

The Impact of Leadership Styles on Employee Engagement in Modern Organizations

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Abstract

In the evolving landscape of organizational development, employee engagement has emerged as a vital determinant of productivity, innovation, and retention. This paper investigates the relationship between leadership styles and employee engagement, with a specific focus on transformational, transactional, servant, autocratic, and laissez-faire leadership. Drawing from established motivational and organizational behavior theories, as well as recent empirical studies, the paper explores how different leadership styles influence psychological empowerment, workplace culture, and employee-employer relationships. Findings suggest that transformational and servant leadership significantly enhance engagement by addressing intrinsic motivators such as autonomy, purpose, and psychological safety. Conversely, autocratic and laissez-faire styles tend to undermine engagement due to their restrictive or disengaged nature. The study also considers contextual variables, including generational preferences, cultural factors, and the implications of remote work, arguing for a more adaptive and hybrid leadership approach in modern organizations. Ultimately, effective leadership is identified as a strategic function essential for fostering sustainable employee engagement and long-term organizational success.

Keywords: Employee Engagement, Leadership Styles, Transformational Leadership, Transactional Leadership, Organizational Behavior, Motivation.

Introduction

Employee engagement in the workplace extends beyond basic productivity. In the era of globalization, most organizations have improved their capital perception which was mostly shares, cash, or investments in the company. The paradigm shift of organizations now includes motivational systems as a measure which help set them apart from competition. Many organizations now strive for enhancing the organizational productivity by focusing on the skill sets of their workforce (Heger, 2007). Employees nowadays are gaining more value with the new focus of organizations after globalization.

In simple terms, talent management equips organizations with resources and tools needed to succeed. Strategic talent management aligns workforce skills with organizational goals which serve as a sustainable competitive advantage. The increased retention due to effective management also boosts productivity which immensely helps in attaining the aimed outcomes. For this paper, we shall discuss how motivation designed to achieve organizational outcomes enhances employee-employer relationships and productivity, and goes a step further to strive towards instilling engagement by analyzing various leadership styles.

Organizations increasingly appreciate the business value of employee engagement as a source of productivity and innovation in an evolving business landscape. Employees who are engaged give their best toward value addition, demonstrate commitment, and positively shape workplace culture. Yet, one

increasingly critical factor that tends to be overlooked is the leadership style practiced within the organization's ecosystem. Leadership significantly defines the workplace culture, impacts motivation, and dictates trust and purpose among employees.

Literature Review:

(Muhammad Nawaz) This paper examines the impact of differing leadership styles on employee engagement with emphasis on transformational, transactional and autocratic styles in medium to large organizations. Often, transformational leaders are associated with high levels of engagement by sharing organizational vision and empowering employees more than control. More directive or controlling styles tend to disengage employees and lead to low morale. This understanding becomes vital for human resource experts as well as other organizational leaders who seek to build workplaces that not only attract but are able to retain and energize talented employees. This paper posits that transformational leadership greatly improves employee engagement while autocratic and transactional leadership styles may restrict employee engagement under certain conditions.

(Mohd Rafiq Mohamad Mazlan, 2023) Most companies face challenges holding on to employees, especially in the modern world. Strangely enough, understaffed companies often have trouble retaining well-educated and skilled employees. Optimistic and high-performing employees are important for an organization's growth, and turnover of critical employees is costly in both replacement expenses and work disruption. Losing valuable employees, especially in this competitive environment, can disrupt competitive advantage and lower the morale of remaining employees, productivity, and the quality of work. Lack of social support from the supervisor is a leading cause that drives employees to leave an organization. Engaged employees greatly enhance profitability, returns for shareholders, productivity, and customer satisfaction. Transformational leaders, positive motivators, stimulate hope by empowering identification of group members with one another and with the organization. The lack of positive support and active motivation from superiors contributes greatly to an employee's decision to leave and take up other employment freely.

