

The Impact of Leadership Styles on Employee Performance in Organizational Settings

Dr. Sabir Hussain

School Education Department (SED), Punjab, Pakistan

Email: sabirjanmarri@gmail.com

Qudsia Khalil

M.Phil. Education, Government College University, Faisalabad

Email: qudsiamalik358@gmail.com

Received on: 08-07-2025

Accepted on: 18-08-2025

Abstract

This study examined the impact of various leadership styles on employee performance in organizational settings. The research focused on transformational, transactional, democratic, autocratic, and laissez-faire leadership styles to evaluate their effects on employee task performance, job satisfaction, and productivity. A survey was conducted among 200 employees from multiple industries, and regression analysis was performed to assess these relationships. Results indicated that transformational leadership and democratic leadership styles were positively correlated with employee performance, while autocratic and laissez-faire leadership styles showed weaker or negative correlations. This paper highlights the importance of leadership style in optimizing employee performance and offers practical recommendations for organizations aiming to enhance productivity and job satisfaction.

Keywords: leadership styles, employee performance, transformational leadership, job satisfaction, organizational performance, democratic leadership, autocratic leadership.

Introduction

Background of the Study

Leadership plays a pivotal role in shaping the performance and satisfaction of employees in any organization. The concept of leadership style refers to the behavior and approach a leader uses to manage, motivate, and guide employees. Leadership styles impact not only the immediate work environment but also the long-term sustainability of organizations. For decades, scholars have identified various leadership styles that can influence employee motivation, engagement, and performance. Among the most studied styles are transformational leadership, transactional leadership, autocratic leadership, laissez-faire leadership, and democratic leadership. Each of these styles is associated with different outcomes in terms of employee performance, satisfaction, and organizational efficiency (Bass & Riggio, 2006; Shahzadi et al., 2023; Sindhu et al., 2023; Ahmad et al., 2023; Hussain & Khoso, 2021; Laghari et al., 2024; Sabir et al., 2024).

The Impact of Leadership Styles on Employee Performance in Organizational Settings

Problem Statement

Despite the abundance of literature on leadership and employee performance, organizations continue to face challenges related to low productivity and disengagement among employees. The precise relationship between leadership styles and employee performance remains a topic of debate, with mixed findings across industries and cultures. It is therefore necessary to identify which leadership styles are most effective in enhancing employee performance across various organizational contexts.

Research Objectives

This research aimed to:

1. Evaluate the effect of different leadership styles (transformational, transactional, democratic, autocratic, laissez-faire) on employee performance.
2. Assess the relationship between leadership style and employee job satisfaction.
3. Identify the leadership style(s) that consistently yield the best results in terms of employee engagement and performance.

Research Questions

- a) How do transformational and democratic leadership styles influence employee performance?
- b) Do autocratic and laissez-faire leadership styles negatively impact employee productivity and morale?
- c) What role does employee satisfaction play in mediating the relationship between leadership style and performance?

Hypotheses

- i.H₁: Transformational leadership positively affects employee performance.
- ii.H₂: Democratic leadership positively affects employee performance.
- iii.H₃: Autocratic and laissez-faire leadership styles negatively affect employee performance.

Literature Review

Theories of Leadership Styles

Several leadership theories have been established to explain how different styles influence employee behavior. One of the most influential models is the transformational leadership theory, which emphasizes the ability of leaders to inspire and motivate their employees by creating a vision, fostering intellectual stimulation, and providing individualized consideration (Bass, 1990). Transformational leadership is often associated with increased employee job satisfaction, commitment, and performance due to its focus on emotional engagement and personal development.

Transactional leadership, in contrast, focuses on structured task-oriented behaviors and rewards or punishments based on performance. While effective in achieving short-term goals, transactional leadership has been shown to have less impact on long-term motivation and job satisfaction (Bass, 1990).

The democratic leadership style encourages participation and collaboration from employees in decision-making processes, fostering a sense of inclusion and ownership. Studies have

The Impact of Leadership Styles on Employee Performance in Organizational Settings

found that this style enhances job satisfaction, creativity, and innovation (Gastil, 1994). Conversely, the autocratic leadership style is characterized by a leader who makes decisions independently, with little input from subordinates. While it can be effective in crisis situations or when quick decisions are needed, it often leads to low employee morale, disengagement, and high turnover in the long run (Goleman, 2000; Hussain, 2024; Hussain, 2023; Hussain & Khoso, 2022; Hussain & Abbas, 2023); Perveen & Hussain, 2023; Hussain et al., 2024).

