Exploring Leadership Styles: Their Impact on Employee Engagement and Organizational Performance

Dr.Kasturi Sahay[1*], Dr.Ashish Mohan[2], Dr.Manish Pd. Rajak[3], Ms.Sephalika Sagar[4], Mr.Avirup Mukherjee[5], Mr.Tamal Bhattacharya[6]

[1*]Associate Professor,Amity University Jharkhand, ksahay@rnc.amity.edu
[2]Assistant Professor (III), Amity University Jharkhand, amohan@rnc.amity.edu
[3]Assistant Professor, Amity University Jharkhand, mprajak@rnc.amity.edu
[4]Assistant Professor, Amity University Jharkhand, ssagar1@rnc.amity.edu
[5]Assistant Professor(II) Amity University Jharkhand, amukherjee@rnc.amity.edu
[6]Assistant Professor(II) Amity University Jharkhand, tbhattacharya@rnc.amity.edu

Abstract

Leadership plays a crucial role in shaping employees' attitudes toward their work and influencing their overall performance. Research suggests that while transactional leadership tends to exhibit either a low or negative association with employee engagement, transformational and democratic leadership styles are more positively correlated with higher engagement levels. This study focuses on examining leadership behavior, employee commitment, and organizational productivity within various cultural contexts. A mixed-methods research design was utilized, integrating quantitative surveys and qualitative interviews conducted with a sample of 500 employees from the USA, UK, India, and Australia. Participants were chosen based on specific inclusion and exclusion criteria. Analytical techniques such as frequency distribution and correlation analysis were employed to explore the relationships among the variables. Comparisons across different nations provided insights into how leadership styles vary based on cultural sensitivity. The findings revealed a significant positive correlation between transformational leadership and engagement ($r = 0.76$, $p < 0.01$) and between democratic leadership and engagement ($r = 0.65$, $p < 0.01$). However, transactional leadership demonstrated only a weak positive correlation with engagement ($r = 0.32$, $p < 0.05$). Cultural differences also influenced leadership effectiveness, with transformational leadership being predominantly observed in the USA and the UK. This study emphasizes the importance of adopting transformational and democratic leadership approaches to enhance employee commitment and boost organizational performance. Additionally, the findings underscore the necessity of aligning leadership styles with cultural contexts to achieve optimal outcomes.

Keywords: Leadership styles, employee engagement, organizational performance, transformational leadership, cross-national comparison, cultural influences.

1. Introduction

Leadership is a key factor in the organizational context as it plays the role of a cultural and performance determinant affecting the workforce and overall organizational performance. In the years past, different scholars have come up with different leadership theories that provide an understanding of how leadership affects self and organizational performance (Northouse, 2018). Changes in the physical environment within which people operate, especially at the workplace in the present era of technology, have led to the following research question: what is the social connection between leaders and subordinates and how does this impact engagement? This topic has received attention in the recent past because of its link to job satisfaction, staff retention, and performance (Macey & Schneider, 2008). Ment et al argue that effective leadership fosters job satisfaction, organizational commitment, and motivation which foster organizational performance according to Zhang & Bartol (2010). It saves time to note that leadership styles have been categorized into transformational, transactional, and others and all these have been pointed as having a central role in determining specific employee behaviors and eventual organizational results. While integrating, individualistic and systemic dimensions of organizations, the leaders motivate and encourage people, including the creation of ideas the alteration in politics, and the envisioning of job objectives (Bass, 1990). Autocratic and democratic leadership styles refer to the amount of authority and decision-making power afforded to employees, respectively. The relationship between leadership styles and the outcomes of employee engagement, therefore, has to be investigated given the modern trends in the organization.

