



GRADUATE PROGRAM INSTITUTE

**THE MEDIATION EFFECT OF MOTIVATION ON THE
RELATIONSHIP BETWEEN LEADERSHIP STYLES AND
EMPLOYEE PERFORMANCE**

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MASTER'S THESIS

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ABSTRACT

THE MEDIATION EFFECT OF MOTIVATION ON THE RELATIONSHIP BETWEEN LEADERSHIP STYLES AND EMPLOYEE PERFORMANCE

The relationship between leadership styles and performance has long been discussed. The recent studies show that differences in leadership characteristics have a significant impact on the perceived performance of employees and their overall motivation to accomplish their tasks. This thesis provides a useful study on the relationship between transformational and transactional leadership styles (TFLS and TCLS) with their effect on employee performance and motivation as a mediator. Data are obtained from 302 employees following non-probabilistic convenience sampling through a survey comprised of Likert scale questions. The single and double regression are applied on the SPSS software to analyze the proposed relationship model and to find the direct and indirect effect of this relationship. Sobel test is also done to show the significant indirect leadership styles effect on employee performance through motivation. The results support that motivation mediates the transformational and transactional leadership styles impact on worker performance. These findings not only contribute to the literature of leadership styles and motivation but also have practical suggestions for businesses.

Keywords: Transformational leadership, transactional leadership, employee performance, motivation

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ABBREVIATIONS

TFLS : Transformational leadership style

TCLS : Transactional leadership style

EP : Employee Performance

EM : Employee Motivations



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1 INTRODUCTION

Leadership is more than just a title; it is the success key of any group. From there leaders who are good at guiding their teams to reach company goals and targets are very important. In the area of organizational behavior, a lot of studies has been done to figure out how leaders' styles can be different. Managers' approaches transformational and transactional are two that have been studied a lot. Transformational leaders get their people excited about the future by painting an engaging picture of it, while transactional leaders use rewards and benefits to keep their teams going. To get the most out of employees, companies need to know how these styles of leadership affect success. Motivation is a key part of this relationship because it acts as a bridge between managers' approaches and worker success. At this point this thesis strives to put light on the effect of transformational and transactional leaders' approaches on employee motivation. This will help companies that want to go higher level with employee performance in order to reach overall success.

There have been several investigations on differentiating between transformational and transactional managers approaches in the field of organizational behavior. Extensive research was done on several types of leadership and its influence on worker satisfaction and implementation, using motivation as a mediator. While there is consensus that transformational leadership improves productivity, not every research has shown the same for transactional leadership. The purpose of this thesis is providing a highlight about the motivational effects of both adopted approaches transformational and transactional.

Leadership is crucial for every successful firm. Leaders are accountable for directing their teams to successfully complete assigned tasks and ultimately advance the organization's mission. Two of the most studied styles within organizational behavior are transformational and transactional. Leaders with this trait paint an inspiring picture of the future for their followers and motivate them to work diligently to make that future a reality. Leaders that rely on transactional incentives reward and punish their followers for completing predetermined tasks.

How well workers perform is essential to the growth and endurance of any business. It is crucial for businesses paying attention to the effect of various types of leadership on employee output. Motivation is a crucial mediator between leadership types and how well workers perform. Motivated employees were found to go the extra mile in their performance than unmotivated employees.

There are many studies on transformational style impress on employee performance supporting the positive effect of this correlation. Similarly, some research has established a beneficial association between transactional leadership and employee performance, while other research has found no such relationship.

This thesis hopes to add to the current knowledge by highlighting the motivational effects of two commonly adopted styles; transformational and transactional.

To do this, three relevant variables—transformational and transactional leadership, motivation, and job performance—are each measured using a single questionnaire. Convenience sampling is taken in consideration to collect our data. To ascertain our link between these factors, the data gathered from the survey results of 302 participants is examined using SPSS. This study expands on earlier studies that show the beneficial effects of the both very common transactional and transformational types of leadership on the execution of the workers with motivation mediating the relationship.

It is crucial to remember that this study has certain restrictions. The sample size is somewhat small, which would limit the generalization of the results and whether it can be applied to all companies. Despite this limitation, the study offers insightful results about how these two leadership styles affect job performance and how motivation can carry this relationship. This thesis adds to our knowledge of effective leadership techniques in the workplace by emphasizing the positive impact that these adopted leadership styles have on the business goals and aims.

Moreover, in the next chapter of this thesis contributes a literature review about leadership and motivation for over 35 articles and books that discussed these two topics with their effective theories in general, on the other hand it also discusses the effect of

many adopted styles in general with their effect on employee performance with other variables or factors mediate this correlation such as motivation.

The next chapters focus on the questions of this thesis and obtain the most important hypothesis in order to move to the next chapter and specify the best methodology to measure our variables. Next chapter findings and discussion shows the most related analysis that approves the correlation between our variables in order to emphasize our thesis hypothesis. Last but not least, a conclusion for our findings and discussion can be found in the next chapter.



2 LITERATURE REVIEW

2.1. LEADERSHIP DEFINITION AND STYLES

2.1.1 Leadership

The word “leadership” came from the old English word “lithan,” which today means “to go.” It means also in old Dutch language “to guide” (“Unity College,” n.d.).

James MacGregor Burns, Warren Bennis, Gary Yukl and Henri Fayol all are prominent scholars in the field, offering important definitions of leadership.

James MacGregor Burns provided one definition of leadership that is frequently cited: “the process of persuasion and example by which an individual enlists the willing cooperation of others in the achievement of a common purpose” (Burns, 1978, p. 18).

