

Leadership in Turbulent Times: The Role of Transformational, Transactional, and Laissez-faire styles in Sustaining Employee Commitment During Economic Crises

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Abstract: The 2022/2023 economic crisis in Sri Lanka highlighted systemic vulnerabilities, severely impacting organisations and industries. This study examines how transformational, transactional, and laissez-faire leadership styles influence employee commitment in Sri Lanka's IT sector during the crisis. Using Avolio and Bass's Full Range Leadership Model, the research analysed data from 200 software engineers in a leading IT company. The Multifactor Leadership Questionnaire (MLQ) and Organizational Commitment Questionnaire (OCQ) were used, and statistical methods such as Pearson's correlation and regression analysis were applied to assess relationships between leadership styles and commitment. Findings indicate that transformational leadership significantly enhances affective and normative commitment, fostering emotional bonds and loyalty. Transactional leadership had limited impact, while laissez-faire leadership negatively affected commitment, increasing employee insecurity. The study emphasises the critical role of transformational leadership in maintaining workforce stability during crises and recommends leadership development programs to enhance resilience and retention in volatile economic conditions. These insights are vital for IT managers and policymakers navigating economic uncertainty.

Keywords: *Transformational Leadership, Transactional Leadership, Laissez-Faire Leadership, Employee Commitment, Affective Commitment, Normative Commitment, Economic Crisis, IT Sector, Leadership Development, Workforce Retention*

Introduction

The economic crisis of 2022/2023 in Sri Lanka marked a profound turning point, revealing systemic economic vulnerabilities and profoundly impacting individuals, organisations, and industries (Kaluarachchi & Jayathilaka, 2024). Following the nation's first-ever sovereign debt default in April 2022, severe shortages of essential goods characterised the crisis, an unprecedented inflation rate of 69.8% in September 2022 (Central Bank of Sri Lanka, 2022), and a sharp escalation in poverty levels. Organisations across various sectors were forced to navigate a volatile environment characterised by declining employee morale, heightened uncertainty, and increased workforce attrition (Kaluarachchi & Jayathilaka, 2024).

Amidst these challenges, leadership emerged as a pivotal factor in shaping organisational resilience and employee retention. Understanding and promoting effective leadership is critical for organisations to cope with environmental pressures and navigate complex challenges successfully. Leadership approaches provide a framework to educate managers on the intricacies of leading people, managing change, and fostering employee engagement (Silva & Mendis, 2017). Leaders are essential in motivating employees to reach their maximum potential, encouraging them to embrace change, make informed technical decisions, and remain committed to their organisational roles (Mendis, 2024). Notably, when operational-level employees who frequently interact with customers are satisfied and committed, they are likelier to share the organisation's



customer-oriented values, experience lower role stress, and deliver exceptional service quality (Yi, Cho, & Amenuvor, 2023).

Research Problem

The 2022/2023 economic crisis in Sri Lanka exacerbated systemic vulnerabilities, particularly in the IT sector, which faces high turnover rates as skilled software engineers seek global opportunities, threatening operational stability and long-term sustainability. While leadership is widely recognised as a critical factor in navigating crises, a significant empirical gap exists in understanding how transformational, transactional, and laissez-faire leadership styles influence employee commitment, retention, and organisational resilience in high-turnover, knowledge-intensive industries during economic downturns. Existing research has predominantly focused on stable organisational settings, leaving a void in evidence-based strategies for sectors like IT, where talent retention and adaptability are paramount. This study uses Avolio and Bass's Full Range Leadership Model to address this gap by examining the impact of leadership styles on employee engagement, satisfaction, and service quality within Sri Lanka's IT sector. Doing so aims to provide IT managers and policymakers with actionable insights to mitigate workforce challenges, enhance resilience, and ensure sustainable growth during economic uncertainty.

Research Questions

1. How do transformational, transactional, and laissez-faire leadership styles influence employee affective, continuous and normative commitment in Sri Lanka's IT sector during an economic crisis?
2. What role do transformational, transactional, and laissez-faire leadership styles play in fostering organisational resilience and mitigating workforce challenges such as high turnover by influencing employee commitment in knowledge-intensive industries during economic crises?
3. How do IT professionals perceive the effectiveness of different leadership styles in addressing turnover and maintaining service quality in times of crisis?

