



Review Article

Effects of Leadership Styles on Employees' Motivation: A Literary Debate

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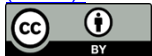
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ABSTRACT

Leadership styles are different modes of behavior exhibited by administrators, managers or leaders, significantly influencing the motivation level of their employees within an organization. These styles include Transactional, Transformational, Autocratic, Democratic, Servant, and Laissez-faire leadership. Each style has unique characteristics, and its effectiveness depends largely on the situational context. While some organizations inherently lean towards a particular leadership style, other may rarely practice certain styles. For instance, military organizations typically favor transactional leadership, whereas educational institutions often adopt a transformational approach. A theoretical model was developed from the literature to understand the effects of these different leadership styles on employees' motivation. This model will be tested and verified later by using primary data to be collected from university teachers in Dera Ismail Khan, Khyber Pakhtunkhwa, Pakistan.

KEYWORDS

Transactional leadership, Transformational-leadership, Idealized Influence, Inspirational Motivation, Intellectual Stimulation, Management by Exception

1 | INTRODUCTION

Leadership styles are diverse modes of behavior exhibited by individuals in leadership roles. There are different leadership styles, like autocratic, democratic, servant, transactional, transformational, and laissez-faire. Each style has unique attributes and can be effective in different contexts. No single leadership style is universally the best (Odumeru & Ifeanyi, 2013). The effectiveness of a leadership style depends on the organizational context, the specific situation and the individual characteristics of their leaders and followers. Effective leaders often adapt their style to meet the needs of their team and the challenges they face (Dartey-Baaha & Mekporb, 2017). The effectiveness of a leadership style in motivating employees depends on the specific needs and the dynamics of the team, as well the organizational environment (Hasan & Rjoub, 2017). Successful leaders often adopt a flexible approach, adjusting their style to the context and the individuals they are leading. Each leadership style uniquely impacts employee's motivation, influences how well employees achieve organizational goals and objectives. Understanding these impacts can help leaders choose the most appropriate style for their context and goals (Gandolfi & Stone, 2018).

Both transactional and transformational leadership styles have distinct impacts on employees' motivation. Transformational leadership is generally more effective in fostering long-term engagement, innovation and job satisfaction, but it requires leaders with strong interpersonal skills and emotional intelligence. Transactional

leadership, while effective in achieving short-term goals and maintain stability, may not inspire the same level of intrinsic motivation and can lead to employee dissatisfaction if overly punitive and rigid. Leaders should assess their organizational context and goals to determine which style or combination of styles will best motivate their employees and achieve desired outcomes. Leadership and motivation is an extensively studied topic and number of theories have been introduced, tested, applied and criticized by academicians, research scholars, scientists. Most prominent authors of leadership are McGregor Burns, Bass and Avolio, Robert K green Leaf. For motivation theories got highlighted are Maslow hierarchy of needs, Herzberg Two factor theory (Mohiuddin, 2017; Gandolfi & Stone, 2018; Siddique & Nawaz, 2019a). This article is aimed to deduce the effects of leadership styles on the motivation of employees and develop a theoretical foundation of the study.

RQ1: Is leadership responsible for enhancing motivation among employees in organizations?

2 | LITERATURE REVIEW

Different theories of leadership have evolved significantly over time, transitioning from the trait-based theories to more complex models like the contingency theory. Two prominent theories that have gained substantial attention since the late 1980s are the transactional and the transformational theories. The theories are central to understanding leadership effectiveness and have been studied by researchers (Robbins et al. 2012).

2.1 | Transactional Leadership

Transactional leadership is widely recognized as a task-oriented style that emphasizes the efficiency and productivity of workers, focusing on the completion of tasks, adherence to standards, and overall organizational effectiveness. Leaders using this style ensure compliance with established processes and use reward-punishment mechanisms to maintain control and drive performance (Maria, 2012; Odumeru & Ifeanyi, 2013). Transactional leadership focuses on the exchange between leaders and followers. Leaders provide rewards and punishments based on performance, aiming to maintain the status quo and ensure that tasks are completed effectively (Bhutto & Sheikh, 2017; Mohiuddin, 2017; Siddique & Nawaz, 2019b).

