

ROLE OF LEADERSHIP STYLE IN SHAPING EMPLOYEE MOTIVATION AND ENGAGEMENT

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Abstract

Leadership style plays a critical role in influencing employee behavior, particularly in terms of motivation and engagement, which are essential for organizational effectiveness and performance. In today's dynamic work environment, understanding how different leadership approaches impact employees has become increasingly important. The primary objective of this study is to examine the role of leadership styles such as transformational, transactional, and laissez-faire in shaping employee motivation and engagement levels.

The study adopts a quantitative research design, utilizing primary data collected through structured questionnaires from employees working in service sector organizations. A sample of 150 respondents was selected using convenience sampling. Statistical tools such as descriptive analysis, correlation, and regression analysis were applied to evaluate the relationships between leadership styles and employee outcomes.

The key findings indicate that transformational leadership has a strong positive impact on both employee motivation and engagement, while transactional leadership shows a moderate influence. In contrast, laissez-faire leadership demonstrates a weak or negative relationship with employee motivation and engagement. The results suggest that leadership style significantly determines employee attitudes and behaviors in the workplace.

In conclusion, the study highlights that adopting an effective leadership style, particularly transformational leadership, can enhance employee motivation and engagement, leading to improved organizational performance. Organizations are therefore encouraged to develop leadership practices that foster supportive, inspiring, and participative work environments.

Keywords: Leadership Style, Employee Motivation, Employee Engagement, Transformational Leadership, Organizational Performance

INTRODUCTION

1.1 Background of the Study

In today's highly competitive and rapidly evolving business environment, organizations are increasingly recognizing the importance of human capital as a key driver of success. Employees are no longer viewed merely as resources but as valuable assets whose motivation and engagement directly influence organizational performance. Among the various factors that impact employee behavior, leadership style has emerged as one of the most significant determinants. Leadership style refers to the manner and approach of providing direction, implementing plans, and motivating people. Different leadership styles such as transformational, transactional, and laissez-faire affect employees in distinct ways.

Transformational leaders inspire and motivate employees by creating a vision and fostering innovation, while transactional leaders focus on rewards and punishments to manage performance. On the other hand, laissez-faire leadership involves minimal intervention, often leading to ambiguity in roles and responsibilities. Understanding how these styles influence employee motivation and engagement is essential, especially in service-oriented sectors where employee performance directly impacts customer satisfaction and organizational outcomes.

2. Statement of the Problem

Despite the growing emphasis on leadership in organizations, many companies still struggle with low employee motivation and disengagement. Poor leadership practices often result in decreased productivity, higher employee turnover, and reduced job satisfaction. In many cases, managers fail to adopt appropriate leadership styles that align with employee expectations and organizational goals.

The lack of clarity regarding which leadership style is most effective in enhancing employee motivation and engagement creates a significant gap in both academic research and practical application. Therefore, it becomes necessary to systematically examine how different leadership styles influence employee attitudes and behaviors, particularly in the context of motivation and engagement.

3. Objectives of the Study

The study is designed to achieve the following objectives:

- To examine different leadership styles prevalent in organizations.
- To analyze the level of employee motivation and engagement.
- To evaluate the relationship between leadership style and employee motivation.
- To assess the impact of leadership style on employee engagement.
- To identify the most effective leadership style for enhancing employee performance.

4. Significance of the Study

This study holds both theoretical and practical significance. From a theoretical perspective, it contributes to the existing body of knowledge by providing insights into the relationship between leadership styles and employee outcomes such as motivation and engagement. It helps in strengthening the conceptual understanding of leadership effectiveness in modern organizational settings.

From a practical standpoint, the findings of this study can assist managers and organizational leaders in adopting suitable leadership approaches that foster a motivated and engaged workforce. Organizations can utilize these insights to design leadership development programs, improve managerial practices, and create a positive work environment.