Research Objectives

1. To examine the impact of transformational, transactional, and laissez-faire leadership styles on employee affective, continuance, and normative commitment in Sri Lanka's IT sector during an economic crisis.
2. To analyse the role of transformational, transactional, and laissez-faire leadership styles in fostering organisational resilience and mitigating workforce challenges, such as high turnover, by influencing employee commitment in knowledge-intensive industries during economic crises.
3. To explore IT professionals' perceptions of the effectiveness of different leadership styles in addressing turnover and maintaining service quality during times of economic crisis.

Literature Review

The Role of Leadership in Navigating Economic Crises and Employee Commitment

The role of leadership in managing economic crises has been a critical area of

scholarly inquiry. The research underscores the significance of effective leadership styles in ensuring organisational resilience and recovery. Among the widely recognised leadership paradigms, transformational and transactional leadership serve distinct but interrelated functions in crisis management (Thanh & Quang, 2022).

Transformational leadership is particularly relevant during economic downturns, fostering adaptability, innovation, and employee motivation (Jun & Lee, 2023). Leaders exhibiting transformational qualities such as vision, inspiration, intellectual stimulation, and individualised consideration can effectively guide organisations through uncertainty by fostering a shared sense of purpose and resilience (Bass & Riggio, 2006). Research suggests that transformational leaders enhance employees' psychological well-being, instil confidence, and drive proactive problem-solving behaviours critical for organisational survival during economic crises (Antonakis & House, 2014). Conversely, transactional leadership, which emphasises structure, order, and performance-based incentives, provides stability and control during financial uncertainty. Transactional leaders rely on clear directives, contingent rewards, and corrective actions to maintain organisational efficiency and achieve operational goals (Burns, 1978). While often criticised for being less adaptable, transactional leadership plays an instrumental role in crisis management by enforcing discipline, setting short-term objectives, and ensuring financial prudence (Podsakoff, Bommer, Podsakoff, & MacKenzie, 2006). Scholars argue that an optimal approach to crisis leadership requires a balanced integration of transformational and transactional leadership elements. While

transformational leadership fosters long-term strategic vision and employee engagement, transactional leadership provides the necessary structural support and accountability mechanisms to maintain operational continuity (Bass & Avolio, 1994). Empirical studies suggest that leaders who effectively blend these styles are better equipped to steer organisations through financial turbulence, mitigate risks, and ensure long-term sustainability (Yukl Gary, 2013).

Leadership and Organisational Commitment

Numerous studies have established a strong link between leadership style and employee commitment, highlighting the role of leadership in shaping work-related behaviours, attitudes, motivation, and performance. Organisational commitment is crucial for companies striving to achieve their strategic objectives, mission, and vision (Silva & Mendis, 2017). Committed employees are invaluable assets, contributing to organisational success even in challenging circumstances (Zhenjing, Chupradit, Ku, Nassani, & Haffar, 2022). Organisational commitment is conceptualised as the psychological bond between an employee and the organisation, increasing the likelihood of continued employment and discretionary effort (Meyer & Allen, 1991). It is often regarded as a key indicator of employee performance and turnover (Balfour & Wechsler, 1991), reflecting the strength of an individual's identification and involvement within the organisation (Yi et al., 2023)

Allen and Meyer (1991) propose that organisational commitment consists of three dimensions: affective commitment, continuance commitment, and normative commitment. Affective commitment refers to an employee's emotional attachment to the organisation.

Continuance commitment is based on the perceived costs of leaving the organisation, while normative commitment reflects an obligation to remain. These dimensions underscore the significance of leadership in fostering strong organisational attachment.

The Full Range Leadership Model and Employee Commitment

Among the various leadership frameworks explored in the literature, the Full Range Leadership (FRL) model developed by Bass & Avolio (1994) provides a comprehensive understanding of leadership behaviours. The FRL model categorises leadership into three primary styles: transformational, transactional, and laissez-faire. Transformational leaders inspire and motivate followers by articulating a compelling vision and fostering higher-order values. In contrast, transactional leaders focus on task completion, performance-based rewards, and stability. Laissez-faire leadership, characterised by passive or absent leadership, represents a non-interventionist approach where leaders engage only when problems arise.

