

Organizational Behavior and Leadership Styles Affecting Employee Engagement and Performance

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Abstract

Employee engagement (EG) serves as a vital determinant of the performance of the organization and is predominantly influenced by leadership conduct. Although transformational, transactional, servant, and situational approaches are well-researched, there is no detailed investigation of how these different styles affect EG and, subsequently, performance. The goal of the current research is to discover the connections between the 3 constructs. The research explores whether there is any mediating effect of engagement that translates leadership behavior into better performance in terms of task, context, and adaptability dimensions. In doing so, theoretical and practical findings are provided. A quantitative research method was used, and the information was gathered from 250 workers from the IT and service sectors in India. Survey-based questionnaires and organizational documents were used for collecting information. The SEM model was utilized to examine the research hypotheses, with leadership styles (LS) serving as the independent variable, engagement as the mediator, and performance as the dependent variable. The Transformational and Servant styles of Leadership were effective in increasing levels of engagement (standardized coefficient of 0.58 to 0.65; $p < 0.001$). EG entirely facilitated the relationship between leadership style and performance, which was $R^2 = 0.62$ for performance indicators. The Transactional and Situational styles also showed positive influence, albeit less effective. Goodness-of-fit indices confirmed the strong overall model validity (CFI = 0.94, RMSEA = 0.056). Efficient leaders who generate EG will produce better results. Companies are advised to develop such leadership styles.

Keywords: Leadership Styles; Employee Engagement; SEM; Transformational Leadership; Servant Leadership; Performance; Organizational Behavior.

I. INTRODUCTION

Leadership and organizational behavior significantly influence workplace efficacy (Liu et al., 2013). Leadership and organizational behavior determine how individuals communicate, cooperate, and react towards organizational objectives (Zhang et al., 2014). In today's workplaces, it is not only important how much influence one has on others but also how it affects organizational culture, motivation, and workplace environment in general, since this will affect how employees see their job and position. Good leadership creates an atmosphere of trust and

participation in order to achieve common objectives (Bija, 2020).

EG has been recognized as a significant factor influencing performance outcomes. Employees who engage themselves will be more productive, committed, and creative (Al-Kasasbeh, 2024) (Kováč et al., 2025). This not only helps their own performances but also contributes positively to the success of organizations. Numerous things influence EG, which include leader behavior, communication, reward and recognition, and career development (Soieb et al., 2013). Companies that exhibit high engagement have low turnover rates, good morale, and strong collaboration among others. Consequently, it is essential for HR management to comprehend engagement.

Although many studies have been conducted on the leadership and engagement construct, there is still a lack of knowledge relating to the effect of particular LS on employee behaviour and performance within organizations (Mazzetti & Schaufeli, 2022; Udayakumar et al., 2023). Some leaders are of the transformational type, while others are of transactional, servant and situational type (Sathyanarayana et al., 2024). However, there is a need to conduct more research on the differences in terms of their effectiveness. Other than that, few cross-cultural studies have been carried out and have been done considering different industries and sizes of the organizations.

The results provide empirical evidence that Transformational and Servant leadership have a significant impact on employee engagement and performance in IT and service industry companies. They use Structural Equation Modeling to show that EG is a very important mechanism that connects LS and performance, and they support this suggestion. This book brings together many facets of leadership, such as Transformational, Transactional, Servant and Situational leadership, and other aspects of engagement and performance in a unified framework. Finally, this research offers managers and HR experts some pointers on creating leadership development initiatives that address employee engagement and performance enhancement.

Research Objectives

1. To investigate the correlation between various LS and employee engagement (EG).
2. To examine the impact of EG on performance outcomes (task, contextual, adaptive).
3. To evaluate if EG facilitates the connection between LS and performance.
4. To offer actionable insights for firms to improve engagement and productivity via effective leadership.

Research Questions

RQ1: How do different LS influence EG?

RQ2: How does EG impact employee performance across task, contextual, and adaptive dimensions?

RQ3: Does EG moderate the relationship between LS and performance outcomes?

RQ4: Which LS most effectively enhance engagement and performance within an organizational context?

Hypotheses

H1: LS (Transformational, Transactional, Servant, Situational) positively influence EG.