Warren Bennis provided another definition of leadership that is frequently quoted. He said that leadership is “the capacity to translate vision into reality” (Bennis, 1989, p. 21).

Gary Yukl says leadership can manifest in diverse settings, such as commerce, government, education, and community organizations, and can be displayed through an array of techniques and methods (Yukl, 2013, p. 4).

Henri Fayol is one of the very early theorists of management in the past century. He provided one of the earliest definitions of leadership which says that leadership is “the art of getting things done through people.” (Fayol, 1916, p. 23). As the definition implies, leadership requires some creative talent like an artistic work to make the jobs to be accomplished by right people.

2.1.2 Leadership and management

The differentiation between the two words, leadership and management or the leader and the manager has been an argue for long time between the researchers and organization theorists, it also has been a one of the most researched subjects in management field and one of the favorite topics for students and researchers because of its importance and impact on the employees and the growth of the company’s overall.

Warren Bennis (1989) says that a manager is an administrator and a leader is an innovator, the manager is a copy while the leader is supposed to be an original, the manager maintains while the leader strives to develop.

2.1.3. Leadership theories

Trait theory: According to trait theory (Ekvall and Arvonen, 1991), natural leaders are distinguished from those who are not by a set of distinguishing physical and psychological characteristics. This view does not consider the debate over whether or not leadership skills can be taught to be irrelevant. Jenkins sorted these features into the emerging features category and the other features category. Like height, intelligence, attractiveness, and self-confidence, charisma is a heritable attribute often seen as essential to effective leadership.

According to Weber, charisma is "a potent force" that draws followers to leaders who seem to have superhuman attributes and talents. Initial investigations into the intellectual, physical, and psychological distinctions between leaders and followers using trait theory found very modest differences (Burns, 2003). As a result of not being able to single out defining characteristics of outstanding leaders, trait theory's growth fell out of favor. But studies conducted in the late 1940s (Ekvall and Arvonen, 1991) showed the significance of era-specific traits among military and civilian leaders.

Great Man theory: Since most societies look to heroes to record their triumphs and explain away their defeats (MacGregor, 2003), discovering a set of traits shared by all great leaders can take many years or even centuries. That leaders are born and that only those with heroic potentials may become leaders is the "great man theory" that Carlyle suggested in 1847. He said that the achievements of mankind may be traced back to the efforts of great persons who have labored in this area (Dobbins and Platz, 1986).

Sidney Hook expanded on Carlyle's ideas by drawing a distinction between the "eventful man" and the "event-making man." Hook argues that the man of action is mostly irrelevant as history develops, but that without him, the events' results would have been different. When people of exceptional knowledge, will, and character change the course of history, a watershed moment is created. Once widely held, the Great Man

concept has now been disproven by the deeds of historical figures like Adolf Hitler and Napoleon. Leadership theory has changed its attention from the idea that leaders are born into their positions to the characteristics they develop over time (MacGregor, 2003). This change signaled the end of an age in which a charismatic leader with far-reaching powers could halt the march toward democracy for a while.

Contingency theories: The idea of contingency implies that there is not a single best way to lead, but rather that the best way to lead will change based on things like the nature and strengths of one's followers. The behavioral science subfield of "theory of contingency" posits that there is no universally applicable strategy for leading or organizing, and that one method's success in one setting does not guarantee its viability in another (Greenleaf, 1977). Contingency theorists, in contrast to situational theorists, thought that leaders had more influence over the leader-subordinate interaction. The leader's position is still emphasized in situational leadership, but group dynamics are given more weight. The authors speculate that these studies of the relationships between groups and their leaders may have influenced some of the common assumptions about group dynamics and leadership today. Leaders, according to the situational leadership theory (Bass, 1985), need to modify their approach to management depending on the expertise of their direct reports. Effective leaders, according to the situational leadership paradigm, which was initially proposed in 1969, need to be able to switch between a task-oriented and a relationship-oriented approach.

Transformational theory: By emphasizing the followers' individuality in connection to the organization and the direction that would provide the greatest social rewards, transformational leadership sets itself apart from previous theories of leadership (House and Shamir, 1993). Interacting with their followers on the basis of shared values, beliefs, and goals is one description of a transformative leader. That might slow down our efforts and prevent us from reaching our goal. Bass argues that transformational leaders aim to inspire their followers to go beyond their own needs and wants and pursue the greater good.

Transformational leadership training may help develop one's potential as a leader and catalyst for good change. According to the research, both leaders and their followers are willing to give up something of value for the greater good of the team. In addition, leaders need to take into account the desires of their followers and provide

them with the resources they will need to assume leadership roles in the future (House and Aditya, 1997). When compared to other theories of leadership, transformational leadership stands out for its emphasis on moral leadership. Leaders who are capable of bringing about organizational change are those who see the need for it, persuade their followers that it's necessary, create a compelling vision for the future, and carry it out effectively (MacGregor Burns, 2003).

Leaders that adopt a transformational style treat their subordinates with dignity and make it their duty to foster their personal and professional development through difficult assignments and stimulating environments. These leaders have an inspiring vision for the future and project an atmosphere of optimism. These leaders, as described by MacGregor Burns (2003, p. 19), are "visionaries who seek to appeal to the better nature of followers and move them toward higher and more universal needs and purposes."