The laissez-faire leadership style is the most passive, where leaders provide minimal direction and allow employees to make decisions on their own. While this style promotes autonomy, it is often linked to poor performance, lack of accountability, and confusion among employees (Avolio & Bass, 2004).

Impact of Leadership Styles on Employee Performance

Research has consistently shown that leadership style has a direct effect on employee performance. A study by Judge and Bono (2001) confirmed that transformational leadership was positively related to job satisfaction, organizational commitment, and performance. Additionally, transformational leadership was associated with a higher level of creativity and innovation among employees (Jung & Avolio, 2000).

On the other hand, transactional leadership has been found to be effective in environments where rules and procedures need to be followed strictly. However, it has a limited effect on motivating employees beyond monetary incentives (Bass & Riggio, 2006). Similarly, studies by Korman (1977) suggested that autocratic leadership could lead to high stress levels among employees, negatively affecting performance.

In a study by Burns (1978), employees under **democratic leadership** were found to have higher job satisfaction and performance due to the increased sense of belonging and participation in decision-making processes.

Leadership Styles in Modern Organizations

As organizations continue to evolve, leadership styles have adapted to the changing workforce and business environments. In the knowledge economy, leadership styles that emphasize emotional intelligence, communication, and collaboration are increasingly seen as essential for success. For instance, democratic and transformational leadership have gained traction as companies prioritize innovation, teamwork, and employee engagement (Northouse, 2018).

In contrast, autocratic and laissez-faire leadership styles are becoming less prevalent in organizations that emphasize agility, collaboration, and employee empowerment. This shift suggests a greater alignment between contemporary leadership practices and employee well-being.

Gaps in Literature

While there has been extensive research on leadership styles, studies comparing the impact of different leadership styles in diverse organizational settings remain limited. Additionally, most studies have focused on specific industries, often neglecting the broader applicability of leadership styles across sectors.

*The Impact of Leadership Styles on Employee Performance in Organizational Settings***Research Methodology****Research Design**

This study used a quantitative approach, employing a cross-sectional survey to gather data from employees across multiple organizations.

Population and Sample

The sample included 200 employees from various sectors, including manufacturing, services, and IT. Participants were selected using convenience sampling. The sample was representative of different age groups, job levels, and organizational positions.

Data Collection

A structured questionnaire was developed with sections on:

- Leadership style (measured using the Multifactor Leadership Questionnaire [MLQ]);
- Employee performance (measured by self-reported indicators: task completion, quality, and initiative);
- Job satisfaction (measured using the Job Satisfaction Survey [JSS]).

Data Analysis

Data were analyzed using **descriptive statistics**, **correlation**, and **regression analysis**. The primary analysis focused on identifying the relationships between leadership styles and employee performance indicators.

Results**Table 1: Descriptive Statistics for Leadership Styles**

Leadership Style	Mean	Std. Dev.	Range
Transformational	4.5	0.72	2–5
Transactional	3.8	0.91	2–5
Democratic	4.3	0.68	2–5
Autocratic	2.9	1.12	1–5
Laissez-faire	2.5	1.05	1–5

Table 2: Correlation between Leadership Styles and Employee Performance

Leadership Style	Job Performance	Job Satisfaction
Transformational	0.65**	0.60**
Transactional	0.55**	0.45*
Democratic	0.58**	0.62**
Autocratic	–0.15	–0.12
Laissez-faire	–0.22*	–0.18*

Note: * $p < 0.05$, ** $p < 0.01$

The Impact of Leadership Styles on Employee Performance in Organizational Settings

Discussion

The findings of this study confirmed the hypotheses that transformational and democratic leadership styles had a positive effect on employee performance, while autocratic and laissez-faire styles showed weaker or negative effects. These results align with previous studies that emphasized the importance of participative, people-oriented leadership in fostering employee engagement and satisfaction (Bass, 1990; Jung & Avolio, 2000).

Conclusion

This study confirmed that leadership style significantly impacts employee performance. Transformational and democratic leadership styles were associated with the highest levels of job satisfaction and performance, whereas autocratic and laissez-faire styles were correlated with lower performance and job satisfaction. Organizations should aim to foster leadership practices that are participatory, communicative, and empowering to enhance overall organizational performance and employee well-being.

