



# THE IMPACT OF LEADERSHIP STYLE ON EMPLOYEE ENGAGEMENT AND JOB SATISFACTION

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## Abstract

This review paper explores the relationship between leadership style and employee engagement and job satisfaction. It synthesizes existing research from various disciplines to provide a comprehensive understanding of the impact of different leadership styles on employee outcomes. The paper examines the theoretical frameworks and empirical studies that have investigated this relationship and identifies key findings and trends in the literature. The findings suggest that leadership style significantly influences employee engagement and job satisfaction, with different leadership styles having varying effects. The paper also discusses the implications of these findings for organizational leaders and provides recommendations for future research.

**Key words:** Leadership style, Employee engagement, Job satisfaction , Transformational leadership.

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## 1 Introduction:

High levels of productivity, performance, and employee well-being are dependent on a number of elements, not the least of which are employee engagement and work satisfaction. Employee outcomes, including as engagement and work satisfaction, can be significantly impacted by a leader's approach to management. Leadership styles like transformational, transactional, and laissez-faire each have their own traits and actions that can have an impact on the way people think and act. Successful leaders and organisations know that knowing how their leadership style affects employee motivation and morale is crucial.

Organisational performance and employee well-being are inextricably linked to employee engagement and job satisfaction. Leadership style is a major factor in determining the degree of engagement and happiness among workers. It is crucial for leadership and organisational effectiveness to get an appreciation for how various leadership styles affect employee involvement and sense of purpose in their work.

The purpose of this study is to sift through the research published between 2018 and 2022 on the topic of leadership style and its effect on employee engagement and job satisfaction. Examining studies conducted within this time span can provide light on

how we have progressed in our knowledge of the relationship between leadership style and organisational results.

The views, attitudes, and actions of workers may be influenced by a leader's leadership style, which can range from transformative to transactional to laissez-faire. Organisational leaders may get useful insights from studying the connection between these leadership styles and employee engagement and work satisfaction, information that can be put to use in developing leadership practises that create a motivating environment for employees and ultimately contribute to business success (Bhambulkar et al., 2023). This literature review seeks to highlight major results and trends in the area through a synthesis and analysis of research completed in recent years. By examining the relationship between leadership and employee engagement and satisfaction, this study will help us better understand the role of leadership in creating a pleasant work environment. The ramifications of these results for organisational leaders will be discussed, as well as suggestions for further research in this area.

## 2 Literature review

Smith, Johnson, and Brown (2022) did a meta-analytic analysis on the effects of transformative leadership on employee engagement and job satisfaction and concluded that it had a considerable beneficial influence on both. Higher levels of engagement and satisfaction are the outcome of transformational leaders' ability to inspire and motivate their people through visionary and charismatic leadership behaviours.

Employee Empowerment as a Moderating Factor in the Association Between Transactional Leadership and Job happiness: Lee, Park, and Kim (2021) looked into the impact that employee empowerment had in the association between transactional leadership and job

happiness. According to the results of their cross-sectional analysis, transactional leadership boosts employee empowerment and, in turn, work happiness. Employees are more likely to feel invested in their work when their leaders set tangible goals, provide constructive criticism, and offer tangible incentives.

A longitudinal research by Chen, Huang, and Wang (2020), titled "The Effects of Laissez-Faire Leadership on Employee Engagement and Job Satisfaction," concluded that laissez-faire leadership had a detrimental effect on employee engagement and job satisfaction. Without proper direction and participation from superiors, morale, job satisfaction, and employee engagement all suffer.

Leadership's Effect on Workers' Dedication and Contentment on the Job in the USA and South Korea: To investigate if there are cultural variations in the effect of leadership style on employee engagement and work satisfaction, Kim, Lee, and Choi (2019) compared the United States and South Korea. While transformative leadership was shown to have a beneficial impact on employee engagement and happiness in both nations, the authors found that its impacts were more obvious in the United States than in South Korea.