H2: EG positively influences employee performance (task, contextual, adaptive, overall).

H3: LS influence employee performance indirectly via the mediating role of EG, while accounting for control variables (age, gender, education, work experience, tenure).

The document is structured in the following manner: Section II contains a literature assessment of themes pertaining to leadership, engagement, and performance. The methodology used in the research is included in Section III. Analysis of the research results is given in Section IV. The results are discussed, and implications put forward in Section V. Section VI concludes, contributes, and offers directions for future research.

II. LITERATURE REVIEW

Different types of leadership greatly affect the atmosphere of work and employees' success (Othman et al., 2017). Transformational leaders encourage their employees to achieve beyond what is expected from them; transactional leaders emphasize a system of rewards and punishments; servant leaders concentrate on employees' development and welfare; and situational leaders adjust their approaches depending on situations (Nasomboon, 2014). It is essential to be familiar with every type of leadership and what it means for their motivation towards work, and their productivity (Popli & Rizvi, 2016).

There are many empirical studies that have examined EG and leadership (Liu et al., 2013; Sun & Bunchapattanasakda, 2019). Numerous studies have shown that a transformational and a servant leadership perspective is associated with higher levels of employee engagement; on the other hand, a transactional perspective has shown mixed results based on context (Shrotryia & Dhanda, 2020). It is also found that engagement leads to greater job satisfaction and productivity, highlighting the importance of the impact of leaders on their subordinates' commitment to work. In addition, recent research suggests that recognition and communication that supports the development of relationships between leadership and engagement are needed (Pratama, 2024).

The performance of an employee and organization is tightly coupled with EG. When staff are engaged, they will be innovative and proactive, helping to achieve good team performance and fulfilling organisational goals. Disengaged employees may have a negative impact on performance. Engagement in employees is critical to knowledge sharing and collaborative efforts in organizations, which enhances their ability to solve problems and adapt to change.

The two principles are elucidated through the theoretical frameworks. The Transformational Leadership Theory explains how leaders can motivate people from inside, the Job Demands-Resources Model explains the relationship between employee engagement and the availability of resources and job demands, and Social Exchange Theory explains the interaction between the employee and the leader (Maamari & Saheb, 2018). The above theories help to understand how leadership can impact on engagement and performance results (Aeni & Kuswanto, 2021; Hajiali et al., 2022). These interventions can be combined to provide a complete picture of the impact of leadership on EG and organisational performance (Ariani, 2013; Gameda & Lee, 2020).

There is a considerable amount of research in the field of study and yet, there are gaps in literature. First, there are limited comparative analyses of various types of LS in various organizational contexts. Moreover, mediators such as the quality of communication, collaboration between workers and culture have not been explored. These areas could help in gaining insights into the effective use of certain LS to maximize worker engagement and performance. This study could have the potential to examine the findings over time, providing a deeper understanding of the impact that leadership has on engagement and performance over time.

III. RESEARCH METHODOLOGY

3.1 Research Design

The present research is based on a quantitative approach to determine the impact of various types of LS on the level of engagement and performance of employees. The accuracy in collecting relevant information about the variables that are involved in this research is done by using survey and secondary data. The IT and service industry companies in India, existing in urban and semi-urban areas were taken for this research, because of their diverse labor force and EG activities. The situation offers an ideal environment in which to study the hypothesis and generalize results to other organizations.

