

Leadership Beyond Titles: Examining the Influence of Informal Leadership on Employee Engagement and Job Performance

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Abstract—Leadership in contemporary organizations increasingly extends beyond formal designations and hierarchical authority. Employees who do not occupy managerial positions often emerge as influential members of teams by providing guidance, sharing expertise, facilitating problem-solving, supporting colleagues and influencing collective decisions. Such informal leadership may represent an important but less visible organizational resource.

This study examines the relationship between informal leadership, employee engagement and job performance. Drawing upon Social Exchange Theory and leadership-emergence perspectives, the study proposes that informal leadership positively influences employee engagement and job performance and that employee engagement acts as a mediating mechanism through which informal leadership contributes to performance. A quantitative, cross-sectional research design is adopted with a sample of 350 employees for demonstrating the analytical model. Reliability analysis, correlations, multiple regression and mediation analysis were used to examine the relationships.

The results demonstrate positive relationships between informal leadership, employee engagement and job performance, with employee engagement partially mediating the relationship between informal leadership and performance. The paper highlights the importance of recognizing leadership as an influence process that can emerge independently of formal position and discusses implications for leadership development, succession planning and talent management.

Index Terms—Informal Leadership, Leadership Emergence, Employee Engagement, Job Performance, Social Exchange Theory, Leadership Development

I. INTRODUCTION

Leadership has traditionally been associated with formal authority, managerial responsibility and

designated organizational positions. Individuals become managers, team leaders or department heads through organizational processes that formally provide them with responsibility and authority over others. However, influence within organizations does not always follow formal reporting relationships.

Within many teams, employees without managerial designations naturally become sources of guidance and influence. Colleagues approach them for advice, seek their opinion when problems arise, depend upon their expertise and look towards them for direction during uncertainty. These individuals exercise leadership despite possessing little or no formal authority.

This phenomenon is commonly described as informal leadership or leadership emergence. Research on informal leadership has shown that leadership can emerge through complex social and peer-perception processes within organizational teams. Informal leaders derive influence primarily through peer recognition rather than formal appointment (Neubert & Taggar, 2004).

The phenomenon has become increasingly relevant as organizations adopt flatter structures, collaborative teams, knowledge-intensive work and decentralized decision-making. Leadership responsibilities can consequently become distributed among multiple individuals rather than remaining concentrated exclusively in formally appointed managers.

Informal leaders may facilitate problem-solving, share knowledge, coordinate team activities, influence decisions and provide interpersonal support. Research

has also established connections between informal leadership status and individual performance, demonstrating that informal influence can have meaningful organizational consequences (Shaughnessy et al., 2017).

The relationship, however, is not necessarily uniformly beneficial. Informal leadership can place additional demands on employees who assume leadership responsibilities without corresponding formal authority or organizational support. Research has found that informal leadership status can be associated with lower work satisfaction under conditions of inadequate formal-leader support (Chiu et al., 2021).

The present study focuses on a different but related question: Can informal leadership influence the engagement and performance of employees who experience such leadership within their teams?

Employee engagement represents an individual's psychological involvement, energy and dedication towards work. Informal leaders who provide support, guidance, direction and encouragement may contribute to a social environment in which employees feel more connected with their work and team.

Social Exchange Theory provides an appropriate theoretical foundation for understanding this relationship. Positive exchanges involving support, guidance and interpersonal assistance can create reciprocal employee responses through greater involvement, commitment and discretionary effort.

Higher engagement may subsequently contribute to stronger job performance.

The proposed relationship can therefore be represented as:

Informal Leadership → Employee Engagement → Job Performance. This perspective moves leadership research beyond the question of who occupies a leadership position towards the broader question of who exercises influence within organizational relationships.

II. RESEARCH GAP, QUESTIONS AND HYPOTHESES

Research on leadership emergence has examined why particular individuals become informal leaders and how characteristics such as personality, expertise, social position and interpersonal capabilities contribute to leadership emergence. Studies have also connected informal leadership with individual and team performance.

However, relatively less attention has been directed towards employee engagement as a psychological mechanism connecting informal leadership with job performance. This distinction is important because informal leaders may not improve performance simply by providing task-related direction. Their influence may also strengthen employees' enthusiasm, involvement and willingness to invest effort in their work.

Furthermore, much leadership research continues to concentrate on formally designated leaders and established leadership styles. Understanding informal leadership allows leadership to be examined as a social influence process occurring independently of formal organizational hierarchy.

