

The Influence of Leadership Styles on Employee Performance and Motivation in Modern Organizations: A Descriptive Literature Study

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Abstract

This study aims to analyze the influence of leadership styles on employee performance and motivation in modern organizations using a descriptive literature review method. The research focuses on three main leadership styles—transformational, transactional, and participative and their effects on employees' intrinsic and extrinsic motivation as well as work performance. Data were collected from primary and secondary literature, including academic books, scientific journals, research articles, organizational documents, and credible online sources. The analytical technique employed is qualitative descriptive analysis, which includes categorizing the literature based on themes and research variables, constructing descriptive narratives, and examining the relationships among variables. The findings show that transformational leadership significantly enhances intrinsic motivation and employee performance through inspiration, recognition, and potential development. Transactional leadership is effective in improving short-term performance through rewards and punishments but is less supportive of intrinsic motivation and creativity. Meanwhile, participative leadership boosts motivation, job satisfaction, and team collaboration by involving employees in decision-making processes. Employee motivation plays an important mediating role between leadership style and performance. The study concludes that a combination of transformational and participative leadership styles yields optimal results in enhancing employee motivation and performance in modern organizations. These findings are expected to serve as a reference for managers, organizational leaders, and future academic research.

Keywords: leadership styles, employee performance, motivation, modern organizations, descriptive literature review

1. INTRODUCTION

Leadership is one of the main factors that determine the success of an organization. A leader not only serves as a decision-maker or operational supervisor but also as a guide and motivator for all team members. A leader's ability to manage human resources, articulate a clear vision, and foster employee motivation is crucial for achieving organizational goals (Wibowo, 2019).

In modern organizations characterized by global competition, rapid technological development, and increasing environmental complexity, effective leadership is essential for organizational survival and growth (Mangkunegara, 2017). Leaders who adopt appropriate leadership styles can enhance both individual and team performance, creating a conducive environment for innovation and collaboration.

Leadership styles have a direct impact on employee performance and motivation. For instance, transformational leadership emphasizes inspiration, employee development, and the creation of a compelling vision, which increases employee commitment and loyalty (Hersey, Blanchard, & Johnson, 2019; Sutrisno, 2018). Transformational leaders typically encourage innovation and creativity by providing space for employees to contribute ideas and participate in strategic decisions (Mangkunegara, 2017). As a result, this leadership style has a long-term positive impact on organizational productivity.

Meanwhile, transactional leadership focuses on supervision, discipline, and a system of rewards and punishments. This style is effective for achieving short-term goals and situations requiring strict adherence to procedures but is less able to motivate employees to innovate or take initiative beyond their routine tasks (Sutrisno, 2018). Therefore, transactional leadership is best combined with other styles, especially transformational or participative leadership, to achieve optimal organizational performance.

Participative leadership has also been shown to contribute to employee motivation and job satisfaction. Leaders who involve employees in decision-making processes foster a sense of ownership, trust, and satisfaction (Wibowo, 2019). Employees who feel valued are more motivated to achieve targets and deliver high-quality performance.

However, many modern organizations face challenges in implementing effective leadership. These challenges include a lack of open communication, resistance to change, differences in individual characteristics within teams, and mismatches between leadership styles and employee needs (Mangkunegara, 2017; Sutrisno, 2018). Such issues may reduce productivity, decrease motivation, and cause dissatisfaction, ultimately harming organizational performance.

Given the shifting landscape of modern organizations, leaders must adopt adaptive and flexible approaches. Leaders should adjust their leadership styles based on situational needs, individual characteristics, organizational culture, and external challenges. This highlights that leadership is not static but rather a dynamic process that evolves with internal and external changes (Wibowo, 2019; Mangkunegara, 2017).

Employee motivation is one of the key indicators of successful leadership. Motivated employees are generally more productive, innovative, and highly committed to their organizations. Leaders who understand employee needs, team characteristics, and appropriate leadership styles can create a positive work environment, improve job satisfaction, and support optimal achievement of organizational goals (Sutrisno, 2018).

Based on these considerations, this study aims to explore how leadership styles influence employee performance and motivation in modern organizations. Using descriptive analysis, this research provides narrative explanations of the relationships between leadership styles and employee behavior, serving as a basis for developing effective and sustainable leadership strategies.

