs future research endeavors aimed at optimizing leadership practices to drive organizational success in diverse business environments.

**Key Words:** *Transformational Leadership, Small and Medium sized Enterprises, Performance.*