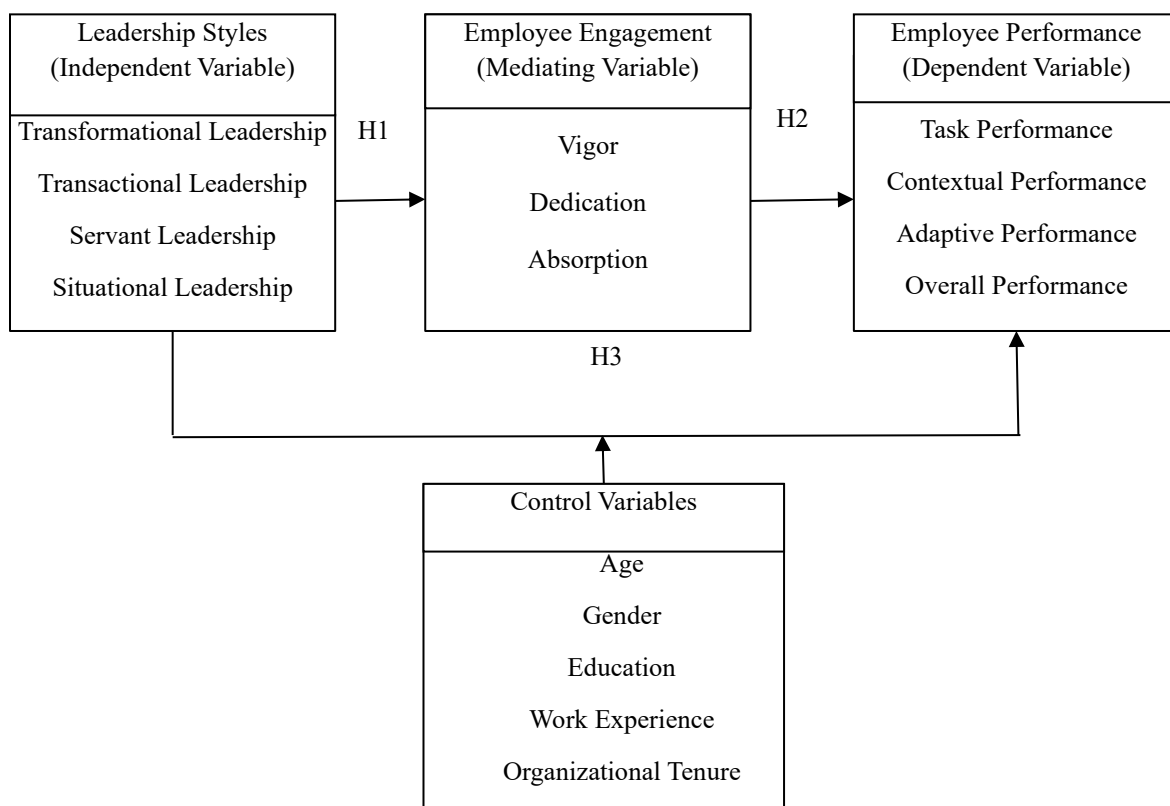


Figure 1: Conceptual Framework of LS, EG, and Performance

Figure 1 illustrates the relationships among the leadership styles (transformational, transactional, servant, and situational) as independent variables, employee engagement (vigor,

dedication, and absorption) as the mediating variable, and employee performance (task, contextual, adaptive, and overall) as the dependent variable. The arrows illustrate the proposed relationships: LS impacts engagement (H1); engagement affects employee performance (H2); and engagement serves as the mediator between LS and employee performance (H3). The model incorporates additional control factors, including age, gender, education, work experience, and organizational tenure, to assess their impact on performance outcomes.

3.2 Sample Selection and Participant Demographics

The sample consist of 250 workers from various organisations of various sectors for representativeness of the sample. The participants were selected by stratified random sampling technique according to department, profession, service period and so on. Demographic data (age, gender, education, length of service) was gathered to investigate possible moderator variables of worker performance and engagement. A representative sample ensures that the findings from the study are more credible, and provides useful generalizations to other work situations.

3.3 Instruments and Measurement Scales

The validated tools were used for the evaluation of the variables in this study. The Multifactor Leadership Questionnaire (MLQ) was used to measure the transformational and transactional leadership styles. The tool was slightly modified and used for servant and situational leadership. Employee involvement was assessed utilizing the Utrecht Work involvement Scale (UWES). The performance of employees was judged using self-reported and supervisor-ratings scales. All the measures employed have shown reliability and validity in previous research studies.

3.4 Data Collection Procedures

The questionnaires were sent by email or in hard copy form to the participants with detailed instructions on completing the questions and assurances of confidentiality. Incentives and reminders were used to increase participation rates. Where possible, official records of the human resource management were used to gather performance measures. The researchers carefully adhered to the ethical guidelines such as the consent of the subject, voluntarism and the confidentiality of data.