Research indicates that these leadership styles significantly impact individual and organisational outcomes, including employee commitment and performance (Bass & Avolio, 1994). Transformational leaders enhance employee commitment by aligning individual goals with organisational values (Khan, Rehmat, Butt, Farooqi, & Asim, 2020). By appealing to higher ideals, transformational leaders motivate employees to transcend self-interest and contribute to organisational goals (Steinmann, Klug, & Maier, 2018). Yukl and Fleet (1992) define transformational leadership as influencing organisational members' attitudes and assumptions and building commitment to the organisation's mission.

Bass and Avolio (1994) argue that transformational leadership strengthens

organisational commitment by fostering pride, respect, and trust, enhancing employee performance and loyalty. Transformational leadership comprises five key behavioural components: idealised influence, inspirational motivation, intellectual stimulation, individualised consideration, and idealised influence behaviour. These components have been shown to foster employee commitment and engagement (Bass & Avolio, 1994). In contrast, transactional leadership involves contingent rewards, where leaders provide incentives based on goal attainment, and management by exception, where leaders monitor subordinates to prevent mistakes (Bass & Avolio, 1994). Transactional leadership clarifies roles and expectations, ensuring goal alignment (Steinmann et al., 2018). While this leadership style can result in reasonable levels of employee commitment, its focus on satisfying basic needs and maintaining the status quo limits its potential to foster more profound organisational attachment (Bass & Avolio, 1994).

Laissez-faire leadership, characterised by passive or absent leadership, is considered the least effective leadership style. The lack of direction and involvement often leads to decreased employee commitment, as the absence of guidance and support reduces engagement and job satisfaction (Robert & Vandenbergh, 2021).

Empirical Evidence on Leadership and Organisational Commitment

Empirical research consistently demonstrates a positive relationship between leadership styles and employee commitment. Studies indicate that leadership behaviours, particularly those associated with transformational leadership, significantly influence employees' attachment to their organisations (Silva & Mendis, 2017). While the strength of this relationship may vary across different commitment

dimensions, existing evidence underscores leadership's critical role in shaping organisational commitment and trust (Steinmann et al., 2018).

A study by Oyewobi (2022) examined this relationship among quantity surveyors in Nigeria's construction industry. The findings revealed a positive indirect link between leadership styles and organisational commitment, with job satisfaction as a partial mediator, indicating that effective leadership enhances employee commitment through increased job satisfaction. Similarly, Abasilim, Gberevbie, and Osibanjo (2019) investigated the connection between transformational, transactional, and laissez-faire leadership styles and employee commitment in Nigeria's Lagos State Civil Service Commission. Their findings demonstrated a significant positive relationship between transformational leadership and employee commitment, while transactional leadership exhibited an insignificant negative relationship, and laissez-faire leadership had a negligible positive impact.

A recent study by Marhouni and Pali (2025) explored the relationship between leadership styles, managerial communication patterns, and employee outcomes in Iran's Pardis Petrochemical Company. The study found that leadership styles and communication patterns significantly influence employee performance, job satisfaction, and organisational commitment, underscoring the importance of effective leadership and communication in fostering employee engagement. Additionally, Mendis and Silva (2017) examined how leadership styles influence employee commitment in Sri Lanka's insurance sector. Their research highlighted that transformational leadership had the most substantial positive impact on organisational

commitment, while transactional leadership had mixed effects depending on the organisational context. This study further emphasised the crucial role of leadership approaches in shaping employee commitment within service-oriented industries.

The existing body of literature underscores the pivotal role of leadership in navigating economic crises and fostering organisational commitment. Transformational leadership enhances innovation, adaptability, and long-term strategic vision, while transactional leadership provides structural stability and immediate goal attainment. The empirical evidence suggests that a balanced application of leadership styles, strategic agility, and developmental leadership initiatives are essential for navigating economic turbulence and sustaining organisational performance. Effective leadership remains a fundamental determinant of employee commitment, organisational resilience, and overall business success.