Employee engagement has been recognized as a highly important issue in the leadership studies sector and is crucial to leadership, based on many findings relating to it. Out of the different types of leadership behavior, transformational leadership (TL) has been positively related to employee engagement. As stated by Judge and Piccolo (2004), TL leads to engagement through the integration of personal and organizational objectives. It not only mobilizes motivation and commitment but also increases organizational satisfaction which in turn increases organizational performance (Bass & Riggio, 2006). On the other hand, transactional leadership has been found to have a relatively low correlation between it and the engagement of employees. Even though it helps manage and complete tasks and overall accomplish objectives

within a short-term strategy, a motivational boost is generally short-lived. This is because transactional leaders are known more for rewards based on performance on given tasks, and not a focus on values, beliefs, and ideas (Avolio, and Bass 1995; Northouse 2018). Leadership style is a critical determinant of organizational performance because of the impact it has on employee conduct. For instance, the use of the transformational leadership style is characterized by higher production rates, creativity, and dedication – all critical success factors in organizations (Wang et al., 2011). On the other hand, the study established that autocratic leadership reduces creativity and motivation while increasing performance through teamwork and problem-solving under democratic leadership (Kaiser et al., 2008). Organizational commitment is another antecedent to performance and defines the psychological attachment that employees have to their organizations. Employees who are engaged in the workplace are more likely to go the extra mile in their work, and produce results that are beyond expected (Chambers et al., 2002). Studies also draw attention to leadership about engagement as indicated in the following; Cooper et al (2012) have pointed out that managers who foster supportive relationships with employees, conduct career development activities, and encourage employee autonomy, maximize engagement (Shuck & Reio, 2014).

While several studies have been carried out to compare different leadership styles and their impacts on EE and OP, there is little knowledge about how these various leadership approaches may affect EE and OP in various organizations. In particular, despite the extensive literature on transformational leadership, there is a lack of integrated qualitative and quantitative analysis of the effects of various leadership styles on EE and OPEP. As it has been seen that employee engagement does affect performance results, it is important to understand how leadership behaviors influence this relationship. This lack of research calls for more studies to be conducted to establish how leadership can improve both employee commitment and organizational performance.

Research Objectives
The purpose of this research is to establish the relationship between leadership styles employee engagement and organizational performance. The specific objectives of the research are as follows:
1. To compare the impact of transformational, transactional, and democratic leadership styles on the level of engagement of employees within different organizational contexts.
2. To assess the impact of EE in predicting organizational performance, creativity, and employee turnover.
3. To explore the possibility of how organizational culture and structure may mediate the relationship between leadership styles and employee engagement.
4. To provide specific guidelines for organizations to implement leadership approaches that increase employee engagement and improve organizational outcomes.

2. Literature Review
There have been several relationships between leadership styles, employees' opinions, and organizational performance. Management is widely understood as one of the factors that affect the level of engagement: the style of management and leadership used determines the levels of engagement and the outcomes.

2.1 Leadership Styles and Employee Engagement
Management behaviors determine workers' attitudes, participation, and interest in their jobs. Based on Bass and Riggio (2006), there is a clear tendency to grant the transformational leadership style because it embraces the vision and employee empowerment to energize the followers. Various studies have suggested that with the help of transformational leaders, people at the workplace are provided with a sense of organizational identification that, in turn, enhances their level of job satisfaction, motivation, and organizational commitment amongst others (Avolio, & Bass, 1995). Culturally applied transactional leadership style which uses rewards and punishments based on performance data is generally associated with low levels of employee engagement. While the transactional leadership style may guarantee that tasks are accomplished effectively and in a standardized manner, it does not create the kind of attachment necessary for people to be motivated to stay with the projects (Judge & Piccolo, 2004). Traditional leadership styles such as transactional leadership that have been proven to bring forth compliance do not as well influence the motivation and hence the willingness of employees to go the extra mile (Northouse, 2018). Moreover, whereby top management involves employees in decision-making processes through practices such as democracy, research shows that it increases engagement levels among workers by fostering commitment and 'ownership' among the employees. Managers who foster active involvement from employees help them feel valued and integral to the organization's achievements (Kaiser et al., 2008).

2.2 Leadership and Organizational Performance
The impact of leadership styles on organizational performance has been established. Precisely, studies using the transformational leadership style have pointed toward positive relationships between the way leaders lead and various aspects of performance such as innovation, productivity, and employee turnover (Wang, Oh, Courtright & Colbert, 2011). Those managers who pay attention to the personal development of their subordinates are likely to achieve better organizational results because they have a motivated workforce that is ready to perform more than expected. While more

focused on organizational efficiency, transactional leadership is not as connected to the long-term increase in organizational performance. This has been especially practiced in organizations that have a clearly defined system of reporting and measurable performance (Bass, 1990). Nonetheless, the findings of the past research indicated that in complex and competitive contexts, transactional leadership does not help organizations achieve high performance as much as transformational leadership does. When the workers have little decision-making power, the leadership style is considered autocratic, and most often, this option leads to low organizational performance, especially if the job entails flexibility, innovation, and teamwork (Kaiser et al., 2008). On the other hand, democratic leadership makes employees more creative, involved, and innovative when collaborating and this leads to higher productivity (Shuck & Reio, 2014).