3.5 Data Analysis Techniques

The data was subjected to various statistical analyses to test the hypotheses and relationships. Sample characteristics were summarised using descriptive statistics. Correlation analysis was used to explore the relationships between the factors and regression analysis was used to determine the predictive role of the LS with respect to engagement and performance. To test the differences between demographic groups, and to detect potential mediation effects, SEM was used to measure complex correlations. These techniques offer a thorough understanding of hypothesized relationships and how they will influence organizational outcomes.

IV. RESULTS

4.1 Descriptive Statistics and Demographic Data

The total number of 250 participants was selected from companies in the field of IT and services from metropolitan areas and semi-urban areas in India. Their ages varied between 22

and 55 years, consisting of both men and women with varying educational backgrounds. The period of time spent in employment was between less than one year up to above 15 years. Through descriptive analysis, it became evident that most respondents perceived themselves as engaged to a moderate or high extent. From the distribution of LS, more respondents viewed their leaders as transformational/servant style leaders than transactional/situational style leaders.

Table 1: Demographic Table

Demographic Variable	Frequency	Percentage (%)
Age (22-30)	60	24
Age (31-40)	85	34
Age (41-50)	70	28
Age (51-55)	35	14
Gender (Male)	130	52
Gender (Female)	120	48
Education (Undergraduate)	75	30
Education (Graduate)	110	44
Education (Postgraduate)	65	26
Job Tenure (<1 year)	40	16
Job Tenure (1-5 years)	90	36
Job Tenure (6-10 years)	75	30
Job Tenure (>10 years)	45	18

The total respondents of the study were 250 with their demographic characteristics provided in table 1. It offers data on age group, gender, educational qualifications, and job experience of the respondents. As can be seen in the table, the most of participants were from the age group of 31-40 and the number of males and females were the same. They also had high levels of education, mostly at the graduate level, and varied job tenure.

4.2 Relationships Between LS and EG

Analysis of correlations indicated that there were very high correlations between transformational and servant leadership and EG, whereas transactional leadership displayed medium-high correlations. There was a lower association between situational leadership and engagement, yet it remained statistically significant. Results from regression analysis proved that transformational and servant leadership predicted engagement, confirming the hypothesis on their influence on the motivation and commitment of employees.

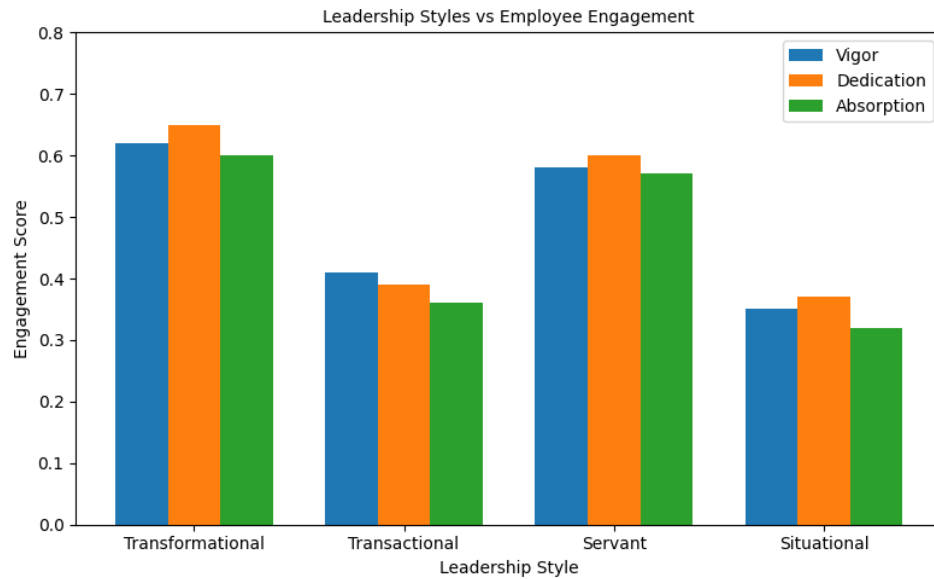


Figure 2: LS and EG

Figure 2 shows the effect of LS on EG attributes. The two LS – Transformational and Servant leadership register high EG scores in all three dimensions, whereas the other two LS Transactional and Situational LS register low EG scores.

