

Impact of Leadership Styles on Employee Motivation: A Literature Review

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Abstract: This paper examines the impact of leadership style on employee motivation, focusing on transformational leadership. Utilizing qualitative methodology, it finds a positive relationship between transformational leadership and motivation. This study reveals that transformational leader creates an inspiring environment through inspirational motivation, idealized influence, intellectual stimulation and individualized consideration, enhancing employee motivation. Consequently, motivated employee positively influences organizational performance. Overall, this literature review contributes to understanding of the vital linkages between leadership style, employee motivation, and organizational performance.

Keywords: Employee motivation, Leadership styles, Organizational performance, Transformational leadership.

I. INTRODUCTION

The ability of a person, group, or organization to “lead”, influence, or mentor other people, teams, or entire organizations is encompassed under leadership as a research topic and as a practical competence.

The term “leadership” is controversial. Expert literature discusses several points of view on the idea, occasionally contrasting Eastern and Western leadership philosophies as well as (in the West) North American against European philosophies. Leadership is the process by which one person persuades others to voluntarily and joyfully focus their skills and efforts on achieving specific organizational or group objectives Nel *et al.* (2004).

“A process of social influence in which a person can enlist the aid and support of others in the accomplishment of a common and ethical task” is how some academic contexts in the United

States define leadership. To put it another way, as a significant power dynamic where the influence of one party (the “leader”) encourages others (the “followers”) to move or undergo change. Some have questioned the more conventional managerial conceptions of leadership, which see it as something that one person owns or possesses because of their position or authority. Instead, they promote the idea that leadership is a complex concept that exists in both formal and informal roles and at all institutional levels.

A. Features of Leadership

- *Vision and Purpose:* The capacity to establish and effectively convey a distinct vision and purpose for the group or organization is a fundamental aspect of leadership. A leader should be able to clearly communicate the organization’s mission, values, and goals to the team and should possess a thorough understanding of them. This motivates the group to strive for a single objective and aids in giving it direction.
- *Decision-Making Abilities:* The capacity to act swiftly and decisively is a crucial aspect of leadership. Leaders must be able to make judgments that will benefit the team or organization despite the many hurdles and problems they confront. Strong decision-making abilities are essential for a great leader, and these include the capacity to evaluate the complex information, assess the weigh the benefits and drawbacks of various choices, and make choices that are consistent with the objectives and core values of the company.
- *Emotional Intelligence:* Understanding and controlling one’s own emotions as well as those of others is a sign of emotional intelligence. It is an essential quality of a successful leader since it fosters an environment that is both productive and happy at work. It is more probable

for a leader with high emotional intelligence to be understanding and sympathetic to the sentiments and emotions of their team. Additionally, they have the ability to control their emotions well, even under pressure, which can reduce tension on the team and avoid confrontations.

B. Leadership Styles

A leader's behavioural approach to directing, inspiring, and influencing their subordinates is referred to as their leadership style. The way in which leaders carry out plans and strategies to achieve certain goals while taking into consideration the expectations of stakeholders and the safety and well-being of their team is determined by their leadership style.



- **Democratic Leadership Style:** Democratic leadership is a collaborative and consultative leadership style in which the leader makes decisions based on feedback from the team; each team member is given the chance to offer input on the direction of ongoing projects, but the leader is ultimately in charge of making the final decision.
- **Autocratic Leadership Style:** The exact opposite of democratic leadership is autocratic leadership. In this scenario, the team's leader acts as their representative and makes all decisions without consulting them. The leader is in charge and has all authority. They determine all that has to be done and have total authority. Before a decision is taken, the staff is not consulted.
- **Laissez – Faire Leadership:** A hands-off or passive style of leadership is a precise definition of laissez-faire leadership. Rather, leaders give their team members the resources, knowledge, and instruments they need to complete their responsibilities. The "let them be" style of leadership involves a leader stepping back and allowing team members to operate independently, freeing them up to plan, organize, decide, solve issues, and finish the tasks that have been allocated.
- **Transformational Leadership:** Employees are encouraged, inspired, and motivated by the transformational leadership approach to innovate and bring about the change that will determine the company's future success.

