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Leadership Styles and their Impact on Employee Motivation and Job Satisfaction

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Abstract: ***This empirical study investigates the relationship between perceived leadership styles—specifically Transformational, Transactional, and Laissez-faire- and two critical psychological outcomes in organizational settings: employee motivation (intrinsic and extrinsic) and overall job satisfaction. Grounded in Bass and Avolio's Full Range Leadership Model (FRLM), Herzberg's Two-Factor Theory, and Self-Determination Theory (SDT), a cross-sectional quantitative design was deployed. Primary data were gathered from a structured sample of corporate professionals (N = 210) across diverse sectors in India using psychometrically validated scales: the Multifactor Leadership Questionnaire (MLQ 5X), the Work Extrinsic and Intrinsic Motivation Scale (WEIMS), and the Minnesota Satisfaction Questionnaire (MSQ). Descriptive, correlational, and multiple linear regression analyses were conducted. Results indicated that Transformational Leadership exhibited a strong positive correlation with Intrinsic Motivation (r = .68, p < .001) and Job Satisfaction (r = .72, p < .001). Transactional Leadership displayed a moderate positive association with Extrinsic Motivation (r = .54, p < .001), whereas Laissez-faire Leadership demonstrated significant negative correlations with both Intrinsic Motivation (r = -.42, p < .001) and Job Satisfaction (r = -.51, p < .001). Multiple regression analyses confirmed Transformational Leadership as the primary driver of intrinsic psychological engagement and workplace satisfaction.***

Keywords: Transformational Leadership, Transactional Leadership, Laissez-Faire, Intrinsic Motivation, Extrinsic Motivation, Job Satisfaction, Organizational Psychology

1. Introduction

In modern organizational psychology, effective leadership behavior remains a pivotal determinant ofhuman capital sustainability, workplace productivity, and employee well-being. Rapid industry transformations and changing employment dynamics require managers to move beyond autocratic task allocation toward adaptive supervisory behaviors. Leaders do not simply coordinate operational workflows; they shape the socio-emotional climate of the organization, influencing employee cognitive evaluations and affective commitment.

Employee motivation- conceptualized across intrinsic drivers (internal satisfaction, autonomy, purpose) and extrinsic drivers (monetary compensation, directive oversight)- acts as the primary engine for organizational execution. Concurrently, job satisfaction reflects an employee's comprehensive appraisal of their work environment and supervisory support. Understanding the specific empirical links between distinct leadership styles and employee psychological states is vital for human resource management and organizational strategy.

2. Statement of the Problem & Objectives

Although extensive research has evaluated supervisory paradigms in Western enterprise contexts, empirical clarity regarding how distinct leadership dimensions interact with motivational profiles within modern Indian corporate structures remains essential. Organizations frequently adopt executive development frameworks without clear evidence on which specific behavioral competencies drive long-term job satisfaction versus transactional compliance. Furthermore, the prevalence and detrimental impact ofpassive (Laissez-faire) management often remain unquantified.

The primary objective of this study is to systematically evaluate the impact of perceived Transformational, Transactional, and Laissez-faire leadership styles on intrinsic/extrinsic employee motivation and overall job satisfaction among corporate professionals.

3. Literature Review & Theoretical Framework

The theoretical anchor of this study is the Full Range Leadership Model (**Bass & Avolio, 1994**), which places supervisory behaviors on a spectrum ranging from passive/ineffective (Laissez-faire) to contingent exchange (Transactional) and proactive/inspiring (Transformational). Transformational leaders engage four core behavioral dimensions ("The 4 Is"): Idealized Influence, Inspirational Motivation, Intellectual Stimulation, and Individualized Consideration (**Bass, 1985**).

Self-Determination Theory (**Deci & Ryan, 2000**) posits that intrinsic motivation flourishes when basic psychological needs—autonomy, competence, and relatedness—are satisfied. Transformational leadership aligns directly with SDT by encouraging self-direction and professional growth. Conversely, Herzberg's Two-Factor Theory (**Herzberg, 1959**) highlights that extrinsic hygiene factors (salary, policy, basic supervision) prevent dissatisfaction but do not inherently fuel intrinsic commitment, which aligns with Transactional Leadership paradigms.

4. Research Methodology

A cross-sectional, quantitative survey design was executed. Data were gathered from full-time white-collar corporate

professionals in India (N = 210 valid responses from an initial pool of 240, representing an 87.5% usable response rate). Standardized psychometric instruments included the MLQ 5X Short Form (Avolio & Bass, 2004), the Work Extrinsic and Intrinsic Motivation Scale (Tremblay et al., 2009), and the Minnesota Satisfaction Questionnaire (Spector, 1997). Statistical analysis was performed using SPSS v26.0.