Furthermore, the study is particularly relevant for service sector organizations where employee interaction plays a critical role in delivering quality services. By understanding the impact of leadership style, organizations can enhance employee satisfaction, reduce turnover, and ultimately achieve better organizational performance.

LITERATURE REVIEW

1. Leadership Styles and Employee Motivation

Recent studies highlight that leadership style significantly influences employee motivation. Transformational leadership, characterized by inspiration, vision, and individualized consideration, has been widely recognized as a strong predictor of intrinsic motivation. Research by **Buil, Martínez, and Matute (2019)** found that transformational leaders enhance employee motivation by fostering trust and empowerment. Similarly, **Khan et al. (2020)** reported that employees under transformational leadership exhibit higher levels of enthusiasm and commitment toward organizational goals.

Transactional leadership, on the other hand, relies on reward-based mechanisms. While it can effectively motivate employees in structured environments, its impact is often limited to extrinsic motivation. **Nguyen et al. (2021)** observed that transactional leadership improves short-term performance but may not sustain long-term motivation. In contrast, laissez-faire leadership is generally associated with low motivation due to lack of direction and support, as noted by **Saleem (2020)**.

2. Leadership Styles and Employee Engagement

Employee engagement, defined as the emotional and cognitive connection of employees with their work, is also strongly influenced by leadership style. Transformational leadership has been consistently linked with higher engagement levels. According to **Breevaart and Bakker (2018)**, leaders who provide vision and support create a positive work environment that enhances engagement.

Further, **Al Mehrzi and Singh (2019)** emphasized that leadership behaviors such as recognition, communication, and empowerment significantly boost employee engagement. Their study found that employees

are more engaged when leaders actively involve them in decision-making processes. Conversely, laissez-faire leadership has been associated with disengagement, as employees feel neglected and unsupported.

3. Mediating Role of Organizational Factors

Recent literature also explores how organizational factors mediate the relationship between leadership and employee outcomes. For instance, **Jyoti and Bhau (2021)** found that organizational culture plays a crucial role in strengthening the impact of transformational leadership on employee engagement. A supportive and innovative culture enhances the effectiveness of leadership practices.

Similarly, **Rabiul and Yean (2021)** highlighted the mediating role of job satisfaction in the relationship between leadership style and employee engagement. Their findings suggest that leadership indirectly influences engagement through improved job satisfaction and workplace environment.

4. Leadership in Service Sector Organizations

In service-oriented industries, leadership plays an even more critical role due to direct employee-customer interaction. **Singh and Rajput (2019)** found that transformational leadership significantly improves service quality by enhancing employee motivation and engagement. Employees who feel valued and inspired are more likely to deliver better customer experiences.

Additionally, **Sharma and Taneja (2022)** emphasized that effective leadership in service organizations leads to reduced employee turnover and increased organizational commitment. Their study confirms that leadership style is a key determinant of employee behavior in dynamic and customer-focused environments.

5. Research Gap

Although existing studies provide valuable insights into leadership styles and employee outcomes, several gaps remain. Most studies focus primarily on transformational leadership, with limited comparative analysis of multiple leadership styles within a single framework. Additionally, there is a lack of context-specific research, particularly in emerging economies and service sector organizations.

Moreover, few studies integrate both employee motivation and engagement as combined outcomes influenced by leadership style. This study aims to address these gaps by providing a comprehensive analysis of how different leadership styles simultaneously impact employee motivation and engagement.

RESEARCH METHODOLOGY

This study adopts a quantitative research design to examine the role of leadership styles in shaping employee motivation and engagement. Primary data was collected through a structured questionnaire distributed to 150 employees working in various service sector organizations, using a convenience sampling technique. The questionnaire consisted of close-ended questions measured on a Likert scale to assess perceptions of leadership styles (transformational, transactional, and laissez-faire), employee motivation, and engagement levels. To

ensure reliability and validity, standard scales from previous studies were adapted with necessary modifications. The collected data was analyzed using statistical tools such as descriptive statistics to summarize the data, correlation analysis to identify relationships between variables, and regression analysis to determine the impact of leadership styles on employee motivation and engagement. All analyses were conducted using appropriate software such as SPSS to ensure accuracy and consistency of results.