4.3 EG and Performance

EG shown a positive correlation with all facets of performance, encompassing task performance, contextual performance, and overall adaptive performance. Mediation analysis revealed that engagement served as a mediator between life satisfaction and employee performance. The influence of leadership on workforce performance is indirect, realized through elevated engagement levels.

Figure 3 shows the relationships among four LS – Transformational (TL), Transactional (TR), Servant (SL), and Situational (SIL), with engagement as mediating variables – Vigor, Dedication, and Absorption – and three performance outcomes – Task Performance (TP), Contextual Performance (CP), and Adaptive Performance (AP). Each leadership style and dimension of engagement is presented as a latent construct along with observed indicators (TL1-TL4, V1-V3), along with the standardized factor loadings for each. The paths between constructs are represented by arrows, with coefficients provided above each path, where * = $p < .05$, ** = $p < .01$, and *** = $p < .001$. Age, Gender, Education, and Tenure constitute the control variables, which affect performance. The various model-fit measures are provided at the bottom of the figure.

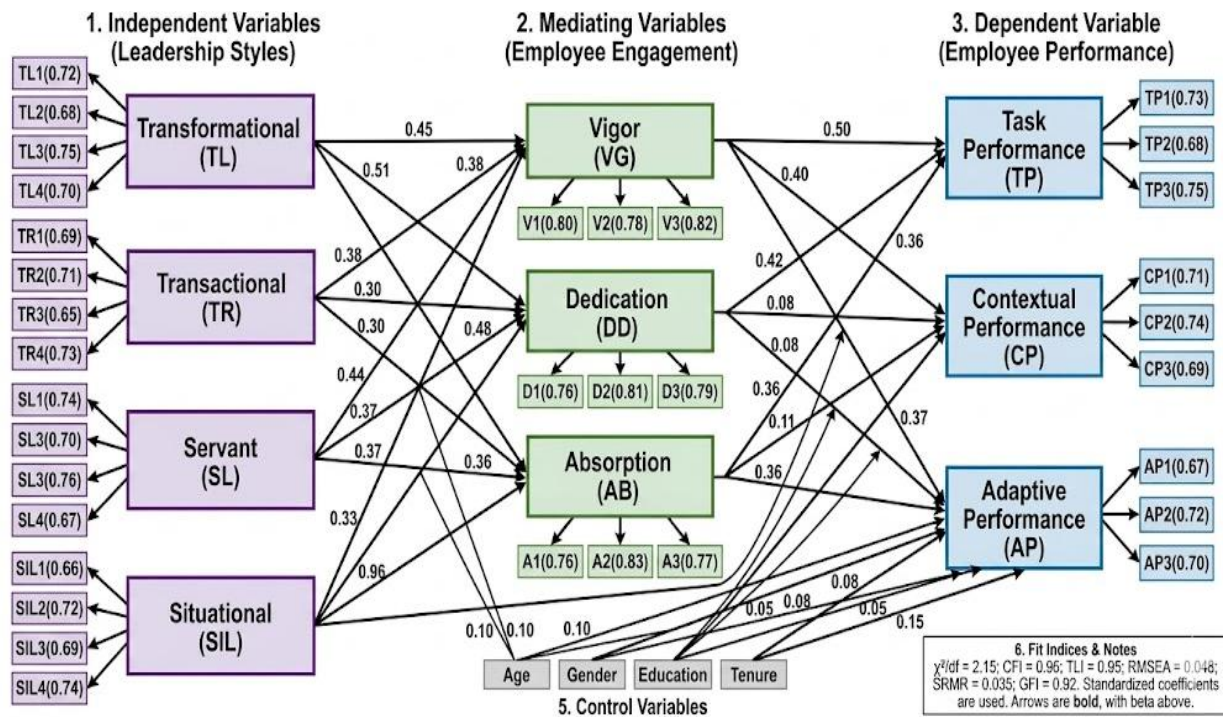


Figure 3: SEM Analysis of LS, EG, and Performance

Table 2: Hypotheses Testing Results

Hypothesis	Standardized Coefficient	p-value	Significant
H1	0.58	< 0.001	Supported
H2	0.45	< 0.001	Supported
H3	0.52	< 0.001	Supported