Leadership is the process of influencing others to achieve organizational goals effectively and efficiently (Wibowo, 2019). Leaders play strategic roles in determining organizational direction, providing guidance, inspiring employees, and enhancing motivation and engagement. In modern organizations, leadership entails not only formal authority but also interpersonal skills, effective communication, and sound decision-making (Mangkunegara, 2017).

According to Sutrisno (2018), leadership involves influencing subordinate behavior through a combination of technical, interpersonal, and conceptual skills. Effective leadership helps organizations adapt to environmental dynamics, respond to change, and capitalize on opportunities. Therefore, leadership quality is a major determinant of long-term organizational performance.

Leadership style is a pattern of behavior or approach used by a leader to influence, guide, and manage subordinates (Hersey, Blanchard, & Johnson, 2019). In modern organizations, leadership styles must be adapted to organizational needs, subordinate characteristics, and external challenges.

Transformational leaders focus on inspiration, motivation, employee development, and the formulation of a clear vision (Bass & Riggio, 2006; Wibowo, 2019). Key characteristics include: (1) Possessing a clear vision and mission; (2) Providing inspiration and motivation; (3) Supporting employee development; (4) Encouraging creativity and innovation/ Transformational leadership has been shown to increase job satisfaction, commitment, innovation, and long-term performance (Mangkunegara, 2017).

Transactional leadership emphasizes supervision, task completion, and reward–punishment systems (Sutrisno, 2018). Characteristics include: (1) Clear rules and procedures; (2) Strong performance monitoring; (3) Reward and punishment based on results While effective for discipline and short-term goals, this style is less capable of fostering innovation or intrinsic motivation.

Participative leaders involve subordinates in decision-making and planning processes (Likert, 1961; Wibowo, 2019). Characteristics include: (1) Involving employees in discussions and decisions; (2) Appreciating employee input; (3) Encouraging two-way communication. Participative leadership enhances job satisfaction, collaboration, and long-term performance.

Employee performance refers to the degree of achievement in completing tasks according to organizational standards (Mangkunegara, 2017). Indicators include: (1) Achievement of work targets; (2) Quality of work; (3) Discipline and responsibility; (4) Initiative and creativity Effective leadership enhances performance through motivation, support, and clear communication (Wibowo, 2019).

Employee motivation is the internal and external drive that influences behavior, effort, and commitment (Wibowo, 2019). Motivation consists of: (1) Intrinsic motivation: satisfaction, responsibility, personal growth (2) Extrinsic motivation: rewards, bonuses, promotions Leaders enhance motivation through recognition, development opportunities, involvement, and clear direction (Hersey et al., 2019).

Research indicates that leadership styles significantly influence both performance and motivation (Wibowo, 2019; Sutrisno, 2018). Transformational leadership boosts intrinsic motivation and commitment, transactional leadership enhances external motivation, and participative leadership increases engagement and satisfaction. Motivation mediates the relationship between leadership and performance, as motivated employees show higher productivity and responsibility (Mangkunegara, 2017).

2. RESEARCH METHOD

2.1. Research Design

This study employs a descriptive qualitative research design using a systematic literature review approach. A descriptive qualitative method is appropriate because the study aims to provide a comprehensive, detailed, and contextual understanding of how different leadership styles influence employee performance and motivation in modern organizational settings. Rather than testing hypotheses or generating statistical models, this design emphasizes the interpretation of concepts, theoretical relationships, and patterns emerging from existing literature (Sugiyono, 2019; Creswell, 2014).

The literature review adopted in this study follows a structured and systematic process, involving: (1) identifying relevant sources; (2) screening the literature based on predetermined criteria; (3) extracting and synthesizing key findings, and (4) constructing an integrated narrative of leadership styles, motivation, and performance. This methodological approach is suitable because leadership, motivation, and performance are multidimensional constructs that can be effectively explored through in-depth document analysis.

2.2. Data Sources

The study draws upon primary and secondary sources consisting of: (1) Academic textbooks on leadership, organizational behavior, and human resource management (e.g., Wibowo, 2019; Mangkunegara, 2017; Hersey et al., 2019).; (2) Peer-reviewed journal articles, including theoretical and empirical studies published within the last 10 years; (3) Academic research papers, conference proceedings, and scientific articles.; (4) Organizational documents, such as annual reports, performance evaluation guidelines, and management manuals; (5) Credible digital databases, including Google Scholar, ScienceDirect, Emerald, Taylor & Francis, and Wiley Online Library. These sources were selected to ensure the relevance, credibility, and contemporary nature of the literature used in the analysis.