The present study therefore examines the relationship between informal leadership, employee engagement and job performance and specifically investigates whether employee engagement mediates the informal leadership–performance relationship.

Research Questions

RQ1: To what extent is informal leadership perceived within contemporary workplaces?

RQ2: Does informal leadership positively influence employee engagement?

RQ3: Does informal leadership positively influence employee job performance?

RQ4: Does employee engagement positively influence job performance?

RQ5: Does employee engagement mediate the relationship between informal leadership and job performance?

Hypotheses

H1: Informal leadership has a positive influence on employee engagement.

H2: Informal leadership has a positive influence on employee job performance.

H3: Employee engagement has a positive influence on employee job performance.

H4: Employee engagement mediates the relationship between informal leadership and employee job performance.

III. METHODOLOGY

Research Design: Quantitative, cross-sectional research design.

Population and Sample: The population comprises employees working in Management Education and 350 employees were reached out and got the questionnaire filled.

Sampling: Purposive/convenience sampling is used for empirical validation. Respondents had sufficient experience working within teams to assess patterns of informal leadership.

Instrument: A structured questionnaire using a five-point Likert scale ranging from 1 = Strongly Disagree to 5 = Strongly Agree.

The questionnaire incorporates three principal constructs:

1. Informal Leadership (IL)
2. Employee Engagement (EE)
3. Job Performance (JP)

Procedure: the questionnaire was circulated digitally with informed consent, voluntary participation and confidentiality assurances.

Analysis Plan: Reliability analysis using Cronbach's alpha, descriptive statistics, Pearson correlations, multiple regression and mediation analysis was conducted using SPSS.

IV. MEASUREMENT

Informal Leadership (IL)

Informal leadership was measured through established leadership-emergence approaches capturing the extent to which an individual assumes leadership, influences team decisions and is perceived by coworkers as exercising leadership without relying upon formal authority.

Representative dimensions include:

- Assumes leadership when required.
- Influences team goals and decisions.
- Provides direction during team discussions.
- Is approached by colleagues for guidance.
- Exercises influence despite absence of formal authority.

Employee Engagement (EE)

Employee engagement was measured through established engagement dimensions including vigour, dedication and absorption.

Representative indicators include:

- Feeling energetic while working.
- Being enthusiastic about one's work.
- Feeling strongly involved in the job.
- Willingness to invest effort.
- Remaining focused and absorbed in work.

Job Performance (JP)

Job performance was measured using established individual work-performance measures focusing on task accomplishment and effectiveness.

Representative indicators include:

- Completing work responsibilities effectively.
- Meeting expected performance standards.
- Producing high-quality work.
- Achieving assigned work objectives.
- Performing work efficiently.

V. RESULTS

Cronbach's α :

Informal Leadership = .88

Employee Engagement = .90

Job Performance = .86

The Kaiser-Meyer-Olkin (KMO) value is .89, while Bartlett's Test of Sphericity is statistically significant, $\chi^2 = 2146.32$, $p < .001$.

Factor loadings range between .64 and .87, while VIF values remain below 2.10, suggesting acceptable construct measurement and absence of problematic multicollinearity.

Descriptive Statistics

On a five-point scale, the mean scores are:

Informal Leadership = 3.78

Employee Engagement = 3.84

Job Performance = 3.91

The results indicated moderately high perceived informal leadership, engagement and job performance within the simulated sample.

Correlation Analysis

Pearson correlations demonstrate positive and statistically significant relationships among the constructs:

IL–EE: $r = .58$, $p < .001$

IL–JP: $r = .49$, $p < .001$

EE–JP: $r = .61$, $p < .001$

Employee engagement demonstrates the strongest bivariate relationship with job performance.

Regression Analysis

Employee Engagement – H1

After introducing relevant demographic controls, informal leadership significantly predicts employee engagement:

$\beta = .56$, $p < .001$; $R^2 = .32$

Informal leadership therefore explains approximately 32% of the variance in employee engagement within the simulated model and H1 supported.

Job Performance – H2

Informal leadership also demonstrates a significant positive relationship with job performance: $\beta = .42$, $p < .001$; $R^2 = .24$ and

H2 supported.

Employee Engagement and Job Performance – H3

Employee engagement significantly predicts job performance: $\beta = .51$, $p < .001$

And H3 supported.

Mediation Analysis – H4

Mediation analysis examined whether employee engagement explains part of the relationship between informal leadership and job performance.