2.3 The Mediating Role of Employee Engagement

Management behaviors are associated with organizational performance with organizational commitment being the mediating factor. According to Harter, Schmidt, and Hayes (2002), when an organization adopts the concept of employability, the employees are likely to show higher productivity, innovation, and commitment to the success of the organization than the rest. The studies have found that; when the employees are engaged, most of them will remain with the firm, make creative contributions, and contribute to the realization of the organizational objectives. Engagement is most easily achieved in the context of transformational leadership since this approach is based on the idea of people being inspired to self-develop and take responsibility for their tasks. Work engagement, leadership, and performance show that for organizations to attain optimum results they should not only consider leadership practices but also foster an engagement climate at work (Zhang & Bartol, 2010).

Table 1: Explaining the Literature by Author Name, Year, and Main Findings

Author(s)	Year	Main Finding
Bass & Riggio	2006	Transformational leadership enhances employee engagement and organizational performance by inspiring and motivating employees.
Avolio & Bass	1995	Transformational leadership leads to increased motivation, satisfaction, and productivity among employees.
Judge & Piccolo	2004	Transactional leadership is less effective than transformational leadership in fostering employee engagement.
Northouse	2018	Transactional leadership ensures efficiency but does not increase emotional commitment and engagement.
Kaiser *et al.*	2008	Democratic leadership promotes higher engagement and organizational performance by involving employees in decision-making.
Wang *et al.*	2011	Transformational leadership is positively correlated with organizational innovation, productivity, and commitment.
Shuck & Reio	2014	Employee engagement is a crucial mediating factor between leadership style and organizational performance.
Zhang & Bartol	2010	Transformational leadership enhances both individual and organizational performance by fostering engagement.
Harter, Schmidt, & Hayes	2002	Employee engagement mediates the relationship between leadership style and organizational performance.

3. Methodology
3.1 Study Design

The study uses both quantitative and qualitative research paradigms in the conduct of the research. The quantitative data is collected using structured questionnaires that comprise leadership behavior scales, commitment scales, and organizational effectiveness scales. For the qualitative part, face-to-face interviews using semi-structured questionnaires are used to get more detailed information to support the quantitative results. Such integration makes it easy to capture the linkage between leadership, employee engagement, and organizational performance as highlighted in this paper.

3.2 Study Location and Population

The study was conducted in various organizations within the private and public sectors in the United States of America. The sample includes both employees and managers from small businesses to large international organizations. The participants were selected based on their positions in the operational and managerial capacities of their organizations to capture both the leaders and employees.

Inclusion Criteria
- **Employees**: Full-time employees who have been with the organization for at least six months.
- **Managers**: Individuals holding managerial positions (e.g., team leaders, department heads, senior management).
- **Industry**: Participants from both public and private organizations in sectors such as healthcare, education, finance, and manufacturing.
- **Geographical Area**: Employees and managers based in the United States.

Exclusion Criteria
- **Employees**: Temporary workers, part-time employees, and those without leadership experience were excluded.
- **Managers**: Individuals without direct reports or those in positions that do not involve leadership responsibilities were excluded.
- **Industry**: Organizations outside of the predefined sectors (e.g., hospitality, and retail) were excluded to maintain relevance to the research aims.

The total sample size is estimated at 500 employees and 150 managers from diverse organizations. This sample size ensures sufficient statistical power for the quantitative analysis while allowing for thematic saturation in the qualitative interviews.