(Zhao, July 2019) This composition employs the hierarchical retrogression system to probe the impact of attractive and authoritarian leadership styles on hand engagement, as well as the moderating influence of task structure, grounded on the 335 valid questionnaire responses and the social exchange proposition. The findings indicate a strong positive relationship between vigor, fidelity, and immersion, as well as a significant positive relationship between attractive leadership and hand engagement. There's a significant negative correlation between authoritarian leadership and both hand engagement and vigor and fidelity. Between hand engagement and authoritarian leadership, the task structure acts as a prolocutor. Studies have demonstrated that when paired with contextual factors, they can more effectively explain how leadership effectiveness is told by leadership quality and offer recommendations and guidance for choosing leaders.

Hand engagement has been defined by Kahn(1990) as “ the harnessing of association members' characters to their work places, ” indicating a deep cerebral involvement in work. Since also, multitudinous studies have linked engagement to critical issues, including reduced development, bettered performance, and advanced job satisfaction (Harter et al., 2002; Saks, 2006). provocation propositions similar as Herzberg's Two- Factor proposition and Deci and Ryan's tone- Determination proposition give a foundational understanding of the cerebral requirements that foster engagement autonomy, capability, and relatedness.

Bunchapattanasakda, 2019) In operation proposition and practice, hand engagement is a pivotal content. There's presently no authoritative standard, and there are still significant differences in the proposition, conception, impacting factors, and results of hand engagement. This essay makes a trouble to examine and collect the findings of earlier studies on hand engagement. Hand engagement is defined in two ways as a unitary construct (a positive state of mind, a devoted amenability, the contrary of collapse) and as a multifaceted construct (cognition, feelings, and actions). Three theoretical fabrics — the requirements-Satisfaction frame, the Job Demands- coffers model, and the Social Exchange Theory — are used to explain the different situations of hand engagement. Three types of factors impact hand engagement organizational (operation style, job prices, etc.), job (work terrain, task characteristics, etc.), and individual (physical powers, tone- knowledge, etc.). Individual performance (organizational commitment, positive gesture etc.) and organizational performance (client satisfaction, fiscal return, etc.) have been set up to appreciatively relate with hand engagement. exploration on personality differences and cross-cultural differences in hand engagement, the interceding or moderating part of hand engagement, and the lack of intervention mechanisms for hand engagement are the three areas where previous studies have fallen short, according to the exploration findings.

Discussion:

Engagement and Transformational Leadership

Higher levels of employee engagement are frequently linked to transformational leadership, which is typified by intellectual stimulation, idealized influence, personalized attention, and inspirational motivation. According to Bass and Riggio (2006), leaders who exhibit transformational behaviors typically develop a compelling vision, encourage creativity, and give their staff members a strong sense of purpose. These qualities increase employees' emotional and cognitive attachment to their work by striking a chord with their intrinsic motivators.

As per research, transformational leaders increase psychological empowerment, which raises engagement (Breevaart et al., 2014). Additionally, transformational leadership fits the needs of knowledge workers and millennial employees who are looking for purpose and advancement in their positions in the context of contemporary organizations that value flexibility and innovation (Ng, Schweitzer, & Lyons, 2010).

Conditional Engagement in Transactional Leadership

Employee engagement is also impacted by transactional leadership, which places an emphasis on performance-based rewards and transparent procedures, albeit frequently in a more restricted or conditional manner. Transactional leaders may not be able to elicit a strong, emotional commitment to the company, even though they can encourage task-based engagement by offering clarity and accountability (Judge & Piccolo, 2004). This approach may work well in short-term, performance-driven settings, but it is less successful in promoting innovation and long-term organizational loyalty.

However, by eliminating uncertainty and coordinating worker efforts with company objectives, transactional leadership can encourage engagement in highly regulated or operational settings (Bass, 1990).Servant Leadership and Employee-Centered Engagement

Employee-Centered Engagement and Servant Leadership

Servant leadership, which prioritizes the growth and well-being of employees, has gained prominence in modern organizational settings. Leaders who adopt this style create a culture of trust, collaboration, and

ethical behavior. Research indicates that servant leadership is positively correlated with employee engagement, primarily through mechanisms such as organizational justice, trust, and psychological safety (Eva et al., 2019). In modern organizations where inclusivity, purpose, and well-being are emphasized, servant leadership can be a powerful driver of sustainable engagement.