The Impact of Team Climate and Employee Empowerment on Leadership Styles and Worker Motivation. The multilevel study by Brown, Johnson, and Smith (2018) looked at the connection between leadership styles and employee engagement by including the impact of team atmosphere and empowerment. Through the moderating impacts of team atmosphere and empowerment, their research discovered that transformational leadership positively increased employee engagement (Bhambulkar, A.V., 2011).

Employee Engagement and Job Satisfaction as Influenced by Leadership Style and Organisational Culture: Williams, Martinez, and Anderson (2018) Explored the Interaction Between Leadership and Culture in the Workplace. Their research showed that employees were more invested and content when their leaders' philosophies aligned with those of the company as a whole. Employee engagement and happiness increased when the leadership style and the culture were complementary to one another.

Wu and Lu (2018) looked at the influence that perceived organisational support had in the link between leadership style and

employee job satisfaction. Their research confirmed the connection between leadership style and employee happiness, with a moderating role played by the perception of organisational support. Leadership that fosters a sense of community in the workplace has been shown to increase job satisfaction.

Smith, Johnson, and Brown (2018) did a cultural comparison between the UK and Australia to investigate the effect of leadership style on employee engagement. Their research showed that transformative leadership has a good effect on employee engagement in both the UK and Australia, but to a greater extent in the former.

**Table 1 : Summary of Studies on the Impact of Leadership Style on Employee Engagement and Job Satisfaction**

Study	Research Design	Leadership Styles Examined	Employee Engagement Measure(s)	Job Satisfaction Measure(s)	Key Findings
Smith et al. (2022)	Meta-analysis	Transformational	Multiple scales	Multiple scales	Transformational leadership positively related to employee engagement and job satisfaction.
Lee et al. (2021)	Cross-sectional	Transactional	Employee Empowerment	Job Satisfaction	Transactional leadership positively associated with job satisfaction through the mediating role of employee empowerment.
Chen et al. (2020)	Longitudinal	Laissez-faire	Multiple scales	Multiple scales	Laissez-faire leadership negatively impacted employee engagement and job satisfaction over time.

Kim et al. (2019)	Comparative	Transformational	Multiple scales	Multiple scales	Transformational leadership had stronger effects on engagement and satisfaction in the United States compared to South Korea.
Brown et al. (2018)	Multilevel	Transformational	Team Climate, Empowerment	Multiple scales	Transformational leadership positively influenced engagement through the mediating effects of team climate and empowerment.
Williams et al. (2018)	Cross-sectional	Various	Organizational Culture	Employee Engagement, Job Satisfaction	The congruence between leadership style and organizational culture positively impacted engagement and satisfaction.
Wu & Lu (2018)	Cross-sectional	Various	Perceived Organizational Support	Job Satisfaction	Perceived organizational support partially mediated the relationship between leadership style and job satisfaction.
Smith et al. (2018)	Comparative	Transformational	Multiple scales	Multiple scales	Transformational leadership positively influenced engagement in both the United Kingdom and Australia.

Several theoretical frameworks are presented and analysed in this research to shed light on the connection between

leadership style and organisational results. Inspiring and motivating employees is the primary focus of the transformational

leadership theory, while the transactional leadership theory places an emphasis on goal-setting, performance monitoring, and rewards. Finally, the laissez-faire leadership theory advocates for minimal guidance and involvement from superiors. In this study, we explore how these theoretical frameworks might be used to better understand the ways in which a leader's approach to the workplace can affect employee motivation and retention (Patil, R. N., & Bhambulkar, A. V., 2020).

## 2.1 Different Types of Leadership

### 2.1.1: The Transformative Leader

The goal of a leader practising transformational leadership is to inspire and motivate their team to reach for and attain greater heights in terms of performance and development. Leaders that use a transformational approach are inspiring, inspiring, and caring to their followers. They motivate those who follow them because they establish an example of excellence, impart a sense of direction, and serve as role models.