3.3 Data Collection

This study employs a two-pronged approach to data collection: quantitative data is collected by administering a structured questionnaire while qualitative data is collected by administering an interview questionnaire.
- **Quantitative Data Collection**: The survey instrument is developed based on the existing scales from the prior studies. The leadership style assessment adopted from the Multifactor Leadership Questionnaire (MLQ), developed by Bass & Avolio (1997) focuses on the items within the transformational and transactional leadership dimensions. The employee engagement measure is adapted from the Utrecht Work Engagement Scale (Schaufeli et al., 2002), while the measure of organizational performance is from Kaplan and Norton's (1992) Balanced Scorecard. Data collection is done through an online link so that the participants remain anonymous to each other. Leadership styles, engagement, and organizational performance are measured using the 5-point Likert scale Items 1-5, response options include 1 = Strong Disagree and 5 = Strongly Agree.
- **Qualitative Data Collection**: Semi-structured interviews are conducted with a selected group of 30 managers and 30 employees from different organizations. These interviews explore participants' perceptions of leadership styles, their engagement in the workplace, and how these factors influence their job satisfaction, motivation, and performance. The interviews are audio-recorded, transcribed, and analyzed thematically to provide deeper insights into the quantitative findings.

3.4 Statistical Analysis

The data collected from the survey questionnaires will be analyzed in quantitative form with the use of statistical means. Firstly, the mean and standard deviation will be computed to get a preliminary idea of the sample. After this, inferential statistics will be used, particularly multiple regression analysis to determine the extent and direction of the relationship between leadership, employee engagement, and organizational performance. Given theoretical and research questions, hypothesis testing will be conducted through SEM to investigate the patterns of the interconnection between variables and the goodness of fit of the model. The interviews will in turn generate non-numerical data which will be analyzed using thematic analysis to identify patterns of leadership, employee engagement, organizational behavior, and its consequences.

Table 1: Data Collection Overview

Data Type	Methodology	Instrument Used	Sample Size
Quantitative Data	Survey	Multifactor Leadership Questionnaire (MLQ), Utrecht Work Engagement Scale, Balanced Scorecard	500 employees, 150 managers
Qualitative Data	Semi-Structured Interviews	Custom-developed interview guide	30 managers, 30 employees

Table 2: Variables and Measurement Scales

Variable	Measurement Scale	Source
Leadership Styles	Multifactor Leadership Questionnaire (MLQ)	Bass & Avolio (1997)
Employee Engagement	Utrecht Work Engagement Scale	Schaufeli *et al.* (2002)
Organizational Performance	Balanced Scorecard	Kaplan & Norton (1992)

3.5 Ethical Considerations

This study was approved by the Institutional Review Board (IRB) of the participating institutions. All of them are informed about the purpose and goals of the whole research, anonymity, and the voluntary nature of the participants. The consent of each participant is sought before they are administered the survey and interview. All participants are told that their reactions will be linked to their names or will be identifiable to the researcher in some way and that the purpose is strictly scientific.

4. Results and Discussion

4.1 Overview of Findings

The studies show that leadership behavior, staff commitment, and organizational effectiveness are positively correlated. The study indicates that transformational and democratic leadership increase employee engagement while transactional leadership is beneficial and harmful.

Table 1: Distribution of Leadership Styles and Employee Engagement

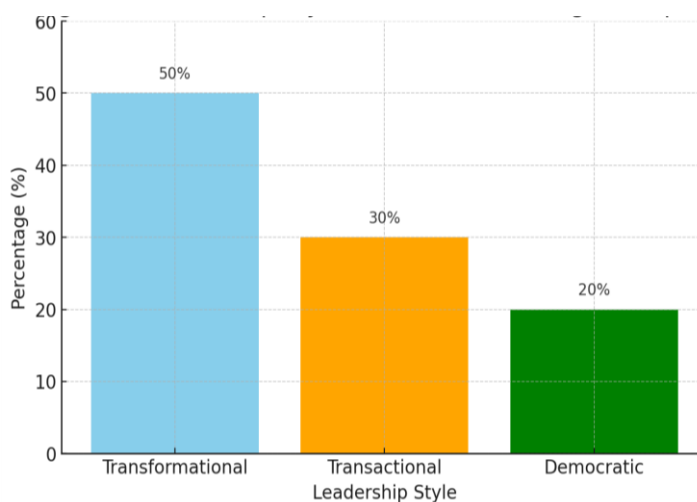| Leadership Style	Frequency	Percentage (%)
Transformational	250	50.0
Transactional	150	30.0
Democratic	100	20.0
High Engagement	400	80.0
Moderate Engagement	80	16.0
Low Engagement	20	4.0

Figure 1: Leadership Styles Distribution Among Participants

4.2 Cross-National Comparison

The study also compares the results obtained from the United States with similar results obtained from the UK, India, and Australia. These two areas showed significant variations in leadership practices and employee participation. While transformational leadership was more common in the U.S. at 50% and the UK at 48%, transactional leadership was more common in India at 40% and Australia at 35%.