Literature Gap

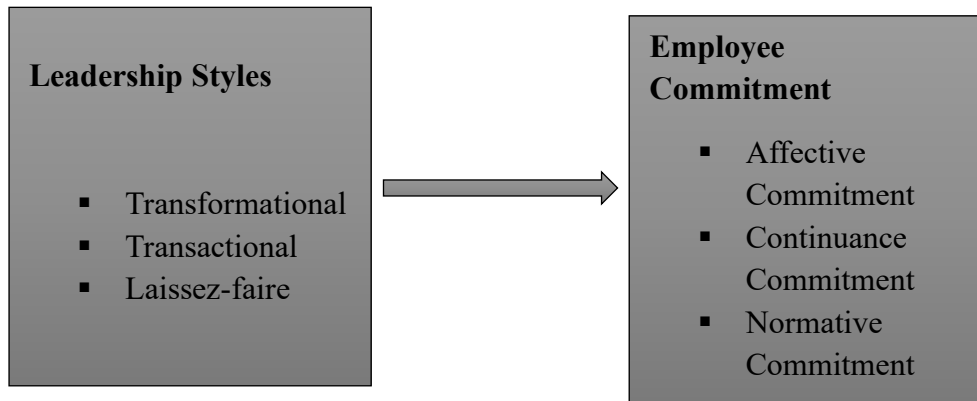
While extensive research has established a strong relationship between leadership styles and employee commitment, there is a lack of studies focusing on industries with high turnover and intense competition, especially during economic crises. Most existing research has examined stable organisational settings with relatively low turnover, overlooking industries where skilled employees are in high demand and labour mobility is frequent. Additionally, while transformational leadership is well-documented for its positive impact on commitment, little is known about how leadership styles adapt in high-turnover industries facing economic downturns. There remains a gap in understanding how leadership behaviours can mitigate the

adverse effects of economic crises on employee morale, commitment, and retention. This study addresses this gap by exploring how different leadership styles influence employee commitment in

competitive industries, providing insights into leadership strategies that enhance workforce stability during economic instability.

Conceptual Framework

Independent Variables



1. Transformational Leadership & Commitment

H1: Transformational leadership is significantly related to affective commitment.

H2: Transformational leadership is significantly related to continuance commitment.

H3: Transformational leadership is significantly related to normative commitment.

2. Transactional Leadership & Commitment

H4: Transactional leadership is significantly related to affective commitment.

H5: Transactional leadership is significantly related to continuance commitment.

Independent Variables

H6: Transactional leadership is significantly related to normative commitment.

3. Laissez-Faire Leadership & Commitment

H7: Laissez-faire leadership is significantly related to affective commitment.

H8: Laissez-faire leadership is significantly related to continuance commitment.

H9: Laissez-faire leadership is significantly related to normative commitment.

Each hypothesis tests whether the specific leadership style influences the three commitment dimensions (affective, continuance, normative).

Methodology

The Sample

The study was conducted at a prominent IT company in Sri Lanka with a workforce exceeding 1,000 employees, primarily software engineers. Software engineers with 3 to 4 years of experience account for 40% of the workforce. A random sample of 200 software engineers, of which 25% were female, was selected for the research. These 200 engineers reported to 25 engineering leaders. Notably, all the software engineers in the sample held academic degrees.

Methods of Data Analysis

The collected data were analysed using the SPSS statistics package. A reliability test was conducted using Cronbach's Alpha to assess the internal consistency of the measurement scales. Pearson's Correlation analysis was used to examine the strength and direction of relationships between variables and to determine whether these relationships were positive or negative. Regression analysis was employed to test the hypotheses, with R-squared values used to evaluate the proportion of variance in the dependent variable explained by the independent variable(s). The regression analysis results determined the hypotheses' acceptance or rejection.

Instrumentation

This study used the Multifactor Leadership Questionnaire (MLQ) and the Organizational Commitment Questionnaire (OCQ) to gather data on leadership styles and organisational commitment.

Leadership Style Measurement

The **Multifactor Leadership Questionnaire (MLQ)**, based on Bass and Avolio's (1997) Full Range Leadership Development Theory, was used to assess leadership styles. Both self-rater and rater versions of the MLQ were utilised, containing 36 items aligned with the nine components of transformational, transactional, and laissez-faire leadership styles.

- **Transformational Leadership** is divided into five components:
 - Idealized Influence (attributed)
 - Idealized Influence (behaviour)
 - Inspirational Motivation
 - Individualized Consideration
 - Intellectual Stimulation
- **Transactional Leadership** is divided into two components:
 - Contingent Rewards
 - Management-by-Exception, further categorised into:
 - Active (MBEA)
 - Passive (MBEP)
- **Laissez-faire Leadership:** Assessed as a standalone style.

Participants rated each statement using a 5-point Likert scale ranging from 0 ("Not at all") to 4 ("Frequently, if not always").