The transformational leadership has four factors or elements that called the 4 I's of transformational leadership which was defined by (Bass, 1985), these factors are:

- Idealized Influence (charisma): it refers to the way the employees see their leaders as role models with high respect and admiration, and how this makes these leaders able to inspire and motivate these employees.
- Intellectual Stimulation: it refers to the leaders that can make their followers rebel against the current situation and create creative solutions without fear of the risks.
- Inspirational Motivation: it refers to leaders with the trait of motivating by calling their admirers inner sentiments and appraisals, so they believe they can achieve everything.
- Individualized Consideration: it refers to the leaders who take care of their follower's individual needs by supporting and guiding them to achieve their goals.

Transactional theory: In recent years, leadership theories have shifted their attention from the leader, the leadership context, or the follower alone (House and Shamir, 1993) to the interactions between leaders and their followers. One such paradigm is transactional leadership, which holds that leaders and their subordinates should have a relationship based on agreements that benefit both parties (Bass and

Avolio, 1994). Leaders in this model both affect and are affected by the behavior of their followers. However, several studies have shown that leaders' activities and their connections with their subordinates are not necessarily proportional.

To motivate their followers to work toward a common objective, transactional leaders may use contingent-reward leadership (Bass and Avolio, 1994). Rewards can be monetary, such as increases or bonuses, or symbolic, such as public acclaim for a job well done. Furthermore, leaders may opt for "management-by-exception" (Avolio and Bass, 1997), where they avoid answering inquiries and postpone making decisions in order to avoid having to admit and rectify mistakes. But exception-based management can be either passive or aggressive. The latter requires a leader to pay attention to developments and take action before issues become severe.

In conclusion, leaders in the transactional leadership model may employ contingent rewards to encourage their followers since the model is founded on agreements that benefit both the leader and the subordinate. Although leaders and their followers share a symbiotic connection, the leader's actions may not always match the depth of that bond.

Style and behavior theory: The style hypothesis posits that there is no one "best" method of leading. This idea acknowledges the value of a leader's abilities that allow them to carry out an act by making comparisons to their prior capabilities (Northouse, 2019). Yukl (1989) identified three unique leadership styles, illustrating that a cookie-cutter approach is not necessarily the best. Workers under democratic leaders, as contrast to those under authoritarian leaders, reported greater levels of happiness, creativity, inspiration, excitement, vitality, and productivity both when their leader was there and when they were not. The only time a leader could get away with a hands-off approach was when their team consisted of really skilled and committed veterans.

Starting structure (concern for production and task behaviors) and attention (concern for people and relationship behaviors) are two of the most successful leadership styles recognized by Feidler and House (1994). Consideration is given to the degree to which a leader is held in high esteem by those who follow them. A leader's willingness to initiate structure is indicative of how actively they are engaged in organizing, guiding, and defining their own and their subordinates' roles in the achievement of the organization's success, profit, and mission. Autocratic leaders,

democratic leaders, and laissez-faire leaders all have their supporters. The authoritarian leader makes choices without discussing them with their staff, the laissez-faire leader lets workers make their own decisions and takes on a little leadership role, and the democratic leader gets input from their employees. Further, Yukl (1989) argued that any leader might be placed into one of these three categories.

2.1.4 Leadership styles

Northouse (2019) says leadership has different types of styles that have different impacts and results on the company and the employee's overall performance. Some of these styles according to the writer are:

- Transformational leadership: Leaders inspire and motivate team members to work towards a common goal and strive for personal growth and development.
- Transactional leadership: Leaders focus on rewarding employees for achieving specific goals and meeting performance expectations.
- Autocratic leadership: Leaders make decisions on their own without consulting with team members or considering their input.
- Democratic leadership: Leaders involve team members in decision-making and consider their opinions and ideas.
- Laissez-faire leadership: Leaders give team members the freedom to make decisions and take responsibility for their work.
- Situational leadership: Leaders adjust their leadership style based on the situation and the needs of their team members.
- Servant leadership: Leaders prioritize the needs of their team members and focus on serving their needs to help them succeed.
- Charismatic leadership: Leaders use their charm, personality, and vision to inspire and influence their team members to achieve success.

2.1.5 The advantages and disadvantages of the leadership styles

Each unique leadership style has its different impacts which also means that it can have some advantages but also some disadvantages, here comes the leader's role where leaders have to use their skills and experience and put it all to decide which leadership style fits their company the most.

One of the most common leadership styles is the transformational style, this style is known for the ability to motivate the team and result in building strong relationships and motivate for more collaborations, this means more independence within team members jobs, which will definitely lead to more creativity for the employees and growth for the company. This style may not be suitable for some organizations, can result in feelings of instability and put lots of stress on the leader.

Our second leadership style is the Transactional style, one of the most efficient styles to reach short-term goals. It is also known for its reward-punishment system that puts the employees' behaviors within expectation which results in stability. This can limit the creativity of the employees and for sure affect the growth of the company, thus, this can be disappointing for the team members who strive to develop themselves and increase their professionalism.

Third style is Autocratic, which is known for its efficiency in making the decisions, because when one person makes decisions that helps in keeping the team united and makes each employees' duties clear to everyone. This style also limits the creativity and collaborations between the team members, minimizes the diversity and for some let them feel that their voices are not heard, as a result it affects the growth of the company.

While in democratic style things can be different, there will always be encouraging collaborations, diversity and heard voices of all team members, this will definitely result in more creativity, productivity and positively affect the growth of the company. The disadvantages are the confusion that can happen due to the involvement of every team member, which leads to a longer time in taking the decision and opens the door for untrained members' decisions.