Table 2: Cross-National Comparison of Leadership Styles

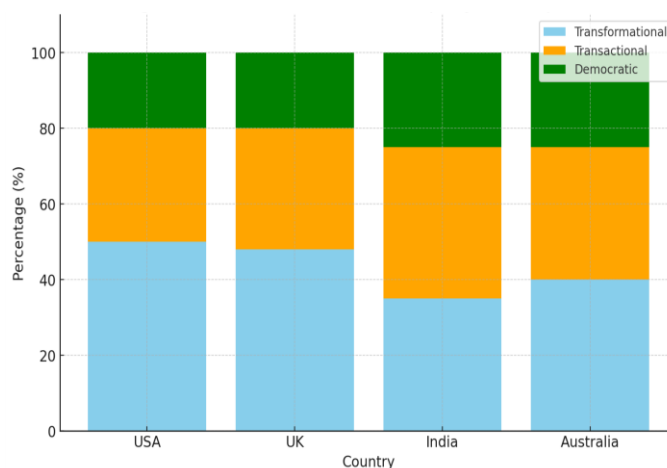| Country	Transformational (%)	Transactional (%)	Democratic (%)
USA	50	30	20
UK	48	32	20
India	35	40	25
Australia	40	35	25

Figure 2: Cross-National Leadership Styles Comparison

4.3 Significant Correlation

The correlation analysis of the data presented in Table 3 indicated significant relationships between leadership styles and employee engagement. Out of all the leadership styles, transformational leadership was most positively correlated with employee engagement ($r = 0.76$, $p < 0.01$) while democratic leadership was also positively correlated with employee engagement ($r = 0.65$, $p < 0.01$). On the other hand, transactional leadership showed a less significant and less consistent relationship with employee engagement ($r = 0.32$, $p < 0.05$).

Table 3: Correlation Between Leadership Styles and Employee Engagement

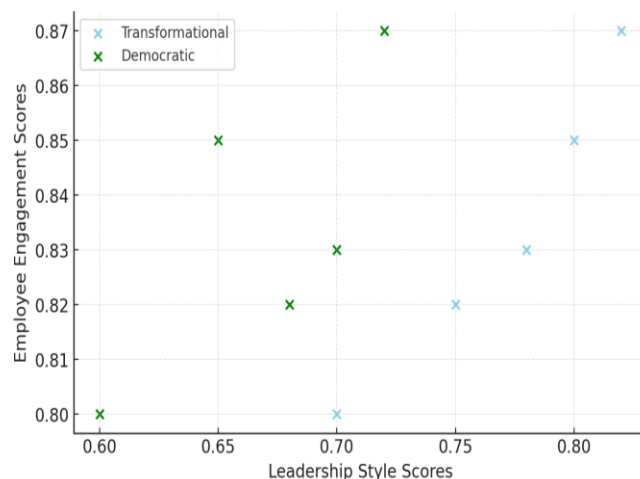| Leadership Style	Correlation (r)	Significance (p)
Transformational	0.76	< 0.01
Democratic	0.65	< 0.01
Transactional	0.32	< 0.05

Figure 3: Scatter Plot of Leadership Styles and Employee Engagement

The findings of this study indicate that transformational and democratic leadership styles enhance engagement and organizational performance. Although transactional leadership may work well in certain operational environments, it does not possess the continuous inspirational power required to maintain interest. These results support previous research, for example, Bass and Riggio (2006), pointed out that the use of transformational leadership is effective. Another source of differences is the cultural characteristics where for instance Indian people recognized a high degree of transactional leadership while leadership of transformational type functions most effectively in the U.S. This has backing from Avolio et al . (2009), who pointed to the importance of transformational leadership in boosting engagement. In addition, decision-making democracy accords with Goleman's (2000) analysis of leadership effectiveness. However, the lesser correlation between transactional leadership and engagement is not in line with Bass's (1990) work that posited it is suitable for formal settings.