References

1. Ahmad, M., Hussain, S., & Qahar, A. (2023). Learning Outcomes by Integrating Blended Learning Flipped Classroom Model: An Experiment on Secondary School Students. *International Research Journal of Management and Social Sciences*, 4(3), 566-578.
2. Avolio, B. J., & Bass, B. M. (2004). *Multifactor leadership questionnaire: Third edition*. Mind Garden.
3. Bass, B. M. (1990). *Bass & Stogdill's handbook of leadership: Theory, research, and managerial applications*. Free Press.
4. Burns, J. M. (1978). *Leadership*. Harper & Row.
5. Gastil, J. (1994). *A definition and illustration of democratic leadership*. *Human Relations*, 47(8), 1003-1024.
6. Goleman, D. (2000). *Leadership that gets results*. Harvard Business Review.
7. Hussain, S. (2023). A Study on the Quality of Secondary Education in Government and Punjab Education Foundation Institutions about Sustainable Development Goal 4 (SDG-4) 2025. *International Research Journal of Education and Innovation*, 4(3), 41-55.
8. Hussain, S. (2024). An Experimental Study on the Impact of Digital Textbooks on the Academic Achievement of Elementary School Students. *International Research Journal of Education and Innovation*, 5(1), 16-27.
9. Hussain, S. (2024). Analysis of the opinion of prospective teachers regarding TPACK and ICT: a glimmer of light for Pakistan's education system. *International Research Journal of Education and Innovation*, 5(1), 28-38.
10. Hussain, S., & Abbas, Q. (2023). Examine the Secondary Level Administration Quality of Public and Foundation Funded Schools by the Punjab Education Foundation. *International Research Journal of Education and Innovation*, 4(4), 45-59.
11. Hussain, S., & Khoso, A. A. (2021). Examining the Relationship Between Access to Home Amenities and Students' Academic Achievement at the Secondary Level. *International Research Journal of Education and Innovation*, 2(3), 325-336.
12. Hussain, S., & Khoso, A. A. (2021). Examining the Relationship Between Having a Dedicated Study Space at Home and Secondary Students' Academic Achievement. *International Research Journal of Education and Innovation*, 2(3), 337-345.
13. Hussain, S., & Khoso, A. A. (2021). Examining the Role of Parental Occupations in Shaping Students' Academic Performance at the Secondary Level. *International Research Journal of Management and Social Sciences*, 2(3), 134-144.

The Impact of Leadership Styles on Employee Performance in Organizational Settings

14. Hussain, S., & Khoso, A. A. (2022). Examining the Relationship Between Homeownership Status and Secondary Students' Academic Achievement. *International Research Journal of Education and Innovation*, 3(1), 398-407.
15. Hussain, S., & Khoso, A. A. (2022). Investigating the Relationship Between Parents' Education and Students' Academic Achievement at the Secondary Level. *International Research Journal of Management and Social Sciences*, 3(1), 352-363.
16. Hussain, S., Khan, Z., & Khan, R. M. A. (2024). Building Students Creative Thinking Ability Through STEM Integrated Curriculum: An Experiment on Elementary School Students. *International Research Journal of Management and Social Sciences*, 5(1), 12-24.
17. Judge, T. A., & Bono, J. E. (2001). *Relationship of core self-evaluations traits—self-esteem, generalised self-efficacy, locus of control, and emotional stability—with job satisfaction and job performance: A meta-analysis*. *Journal of Applied Psychology*, 86(1), 80-92.
18. Korman, A. K. (1977). *Organizational behavior: A critical review of the literature*. In J. M. Williams & J. E. McKinney (Eds.), *Organizational Behavior and Management*.
19. Laghari, M. A., Hussain, S., & Khowaja, N. (2024). Katz theory implicating head teachers managerial skills. *International Research Journal of Management and Social Sciences*, 5(1), 241-257.
20. Northouse, P. G. (2018). *Leadership: Theory and practice* (8th ed.). Sage Publications.
21. Perveen, F., & Hussain, S. (2023). Enhancing Teaching Effectiveness: The Significance of Subject Matter Proficiency in Alignment with Pakistan's National Professional Standards for Teachers. *International Research Journal of Management and Social Sciences*, 4(4), 624-633.
22. Sabir, H. U. S. S. A. I. N., Masood, A. H. M. A. D., Sobia, A. L. T. A. F., & Muhammad, F. A. (2024). Evaluation of Effect of Quality Standards on Quality of Education in Public and Punjab Education Foundation Funded Schools at Secondary Level. *JCTE Учредители: Secondary Teacher Education Department, Allama Iqbal Open University*, 7(1).
23. Shahzadi, K., Taseer, N. A., Hussain, S., & Khan, R. M. A. (2023). Measure Quality Education in Public and Punjab Education Foundation Secondary Schools. *International Research Journal of Management and Social Sciences*, 4(4), 634-646.
24. Sindhu, S., Hussain, S., & Abbas, W. (2023). Relationship among Emotional Intelligence, Social Isolation and Students' Academic Achievement at University level. *International Research Journal of Management and Social Sciences*, 4(4), 288-296.