2.2 | Key Features of Transactional Leadership are:

- **Clear Expectations and Accountability:** Transactional leaders provide clear guidelines and expectations, which can help employees understand their roles and what is required to succeed.
- **Fair Reward System:** A merit-based system of rewards and punishments can motivate employees to meet standards to improve performance.
- **Directive and Action-oriented:** Transactional leaders are directive, providing clear instructions to subordinates. They adopt an action-oriented approach.
- **Efficiency and Productivity:** Focusing on specific tasks and goals ensures that employees are aligned with organizational objectives, leading to higher productivity and efficiency.
- **Pro-Active Leadership:** Transactional leaders are proactive, anticipating situations and devising strategies before events occur. This proactive approach helps in preempting potential issues and ensures that the organization is prepared for various scenarios.
- **Maintaining the Status Quo:** In stable environments, transactional leadership can ensure consistency and reliability which can be comforting and motivating for employees.
- **Management by Exception:** Leaders monitor performance and corrective action when necessary, either actively or passively.
- **Active Management-by-Exception:** Transactional leaders closely monitor the performance of workers and make corrections proactively without providing formative feedback. They intervene promptly to address issues.
- **Passive Management-by-Exception:** Leaders take action when agreed-upon objectives are not being met, aiming to maintain the status quo. This involves stepping in to correct deviations only after problems have become apparent.
- **Work within Organizational Culture:** Transactional leaders operate within the existing organizational culture rather than attempting to change it to suit the needs of the workers. They leverage the current

culture to achieve goals and maintain stability (Dartey-Baaha & Mekporb, 2017; Mohiuddin, 2017; Gandolfi & Stone, 2018).

2.3 | Transformational Leadership

Transformational leadership is a contemporary approach that motivates and inspires employees to achieve extraordinary performance and organizational goals. This style of leadership is particularly impressive because the leader serves as a role model for followers. Transformational leadership involves inspiring and motivating followers to achieve extraordinary outcomes and fostering their development and growth (Zumitzavan & Udchachone, 2014; Mohiuddin, 2017; Siddique & Nawaz, 2019b).

2.4 | Key Features of Transformational Leadership are:

- **Idealized Influence:** Transformational leaders exert idealized influence by acting as role models. They demonstrate high ethical standards, instill pride, and gain the trust and respect of their followers.
- **Inspirational Motivation:** These leaders inspire and motivate followers by providing a compelling vision and communicating high expectations. They foster enthusiasm and a commitment to achieving challenging goals.
- **Intellectual Stimulation:** Transformational leaders encourage creativity and innovation by stimulating followers to think critically and solve problems in new ways. They challenge assumptions and promote a culture of continuous learning and growth.
- **Individualized Consideration:** Transformational leaders act as coaches and mentors, providing personalized support and attention to each follower's needs and development. They recognize and nurture individual strengths, helping followers achieve their full potential (Bass & Riggio, 2006; Robbins et al., 2012)

2.5 | Employees' Motivation

Human behavior is driven by a variety of factors, with motivation being one of the most crucial. To sustain motivation, individuals need to strive toward meaning, purpose, and the creation of a life that holds significance for them. People often engage in specific behaviors for multiple reasons, which can be categorized into extrinsic and intrinsic motivation. Extrinsic motivation is characterized by external factors such as rewards, recognition, or the influence of others (Odumeru & Ifeanyi, 2013). Individuals are motivated by the outcomes that are separate from the activity itself. Examples include working for a paycheck, studying for good grades, or exercising to gain approval from others. Similarly, the intrinsic motivation consists of the factors that come from within the individual, driven by personal satisfaction and the desire to improve or master in an activity. Individuals push themselves harder and find their accomplishments more rewarding. This type of motivation is linked to personal growth, enjoyment, and self-fulfillment (Hasan & Rjoub, 2017; Gandolfi & Stone, 2018).