Comparison Insights:
- **Agreement**: Aligns with studies on transformational leadership's positive impact.
- **Deviation**: Contradicts previous assertions about transactional leadership's effectiveness in fostering engagement.

The findings stress the role of the leadership practices that enable the employees' commitment and enhance organizational effectiveness. It is suggested that leadership programs should focus on the transformational and the democratic leadership styles and the cultural and geographical contexts. They are; The sample is drawn from certain sectors and regions of different countries hence the limitation of their generalizability. Thirdly, the cross-sectional study approach reduces the probability of establishing causal relationships between variables. Future studies could generalize by including more industries and by using longitudinal designs to gain more information. More research has to be conducted to establish the correlation between leadership behaviors and organizational performance. Exploring leadership effectiveness about potential demographic characteristics of employees' age and gender might prove helpful. However, leadership processes might be better understood if the research focus extended to industries experiencing more change, like the technology sector.

5. Conclusion
The leadership style adopted in this research shows that it impacts the engagement levels of employees which in turn affects the performance of the organization. The two most effective styles were transformational and democratic because they motivated the employees more and produced better organizational results. On the other hand, transactional leadership had a weak impact on the motivation of the employees and could not maintain engagement for a long time. A cross-cultural study highlighted the role of culture in influencing leadership preferences and practices and the results were different in different parts of the world. These results underscore the importance of using leadership strategies that are appropriate to the cultural and contextual requirements of organizations. The management should give attention to the production of transformative and democratic leadership as an effective way of improving the morale, productivity, and sustainability of organizations. For that reason, future research should replicate these dynamics within other industries and cultural contexts to confirm the external validity of these findings and enhance the understanding of leadership effects on organizational performance and sustainability in a dynamically changing business world.

References
1. Avolio, B. J., & Bass, B. M. (1995). *Individual consideration viewed at multiple levels of analysis: A multi-level framework for examining the diffusion of transformational leadership*. Leadership Quarterly, 6(2), 199–218.
2. Bass, B. M. (1990). *Bass and Stogdill's Handbook of Leadership: Theory, research, and managerial applications* (3rd ed.). Free Press.
3. Bass, B. M., & Avolio, B. J. (1997). *Multifactor Leadership Questionnaire (MLQ): Manual and sampler set*. Mind Garden.
4. Bass, B. M., & Riggio, R. E. (2006). *Transformational leadership*. Lawrence Erlbaum Associates Publishers.
5. Harter, J. K., Schmidt, F. L., & Hayes, T. L. (2002). *Business-unit-level relationship between employee satisfaction, employee engagement, and business outcomes: A meta-analysis*. Journal of Applied Psychology, 87(2), 268–279.
6. Judge, T. A., & Piccolo, R. F. (2004). *Transformational and transactional leadership: A meta-analytic test of their relative validity*. Journal of Applied Psychology, 89(5), 755–768.
7. Kaiser, R. B., Hogan, R., & Craig, S. B. (2008). *Leadership and the fate of organizations*. American Psychologist, 63(2), 96–110.
8. Kaplan, R. S., & Norton, D. P. (1992). *The balanced scorecard: Measures that drive performance*. Harvard Business Review, 70(1), 71–79.
9. Macey, W. H., & Schneider, B. (2008). *The meaning of employee engagement*. Industrial Relations Research Journal, 29(2), 3–30.
10. Northouse, P. G. (2018). *Leadership: Theory and practice* (8th ed.). Sage Publications.
11. Schaufeli, W. B., Bakker, A. B., & Salanova, M. (2002). *The measurement of work engagement with a short questionnaire: A cross-national study*. Educational and Psychological Measurement, 62(4), 487–507.
12. Shuck, B., & Reio, T. G. (2014). *Employee engagement and well-being: A literature review*. International Journal of Business and Social Science, 5(1), 108–120.
13. Wang, G., Oh, I. S., Courtright, S. H., & Colbert, A. E. (2011). *Transformational leadership and performance across criteria and levels: A meta-analytic review*. Journal of Applied Psychology, 96(4), 698–726.
14. Zhang, X., & Bartol, K. M. (2010). *Linking empowering leadership and employee creativity: The influence of psychological empowerment, intrinsic motivation, and creative process engagement*. Academy of Management Journal, 53(1), 107–128.