



Review Paper

The Impact of Leadership Styles on Employee Motivation and Performance: A Review

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Abstract	Manuscript Information
<p>This paper reviews various leadership styles and how they affect employee outcomes specifically focusing on motivation and performance. The discussion includes transformational, transactional, charismatic, and servant leadership styles that highlight their unique features and effects on employee behaviours. The other objective of the research is to explore empirical results and theoretical framework that justify a relationship between leadership styles and employee motivation as well as performance. Leadership’s importance in facilitating the accomplishment of organizational goals through increased worker involvement and effectiveness is emphasized by the literature synthesis.</p>	<ul style="list-style-type: none"> ▪ ISSN No: 2583-7397 ▪ Received: 15-05-2024 ▪ Accepted: 16-06-2024 ▪ Published: 18-06-2024 ▪ IJCRM:3(3); 2024: 110-113 ▪ ©2024, All Rights Reserved ▪ Plagiarism Checked: Yes ▪ Peer Review Process: Yes
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KEYWORDS: Leadership, Organizational Psychology, Productive, Commitment, Laissez-Faire Leadership.

INTRODUCTION

In the modern setting, organizational psychology and management research place leadership processes at an important position as one of the largest determinants of employee motivation and hence performance in an organization. Today, leadership has come across to be much more different from mere notion of authority or simple decision making; it represents inspiring, influencing, and guiding people towards the execution of a specific goal. Hence, there are several styles of leadership that are at the very centre of this definition and all these are related to communication, decision making, and staff engagement strategies. The styles of leadership, therefore, form the basis of influence on employee motivation and performance. Literature indicates that different styles of leadership would

invoke varied reactions from the employees and eventually influence employees' job satisfaction, productivity, and commitment to organizational goals. These dynamics are of paramount importance for leaders desiring to build a critically productive and engaged workforce within the dynamic and competitive business climate prevailing in the contemporary environment.

The purpose of this review is to evaluate whether and how different styles of leadership, such as authoritative, transactional, transformational, and servant leadership, impact the motivation and efficiency of employees. This paper seeks to perform an in-depth analysis of how and why leadership practices and behaviors have an impact on the psychological states and behavioral outcomes of the employees by drawing from

empirical studies and theoretical models. Besides, this paper aims to help bring out the contextual factors that would moderate such relationships and hence put forward the complex interplay between leadership, organizational cultures, and employee dynamics.

The following review is intended to synthesize literature in arguing best practices for leaders who wish to enhance staff motivation and performance through effective leadership maneuvers. This research will make a contribution to the debate about how to maximize organizational effectiveness and employee well-being in the contemporary dynamic and diverse workplace by outlining, in some detail, the strengths and limitations of these different leadership styles.

Ultimately, this reviews the role of leadership in the organizational culture and thereby driving different performance outcomes. The calls make for nuanced understanding of leadership styles as strategic tools in cultivating a motivated workforce and high performers, thereby fostering sustainable growth and competitive advantage in the marketplace globally.

RESEARCH AIM

The main purpose of this study is to investigate and analyse the effects of different leadership styles on employee attitudes, motivation and performance in diverse organisational settings. The research seeks to expand the existing literature by giving empirical evidence as well as insights into how leadership behaviours and styles affect employee outcomes so as suggest better practices in management for improving organizational performance and enhancing employee commitment.

LITERATURE REVIEW

Udin U (2023) has conducted a study titled Transformational Leadership Paradigm and Intrinsic Work Motivation for Nurturing Employee Performance. The objective of this study was to examine if transformational leadership influences intrinsic motivation in Indonesia. This conclusion indicated that it had positive influence.

Al-Lawam *et al.*, (2023) conducted research titled 'The Impact of Leadership on Employee Motivation in the Jordanian Telecommunication Sector' which addressed only directors without considering other aspects pertaining to employee motivation at large. Furthermore, it found out that transactional leadership, transformational leadership had direct correlation with Employee Motivation where it was lacking in laissez-faire leadership.

Research by Vasileva & Datta (2020) on "The Impact of Leadership Style on Employee Motivation in the Automotive Industry: A British Perspective" found that democratic leadership was the most utilized form of leadership in this particular industry. If conducted in any other industry, these findings would differ from those of this research.

Obasan Kehinde and Hassan Banjo (2014) also carried out research on the impact of leadership ideologies on employee performance. The Department of Petroleum Resources conducted a study that found that an effective "transformational leadership style" would motivate employees to go above and

beyond expectations, address the moral needs and higher-order needs of followers, pique their interest in the organization's mission and core values, instill a sense of pride and confidence in them, show respect for one another, and increase their sense of self-worth. According to the findings of related studies, staff nurses thought that there was a negative correlation between a laissez-faire leadership style and transformational, transactional, and leadership styles. They concluded that nurses' perceptions of their leaders' efficacy, their willingness to put in more effort, and their overall performance as employees were all enhanced by a range of transformational leadership behaviors, styles, and traits. Ispas and Babaita (2012) found that managers who regularly produce the desired outcomes are viewed as adopting an authoritarian leadership style. The study focused on the relationship between worker performance and perceived leadership style in the hotel industry. They also underlined the necessity for managers to devise practical plans for helping employees improve their own performance.