In 1943, American psychologist Abraham Maslow proposed a hierarchy of needs to understand human motivation. This framework suggests that humans are inherently motivated to develop themselves and strive to achieve their full potential, a process he termed self-actualization (Namvaran, et al., 2013; Tasgin & Tunc, 2018). Maslow's Hierarchy of Needs from basic to higher order needs is based on: a) Basic Physiological Needs- Basic requirements for human survival, such as food, water, shelter, and sleep b) Safety Needs- Security and protection from physical and emotional harm, including financial stability and health c) Love and Belongingness Needs- Social relationships, including friendships, family connections, and intimate relationships d) Esteem Needs- Respect, self-esteem, and recognition from others. This includes feelings of accomplishment and self-worth e) Self-Actualization Needs- The realization of personal potential, self-fulfillment, and seeking personal growth and peak experiences. It involves pursuing one's talents, abilities, and goals f) Self-Transcendence Needs- Attending to things beyond the self, such as altruism, spiritual awakening, and the search for meaning beyond personal interests. It is through self-transcendence that one finds the highest meaning and significance in life (Whetten & Cameron, 2011; Nuckcheddy, 2018; Rani & Reddy, 2019).

2.6 | Theoretical Model

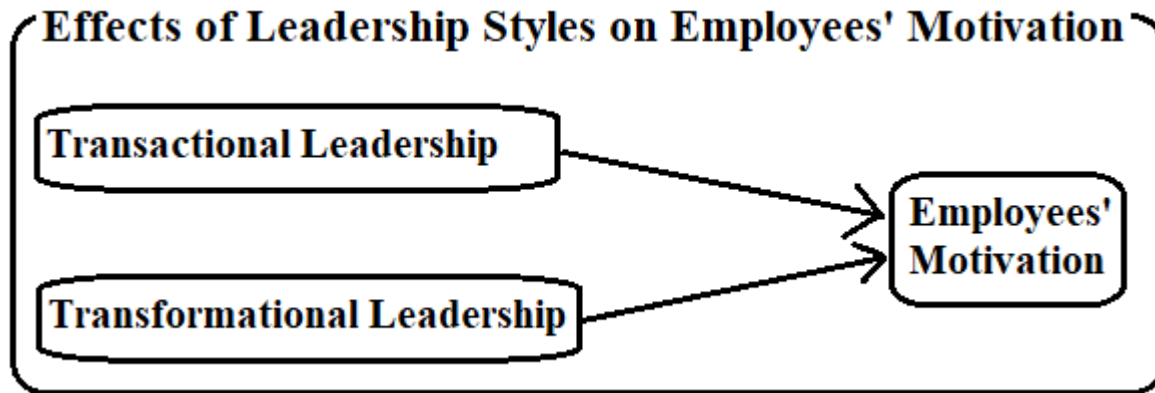


Figure1: Theoretical Model

Figure-1 shows the theoretical model of this study where leadership styles, i.e., transactional and transformational are the independent variables while the Employees' Motivation is the dependent variable. Each leadership style has its own effects on employees' motivation. Thus, the adoption of a particular style of leadership to motivate employees depends on several factors discussed in the proceeding sections of this paper.

3 | RESEARCH METHODOLOGY

The data for this study was taken from published thesis, research articles, books related with motivation, leadership, websites, case studies and reviews. Moreover, databases such as web of sciences, Scopus, EBSCO, repositories of higher education institutions were used to extract relevant articles, books, case studies, thesis, on leadership styles, and motivation.