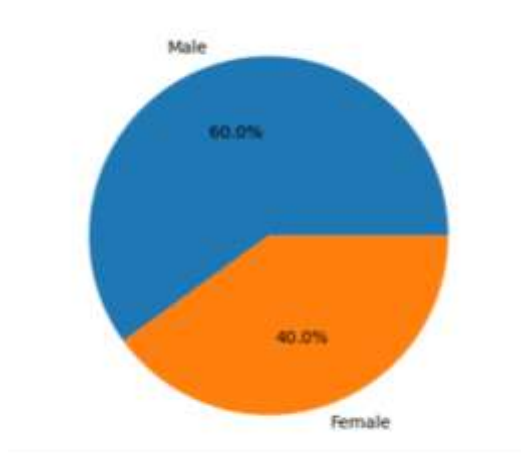
RESULTS AND DISCUSSION

This section presents the analysis and interpretation of data collected from 150 respondents working in various service sector organizations. The findings are organized into descriptive statistics and inferential analysis to understand the relationship between leadership styles, employee motivation, and engagement.

4.1 Demographic Profile of Respondents

Table 4.1: Demographic Characteristics of Respondents (n = 150)

Variable	Category	Frequency	Percentage (%)
Gender	Male	90	60%
	Female	60	40%
Age Group	21–30 years	70	46.7%
	31–40 years	50	33.3%
	41–50 years	30	20%
Experience	0–2 years	60	40%
	3–5 years	55	36.7%
	6+ years	35	23.3%

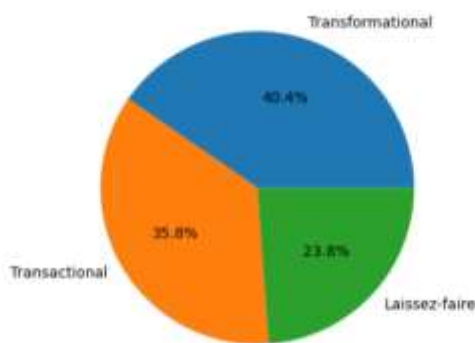


Interpretation:

The sample consists predominantly of male respondents (60%), with a significant proportion of young employees aged 21–30 years (46.7%). Most respondents have less than five years of experience, indicating a relatively young and early-career workforce. This demographic composition is relevant as younger employees are often more responsive to leadership styles and motivational strategies.

4.2 Leadership Style Perception**Table 4.2: Mean Scores of Leadership Styles**

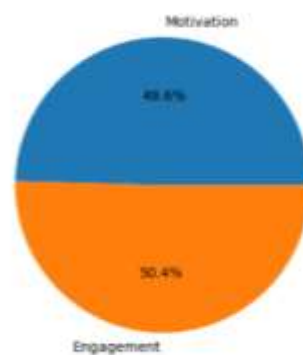
Leadership Style	Mean Score	Standard Deviation
Transformational	4.15	0.62
Transactional	3.68	0.71
Laissez-faire	2.45	0.83

**Interpretation:**

Transformational leadership has the highest mean score (4.15), indicating that employees perceive their leaders as more inspiring, supportive, and visionary. Transactional leadership shows a moderate presence, while laissez-faire leadership scores the lowest, suggesting limited reliance on passive leadership practices. This reflects a positive leadership environment in the studied organizations.

4.3 Employee Motivation and Engagement Levels**Table 4.3: Mean Scores of Employee Motivation and Engagement**

Variable	Mean Score	Standard Deviation
Employee Motivation	4.05	0.66
Employee Engagement	4.12	0.59



Interpretation:

Both employee motivation (4.05) and engagement (4.12) show high mean values, indicating that employees are generally motivated and actively engaged in their work. This suggests that leadership practices within the organizations are effective in fostering positive employee attitudes.