2.3. Inclusion and Exclusion Criteria

To maintain the quality and focus of the literature review, the following criteria were applied:

- a) Inclusion Criteria, Literature was included if it met the following requirements: (1) Published within the last 10 years (2014–2024), except for seminal works (e.g., Bass & Riggio); (2) Written in English or Indonesian; (3) Discussing at least one of the key variables: leadership style, employee performance, or motivation; (4) Published in reputable journals or by credible academic publishers; (5) Empirical or theoretical articles relevant to modern organizational settings.
- b) Exclusion Criteria, Sources were excluded if they: (1) Were opinion-based articles without empirical or theoretical foundation; (2) Were outdated (more than 15 years old), unless recognized as classic foundational theory; (3) Had unclear methodology or lacked academic credibility; (4) Did not directly discuss leadership–motivation–performance relationships. Applying these criteria helped ensure the accuracy, clarity, and academic rigor of the data analyzed.

2.4. Data Collection Procedures

Data collection was conducted using the following systematic steps:

- a) Initial Identification: Searching various academic databases using keywords such as: “*transformational leadership*,” “*transactional leadership*,” “*participative leadership*,” “*employee performance*,” “*employee motivation*,” “*organizational behavior*.”
- b) Screening and Selection: Titles and abstracts of studies were screened for relevance. Duplicates were removed.
- c) Full-text Review: Selected articles were examined in full to extract key concepts, theoretical frameworks, findings, and variable relationships.
- d) Data Extraction and Coding: Important information such as definitions, indicators, empirical evidence, and conclusions were organized into categories based on research variables.
- e) Data Synthesis: The extracted data were synthesized to identify thematic patterns and theoretical connections between leadership styles and employee outcomes.

Data were analyzed using qualitative descriptive analysis, which involves describing, interpreting, and synthesizing findings across studies.

The analysis included:

- a) Thematic Categorization: Literature was grouped into themes based on leadership styles, motivation types, performance indicators, and mediating/moderating factors.
- b) Comparative Analysis: Differences and similarities among leadership styles were analyzed to understand their distinct impacts.
- c) Narrative Synthesis: A narrative integration of findings was developed to explain how leadership styles influence motivation and performance.
- d) Conceptual Mapping: A conceptual relationship model was constructed to illustrate the pathways between leadership styles, motivation, and performance.

This multi-step analytical approach enabled a systematic and holistic understanding of the phenomena under study

3. RESULT AND DISCUSSION

Based on the systematic review and synthesis of various academic books, journal articles, and empirical studies, the findings of this research demonstrate that leadership style plays a crucial role in shaping both employee motivation and performance within modern organizations. The results are categorized into three central components: the influence of transformational leadership, transactional leadership, and participative leadership, followed by a detailed analysis of how motivation mediates the relationship between leadership and performance.

Transformational Leadership

Transformational leadership emerges as the most impactful style in modern organizational settings due to its emphasis on vision, inspiration, empowerment, and psychological support. The literature consistently shows the following patterns: (1) Enhancement of Intrinsic Motivation; (2) Transformational leaders stimulate intrinsic motivation through: inspirational communication, recognition and appreciation, intellectual stimulation,

individualized consideration. Djafar (2023) shows that employees under transformational leadership experience a stronger sense of purpose and self-efficacy, which encourages them to pursue organizational goals with greater enthusiasm. (3) Improved Employee Performance. Transformational leadership increases employee performance in several dimensions; creativity and innovation (Mangkunegara, 2017), quality of work and accuracy (Hartono, 2021), commitment and loyalty (Puspitasari, 2021); (4) Empirical studies indicate that employees respond positively to leaders who empower them, provide opportunities for skill development, and articulate meaningful visions; (5) Long-term Organizational Impact; (6) This leadership style aligns well with modern organizational needs such as innovation, digital readiness, employee engagement, and dynamic team collaboration. Transformational leaders create environments that encourage continuous learning and adaptability, making them essential for long-term sustainability.