- **Transactional Leadership:** Transactional leadership analyses success based on the organization's system of rewards and penalties, prioritizes results, and adheres to the structure already in place. Within a company, transactional leaders hold official roles of authority and accountability. By encouraging collective performance and controlling individual performance, this kind of leader keeps things predictable.

For this study only Transformational Leadership is considered.

C. Employee Motivation

Employee Motivation is the will or inspiration a person has to work hard at their job. It's what motivates someone to look forward to going to work every morning. Employees are more likely to be involved in their work, productive, and innovative when they are driven. Geen (1995) defined motivation as the beginning, directing, intensifying, and enduring of human conduct. Numerous factors affect employee motivation. These include of acknowledgment, chances for advancement, and a supportive work atmosphere. A more positive workplace culture is produced via acknowledging and fostering these elements. Employees' general job satisfaction increases as a result.

D. Theories of Employee Motivation

- **Maslow's Hierarchy of Needs:** According to Maslow's hierarchy of needs theory, people get motivated when their five fundamental needs are met. These demands progress up the hierarchy toward self-actualization, beginning with the most fundamental (safety and physiological).
The following are the five needs:
 - Basic needs (food, water, shelter, etc.)
 - Safety needs (security, protection, etc.)
 - Needs for love and belonging (friendship, for instance)
 - Esteem needs (such as acknowledgment and self-respect)
 - The requirements for self-actualization (realizing one's potential, for instance)
- **Herzberg's Two-Factor Theory:** The two categories of job elements identified by Herzberg's two-factor theory are hygienic factors and motivators. To avoid dissatisfaction, hygiene elements like pay and working conditions must be satisfied. However, factors that drive job happiness include responsibility and acknowledgment.
- **Expectancy Theory:** This well-known theoretical framework describes the variables affecting a person's motivation. This notion holds that a person's drive stems from their conviction that exerting greater effort would lead to better results. But in order for someone to be motivated, they also need to appreciate these results.

- *Self-Determination Theory*: According to this theory, people get motivated when they feel three different emotions. The emotions include relatedness (the experience of belonging to others), competence (the conviction that one is capable), and autonomy (control over one’s job). People are more likely to be motivated and engaged at work when these three demands are satisfied.

E. Transformational Leadership

Employees are encouraged, inspired, and motivated by the transformational leadership approach to innovate and bring about the change that will determine the company’s future success. Without micromanaging, transformational leaders inspire and excite their team members, allowing skilled workers to assume decision-making authority in their designated roles. It’s a management approach meant to allow staff members greater freedom to be imaginative, forward-thinking, and innovative in solving challenges. Through training and mentoring, staff members on the leadership track will also be equipped to take on the role of transformative leaders themselves.