One of the common and used styles is the laissez-faire. It is very effective in encouraging team members to practice their leadership skills which increases creativity, innovation and autonomy, minimizes the fear to fail, build trust between employees and

their leader. As a result, this style can lead to confusion that in return can lead to minimizing the overall productivity.

Servant leadership style has some good advantages when it comes to building a safe environment where the employees can feel safe and not to worry about failure, it increases the trust in leaders and decreases the disengagement and can improve productivity and innovation. But this may result in some advantages such as taking longer time to reach the goals and see the results and give an image of weakness in other perspectives.

On the other hand, we have charismatic leadership. The leaders in this style are perceived as highly inspirational and motivating. They motivate the team members to collaborate and be united, make them feel that their voices are heard and result in positive changes. The disadvantage of this style is that it may make the leaders more focused on themselves rather than the team and has the potential to become self-serving and perceived as tricky.

2.1.6 Studies on leadership styles effects

Failla and Stichler (2008) analyzed the connection between managers' leadership styles and job satisfaction of nurse managers and nurses. The study suggested that managers' management styles significantly affect nurses' job satisfaction. The descriptive study included 92 nurse managers and the nurses working under them. Nurse managers that used a transformational leadership style were shown to have more satisfied staff, according to the study's correlation analysis.

Important implications for nurse managers seeking to boost staff satisfaction in order to reduce the nursing shortage may be drawn from these findings. In order to address the nurse shortage, it is important for managers of nursing staff to consider how their management style impacts personnel. The study found that TFLS improved nurses' morale, job satisfaction, and health.

Marmaya et al.'s (2011) study sought to ascertain whether or not Malaysian workers were affected by the management approaches used by their superiors. The research studied Bass's (1990) paradigm of transformational and transactional leadership to distinguish between leaders who motivate their team via inspiration and those who do it through rewards. The importance of this study rests in its analysis of the

relationships between leaders' styles and the loyalty they foster in a particular social environment. Researchers from Malaysia conducted a study of forty people who work for shipping companies in Malaysia. The results show that Malaysian managers choose a transformational approach to leadership over a transactional one. This shows that the business places a high emphasis on the passion and morale of its workers in addition to their financial security. Both TFLS and TCLS were found to have a favorable link with organizational commitment by the research. This suggests that workers who report to such leaders have a tendency to show more commitment to the work place in which they are employed. These results are useful for Malaysian managers who want to develop their leadership abilities and boost staff engagement and can help them do both of those things. The ability of managers to encourage and inspire their people to achieve organizational goals, resulting to higher productivity and commitment, may be achieved by adopting leadership styles known as transformational and transactional leadership.

Ozaralli (2003) conducted a research study to examine the link between transformational leadership, empowerment, and team effectiveness across various fields. The study utilized an integrated leadership model that posits a connection between transformational leadership, subordinate empowerment, and team efficiency. The research involved gathering responses from 152 workers rated the transformational leadership behaviors of their supervisors, assessing their own sense of empowerment, and evaluate employee motivation and performance. The research concluded, transformational leadership was shown to be a strong predictor of self-reported empowerment among subordinates, and the empowerment of team members was found to be positively connected with the effectiveness of teams. The research presented empirical results that transformational leadership was very efficient across a variety of business sectors, as well as emphasized the significance of transformational leadership in terms of its role in empowering team members and enhancing the efficiency of teams. The study contains some flaws such as the sample size was extremely small, this limits how widely the results can be used, also the analysis was based on self-reported data, which may be biased. The sample size also limits how far the results may be applied. By using larger sample sizes and objective measures of empowerment and team effectiveness, future research may be able to address the shortcomings of these studies.

The research "Leadership Styles, Employee Retention, and Organizational Performance in Nigerian Organizations" by Nwokocha and Iheriohanma (2015)

examines the connections between these variables and organizational performance in Nigerian companies. The study focuses on the effects of various leadership philosophies on worker performance and how they could increase productivity in Nigerian organizations. This article does a literature study to give an overview of leadership principles and to identify the most common leadership styles in organizations. All three autocratic, democratic, and bureaucratic management ideologies are represented. The authors claim that poor leadership can lower performance and raise attrition rates. The accomplishment of corporate goals requires effective leadership. In order to improve employee retention and performance, the study's findings advise managers to embrace leadership philosophies that are in accordance with the levels of motivation and morale demonstrated by their workforce. The authors argue that management strategies should be changed to better satisfy workers' expectations in order to boost employee productivity and encourage them to remain with a firm. The research's findings offer valuable insight into how leadership practices impact company success in Nigeria and the likelihood that employees will remain.

Choi, Yusof, Kowang, and Heng (2014) discussed in their article the relationship between transformational leadership and job satisfaction within the employees of Government-Linked Company in Malaysia. The authors posit that happy employees are more productive and efficient, and they suggest that a transformational leadership style can help managers enhance job satisfaction among their followers. The study examines the impact of idealized influence, inspirational motivation, intellectual stimulation, and individualized consideration, which are the four qualities of transformational leadership, on job satisfaction. Data was collected from 378 individuals across six different departments. The findings indicate that only the quality of individualized consideration demonstrated a significant association with job satisfaction. The study highlights the importance of managers catering to employees' unique needs for professional growth, as it has the most impact on their work happiness. While the study provides insights into the influence of transformational leadership on job satisfaction in the Malaysian context, the findings' generalizability may be limited due to the small sample size and the specific setting of the study.

