

**THE IMPACT OF LEADER MEMBER EXCHANGE  
RELATIONSHIP ON EMPLOYEE JOB PERFORMANCE IN  
BANKING SECTOR IN AMPARA DISTRICT: MEDIATING ROLE  
OF ORGANIZATIONAL CULTURE**



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**REG NO: EU/IS/2019/MS/08**

**INDEX NO: MS 2188**



**FCM2978**

**Project Report  
Main Library, Eastern University, Sri Lanka**

A Project Report Submitted to the Faculty of Commerce and Management, Eastern University, Sri Lanka, as a partial fulfillment of the requirement for the Degree of Bachelor of Business Administration Honours.

**DEPARTMENT OF MANAGEMENT  
FACULTY OF COMMERCE AND MANAGEMENT  
EASTERN UNIVERSITY, SRI LANKA**

**2025**

## ABSTRACT

This research explores the impact of the Leader-Member Exchange (LMX) relationship on employee job performance, with a specific focus on the mediating role of organizational culture within the banking sector in the Ampara District, Sri Lanka. In the current competitive banking environment, effective leadership and a strong organizational culture have become essential factors for enhancing employee engagement and performance. Although past studies have examined LMX and organizational culture separately, limited research exists on how these factors interact to influence employee performance, particularly in the Sri Lankan banking context. This study addresses this gap by investigating whether a positive organizational culture strengthens the relationship between high-quality LMX and improved job performance.

A quantitative research design was adopted, using structured questionnaires distributed to a sample of 260 employees from various banks operating in the Ampara District. The study tests four key hypotheses examining the direct and mediating effects among LMX, organizational culture, and job performance. Statistical analyses, including correlation, regression, and mediation testing, are used to analyze the data and validate the research framework.

The findings of this study are expected to offer valuable practical recommendations for bank managers to develop stronger leader-member relationships and nurture supportive organizational cultures that encourage employees to perform at their best. By applying the insights gained from this research, banks can design effective leadership training programs, implement policies that promote a positive work culture, and ultimately improve employee satisfaction and productivity. This study contributes not only to academic literature but also provides actionable strategies for banking institutions and policymakers to sustain growth and maintain competitiveness in the dynamic financial sector of Sri Lanka.

Keywords: Leader-Member Exchange, Organizational Culture, Employee Job Performance, Banking Sector, Ampara District, Sri Lanka, Leadership

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