Organisational Measurement

Organisational commitment was measured using **Baraim's adaptation** of Meyer and Allen's (1997) Organizational Commitment Questionnaire (OCQ). This 18-item version reflects a multi-dimensional approach to organisational commitment, encompassing affective, continuance, and normative components.

Participants responded on a 5-point Likert scale ranging from 1 ("Strongly Disagree") to 5 ("Strongly Agree").

Commitment

The OCQ's reliability was confirmed using Cronbach's alpha. Its average coefficient of 0.901 indicates high reliability.

Data Analysis

Results of Cronbach's Reliability Coefficient Test

Cronbach's alpha reliability coefficients were calculated to evaluate the reliability of the MLQ instrument. Following the guidelines proposed by Sekaran (2000), coefficients below 0.60 are categorised as poor, values between 0.60 and 0.80 are deemed acceptable, and coefficients exceeding 0.80 indicate good reliability.

Table 1: Cronbach's Alpha Scores for MLQ

Scale	Code	Cronbach's Alpha
Idealised Influence (Attributed)	IIAS	0.79
Idealised Influence (Behaviour)	IIBS	0.78
Inspirational Motivation	IMS	0.80
Intellectual Stimulation	ISS	0.79
Individualised Consideration	ICS	0.78
Transformational Leadership	TFL	0.79
Contingent Rewards	CRS	0.79
Management –by-Exception - Active	MBEAS	0.78
Management – by-Exception – Passive	MBEPS	0.78
Transactional Leadership	TAL	0.78
Laissez – Faire Leadership	LFL	0.77
Multifactor Leadership Questionnaire	MLQ	0.77

The reliability analysis of the leadership scales, as measured by Cronbach's Alpha, indicates strong internal consistency across all dimensions assessed through the

Multifactor Leadership Questionnaire (MLQ). The Transformational Leadership Dimensions Idealised Influence (Attributed) (0.79), Idealised Influence

(Behaviour) (0.78), Inspirational Motivation (0.80), Intellectual Stimulation (0.79), and Individualised Consideration (0.78) demonstrated high reliability. Similarly, the Transactional Leadership components, including Contingent Rewards (0.79), Management-by-Exception Active (0.78), and Management-by-Exception Passive (0.78), showed strong internal consistency. The Laissez-Faire Leadership dimension and the overall MLQ scale also reported satisfactory reliability, each with 0.77. These findings

confirm the robustness of the MLQ and its subscales in capturing diverse leadership styles with reliable measures suitable for examining leadership behaviours in organisational contexts.

Cronbach's Alpha Scores for OCQ

Table 2 illustrates the Cronbach's alpha reliability coefficients for the OCQ. The average Cronbach's alpha reliability coefficient for the OCQ instruments is 0.8, which is considered good.

Table 2: Cronbach's Alpha Reliability Coefficients for the OCQ Scales

Scale	Code	Cronbach's Alpha
Affective Commitment	ACS	0.80
Continuous Commitment	CCS	0.79
Normative Commitment	NCS	0.79
Organisational Commitment	OC	0.79

The reliability analysis of the organisational commitment scales, as assessed through Cronbach's Alpha, demonstrates strong internal consistency across all dimensions. Affective Commitment (0.80) exhibited the highest reliability, reflecting robust measurement of employees' emotional attachment to their organisation. Both Continuance Commitment (0.79) and Normative Commitment (0.79) also demonstrated

high reliability, consistently measuring employees' perceived costs of leaving the organisation and their sense of obligation to remain, respectively. The overall Organisational Commitment scale (0.79) confirms the strong reliability of the instrument in capturing the multidimensional nature of commitment, making it a reliable tool for examining organisational commitment in workplace settings.