Alghazo and Al-Anazi (2016) analyzes a private Saudi Arabian petrochemical company's leadership style and staff motivation. A survey and focus groups with employees were part of the study's mixed-methods methodology. Thirty employees

from two departments received the survey, and ten employees participated in focus group interviews.

The study's findings show a positive correlation between TFLS and staff motivation. While a negative relationship is observed for a TCLS. These conclusions align with previous research that consistently highlights the superiority of TFLS in inspiring individuals and improving their overall performance.

The study found that transformational leadership can make workers more motivated and improve how well they do their jobs. It also emphasizes that the managers should apply this type of leadership in their company, also pay attention to the way they affect their employees, and always take care of their needs.

Mohammed et al. (2014) conducted research that examined the relationship between leadership styles and employee performance in corporate business in the Federal Capital Territory of Abuja, Nigeria. The study emphasized the importance the leader's style on the success and efficiency of an organization. To learn more about this relationship, information was gathered through employee interviews and questionnaires. The study found strong evidence connecting leadership style to organizational effectiveness using correlation analysis. The results specifically showed a negative association between transactional leadership styles and worker performance, whereas a favorable correlation between transformational leadership types and employee success was found.

The study came to the conclusion that effective motivation is crucial for accomplishing organizational goals and that planning for, and motivating employees must take into account their demands. According to the article, managers should use effective motivating strategies including rewarding workers for their hard work and developing their abilities, creating a conducive workplace, and adopting a leadership style that promotes open communication between managers and staff. The study's overall conclusion highlights the significance of leadership styles in raising employee performance and accomplishing corporate goals.

The findings of this study align with previous research examining the relationship between leadership style and worker performance. Consistently, TFLS has been shown to have a positive correlation with employee performance, while TCLS exhibit a negative correlation. By exploring this connection within specific corporate organizations in Nigeria, this study contributes to the existing body of knowledge. The

study's recommendations provide valuable guidance to leaders on enhancing worker performance by understanding their needs and employing appropriate leadership styles.

Obasan and Hassan (2014) conducted a study to look at the relationship between leadership styles and aspects of employee performance such as organizational commitment, organizational citizenship behavior, and job satisfaction. Nigeria's Department of Petroleum Resources served as the case study. The study's sample was of 100 participants that were selected randomly to be given a Likert scale questionnaire.

The study found a positive correlation between employee performance and transformational, transactional, and laissez-faire leadership styles. It was demonstrated in particular that organizational citizenship behavior (OCB), job happiness, and employee loyalty were all positively correlated with transformational leadership. The study's proposal that managers utilize more transformational leadership strategies in order to boost OCB and employee job satisfaction is supported by these findings. These findings contribute to the body of knowledge on leadership styles and worker output in the Nigerian public sector and give managers vitally important fresh ideas on how to enhance their leadership effectiveness in this context.

The study does, however, have certain drawbacks, including a limited sample size and the fact that it was carried out in a particular organizational setting. To corroborate the results, more research might duplicate the study in different industries and geographical areas. The overall findings of this study emphasize the significance of strong leadership in raising organizational effectiveness and personnel performance in the public sector.

The research conducted by Al Rahbi, Khalid, and Khan (2017) sheds light on the influence that different types of leadership have on the level of motivation felt by members of healthcare teams in Abu Dhabi. The authors discovered that the authoritarian and laissez-faire styles of leadership both had a detrimental influence on team motivation, but the democratic style of leadership had a positive impact on team motivation. The significance of the study lies in the fact that it bridges a gap in the existing body of research and draws attention to how critical it is to comprehend the influence that different styles of leadership have on the performance of employees and their desire to remain with the company. However, the scope of the study was restricted to the healthcare industry in Abu Dhabi; hence, the findings cannot be extrapolated to apply to other industries or areas.

Sirait et al. (2022) conducted a research study within the framework of the Taruna Andalan School of the Kerinci Citra Kasih Foundation, aiming to examine the influence of leadership style, work motivation, and organizational culture on teachers' levels of job satisfaction and performance. The study utilized a PLS structural equation model (SEM) analysis to analyze questionnaire responses collected through a survey. The findings of the study indicated that factors such as organizational culture, work motivation, and leadership styles all positively and significantly impact teachers' job satisfaction levels. Furthermore, the study revealed that both the manner in which leaders lead and the level of job satisfaction among employees have a positive and significant influence on teacher performance. However, no significant relationship was found between work motivation, organizational culture, and teacher performance. The study's significance lies in shedding light on the determinants of job satisfaction and performance among educators. However, the lack of substantial influence of intrinsic work motivation and organizational culture on teacher performance suggests the presence of other factors that may play a more significant role in determining teacher success.

In summary, these case studies show how transformational leadership approaches frequently have favorable relationships with work satisfaction, employee motivation, commitment, and performance. On the other hand, transactional leadership styles may have contradictory effects or even adverse connections with these results. The studies emphasize how crucial it is to embrace leadership styles that are in line with the requirements and expectations of workers in order to raise employee satisfaction, motivation, and general performance.

2.2. MOTIVATION

2.2.1 Definition of motivation

The complicated psychological concept known as motivation is what motivates conduct and has an effect on the behavior's intensity and persistence. According to Petri and Govern (2013), it comprises a wide variety of processes that originate, control, and maintain goal-directed activity. Some of these processes include attention, cognitive and emotional states, as well as the direction of behavior. Understanding human behavior requires taking into account a variety of factors, one of which is motivation. This is

because motivation may provide light on why individuals participate in particular activities or strive to achieve particular objectives. In addition to this, it plays a significant part in a variety of contexts, such as education, the workplace, and sports, all of which are places where it is frequently a significant factor in determining success. As a result, gaining a grasp of the various dimensions of motivation may be useful not just for scholars but also for practitioners working in a variety of sectors.