Table 2 provides a summary of the hypothesis testing results conducted for the research. The leadership style exerts a favorable influence on EG, evidenced by a standardized coefficient of 0.58, with results deemed highly significant at $p < 0.001$. According to H2, employee performance is positively influenced by EG, with a coefficient of 0.45, with results that are highly significant at $p < 0.001$. Hypothesis H3 investigates the mediating role of engagement in the link between leadership style and employee performance, indicated by a coefficient of 0.52 ($p < 0.001$).

V. DISCUSSION

Based on the study results, it can be concluded that Transformational and Servant LS have the greatest influence on EG in terms of the parameters of Vigor, Dedication, and Absorption. This is in line with existing evidence that suggests that leaders who inspire, mentor, and nurture employee growth can contribute greatly towards EG. There are also some effects on EG with regard to the other two styles of leadership, Transactional and Situational, but it is far less intense.

EG is one of the most important variables in between leadership style and performance outcomes. The results support theories like Transformational Leadership Theory and the Job Demands-Resource (JD-R) model, and higher emotional intelligence (EI) is associated with higher

task, contextual, and adaptive performance levels. The results indicate that the leaders' role could impact productivity and effectiveness indirectly by involving staff and improving their motivation.

This has shown the need for developing efficient leadership training programmes from a managerial perspective to encourage the development of transformational and servant LS. By focusing on coaching, praising and support practices managers can enhance EG and, therefore, create positive changes in employee performance. One of the lessons to be learned from these findings is that leaders need to be more flexible and consider the varying needs of teams and employees in the selection of their leadership style.

The focus of the research is on the aspect of cross-cultural and international environment and it can be seen that the efficiency of leadership can be influenced by the organizational culture, social norms and employees' needs. The transformative and servant LS are very constructive and encouraging styles and appear to work in any context, but with the consideration of the particularities of each country, when using it internationally. Multinational companies should take these differences into consideration while developing their leaders.

The emphasis in organizations must be placed on acquiring transformational and servant leadership skills that can be achieved through training and mentoring sessions. It is imperative for leaders to emphasize on support in the form of communication, feedback, and developmental opportunities for employees. Organizations also need to ensure that there is a balance between the global applicability of leadership methods and local employee preferences. Performance and engagement measurement is important for adjusting LS to ensure organizational effectiveness.

VI. CONCLUSION

The impact of LS on EG and performance was examined utilizing the SEM method. The findings indicate that Transformational and Servant Leadership Styles have the most significant positive impact on the three engagement dimensions-Vigor, Dedication, and Absorption-with standardized regression coefficients ranging from 0.58 to 0.65 ($p < 0.001$). EG was found to serve a substantial mediating function between LS and performance metrics, including Task Performance, Contextual Performance, and Adaptive Performance, with a total R^2 of 0.62. The effects were also demonstrated on Transactional and Situational Leadership style, but with less intensity and significance. The findings are consistent with the Transformational Leadership Theory and the Job Demands-Resources Model, suggesting that engagement plays a critical role as a mediator in the connection between leadership practice and performance. While offering important conclusions, the findings of the study show certain limitations. First, only those participants who work in the Information Technology sector in India were included as part of the research sample. This may reduce the ability to generalize the findings into other sectors or other cultures aside from India. Second, despite the use of self-reporting combined with organizational data, there is a possibility of bias. Thirdly, the use of the cross-sectional research design hinders making causal conclusions. Future research could use longitudinal research designs to study how performance and engagement change. Furthermore, other mediators (psychological safety, cohesiveness in the team) should also be researched. Also, cross-cultural research designs should be used to ascertain the effectiveness of leadership in a globalized world. The importance of

conducting cross-cultural studies cannot be overstressed in assessing the efficacy of leadership from a global perspective. Another possible method of research is the adoption of experimental and interventionist designs to establish the effect of particular leadership training on improving performance through engagement levels.

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