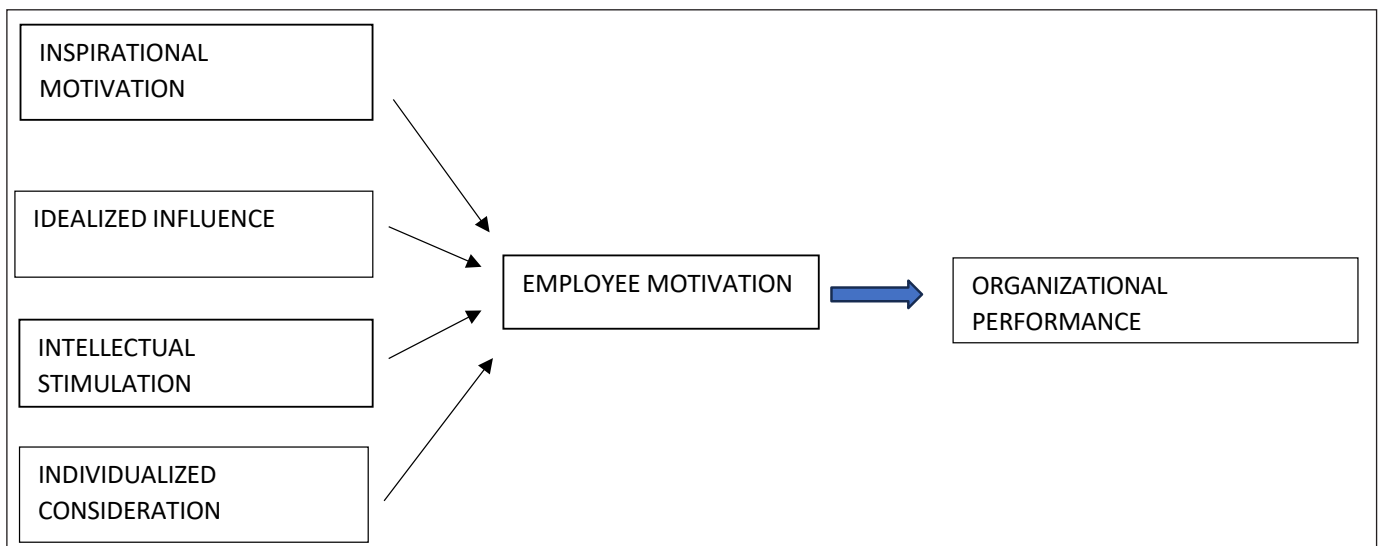
F. 4 I’s of Transformational Leadership

- *Idealized Influence*: Setting a good example for others is the most crucial thing a transformational leader can do. You will be looked to by staff members as an example of appropriate behaviour in all aspects of the workplace. If

you set a high bar for performance and lead with sincerity, your staff will notice and be motivated to meet it. It’s not about coercing workers into putting in a lot of overtime; rather, it’s about setting a good example and influencing people in a positive way by upholding transparency, trust, and respect.

- *Intellectual Stimulation*: It’s necessary to push the status quo and question ingrained business assumptions while promoting innovation, creativity, critical thinking, and problem-solving in order to facilitate change. Transformative leaders should encourage staff members to take risks and explore novel concepts and possibilities that have the potential to spark creativity inside the company. You want to create a culture that supports development and ignites enthusiasm for the organization’s other major projects, such as digital transformation.
- *Inspirational Motivation*: It is imperative for a transformational leader to inspire their staff to have a sense of attachment and commitment to the organization’s vision. By providing workers a clear sense of purpose instead of trying to instill fear in them, you can make sure that they share your commitment to these objectives as a leader.
- *Individual Consideration*: Workers must have a sense of autonomy and ownership over the overarching objectives of the company. Understanding that each employee is a distinct individual within the organization with varying requirements, mentorship styles, and contributions to make is crucial for transformative leaders.

II. CONCEPTUAL FRAMEWORK OF THE STUDY



III. INTERPRETATION

Transformational leadership factors, characterized by Inspirational Motivation, Idealized Influence, Intellectual

Stimulation, Individualized Consideration can positively impact Employee Motivation. Employee engagement and motivation are higher when leaders create a positive and encouraging work environment employee that are driven and engage are typically

more devoted and productive which fosters better team work and increased organizational performance. It also encourages more commitment and engagement from staff members, which boosts output and collaboration. Employees that are highly motivated and engaged have a higher propensity to create, collaborate, and favourably impact corporate goals. This can lead to improved overall performance and increased market competitiveness because transformational leadership has a knock-on effect on employee engagement and performance, it thus not only increases individual motivation but also fosters organizational success.

IV. RESEARCH METHODOLOGY

This study uses a qualitative research methodology that focuses on employing in-depth qualitative analytic techniques to examine how transformational leadership affects employee motivation.

V. LITERATURE REVIEW

Sougui *et al.* (2017) in their paper titled “The impact of leadership on employee motivation in Malaysian telecommunication sector” have found that leadership has a significant positive impact on employee motivation. The authors have taken transformational leadership as the main leadership style and tried to summarize various theories connecting the two variables. This paper is purely theoretical and doesn't involve any data collection. It is based on the review of literature connecting leadership, employee motivation and management as the prime factor also the study has shown that all leadership styles have a significant positive or negative impact on the employee motivation and performance.