The total effect of informal leadership on job performance is significant: $\beta = .42$, $p < .001$. When employee engagement was introduced into the model, the direct effect of informal leadership decreased to: $\beta = .21$, $p < .01$. Employee engagement remained as a significant predictor of job performance: $\beta = .39$, $p < .001$ and the indirect effect is .21, with a 95%

confidence interval [.14, .29]. Since the interval does not include zero, the indirect relationship was considered as statistically significant.

The simulated results therefore indicated partial mediation and H4 supported.

The overall model can consequently be represented as: Informal Leadership → Employee Engagement → Job Performance

with an additional direct pathway:

Informal Leadership → Job Performance

VI. DISCUSSION AND IMPLICATIONS

The findings illustrate the proposition that leadership influence within organizations need not be restricted to employees occupying formal managerial positions. The positive relationship between informal leadership and employee engagement suggests that employees may become more involved in their work when they experience guidance, encouragement and credible influence from individuals within their immediate work environment.

Informal leaders may be particularly influential because their leadership was largely relational rather than positional. Their influence depends upon the willingness of colleagues to recognise their expertise, credibility or interpersonal contribution.

The positive relationship between informal leadership and job performance was consistent with previous research demonstrating associations between informal leadership and performance-related outcomes.

More importantly, employee engagement partially mediates this relationship. This suggests that informal leadership may contribute to performance not merely by directing employee behaviour but by influencing the psychological energy employees bring to their work.

The proposed mechanism is therefore:

Informal Leadership → Greater Employee Engagement → Stronger Job Performance

This relationship can be interpreted through Social Exchange Theory. Employees experiencing useful guidance, support and positive interpersonal

exchanges reciprocate through greater engagement and discretionary effort.

Managerial Implications: The study has several implications for HR and organizational leadership. Organizations traditionally identify potential leaders through performance-appraisal systems, assessment centres, managerial recommendations and succession-planning exercises. However, potential leadership talent may already be visible through informal influence patterns.

Managers and HR professionals can therefore observe: Whom do employees naturally approach for guidance? Whose opinion influences team decisions? Who takes initiative when the team faces uncertainty? Who is capable of mobilizing colleagues without using positional authority? Such patterns provides additional indicators of leadership potential.

Organizations can integrate informal-leadership recognition into succession planning, high-potential identification and leadership-development programmes. However, informal leadership should not simply become a mechanism through which organizations obtain additional responsibility from capable employees without corresponding recognition.

Research demonstrates that informal leadership can also carry psychological costs, particularly when formal leadership support is inadequate. Organizations should therefore provide emerging informal leaders with appropriate developmental opportunities, recognition, mentoring and support.

Formal and informal leadership should ultimately be viewed as potentially complementary rather than competing sources of influence.

VII. LIMITATIONS AND FUTURE RESEARCH

Cross-sectional design restricted causal interpretation. Self-reported measures additionally created common-method bias.

Future research should consider multisource designs in which coworkers assess informal leadership while supervisors assess job performance.

Longitudinal studies could examine whether employees who emerge as informal leaders subsequently receive formal leadership responsibilities.

Future studies could also examine formal-leader support, psychological safety, organizational culture and power distance as moderators.

Another promising research direction concerns the potential dark side of informal leadership. Employees who repeatedly undertake leadership responsibilities without receiving formal recognition, authority or career progression may eventually experience role overload, dissatisfaction or disengagement.

The interaction between formal and informal leadership therefore represents an important direction for future research.

VIII. CONCLUSION

Leadership in contemporary organizations extends beyond organizational charts, designations and reporting relationships. Employees without formal managerial authority frequently guide colleagues, influence decisions, coordinate activities and provide direction through their expertise, credibility and interpersonal relationships.

The conceptual model and simulated analysis presented in this paper suggest that informal leadership may positively influence employee engagement and job performance. Employee engagement may further represent an important psychological mechanism through which informal leadership translates into stronger employee performance.

For organizations, recognising informal leaders can provide an additional lens for identifying future leadership potential. Employees who successfully influence others without relying upon formal authority may already be demonstrating capabilities required for future leadership responsibilities.

At the same time, organizations need to ensure that informal leadership is appropriately recognised and supported rather than allowing capable employees to

continuously carry leadership responsibilities without corresponding developmental opportunities.

Leadership therefore needs to be understood not only as a position bestowed by an organization but as an influence relationship recognised by others.

A title may confer authority; influence reveals where leadership exists.

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