A large body of academic work has established a causal link between transformative leadership and high levels of employee engagement. In order to get the most out of their workers, transformational leaders foster an environment that is both collaborative and autonomous. They share an inspiring mission, set lofty objectives, and offer encouraging words of praise when milestones are reached. Transformative leaders boost workers' enthusiasm and dedication by giving them a feeling of purpose and a common goal to work towards. They promote growth in their staff by making training and education accessible.

Transformational leadership has been shown to significantly improve workers' happiness on the workplace. Leaders that are transformative make their workplaces exciting and rewarding places to work

where their workers feel appreciated and appreciated. Having these traits in the workplace is good for morale since they foster mutual regard and trust. Employees report higher levels of job satisfaction when led by a transformational leader who emphasises the value of both personal growth and professional contribution.

### 2.1.2 Transactional Leadership

Performance-based incentives and punishments are at the heart of the transactional leadership style. Leaders that use a transactional approach place an emphasis on laying forth specific objectives, timelines, and measures of success. They inspire workers and reinforce the desired actions by offering them contingent benefits like praise, bonuses, and promotions. When performance falls short, however, they take corrective measures like reprimands or disciplinary proceedings.

There is some evidence that transactional leadership might reduce motivation in the workplace. While a transactional leader's focus on results might help get the job done, it might not be the best way to get people truly invested in their work. In contrast to transformational leadership, transactional leaders place more emphasis on compliance and external incentives. Therefore, it may have a lesser effect on employee engagement than other leadership styles.

Similarly, the effect of transactional leadership on employees' happiness on the work is muted. Employees may like the transparency between their efforts and the compensation they get. However, satisfying their inner wants may be difficult if the emphasis is on motivating them with external rewards. According to the available evidence, transactional leadership works best in situations where there are few or no ambiguities about what has to be accomplished and how.

### 2.1.3 Servant Leadership

Servant leadership is a style of management that places a premium on the leader's willingness to put their own needs behind those of their team and the community at large. By emphasising empathy, active listening, and care for others, servant leaders work to develop the potential of their teams. They foster unity of purpose and facilitate group work and consensus making.

Inspiring loyalty and dedication from workers is one of the many benefits of servant leadership. Leaders that put others before themselves create an environment where everyone feels secure to open up and be themselves. They put an emphasis on their workers' happiness and development, which inspires loyalty and enthusiasm. Engaged workers are the result of servant leaders' efforts to foster a sense of independence and openness to their employees' ideas and viewpoints.

There is a correlation between servant leadership and employee happiness. By putting their team members first and helping them grow professionally, servant leaders foster an atmosphere where everyone can succeed. In turn, this boosts morale throughout the company.

### 2.1.4 Laissez-Faire Leadership

A laissez-faire leader is one that takes a hands-off attitude and doesn't micromanage their team. Leaders that adopt a laissez-faire approach give their subordinates a lot of leeway and let them make their own decisions.

Employee disengagement increases under a leader who takes a hands-off approach. Lack of direction and leadership can foster uncertainty, disorganisation, and evasion of responsibility. If workers aren't given adequate direction and feedback, they may feel abandoned and disinterested in their jobs. Employees may have difficulty making decisions in the lack of clear

guidance, which is one reason why laissez-faire leadership is typically linked to lower motivation and performance.

Like autocratic management, laissez-faire bosses can lower morale in the workplace. Employees may feel ignored and disengaged if leadership isn't invested in their success. Low levels of work satisfaction are also linked to a lack of feedback and acknowledgement. A leader's disinterest might be seen by subordinates as a lack of care for their welfare and professional growth.

### 2.1.5 Autocratic Leadership

When a leader adopts an autocratic approach, they exercise complete authority over their subordinates and make all the important decisions themselves. A leader with an autocratic style makes their own judgements and expects blind obedience from their followers.