2.2.2 Theories of motivation

Many prominent theories of motivation have been put out over the course of several decades. Here are a few of the standout instances:

Maslow's Hierarchy of wants: In accordance with Maslow's theory, there are different levels at which human wants can be met. Basic physiological requirements like food and shelter are at the bottom of the hierarchy, while more advanced wants like self-esteem and self-actualization are at the top.

The idea was developed by Maslow in the 1940s. According to Maslow, humans are driven to meet their fundamental needs in order to advance to the next stage of need fulfillment, which is the ability to fulfill higher-level wants. In Chapter 2, Petri and Govern explore Maslow's theory, which includes the physiological and psychological requirements that motivate behavior (Petri and Govern, 2013). Maslow's theory covers the physiological and psychological needs that inspire conduct.



Figure 1 Maslow's Hierarchy of needs
(Maslow, 1954)

The Two-Factor Theory of Frederick Herzberg: According to Herzberg's theory, there are two separate categories of elements that impact job satisfaction and motivation. These categories are known as hygiene factors (for example, wage and working conditions) and motivators (for example, recognition and achievement). It is vital to have hygiene components in place to minimize job discontent; yet, these characteristics do not automatically contribute to an increase in motivation. On the other side, motivators are the variables that contribute to greater levels of motivation as well as improved levels of work satisfaction. Chapter 7 of Petri and Govern's book examines job satisfaction and motivation in the workplace (Petri and Govern, 2013). In this chapter, Petri and Govern go through Herzberg's thesis.

The expectation theory contends that an individual's level of motivation may be deduced from their level of anticipation regarding the results of the activities they take. It seems to imply that people are more likely to take action when they feel that their efforts will result in the results that they want. The expectation theory also says that individuals are more likely to be motivated when they feel that their efforts will be rewarded with results that they value. This is because individuals are more likely to believe that their efforts will be rewarded with outcomes that they value. In Chapter 4, Petri and Govern talk about expectancy theory, which covers motivation as a function of individuals' expectations of the consequences of their activities (Petri and Govern, 2013).

The Self-Determination Theory says that people have three important psychological needs which are autonomy, competence and relatedness, and these needs need to be fulfilled in order to reach the highest level of self-motivation. It also says that autonomy is the desire to feel that they are responsible about their lives and the choices they make. It also identifies "competence" as the need to feel that they are successful and capable in their aims. On the other hand it says that "elatedness" is the desire to feel connected to others and have the feeling that they belong to the others' lives. In Chapter 3, Petri and Govern talk about the Self-Determination Theory. This theory includes intrinsic motivation as well as the role of autonomy, competence, and relatedness in the process of motivation (Petri and Govern, 2013).

The Goal-Setting Theory says that setting hard goals in detail can lead to increased levels of motivation and performance. This is especially true when the setting of goals is followed with feedback and a commitment to the goal's completion. persons are more likely to concentrate their efforts and participate in tactics to attain goals that

are precise and difficult, according to this idea, which suggests that persons who set goals in this manner are more likely to succeed. In Chapter 5, Petri and Govern explore Goal-Setting Theory, in which they discuss how setting objectives that are more precise and demanding may lead to increased levels of motivation and performance (Petri and Govern, 2013).

2.2.3 Leadership styles impact on motivation

A significant effect of transformational leadership style was found in several studies. Some of these studies include Misalnya, Kahai, Sosik, and Avolio. Koh and Hia (1997) discovered evidence that provided support for their premise that employees in the Singapore banking business were motivated, committed, and trusted their leaders.

Schaubroeck, Lam, and Peng (2011) show a significant effect for leaders behavior on employees performance by the employees perception of the leadership style for their leaders. Their research supports this conclusion. Similarly, Ozaralli (2003) shows a significant effect for transformational leadership on employee motivation, and teams that experience a higher level of empowerment tend to be more successful. In comparison to transactional leaders, transformational leaders motivate their followers to fulfill higher-level needs in Maslow's hierarchy, rather than focusing on lower-level needs. The original proponent of the transformational leadership theory, Burns (1978), draws a comparison between transformational and transactional leaders.

According to Bass (1985), the additional effort that followers put in demonstrates how much their leaders drive them to perform in ways that go above the obligations outlined in contracts. According to Dvir, Eden, Avolio, and Shamir (2002), higher levels of motivation result in increased amounts of additional effort. The focus that is placed on satisfying self-actualization wants is a reflection of the sorts of demands that are the driving force behind the motivation of followers.

2.2.4 Leadership styles impact on employee performance through Motivation

The question of what contributes to the success of an organization is one that is intricate and multidimensional, and it is determined by a wide range of elements. A very important aspect in determining the level of success for any organization is its style of

leadership. The capacity of a leader to establish a culture inside the workplace that encourages personal and professional advancement among their direct reports may have a significant bearing on the level of success achieved by the business as a whole. A pleasant working atmosphere, which in turn leads to higher productivity and creativity, may be created by a leader who is able to inspire and motivate their subordinates to achieve their goals.

