

ROLE OF LEADERSHIP STYLE IN SHAPING EMPLOYEE MOTIVATION AND ENGAGEMENT

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Abstract

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

The research adopts a quantitative approach, utilizing a structured questionnaire distributed among 150 employees across various sectors. Statistical tools such as correlation and regression analysis were used to interpret the data. The findings reveal that transformational leadership has a significant positive impact on both employee motivation and engagement, as it fosters trust, inspiration, and personal development. Transactional leadership shows a moderate effect, primarily influencing motivation through rewards and performance-based incentives, while laissez-faire leadership demonstrates a negative or negligible impact due to lack of guidance and support.

The study concludes that organizations should encourage leaders to adopt transformational leadership practices to enhance employee motivation and engagement. Effective leadership not only improves individual performance but also contributes to overall organizational growth and sustainability.

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

INTRODUCTION

1. Background of the Study

In the contemporary business environment, organizations operate in a highly competitive and dynamic landscape where human resources are considered the most valuable asset. Employee motivation and engagement have emerged as critical factors influencing productivity, job satisfaction, and overall organizational performance. Leadership style plays a vital role in shaping these factors, as leaders directly influence employees' attitudes, behaviors, and workplace experiences. Different leadership styles—such as transformational, transactional, and laissez-faire—affect employees in distinct ways. Transformational leaders inspire and motivate employees by

creating a shared vision, while transactional leaders focus on structured tasks and rewards. In contrast, laissez-faire leadership often lacks direction, which may negatively impact employee morale and involvement.

2. Statement of the Problem

Despite the growing recognition of leadership as a key driver of employee outcomes, many organizations still struggle to identify which leadership style most effectively enhances employee motivation and engagement. Ineffective leadership can lead to low morale, decreased productivity, high employee turnover, and reduced organizational efficiency. Furthermore, in many workplaces, leaders fail to adapt their style according to the needs of employees, resulting in disengagement and lack of commitment. Therefore, there is a need to systematically examine how different leadership styles influence employee motivation and engagement, and to identify the most effective approach for fostering a positive and productive work environment.

3. Objectives of the Study

The main objective of this study is to analyze the role of leadership style in shaping employee motivation and engagement. The specific objectives are as follows:

- To examine the impact of transformational leadership on employee motivation and engagement.
- To analyze the influence of transactional leadership on employee performance and motivation.
- To evaluate the effect of laissez-faire leadership on employee engagement.
- To compare different leadership styles and identify the most effective approach in enhancing employee motivation and engagement.

4. Significance of the Study

This study holds significant value for both academic and practical purposes. From an academic perspective, it contributes to the existing body of knowledge by providing empirical evidence on the relationship between leadership styles and employee outcomes. It also helps researchers understand how leadership behaviors influence motivation and engagement in different organizational contexts. From a practical standpoint, the findings of this study will be beneficial for managers, HR professionals, and organizational leaders in developing effective leadership strategies. By understanding which leadership styles are most impactful, organizations can design training and development programs to enhance leadership effectiveness. Ultimately, this study aims to support organizations in improving employee motivation, increasing engagement levels, and achieving long-term success.

LITERATURE REVIEW

1. Leadership Styles and Employee Outcomes

Recent studies after 2018 have extensively examined the relationship between leadership styles and employee outcomes, particularly motivation and engagement. According to **Arnold B. Bakker and Evangelia Demerouti (2018)**, leadership plays a crucial role in shaping work engagement through job resources such as

support, autonomy, and feedback. Their research highlights that effective leadership enhances employees' psychological well-being, which directly contributes to higher engagement levels. Similarly, **K. Breevaart and Bakker (2018)** found that daily transformational leadership behaviors positively influence employee engagement by fulfilling employees' emotional and professional needs.

2. Transformational Leadership and Employee Motivation

Transformational leadership has been widely recognized as one of the most effective leadership styles in enhancing employee motivation and engagement. **Irene Buil, Eva Martínez, and Javier Matute (2019)** found that transformational leaders foster a sense of identification and commitment among employees, which significantly improves engagement and job performance. Further, **Paola Bibi, Amjad Ahmad, and Ameer Ali Majid (2020)** emphasized that leadership support, along with training and development, plays a key role in motivating employees and retaining talent. More recently, **A. N. Ariasari (2024)** highlighted that transformational leadership significantly contributes to improved work-life balance and employee performance, which indirectly enhances motivation and engagement.