Table 1: Demographic Profile of the Participating Sample (N = 210)

Variable	Category	Frequency (n)	Percentage (%)
Gender	Male	11 8	56.20%
	Female	88	41 .9%
	Prefer not to say	4	1 .9%
Age Group	21 –30 years	78	37.10%
	31 –40 years	92	43.80%
	41 –50 years	30	1 4.3%
	Above 50 years	1 0	4.80%
	Less than 2 years	45	21 .4%
Organizational Tenure	2–5 years	1 02	48.60%
	6–1 0 years/Above 1 0 years	63	30.00%

Table 2: Descriptive Statistics & Internal Consistency Reliability

Variable / Construct Scale	Items	Mean ($\bar{X}$)	SD	Cronbach's Alpha (α)
Transformational Leadership	3	3.68	0.74	0.89
Transactional Leadership	4	3.24	0.61	0.78
Laissez-Faire Leadership	3	1 .95	0.82	0.83
Intrinsic Motivation	6	3.82	0.68	0.88
Extrinsic Motivation	6	3.45	0.71	0.81
Overall Job Satisfaction	1 0	3.74	0.79	0.91

Note: All scale alpha values exceed the standard academic reliability benchmark of $\alpha \geq .70$.

5. Empirical Results & Analysis

Bivariate Pearson correlation analysis was conducted to examine preliminary linear associations among perceived leadership styles, motivational dimensions, and job satisfaction.

Table 3: Pearson Bivariate Correlation Matrix

Variables	1	2	3	4	5	6
1. Transformational Leadership	1.00	.24**	-.38**	.68**	.29**	.72**
2. Transactional Leadership	—	1 .00	-.11	.1 9**	.54**	.28*
3. Laissez-Faire Leadership	—	—	1 .00	-.42**	-.1 5*	-.51 **
4. Intrinsic Motivation	—	—	—	1 .00	.35**	.64**
5. Extrinsic Motivation	—	—	—	—	1 .00	.31 **
6. Overall Job Satisfaction	—	—	—	—	—	1 .00

** p <.05, ** p <.001 (2-tailed).*

6. Multiple Regression Analysis

Standard linear regression models were executed to evaluate the predictive strength of leadership styles across motivational dimensions and job satisfaction.

Table 4: Regression Models Predicting Intrinsic Motivation, Extrinsic Motivation, and Job Satisfaction

Dependent Variable	Predictor Variable	B	SE B	β	t	p
Intrinsic Motivation (R^2 = .52, F = 74.2, p < .001)	Transformational Leadership	0.55	0.05	.58	1 0.60	< .001
	Transactional Leadership	0.08	0.06	.07	1 .33	.1 85
	Laissez-Faire Leadership	-0.1 6	0.04	-.28	-4.00	< .001
Extrinsic Motivation (R^2 = .33, F = 33.8, p < .001)	Transformational Leadership	0.1 5	0.06	.1 7	2.07	.039
	Transactional Leadership	0.52	0.06	.49	8.1 4	< .001
	Laissez-Faire Leadership	-0.05	0.05	-.06	-1 .00	.31 8
Overall Job Satisfaction (R^2 = .61, F = 1 06.4, p < .001)	Transformational Leadership	0.65	0.05	.61	11 .80	< .001
	Transactional Leadership	0.1 4	0.05	.11	2.80	.006
	Laissez-Faire Leadership	-0.21	0.04	-.22	-5.25	< .001

Key Regression Insights: Transformational Leadership serves as the single strongest positive predictor of both Intrinsic Motivation (β = .58, p < .001) and Overall Job Satisfaction (β = .61, p <.001). Transactional Leadership uniquely accounts for variance in Extrinsic Motivation (β = .49, p < .001). Passive Laissez-faire Leadership exerts a significant negative effect on satisfaction (β = -.22, p < .001).

7. Discussion & Organizational Implications

The empirical findings offer strong validation for the research hypotheses. In line with Self-Determination Theory (**Deci & Ryan, 2000**), transformational leaders fulfill direct psychological needs for autonomy and competence through individualized coaching and inspirational communication. This significantly elevates intrinsic task engagement.

Transactional behaviors (contingent reward and goal clarification) serve an important complementary function by establishing structural expectations that optimize extrinsic drive (**Judge & Piccolo, 2004**). However, Laissez-faire management creates role ambiguity and psychological strain, leading to lowered satisfaction (**Skogstad et al., 2007**).

Practical Recommendations:

1) *Leadership Development:* Executive training programs should prioritize transformational competencies

(coaching, visionary messaging, active listening) rather than purely directive oversight.

2) *Mitigating Passive Leadership:* Organizations must implement 360-degree feedback tools to detect Laissez-faire managerial patterns early and replace passive management with structured coaching.

8. Conclusion & Future Directions

This study confirms that leadership style is a direct predictor of workforce engagement and job satisfaction. Transformational practices build deep intrinsic commitment, while structured transactional feedback ensures operational alignment. Future research should utilize longitudinal designs to examine long-term retention dynamics across varied industrial sectors.

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