Descriptive Statistics

Table 3: Mean & Standard Deviation Scores of Transformational Leadership

Descriptive Statistics

	N	Mean	Std. Deviation
Idealised influence (attributed Charisma)	200	2.70	.508
Idealised influence (behaviour)	200	3.08	.596
Inspirational motivation	200	3.21	.478
Intellectual stimulation	200	2.91	.752
Individualised consideration	200	2.91	.752
Transformational Leadership	200	3.03	.535
Contingent rewards	200	2.34	.270
Management-by-exception-active	200	1.93	.110
Management-by-exception-passive	200	2.05	.345
Transactional Leadership	200	2.11	.103
Laissez-faire	200	.80	.150
Laissez-Faire Leadership	200	.80	.150

The results provide nuanced insights into how leadership styles are perceived within the organisational context. Transformational leadership emerged as the most effective. Inspirational Motivation recorded the highest mean score ($M = 3.21$, $SD = 0.478$), indicating that leaders were perceived as highly effective in inspiring and motivating their teams. Idealised Influence (Behaviour) ($M = 3.08$, $SD = 0.596$) and the overall Transformational Leadership scale ($M = 3.03$, $SD = 0.535$) also scored highly, reflecting strong alignment with organisational goals and values. Intellectual Stimulation and Individualised Consideration, with mean scores of 2.91 ($SD = 0.752$), demonstrated a moderate emphasis on fostering

creativity and addressing individual needs. In contrast, Idealised Influence (Attributed Charisma) scored the lowest ($M = 2.70$, $SD = 0.508$), suggesting leaders were less frequently admired or respected for their charisma.

Transactional leadership showed moderate effectiveness, with Contingent Rewards scoring highest ($M = 2.34$, $SD = 0.270$), highlighting leaders' ability to recognise and reward performance. However, Management-by-Exception (Passive) ($M = 2.05$, $SD = 0.345$) and Management-by-Exception (Active) ($M = 1.93$, $SD = 0.110$) scored lower, indicating a weaker focus on proactive risk management and active monitoring. Laissez-faire leadership was consistently rated as ineffective, with the lowest mean

scores across all dimensions ($M = 0.80$, $SD = 0.150$), reflecting minimal endorsement of this hands-off approach. These findings underscore the importance of transformational leadership in fostering positive employee perceptions and

Table 4: Hypothesis Testing – Correlations

		Transformational Leadership	Transactional Leadership	Laissez-Faire Leadership	Affective Commitment	Continuance Commitment	Normative Commitment
Transformational Leadership	Pearson Correlation	1	.577**	-.379**	.804**	.734**	.809**
	Sig. (2-tailed)		<.001	<.001	<.001	<.001	<.001
	N	200	200	200	200	200	200
Transactional Leadership	Pearson Correlation	.577**	1	-.012	.386**	.350**	.383**
	Sig. (2-tailed)	<.001		.864	<.001	<.001	<.001
	N	200	200	200	200	200	200
Laissez-Faire Leadership	Pearson Correlation	-.379**	-.012	1	-.428**	-.387**	-.421**
	Sig. (2-tailed)	<.001	.864		<.001	<.001	<.001
	N	200	200	200	200	200	200
Affective Commitment	Pearson Correlation	.804**	.386**	-.428**	1	.900**	.997**
	Sig. (2-tailed)	<.001	<.001	<.001		<.001	<.001
	N	200	200	200	200	200	200
Continuance Commitment	Pearson Correlation	.734**	.350**	-.387**	.900**	1	.879**
	Sig. (2-tailed)	<.001	<.001	<.001	<.001		<.001
	N	200	200	200	200	200	200
Normative Commitment	Pearson Correlation	.809**	.383**	-.421**	.997**	.879**	1
	Sig. (2-tailed)	<.001	<.001	<.001	<.001	<.001	
	N	200	200	200	200	200	200

** . Correlation is significant at the 0.01 level (2-tailed).

The correlation analysis revealed significant relationships between leadership styles and the components of organisational commitment. Transformational Leadership demonstrated strong positive correlations with Affective Commitment ($r = .804$, $p < .001$), Continuance Commitment ($r = .734$, $p < .001$), and Normative Commitment ($r = .809$, $p < .001$), highlighting its significant role in fostering employee commitment. Transactional Leadership exhibited

organisational outcomes. At the same time, transactional and laissez-faire styles were perceived as less effective in addressing workforce challenges during periods of economic uncertainty.