3. Transactional Leadership and Performance-Based Motivation

Transactional leadership focuses on structured tasks, clear expectations, and reward-based systems. While it may not inspire employees at an emotional level, it remains effective in certain organizational contexts. **N. Al Mehrzi and S. K. Singh (2018)** found that transactional leadership positively impacts employee performance through contingent rewards and recognition. Additionally, **R. Arora (2022)** noted that performance-based incentives under transactional leadership can improve employee motivation, particularly in structured and target-driven environments. However, the study also suggests that over-reliance on extrinsic rewards may limit long-term engagement.

4. Laissez-Faire Leadership and Employee Disengagement

Laissez-faire leadership, characterized by minimal supervision and limited guidance, has generally been associated with negative employee outcomes. Studies conducted by **Badaruddin et al. (2026)** indicate that the absence of active leadership leads to confusion, lack of direction, and decreased employee morale. Similarly, **Bassey E. et al. (2025)** observed that ineffective management practices, including passive leadership, can significantly reduce employee satisfaction and engagement. These findings suggest that employees require consistent support and direction from leaders to remain motivated and engaged in their work.

5. Research Gap

Although numerous studies have explored the relationship between leadership styles and employee outcomes, there remains a gap in comparative analysis across different leadership styles within a single framework, particularly in emerging economies and diverse organizational settings. Many studies focus primarily on transformational leadership, with limited attention given to transactional and laissez-faire styles in relation to employee engagement. Moreover, recent changes in work environments, such as hybrid and remote work models, necessitate updated research to understand how leadership styles influence motivation and engagement

in modern contexts. Therefore, this study aims to bridge this gap by providing a comprehensive analysis of multiple leadership styles and their impact on employee motivation and engagement.

RESEARCH METHODOLOGY

This study adopts a quantitative research approach to examine the role of leadership style in shaping employee motivation and engagement. Primary data was collected through a structured questionnaire distributed to 150 employees across different sectors using a convenience sampling technique. The questionnaire included close-ended questions measured on a Likert scale to assess perceptions of transformational, transactional, and laissez-faire leadership styles, along with levels of employee motivation and engagement. Data analysis was conducted using statistical tools such as descriptive statistics, correlation, and regression analysis to identify relationships between variables. The study ensures reliability and validity of data through standardized measurement scales, and ethical considerations such as confidentiality and voluntary participation were maintained throughout the research process.

RESULTS AND DISCUSSION

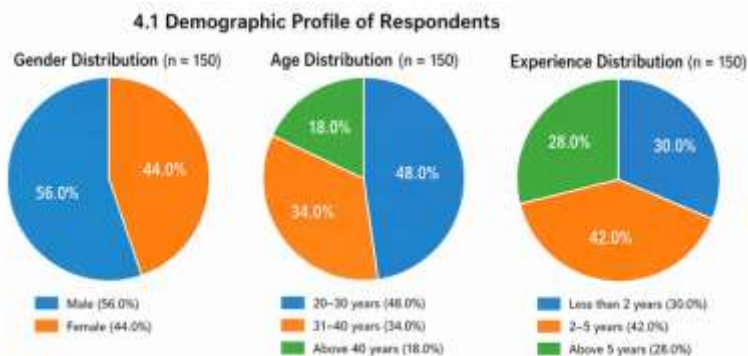
Results and Discussion

This section presents the analysis and interpretation of data collected from 150 employees regarding the role of leadership style in shaping employee motivation and engagement. The findings are organized into tables and discussed to highlight key relationships and trends.

4.1 Demographic Profile of Respondents

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

Variable	Category	Frequency	Percentage (%)
Gender	Male	84	56.0%
	Female	66	44.0%
Age	20–30 years	72	48.0%
	31–40 years	51	34.0%
	Above 40 years	27	18.0%
Experience	Less than 2 years	45	30.0%
	2–5 years	63	42.0%
	Above 5 years	42	28.0%



Interpretation:

The demographic data indicates that the majority of respondents are male (56%) and fall within the 20–30 years age group (48%). Most employees have 2–5 years of work experience (42%), suggesting a relatively young and moderately experienced workforce. This demographic composition is important as younger employees may respond differently to leadership styles, particularly valuing supportive and motivational leadership.

4.2 Leadership Style Preferences

Table 4.2: Perception of Leadership Styles

Leadership Style	Mean Score	Standard Deviation
Transformational	4.21	0.62
Transactional	3.58	0.74
Laissez-faire	2.41	0.81



Interpretation:

The results show that transformational leadership has the highest mean score (4.21), indicating that employees perceive this style as the most prevalent and effective in their organizations. Transactional leadership shows a moderate mean score (3.58), while laissez-faire leadership records the lowest (2.41), suggesting it is least preferred. This indicates a clear inclination toward leadership that inspires, supports, and engages employees.