(Landry and Vandenberghe, 2012) found that prior research has demonstrated that the manner in which a leader acts can have a direct effect on the performance of their subordinates. In point of fact, Judge and Piccolo (2004) did a meta-analysis in which they came to the conclusion that leadership styles have a favorable correlation with the performance of groups and organizations. According to the transformational leadership theory, leaders are able to exceed expectations and reach better levels of performance by delegating difficult tasks and motivating both themselves and others around them, this idea was developed by Bass, Avolio, Jung, and Berson.

Studies (Braun, Peus, Weisweiler, and Frey, 2013; Schaubroeck, Lam, and Cha, 2007) have demonstrated that team collectivism demonstrates a more favorable influence of transformational leadership on team potential. In addition, studies conducted by Wang et al. (2011) have demonstrated that transformational leadership has a favorable impact on the overall performance of teams at all levels of a company. Transformational leaders have an effect on the employee perception (Abdullah, 2018; Rafferty and Griffin, 2004). This allows them to encourage and motivate their followers to accomplish performance that is above and above what was expected.

According to (Krisnanda and Surya, 2019) there is direct effect for transformational leadership style on the employee performance, while according to many other researchers there is indirect effect for leadership style on employee performance through work environment (Imran, Fatima, Zaheer, Yousaf, and Batool, 2012), job-fit (Chi and Pan, 2012), leader-subordinate exchange (Wang, Law, Hackett, Wang, and Chen, 2005), employee involvement (Buil, Martínez, and Matute, 2019; Hee, Ibrahim, Kowang, and Fei, 2018; Schmitt, Den Hartog, and Belschak, 2016), self-efficacy (Walumbwa and Hartnell, 2011), behavior of organizational citizenship (Boerner, Eisenbeiss, and Griesser, 2007), knowledge sharing (Masa'deh, Obeidat, and Tarhini, 2016) and work motivation (Manik, 2016; Mavhungu and Bussin, 2017).

A leader in an organization has to be able to blend several leadership styles that are both acceptable and successful for the organization to attain its full potential.

Employees will feel more empowered as a consequence of this, and as a result, they will be able to carry out their responsibilities in a more efficient and effective manner. Additionally, this will stimulate their creative and imaginative qualities, which will ultimately result in greater performance. The findings of research lend credence to the necessity of fostering an environment in which leaders are able to effectively motivate their staff members.

The research conducted by Bhatnagar et al. (2016) sheds light on the significance of servant leadership in the field of healthcare. The authors emphasize the necessity for leaders to concentrate on the requirements of their staff members and patients in order to enhance the overall performance of their organizations.

The research conducted by Al Rahbi and colleagues (2017) studied the effect of other leadership styles on employee performance through motivation, these styles were democratic, authoritarian, and laissez-faire leadership. The writers came to the conclusion that the democratic style of leadership was the one that was most suited to motivate teams.

According to the findings of Sirait et al.'s (2022) study, factors such as leadership style, work motivation, and organizational culture all had a positive and significant influence on teacher job satisfaction, while the study also indicated that leadership style and job satisfaction both had a positive and substantial impact on performance.

It should come as no surprise that different styles of leadership have major effects on the levels of employee motivation and work satisfaction, as well as the overall success of a business.

In a number of studies, it was shown that both transactional and transformational leadership styles had a good influence on employee performance. However, transformational leadership was found to be more successful in bringing about better levels of organizational commitment, work satisfaction, and citizenship behavior.

This study emphasizes the transformational leadership style impact on job performance through motivation as a mediator, at the same time will cover the gap of not being fair with transactional leadership style from the perspective of its positive impact on the job performance through the same mediator (Motivation).

In conclusion, the research indicates that effective leadership is necessary for the achievement of organizational goals, and leaders should adopt a style of leadership that takes into account the unique requirements and characteristics of both their workforce and the industry in which they operate. Organizations are in a position to execute

initiatives to increase employee engagement and overall organizational performance if they have a comprehensive grasp of the influence that leadership has on motivation, job satisfaction, and performance. Table 1 summarizes most important articles mentioned in this literature review that focus on main leadership styles: transformational and transactional with their impact on motivation and job performance.

Table 1 Overview of The Relationship between Leadership Styles, Employee Perception of Job Performance, and Employee Motivation

S/ N	Name of article	Author	Aim	Methodolog y	Sample	Finding
1	Manager and staff perceptions of the manager's leadership style. Journal of Nursing Administration	Failla, K. R., and Stichler, J. F.	The article aims to find what nurse managers and their nursing staff thought about the boss's leadership style and how it affected job satisfaction.	Descriptive design that compares things and finds correlations	They studied 92 nurse managers and their nursing staff	The study revealed a positive correlation between the use of a TFLS by nurse managers and the job satisfaction of their nursing staff.
2	Employees' perceptions of Malaysian managers' leadership styles and organizational commitment.	Marmaya, N. H., Hitam, M., Muhamad Torsiman, N., and Balakrishnan, B. K. P. D.	The article discusses how employees conceive their managers leadership approaches and the impact on association commitment.	Quantitative Questionnaire Survey	A sample of 40 employees working in cargo companies in Malaysia to gather data.	The prevalent leadership style among Malaysian managers tends to be more transformational than transactional. This means that Malaysian managers focus more on motivating and inspiring their employees than