moderate positive correlations with Affective Commitment ($r = .386$, $p < .001$), Continuance Commitment ($r = .350$, $p < .001$), and Normative Commitment ($r = .383$, $p < .001$), indicating a less pronounced yet significant influence. Conversely, Laissez-Faire Leadership showed significant negative correlations with Affective Commitment ($r = -.428$, $p < .001$), Continuance Commitment ($r = -.387$, $p < .001$), and Normative Commitment ($r = -.421$, $p < .001$),

suggesting that a hands-off leadership approach is inversely associated with employee commitment. Additionally, the commitment components themselves were strongly interrelated, with Affective and Normative Commitment exhibiting an almost perfect correlation ($r = .997$, $p < .001$) and Continuance Commitment showing strong positive associations with both Affective ($r = .900$, $p < .001$) and Normative Commitment ($r = .879$, $p < .001$). Among the leadership styles, Transformational Leadership positively

correlated with Transactional Leadership ($r = .577$, $p < .001$) but was negatively associated with Laissez-Faire Leadership ($r = -.379$, $p < .001$). These findings emphasise the critical role of leadership styles, particularly transformational leadership, in enhancing various dimensions of organisational commitment.

Tests of Between-Subjects Effects						
Source	Dependent Variable	Type III Sum of Squares	df	Mean Square	F	Sig.
Corrected Model	Affective Commitment	279.314 ^a	33	8.464	419.191	<.001
	Continuance Commitment	44.320 ^b	33	1.343	191.104	<.001
	Normative Commitment	192.870 ^c	33	5.845	616.388	<.001
Intercept	Affective Commitment	293.086	1	293.086	14515.330	<.001
	Continuance Commitment	302.454	1	302.454	43037.490	<.001
	Normative Commitment	336.876	1	336.876	35528.171	<.001
TL	Affective Commitment	71.237	8	8.905	441.011	<.001
	Continuance Commitment	15.613	8	1.952	277.709	<.001
	Normative Commitment	50.503	8	6.313	665.782	<.001
TCL	Affective Commitment	.006	5	.001	.064	.997
	Continuance Commitment	.003	5	.001	.087	.994
	Normative Commitment	.003	5	.001	.065	.997
LF	Affective Commitment	.399	2	.199	9.875	<.001
	Continuance Commitment	.003	2	.001	.193	.825
	Normative Commitment	.328	2	.164	17.307	<.001
TL * TCL	Affective Commitment	.010	7	.001	.070	.999
	Continuance Commitment	.005	7	.001	.106	.998
	Normative Commitment	.005	7	.001	.079	.999
TL * LF	Affective Commitment	2.187	9	.243	12.032	<.001
	Continuance Commitment	.025	9	.003	.396	.936
	Normative Commitment	1.763	9	.196	20.655	<.001
TCL * LF	Affective Commitment	.000	1	.000	.000	1.000
	Continuance Commitment	.000	1	.000	.000	1.000
	Normative Commitment	.000	1	.000	.000	1.000
TL * TCL * LF	Affective Commitment	.000	1	.000	.000	1.000
	Continuance Commitment	.000	1	.000	.000	1.000
	Normative Commitment	.000	1	.000	.000	1.000
Error	Affective Commitment	3.352	166	.020		
	Continuance Commitment	1.167	166	.007		
	Normative Commitment	1.574	166	.009		
Total	Affective Commitment	1534.333	200			
	Continuance Commitment	1254.167	200			
	Normative Commitment	1616.667	200			
Corrected Total	Affective Commitment	282.666	199			
	Continuance Commitment	45.486	199			
	Normative Commitment	194.444	199			

a. R Squared = .988 (Adjusted R Squared = .986)
b. R Squared = .974 (Adjusted R Squared = .969)
c. R Squared = .992 (Adjusted R Squared = .990)

TL – Transformational Leadership, TL – Transactional Leadership, LF - Laissez-faire Leadership

Discussion

This study provides a nuanced understanding of the differential effects of transformational (TL), transactional (TCL), and laissez-faire (LF) leadership styles on employee commitment within the context of an economic crisis, particularly in Sri Lanka's IT sector. The findings contribute to the broader literature on leadership and organisational behaviour by highlighting the critical role of leadership in shaping employee attitudes and behaviours during periods of economic instability. The results align with and extend existing research while offering context-specific insights that underscore the importance of adaptive leadership strategies in volatile environments.

Leadership Styles and Employee Commitment

The study reaffirms the well-documented effectiveness of transformational leadership (TL) in fostering affective and normative commitment. TL's ability to create emotional bonds and a sense of moral obligation among employees is consistent with the findings of Bass and Avolio (1994), Avolio et al. (2004), and Silva and Mendis (2017). However, this study emphasises TL's heightened importance during economic crises, where its role in stabilising employee morale and commitment becomes even more critical. This contrasts with studies conducted in stable environments, where TL's positive impact may not be as pivotal for organisational survival.