Strong visioning and persuasive powers are traits of charismatic leadership, which inspires the members to change and to execute grand goals (Conger & Kanungo, 1998); This type of leadership promotes a sense of collective vision and allows employees to contribute new, innovative ideas to the company's future. An emotionally intelligent with the ability to form relationships and trust with their teams can raise employee motivation and engagement, hence charismatic leaders.

Servant leaders embody humility, empathy and moral judgement by prioritizing the welfare, growth and development of their followers (Greenleaf, 1977). By meeting all the needs of others, servant leaders build a welcoming and inclusive work environment that promotes real commitment and employee satisfaction (Van Dierendonck, 2011).

The Impact of Leadership Styles on Employee Motivation Leadership Styles and Motivation

Along with job satisfaction, leadership style is one of the major outcomes researched in HR and perhaps one of the most researched topics in management and industrial psychology. That is probably because the core issue to organizational research, though at times a beleaguered one, is leadership (Kesting *et al.*, 2016; Meindl, 2013; Puni, Ofei, & Okoe, 2014). In 1939, psychologists Lewin, Lippitt, and White identified three main leadership philosophies - authoritarian, democratic, and laissez-faire. Leadership can enhance an organization and elevate the productivity and profit potential, but ultimately the style of the leader and the atmosphere that is then created, will decide just how successful and high functioning the staff will be. According to Asrar-ul-Haq and Kuchinke (2016), a manager's leadership style has a significant impact on important organizational outcomes like low staff turnover, lower absenteeism, high customer satisfaction, and higher organizational effectiveness. According to Pufi *et al.* (2014), leadership style also governs reward and punishment systems that influence employee behavior, motivation, and attitude, all of which have an effect on organizational success. It has the potential to inspire or disillusion workers, which could raise or

lower productivity. Moreover, an employee's perception of their own health, in particular, can be positively or negatively impacted by their employer's leadership style (Kahn & Katz, 1952). The majority of leadership theorists concur that the leadership literature is dominated by theories of qualities, style, and contingency (Jung *et al.*, 2014; Kesting *et al.*, 2016; Schein, 2015).

In 1945, the Ohio State University gave rise to the leadership style movement. The "Consideration" and "Initiating Structure" studies distinguished themselves from these early contributions by offering the fundamental elements of leadership behavior in formal organizations. Thus, in 1947 at the University of Michigan, contributions like Likert (1961) and Kahn & Katz (1952) additionally extended the works of their forebears by essentially evaluating the relationship between supervisory behavior and employee productivity and satisfaction. Their research revealed two distinct leadership philosophies: production-centered (PC) and employee-centered (EC). Executive Committee (EC) leaders prioritize employee goals and satisfaction over time spent on tasks that are similar to those allocated to employees.

Additionally, it has no interest in disciplining staff members for mistakes. However, because they are more focused on output, PC leaders devote less time to planning and more time to the actual production-related supervisory tasks (Avolio, Walumbwa, & Weber, 2009). Because of the very diversified labor that globalization produced, it is critical to examine leadership style from a cross-cultural standpoint.

The Impact of Leadership Styles on Employee Performance

According to Rotundo and Rotman (2002), work performance is defined as an individual's controllable activities that support organizational goals. Otley (1999) asserts that job performance and organizational performance are two distinct categories of performance in organizations. Job performance is another term for employee performance. According to Otley (1999), an organization's performance is also dependent on the work performance of its people as well as other elements like the organizational environment.

In their study, Rasool *et al.* (2015) examined the relationship between leadership styles and worker performance in the Pakistani healthcare industry. They found that transformational leadership styles had a more positive influence on worker performance than transactional leadership. They found that highly organic environments that prioritize competitive advantages are ideal environments for transformative leadership to flourish. Additionally, their study's results showed that transformational leadership had a greater impact on work performance than transactional leadership.

Since an organization's success depends on its employees' creativity, ingenuity, and devotion, effective employee performance is essential to the organization (Ramlall, 2008). According to Macky and Johnson (2000), enhanced performance on the part of a single person can likewise enhance performance inside the firm. An organization's overall performance dictates whether it survives. This means that the researcher might

conclude that individual performance influences departmental success, which in turn influences organizational success. Individual performance is therefore crucial to the overall success of a business.

Individual performance is a fundamental idea in work and organizational psychology, claim Sinned and Frese (2002). Performance, in the words of Armstrong (2014), is behavior that produces outcomes. Performance management affects performance by giving people the knowledge necessary to improve it as well as by assisting them in understanding what constitutes good performance. By rewarding and praising excellent performance and offering incentives for improvement, reward management affects performance. Viswesvaran and Ones (2000) define job performance as scalable actions, behaviors, and results that workers take part in or produce that are related to and support corporate objectives.

CONCLUSION

In conclusion, leadership styles significantly influence employee motivation and performance within organizations. Transformational, transactional, charismatic, and servant leadership styles each offer distinct advantages in fostering employee engagement, satisfaction, and productivity. By understanding the characteristics and effects of these leadership styles, organizations can cultivate effective leadership practices that contribute to long-term success. Future research should continue to explore the dynamic nature of leadership and its evolving impact on employee outcomes in diverse organizational contexts.

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