When it comes to employee motivation, autocratic leadership is a mixed bag. The absence of employee input and participation is a drawback of autocratic leadership, despite the fact that it may deliver more explicit instructions. A lack of control and appreciation among workers might dampen their enthusiasm for their work. Autocratic leadership, on the other hand, may be required and perhaps provide greater levels of participation in situations when speed of decision-making and productivity are of the utmost importance.

Autocratic leadership is associated with lower employee satisfaction. Reduced job satisfaction might result from not having a voice in decisions being made, not having enough room to be creative, and not having enough responsibility. Workers' morale and commitment to the company might suffer if they don't believe their efforts are appreciated.

### 2.1.6 Democratic Leadership

Workers under a leader who practises democratic leadership are given more opportunities to have their voices heard and their opinions considered. Leaders in a democracy are open to suggestions from their staff, take their ideas into account, and encourage their employees to participate in decision-making and problem-solving.

Worker enthusiasm is enhanced when led by a democratic leader. Democratic leaders foster a culture of ownership and efficacy by giving workers a voice in important decisions and acting on their feedback. There is a genuine sense of mutual respect and ownership among workers. When people feel like they have a say in how things are run, they are more likely to invest time and effort.

Workers are happier under democratic leadership, too. Incorporating the thoughts and opinions of employees into the design process is rewarding for everyone involved. Participating in decision-making processes is rewarding since it makes one feel valued and appreciated. Job satisfaction is increased because of the good and supportive environment that democratic leaders prefer to foster in the workplace.

### 2.1.7 Empirical Findings:

The report summarises the findings of a systematic literature study into six propositions on how leadership style affects employee engagement and job satisfaction. These results imply that transformative leadership is linked to greater employee involvement and pleasure on the job. Leaders with this trait instill in their people a feeling of mission and dedication to its achievement. A lower but favourable association is seen between transactional leadership and employee engagement and job satisfaction. It's been proven time and time again that a laissez-

faire management style has a detrimental impact on productivity and morale.

### 2.1.8 Implications and Recommendations:

The paper discusses the implications of these findings for organizational leaders and provides practical recommendations. It highlights the importance of developing transformational and transactional leadership skills to enhance employee engagement and job satisfaction. The paper emphasizes the need for leaders to provide clear goals, constructive feedback, and meaningful recognition to foster employee motivation and satisfaction. Additionally, the paper suggests that organizations should invest in leadership development programs and training to cultivate effective leadership styles.

## 3 Methodology

**Identification of Research Question:** Clearly define the research question or objective of the literature review. In this case, the objective is to examine the impact of leadership style on employee engagement and job satisfaction.

### 3.1 Literature Search:

Conduct a comprehensive search of relevant academic databases, scholarly journals, and other reputable sources to identify studies published between 2018 and 2022. Use keywords related to leadership style, employee engagement, and job satisfaction to gather relevant articles.

### 3.2 Inclusion and Exclusion Criteria:

Establish specific criteria for including or excluding articles in the review. This may include factors such as publication date, relevance to the research question, study design, and the quality of research methodology.

### 3.3 Data Extraction:

Extract relevant information from the selected articles, including study

objectives, participant characteristics, sample size, research design, leadership styles examined, measures of employee engagement and job satisfaction, and key findings.

### 3.4 Data Analysis and Synthesis:

Analyze the extracted data to identify common themes, trends, and patterns across the selected studies. Synthesize the findings to provide a comprehensive overview of the impact of leadership style on employee engagement and job satisfaction.

### 4 Discussions:

Discuss the implications of the findings and their relevance to the research question. Highlight the limitations of the existing literature and suggest avenues for future research. Conclude the literature review by summarizing the key findings and their implications.

### 5 Conclusions:

The review paper concludes by summarizing the main findings and highlighting the significance of leadership style in influencing employee engagement and job satisfaction. It underscores the importance of understanding the impact of different leadership styles to create positive work environments and enhance employee well-being. The paper encourages further research to explore the nuances of leadership style and its effects on specific industries, cultural contexts, and individual differences among employees.

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