In contrast, transactional leadership (TCL) demonstrates limited effectiveness in fostering commitment during crises. While research by Judge and Piccolo (2004) suggests that TCL can be effective in structured and stable environments, this study highlights its inadequacy in addressing employees' emotional and

psychological needs during economic instability. The transactional nature of TCL, which relies on rewards and corrective actions, fails to inspire intrinsic motivation or resilience in volatile contexts.

Laissez-faire leadership (LF), characterised by its passive and avoidant approach, is found to be largely ineffective and detrimental during crises. This aligns with findings from Skogstad et al. (2007), who identified LF leadership as a source of role ambiguity, reduced job satisfaction, and increased turnover intentions. The current study adds a contextual dimension by emphasising LF's exacerbation of insecurity and disconnection during economic downturns, further highlighting its unsuitability for crisis management.

Leadership's Role in Organizational Resilience and Workforce Stability

The study underscores the critical role of TL in enhancing organisational resilience during crises. By fostering emotional attachment, loyalty, and a shared sense of purpose, TL helps reduce turnover intentions and retain employees. This aligns with research by Carmeli et al. (2013) and Shin et al. (2012), highlighting TL's ability to build psychological capital and resilience in uncertain environments. Conversely, TCL's reliance on transactional mechanisms proves insufficient in addressing workforce challenges in Sri Lanka's volatile economic context. At the same time, LF leadership further weakens resilience by failing to provide adequate support and guidance.

IT Professionals' Perceptions of Leadership Effectiveness

The study reveals that IT professionals perceive TL as highly effective in inspiring loyalty and sustaining service quality during economic instability. This

aligns with research by Gumusluoglu and Ilsev (2009) and Agarwal et al. (2012), emphasising TL's ability to inspire innovation and commitment in knowledge-intensive industries. In contrast, TCL and LF are viewed as less effective, with LF being particularly detrimental due to its passive nature. These perceptions reinforce the quantitative findings and highlight the preference for visionary, supportive, and ethical leadership during crises.

Contextual Differences and Implications

While much of the international literature on leadership and commitment is based on stable environments, this study provides critical insights into leadership dynamics within Sri Lanka's volatile economic context. The IT sector's dependence on skilled professionals and susceptibility to high turnover rates make effective leadership crucial during financial crises. The findings highlight the necessity for context-specific leadership strategies tailored to address unique challenges, such as brain drain and economic instability, which are less emphasised in international studies.

Implications for Practice

The study's findings suggest that organisations operating in economically volatile contexts should prioritise the development of transformational leadership capabilities. Training programs should equip leaders with skills to inspire and engage employees, maintain transparent communication, and cultivate a shared sense of purpose. While TL is instrumental in enhancing affective and normative commitment, organisations must also address practical concerns such as job security and financial stability to

mitigate the influence of continuance commitment. Additionally, leadership development programs should incorporate adaptive and crisis-responsive elements to ensure leaders can effectively navigate challenges in uncertain environments.

Conclusion

This study underscores the pivotal role of transformational leadership (TL) in maintaining employee commitment and organisational resilience during economic crises. Employees who perceive their leaders as visionary, ethical, and supportive are likelier to remain engaged and committed despite external financial pressures. In contrast, transactional leadership (TCL) and laissez-faire leadership (LF) are less effective in fostering commitment during periods of uncertainty. LF is particularly detrimental due to its passive and avoidant nature.

This study aligns with its research objectives and contributes valuable insights into leadership dynamics within crisis-ridden environments. It bridges insights from international literature with the Sri Lankan context, highlighting the need for adaptive and context-specific leadership strategies. The findings offer actionable recommendations for organisations to navigate economic instability while sustaining workforce commitment, emphasising the importance of TL in fostering emotional attachment, loyalty, and resilience.

Future research should explore the dynamic interplay between leadership styles and external economic pressures and the potential for hybrid leadership approaches that integrate transformational and transactional elements. By addressing these gaps, researchers can further enhance our understanding of effective leadership strategies in uncertain economic landscapes, ultimately helping

organisations build resilience and retain talent during crises. This study advances academic knowledge and provides practical guidance for leaders and

organisations navigating the complexities of economic instability

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