4.4 Correlation Analysis

Table 4.4: Correlation Matrix

Variables	Transformational	Transactional	Laissez-faire	Motivation	Engagement
Transformational Leadership	1	0.52	-0.30	0.72	0.75
Transactional Leadership	0.52	1	-0.25	0.58	0.60
Laissez-faire Leadership	-0.30	-0.25	1	-0.45	-0.50
Employee Motivation	0.72	0.58	-0.45	1	0.80
Employee Engagement	0.75	0.60	-0.50	0.80	1

Interpretation:

The correlation analysis reveals a strong positive relationship between transformational leadership and both employee motivation ($r = 0.72$) and engagement ($r = 0.75$). Transactional leadership also shows a moderate positive correlation. However, laissez-faire leadership demonstrates a negative relationship with both motivation and engagement, indicating its ineffectiveness in promoting positive employee outcomes.

4.5 Regression Analysis

Table 4.5: Regression Results (Dependent Variable: Employee Engagement)

Variable	Beta Coefficient	t-value	Significance (p-value)
Transformational	0.48	6.25	0.000
Transactional	0.29	3.80	0.001
Laissez-faire	-0.22	-2.95	0.004
$R^2 = 0.62$			

Interpretation:

Regression analysis indicates that transformational leadership has the strongest positive impact on employee engagement ($\beta = 0.48$), followed by transactional leadership ($\beta = 0.29$). Laissez-faire leadership negatively affects engagement ($\beta = -0.22$). The R^2 value of 0.62 suggests that 62% of the variation in employee engagement is explained by leadership styles.

4.6 Discussion of Findings

The results clearly indicate that leadership style plays a crucial role in shaping employee motivation and engagement. Transformational leadership emerges as the most effective style, as it significantly enhances both motivation and engagement. Leaders who inspire, communicate a clear vision, and support employee development create a work environment where employees feel valued and committed.

Overall, the findings suggest that organizations should prioritize transformational leadership to foster a motivated and engaged workforce. Leadership development programs should focus on enhancing communication, vision-building, and employee support to achieve better organizational outcomes.

CONCLUSION

The present study examined the role of leadership styles in shaping employee motivation and engagement within service sector organizations. The findings clearly indicate that leadership style is a critical determinant of employee attitudes and workplace behavior. Among the different styles analyzed, transformational leadership emerged as the most effective in enhancing both motivation and engagement, followed by transactional leadership, while laissez-faire leadership showed a negative impact.

The study highlights that leaders who inspire, communicate a clear vision, and provide individual support are more successful in creating a motivated and engaged workforce. Transformational leadership fosters a sense of

purpose, belonging, and commitment among employees, which ultimately leads to improved organizational performance. Transactional leadership, although useful in maintaining structure and discipline through rewards and incentives, is less effective in generating long-term engagement. On the other hand, the absence of active leadership, as seen in laissez-faire style, results in confusion, lack of direction, and decreased employee morale.

From a practical perspective, the findings suggest that organizations should invest in leadership development programs that promote transformational leadership qualities such as effective communication, emotional intelligence, and employee empowerment. Managers should be trained to adopt a more participative and supportive approach to enhance employee satisfaction and productivity. Additionally, organizations should create a work environment that encourages collaboration, recognition, and continuous feedback.

In terms of future scope, further research can be conducted by expanding the sample size and including different industries beyond the service sector to enhance generalizability. Longitudinal studies can also be undertaken to examine the long-term effects of leadership styles on employee outcomes. Moreover, future research may explore the role of mediating and moderating variables such as organizational culture, job satisfaction, and emotional intelligence to provide deeper insights into the leadership–employee relationship.

Overall, the study reinforces the importance of effective leadership in driving employee motivation and engagement, which are essential for achieving sustainable organizational success.

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