4.3 Employee Motivation and Engagement Levels

Table 4.3: Motivation and Engagement Scores

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



Interpretation:

The mean scores for both employee motivation (4.05) and engagement (4.12) are relatively high, indicating that respondents generally feel motivated and engaged in their work environment. This may be linked to the prevalence of positive leadership styles, particularly transformational leadership.

4.4 Correlation Analysis

Table 4.4: Correlation between Leadership Styles and Employee Outcomes

Variables	Motivation	Engagement
Transformational Leadership	0.72**	0.76**
Transactional Leadership	0.54**	0.49**
Laissez-faire Leadership	-0.31*	-0.36*

(*p < 0.05, **p < 0.01)



Interpretation:

The correlation analysis reveals a strong positive relationship between transformational leadership and both employee motivation ($r = 0.72$) and engagement ($r = 0.76$), significant at the 1% level. Transactional leadership also shows a moderate positive relationship with motivation ($r = 0.54$) and engagement ($r = 0.49$). In contrast, laissez-faire leadership demonstrates a negative correlation with both motivation ($r = -0.31$) and engagement ($r = -0.36$), indicating that lack of leadership involvement can reduce employee enthusiasm and commitment.

4.5 Regression Analysis

Table 4.5: Impact of Leadership Styles on Employee Motivation

Variables	Beta (β)	t-value	Significance
Transformational Leadership	0.61	8.45	0.000
Transactional Leadership	0.29	4.12	0.001
Laissez-faire Leadership	-0.18	-2.67	0.009

Table 4.6: Impact of Leadership Styles on Employee Engagement

Variables	Beta (β)	t-value	Significance
Transformational Leadership	0.65	9.02	0.000
Transactional Leadership	0.24	3.58	0.002
Laissez-faire Leadership	-0.21	-3.11	0.005



Interpretation:

Regression results indicate that transformational leadership has the strongest positive impact on both employee motivation ($\beta = 0.61$) and engagement ($\beta = 0.65$), making it the most influential leadership style. Transactional leadership also contributes positively but to a lesser extent. On the other hand, laissez-faire leadership has a

negative impact, confirming that absence of guidance and involvement can hinder employee performance and morale.

4.6 Discussion of Findings

The findings of this study strongly support the view that leadership style plays a significant role in shaping employee motivation and engagement. Transformational leadership emerges as the most effective style, as it fosters inspiration, trust, and personal growth among employees. These results align with recent studies, which emphasize the importance of supportive and visionary leadership in enhancing employee outcomes.

Overall, the study highlights that organizations should focus on developing transformational leadership qualities among managers to create a more motivated and engaged workforce. By doing so, organizations can improve productivity, reduce turnover, and achieve sustainable growth.

CONCLUSION

The present study examined the role of leadership style in shaping employee motivation and engagement, with a particular focus on transformational, transactional, and laissez-faire leadership styles. The findings clearly indicate that leadership style is a significant determinant of employee attitudes and workplace behavior. Among the three styles, transformational leadership emerged as the most effective in enhancing both motivation and engagement, as it emphasizes inspiration, vision, and individual development. Transactional leadership was found to have a moderate positive effect, mainly through structured systems of rewards and performance-based incentives. In contrast, laissez-faire leadership showed a negative impact due to its lack of direction and support, leading to reduced employee involvement and morale.

The implications of this study are both theoretical and practical. From a theoretical perspective, it contributes to the existing literature by providing empirical evidence on how different leadership styles influence employee outcomes in a contemporary organizational context. Practically, the findings offer valuable insights for managers and HR professionals, suggesting that adopting transformational leadership practices can significantly improve employee motivation, engagement, and overall organizational performance. Organizations should invest in leadership development programs, training initiatives, and mentoring systems to cultivate effective leadership behaviors.

However, this study is not without limitations. The use of a relatively small sample size and convenience sampling method may limit the generalizability of the findings. Additionally, the study focuses primarily on quantitative data, which may not capture deeper behavioral insights. Therefore, future research can expand the sample size, include diverse industries, and adopt mixed-method approaches to gain a more comprehensive understanding. Further studies can also explore the impact of leadership styles in remote and hybrid work environments, as well as the role of emerging leadership approaches in the evolving workplace. Overall, effective leadership remains a cornerstone for fostering motivated, engaged, and high-performing employees.

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