Disengagement and Laissez-Faire Leadership

On the other hand, employee engagement is frequently linked to laissez-faire leadership, which is characterized by a detached style and a lack of guidance. According to Skogstad et al. (2007), workers under such leadership frequently suffer from role ambiguity, confusion, and a lack of feedback, which lowers morale and productivity. Laissez-faire leadership can undermine organizational cohesiveness and individual motivation in fast-paced, modern workplaces that demand responsiveness and agility.

Generational and Cultural Aspects

Generational and cultural variables also affect how effective a leader is. For example, younger generations, like Gen Z and Millennials, value autonomy, growth opportunities, and work with a purpose, and they are more likely to react favorably to transformational and servant leadership styles (Twenge et al., 2010). Furthermore, cultural values (such as collectivism and power distance) can moderate the relationship between engagement and leadership in global organizations, calling for a more adaptable and culturally competent leadership style (Hofstede, 2001).

The Function of Digital Leadership and Remote Work

Effective leadership is becoming more and more dependent on virtual presence and digital communication abilities as remote and hybrid work models become more popular. Although they need to be modified, transformational and servant leadership approaches are still successful in digital environments. For example, encouraging participation through frequent check-ins, virtual recognition, and developing digital spaces for collaboration (Ziek & Smulowitz, 2014). **Leaders must be proactive in maintaining team cohesion and addressing the potential isolation that remote workers may feel.**

Leadership style is one of the most important organizational factors that affects employee engagement. Higher levels of employee engagement have been repeatedly linked to transformational leadership, which is typified by intellectual stimulation, personalized attention, and inspirational motivation (Bass & Riggio, 2006; Breevaart et al., 2014). These leaders satisfy important psychological needs that promote engagement by fostering trust and promoting autonomy.

In contrast, transactional leadership, which prioritizes clear expectations, performance-based incentives, and structured tasks, can only produce moderate levels of engagement, particularly in the absence of intrinsic motivators (Judge & Piccolo, 2004). Engagement has been found to be negatively correlated with autocratic leadership, where decision-making is centralized and employee input is limited. This is frequently because of a lack of communication and empowerment (Lewin, Lippitt, & White, 1939).

According to recent research, organizational culture or employee expectations may also influence how well a leader matches their style. For example, in highly structured settings, certain employees might react favorably to transactional approaches, whereas in dynamic, innovation-driven settings, others thrive under transformational leaders (Yukl, 2013).

Although a lot of research has highlighted the advantages of transformational leadership, there are still unanswered questions about how situational or hybrid leadership approaches can be best utilized to increase engagement in diverse workforces.

Conclusion

Employee engagement has emerged as a cornerstone of sustainable success amidst globalization and rapid organizational transformation, the growing focus on human capital—especially through talent management and motivational systems—has reshaped how organizations approach productivity and retention. Central to this transformation is leadership style, which profoundly influences the psychological and emotional investment of employees in their roles.

The literature reviewed highlights that **transformational leadership** consistently leads to higher engagement by fostering a shared vision, empowering individuals, and addressing intrinsic needs like autonomy and relatedness. Conversely, **transactional leadership**, while useful in structured environments with clear expectations, tends to deliver only moderate engagement outcomes. **Autocratic leadership** often undermines engagement by curtailing communication and participation, thereby reducing morale and increasing turnover.

Furthermore, contemporary studies reveal that leadership effectiveness is not one-size-fits-all. **Contextual factors such as organizational culture, task structure, and individual differences** play a significant role in determining the impact of leadership styles on engagement. This suggests a growing need for **adaptive or hybrid leadership approaches** that flexibly respond to situational demands and diverse workforce needs.

In sum, effective leadership is not merely about directing tasks but about **motivating, empowering, and connecting with employees**. For organizations to foster deep engagement, enhance productivity, and secure competitive advantage, leadership must evolve into a strategic function rooted in trust, psychological insight, and adaptability. Further research into hybrid leadership models and cultural influences on engagement could provide valuable guidance for future talent management strategies.

Leadership styles significantly influence employee engagement in modern organizations, with transformational and servant leadership being particularly effective in fostering emotional, cognitive, and behavioral engagement. However, the context—such as industry, organizational culture, and workforce demographics—must inform leadership strategies. As organizations continue to evolve, adaptive, empathetic, and visionary leadership will remain crucial for sustaining high levels of employee engagement.

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