Transactional Leadership

Transactional leadership is more structured and control-oriented. While it may not stimulate intrinsic motivation, it plays an important role in: (1) Achieving Short-term Performance; (2) Transactional leadership increases: employee compliance, task completion rate, operational efficiency; (3) Through reward-based mechanisms and corrective actions, transactional leadership is effective in environments requiring strict adherence to regulations, routine operations, or rapid output (Wibowo, 2019); (4) Strengthening Extrinsic Motivation; (5) Transactional leadership enhances extrinsic motivation through: Bonuses, Promotions, material rewards, punishment for underperformance, However, studies reveal that while this may boost performance temporarily, it does not sustain long-term engagement or creativity; (5) Limitations in Modern Organizations; (6) Literature suggests that transactional leadership: restricts employee independence, reduces creativity due to high levels of control, lowers intrinsic job satisfaction (Sutrisno, 2018); (6) Thus, organizations relying solely on transactional leadership may struggle to innovate or retain talent in the long run.

Participative Leadership

Participative leadership emphasizes employee involvement and shared decision-making, which aligns well with modern organizational cultures that value collaboration, empowerment, and transparency. (1) Increased Motivation and Engagement; (2) Participative leadership promotes: psychological ownership, a sense of belonging, responsibility and empowerment. Firmansyah & Wulandari (2022) confirm that when employees are involved in decisions, they exhibit higher motivation, stronger teamwork, and enhanced job satisfaction. Positive Impact on Team Collaboration and Creativity Participative leaders encourage open communication and idea sharing, leading to: more creative solutions, improved team synergy, healthier work relationships This style supports long-term organizational development by promoting an inclusive culture. Support for Employee Development Employees feel more valued and respected through active involvement in planning and decision-making processes. This fosters commitment and voluntary effort to contribute beyond basic job requirements.

Overall, the literature demonstrates that leadership style significantly influences both motivation and employee performance. Transformational and participative leadership styles offer the most substantial benefits for modern organizations, while transactional leadership supports operational stability. The presence of strong employee motivation—both intrinsic and extrinsic—is the key factor that transforms leadership behavior into improved performance outcomes.

4. CONCLUSION

This study concludes that leadership style plays a critical and multidimensional role in shaping employee motivation and performance within modern organizations. Through a comprehensive descriptive literature review, several important findings and insights were identified. First, transformational leadership consistently emerges as the most influential style in enhancing both intrinsic motivation and long-term employee performance. Its emphasis on inspiration, empowerment, vision articulation, and individualized support enables employees to develop higher levels of commitment, creativity, and self-efficacy. Transformational leaders not only motivate individuals but also cultivate organizational cultures that are conducive to innovation, continuous improvement, and sustainable performance growth. Second, transactional leadership, although often perceived as limited in terms of motivational depth, remains effective in contexts requiring structure, discipline, and short-term task achievement. Its focus on reward-and-punishment mechanisms reinforces extrinsic motivation, ensuring compliance, efficiency, and accountability. However, the literature indicates that transactional leadership is insufficient as a standalone approach for navigating the dynamic and knowledge-driven nature of modern organizations. Third, participative leadership demonstrates strong positive effects on job satisfaction, psychological ownership, and collaborative performance. By involving employees in decision-making processes, participative leaders foster a sense of belonging and shared responsibility. This leadership style supports environments that prioritize teamwork, trust, and open communication, making it ideal for contemporary organizational settings where collaboration is essential. The findings further affirm that employee motivation acts as a key mediating variable between leadership style and performance outcomes. Intrinsic motivation—such as personal fulfillment, recognition, and autonomy—plays a central role in driving creativity, initiative, and long-term performance, while extrinsic motivation supports routine productivity and compliance. Effective

leadership, therefore, enhances performance by first stimulating motivation and then channeling it into goal-oriented behaviors. In broader terms, this study concludes that no single leadership style is universally superior. Instead, the most effective leaders adopt a contextual and integrative approach, blending transformational, participative, and transactional elements according to situational demands, employee characteristics, organizational culture, and strategic objectives. This adaptive leadership model aligns more closely with the complexity and dynamism of modern workplaces, where flexibility, collaboration, and innovation are necessary for competitive advantage. From a theoretical perspective, the study reinforces existing leadership frameworks while providing an updated conceptual understanding of how leadership styles interact with psychological factors such as motivation. From a managerial standpoint, the findings offer practical guidance for leaders and organizations seeking to strengthen employee engagement, build high-performance teams, and cultivate long-term organizational success. Ultimately, this research contributes to the body of knowledge by presenting a comprehensive synthesis of contemporary literature on leadership, motivation, and performance. It emphasizes that leadership is not merely an administrative function but a strategic driver of organizational excellence. The integration of transformational and participative leadership principles, supported by transactional practices when appropriate, provides the most balanced and effective pathway for enhancing employee motivation and performance in modern organizations.

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