Alghezo and Al-Anazi (2016) in their paper entitled “The impact of leadership styles on employee motivation” has reviewed various theories of motivation and has tried to link leadership with motivation. They also have discussed various styles of leadership which affect motivation of employees. The research methodology includes both qualitative and quantitative methods for testing hypothesis as well as understanding the concepts by personnel opinions. The results have shown that leaders who adapt participative and transformational leadership are more likely to create an atmosphere of motivation among their employees.

Handoyo *et al.* (2015) in their paper titled “The influence of leadership styles on employee performance through work motivation” have found that leadership style has a significant & insignificant impact on employee performance through work motivation. The authors have determined the degree to which work motivation is influenced by both transformational and transactional leadership styles, as well as the degree to which these styles affect employees' performance. The study's findings indicate that there was no significant correlation between transformational leadership style and work motivation.

However, the study also supports previous research suggesting a positive correlation between transactional leadership style and work motivation. Additionally, the study found no evidence of a negative relationship between transformational leadership style and employee performance, negative correlation between transformational leadership style and employee performance, and positive correlation between employee performance and employee performance from transactional leadership styles.

M. N. and D. T. (2015) in their paper titled “The effects of leadership styles on employee motivation in auditing companies in Ho Chi Minh City, Vietnam” has evaluated the overall leadership style effects on employee motivation they have taken two variable i.e. independent variable were task oriented leadership, relation oriented leadership, change – oriented leadership, charismatic leadership, participative leadership, ethical leadership, ethic-based contingent reward leadership and autocratic leadership and there dependent variable was employee motivation. The research methodology includes quantitative method. The result has shown that leadership philosophies have a significant impact on maintaining and increasing staff motivation. Furthermore, this study showed a favorable correlation between employee motivation and charismatic leadership, relationship-oriented leadership, and ethic-based contingent incentive leadership.

N. and H. G. (2021) in their paper titled “The influence of leadership style, motivation and work discipline on employee performance” has found that how much work discipline, motivation, and leadership style affect employee performance. The research methodology includes quantitative method. The study's findings demonstrate that work discipline and employee performance have a positive and significant relationship, as does leadership style. Additionally, there is a negative and significant relationship between motivation and employee performance.

E. M. *et al.* (2019) in their paper titled “A study on the impact of leadership styles on employee motivation in construction projects of Lahore”. The authors have taken three primary forms of leadership transformational, transactional, and laissez-faire. They have checked the relationship between motivation and leadership style in Lahore construction project. In this quantitative study, the Work Extrinsic Intrinsic Motivation Scale (WEIMS) was used to collect data on motivation levels and the Multifactor Leadership Questionnaire (MLQ) was used to perform a structured, closed-ended questionnaire survey. According to analysis, a transformational leader has the most influence on employee motivation, whereas a laissez-faire leader has the least.

VI. RESULTS AND DISCUSSION

This study looks into how employee motivation is affected by a leader's style, especially transformational leadership. It finds a positive correlation between transformational leadership and motivation through the use of qualitative approaches. The research explains how transformational leaders enhance

employee motivation by creating an exciting environment with components like inspirational motivation, idealized influence, intellectual stimulation, and individualized consideration. As a result, increased employee motivation has a favourable effect on organizational performance. Understanding the crucial relationships between organizational effectiveness, employee motivation, and leadership style is greatly improved by this examination of the literature.

VII. CONCLUSION

The present study concludes that transformational leadership has a significant impact on employee motivation, as demonstrated by the positive correlation found in the qualitative analysis. Transformational leaders foster an environment that drives staff motivation through inspirational motivation, idealized influence, intellectual stimulation, and individualized consideration. This increased drive then translates into improved performance inside the organization. This study adds important new information to the body of knowledge on the relationship between leadership effectiveness and organizational success by illuminating these critical connections between employee motivation, leadership style, and organizational results.

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