4 | DISCUSSION AND CONCLUSION

Some researchers argue that transactional and transformational theories are fundamentally different. Transactional leadership is focused on maintaining normal operations and managing tasks through rewards and punishments, while transformational leadership seeks to inspire and drive change. Other researchers suggest that transactional and transformational leadership can be part of a continuum. Effective leaders may employ a combination of both styles depending on the context and needs of their followers (Maria, 2012; Zumitzavan & Udchachone, 2014; Bhutto & Sheikh, 2017). However, both transactional and transformational leadership theories continue to be relevant in modern leadership studies. They provide valuable insights into different approaches leaders can take to motivate and engage their teams. Transactional leadership remains useful in environments where clear structure and short-term goals are paramount, whereas the transformational leadership is essential for driving change, fostering innovation, and achieving long-term organizational growth (Dartey-Baaha & Mekporb, 2017; Hasan & Rjoub, 2017; Khan & Nawaz, 2019). Transactional leadership is particularly effective in specific contexts, such as Emergency situation when crisis management and immediate results are necessary, transactional leadership's clear structure and focus on performance can reduce potential threats and losses, whereas transformational leaders inspire their workers to perform at their best, often exceeding expectations. They create an environment where followers are motivated to achieve challenging goals and targets. In environments where tasks are repetitive and standards are well-defined, the transactional style of leadership ensures consistency and reliability to perform routine operation however, in organizations where creativity, innovation and brainstorming are needed for the continuous growth and development of the organization, the transformational style is considered most relevant (Bass & Riggio, 2006; Robbins et al., 2012).

Using transactional style the employees are driven to achieve organizational goals and objectives through a system of rewards and punishments administered by the leader, which reinforces desired behaviors and discourages undesirable ones. However, by understanding their staff's strengths and weaknesses, transformational leaders delegate authority and empower subordinates to take on challenging tasks. This approach maximizes individual and

organizational performance. Similarly, the transactional leaders motivate their followers by offering performance-based rewards and incentives. This direct link between performance and reward encourages employees to meet or exceed performance standards (Popa, 2012; Bhutto & Sheikh, 2017; Hasan & Rjoub, 2017). However, in the case of transformational leadership, the followers believe that their leaders possess exceptional competence, determination, and persistence, so they receive inspirational motivation from their leader and strive to achieve the organizational goal and objectives by using their full potentials. Moreover, the transformational leaders pay attention to the needs and concerns of each follower, guide them in solving problems innovatively, and motivate them to tackle challenging situations with determination. They also create a sense of ownership and belonging among employees, which can transform the organizational environment to better meet workers' needs and foster a committed and engaged workforce (Mohiuddin, 2017; Siddique & Nawaz, 2019b).

5 | CONCLUSION

Transactional leadership is a valuable approach for managing tasks, ensuring productivity and maintaining organizational efficiency. This type of leadership is characterized by its emphasis on structured approaches, rewards and punishments and adherence to existing organizational culture. It is effective in ensuring compliance, achieving short-term goals, and maintaining stability. The proactive nature, motivation through incentives, and management-by-exception techniques contribute to its effectiveness in specific contexts, particularly where clear guidelines and immediate results are prioritized. However, the organizations suffer from lack of innovation by focusing on maintaining the status quo and adherence to rules which may stifle creativity and innovation. Similarly, over-reliance on reward-punishment mechanisms can lead to low employee morale and engagement over time, especially if employees feel undervalued or overly controlled. This style may be less effective in environments requiring innovation and long-term strategic thinking. Its effectiveness is context-dependent, and it may need to be complemented with other leadership styles, such as transformational leadership, to address long-term goals, employee development, and innovation.

In contrast, the transformational leadership is a powerful approach that can drive exceptional performance, foster personal and professional growth, and create a positive and motivating organizational culture. By serving as role models, inspiring and motivating their teams, encouraging innovation, and providing individualized support, transformational leaders can significantly enhance both individual and organizational success. However, the constant push for innovation and personal growth can sometimes lead to employee burnout if not managed properly. Moreover, the transformational style has inconsistent application because this style is heavily dependent on the leader's ability to inspire and support employees, which can vary significantly. Thus, understanding the nuances and applications of these theories helps leaders choose the most appropriate style for their specific situations, leading to more effective leadership and better organizational outcomes.

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