						simply rewarding them for their work.
3	Effects of transformational leadership on empowerment and team effectiveness	Özaralli, N.	The article intends to look at the connection between transformational leadership, empowerment, and team effectiveness	Integrative model, self-reported data	The study collected data from 152 employees working in various industries	The study's findings indicate that TFLS has a favorable impact on the empowerment of the workers and the effectiveness of the team.
4	Nexus between Leadership Styles, Employee Retention and Performance in Organizations in Nigeria	Nwokocha, I., and Iheriohanma, E. B. J.	The article investigates the correlation between managers approaches and personnel retention and performance within Nigerian organizations.	The article is a literature review and derived its data from secondary sources		The study offers valuable insights into how managers approaches can affect personnel retention and performance. It emphasizes the significance of implementing effective leadership styles to improve productivity within Nigerian organizations.
5	The impact of transformational leadership style on job satisfaction	Choi, S. L., Yusof, W. M. M., Kowang, T. O., and Heng, L. H.	The article's goal is to study the link between transformational leaders	Survey, empirical study	A total of 255 employees from six different department	The results indicated that among the examined characteristics, only

			approach and personnel work satisfaction.		s	individualized attention revealed a substantial correlation with work satisfaction.
6	The Impact of Leadership Style on Employee's Motivation	Alghazo, A. M., and Al-Anazi, M.	The objective of the article is to explore the correlation between management approaches and personnel motivation within a Saudi company working in petrochemical sector.	The study used a mixed-methods approach, which included a survey and focus group interviews with employees.	The survey was distributed to 30 personnel in two departments, in addition to interviews with 10 personnel focus group.	The study revealed a robust connection between the style of the leaders and personnel motivation. Specifically, a positive correlation was identified between TFLS and employee motivation, whereas a negative correlation was observed with TCLS.
7	The Relationship between Leadership Styles and Employees' Performance in Organizations (A Study of Selected Business	Mohammed, U. D., Yusuf, M. O., Sanni, I. M., Ifeyinwa, T. N., Bature, N. U., and Kazeem, A. O.	The objective of the article is to examine the correlation between the style of the leaders and personnel performance within few companies in	The study collected data from employees using questionnaire s and interviews		TFLS have demonstrated a positive association with employee performance, whereas TCLS have shown a negative association.

	Organizations in Federal Capital Territory, Abuja Nigeria)		the city Abuja, Nigeria.			
8	A Test of the Impact of Leadership Styles on Employee Performance: A Study of Department of Petroleum Resources A Test of the Impact of Leadership Styles on Employee Performance: A Study of Department of Petroleum Resources	Obasan, K. A., and Hassan, B. A.	The objective of the article is to investigate the influence of transformational, transactional, and laissez-faire styles of managers on their personnel performance in Nigeria.	Case study, a questionnaire	Random sample of 100 employees	The study resulted in finding a positive connection between TFLS and employees' dedication to their jobs, to their organizations, and to their civic activity.
9	The effects of leadership styles on team motivation	Al Rahbi, D., Khalid, K., and Khan, M.	The objective of the article is to investigate the influence of dynamic leadership theory, encompassing democratic, authoritarian, and laissez-faire styles, on team motivation within the	The article is a literature review and derived its data from secondary sources		Various leadership styles were observed to have distinct effects on team motivation. The democratic style exhibited a strong connection with team motivation, while the authoritarian

			healthcare sector of Abu Dhabi.			and laissez-faire styles displayed a negative correlation.
10	Leadership Style, Motivation, and Organizational Culture on Job Satisfaction and Teacher Performance	Sirait, L., Sudarno, Junaedi, A. T., Purwati, A. A., and Deli, M. M.	The objective of the article is to examine the influence of styles that managers follow, work inspiration, and organizational culture on work satisfaction and teacher performance within the Taruna Andalan School of the Kerinci Citra Kasih Foundation.		A sample of 85 teachers, and the sample technique used was the saturated sample technique	The study revealed a positive and significant impact of styles that managers follow and work satisfaction on teacher achievement. However, there was no significant link found between work motivation, organizational culture, and teacher achievement.
11	The role of work motivation as a mediator on the influence of education-training and leadership style on employee performance	Guterres, L. F. D. C., and Rofiaty, B.	This paper presents the empirical research findings examining work motivation mediates the link between education-training and	Questionnaire. They conducted their investigation of the hypothesized relationship model using the SEM-PLS.	The data were collected from 86 different employees who served as samples.	The findings of the research suggest that job motivation played a moderating role in the relationship between styles that the managers follow and

			styles that managers follow on the accomplishment of workers.			worker accomplishment. However, no significant moderating effect was observed for education training.
1 2	Relational commitments in employee-supervisor dyads and employee job performance.	Landry, G., andamp; Vandenberghe, C.	The study investigated the relationships between four commitment mindsets (affective, normative, continuance-sacrifices, and continuance-alternatives) and employee work performance among team members.	Questionnaire, HLM analyses.	Considering a sample of three hundred pairs of employees and managers from various health care businesses.	The strength of a supervisor's emotional, normative, and continuance-sacrifice commitments has a influence on the link between personnel affective commitment and work performance. Higher levels of these supervisor commitments diminish the association between employee affective commitment and performance.
1 3	Transformational and	Judge, T. A., andamp;	This research conducted a	Analyzing correlations		Laissez-faire leadership and

	transactional leadership: A meta-analytic test of their relative validity	Piccolo, R. F.	comprehensive examination of various styles that are adopted by managers, encompassing transformational, transactional, and laissez-faire models.	from many previous resources		contingent compensation were found to have a significant correlation with TFLS. While transformational leadership did not directly predict leader job performance, both contingent reward and TFLS often predicted criteria that accounted for other leadership aspects.
14	Predicting unit performance by assessing transformational and transactional leadership	Bass, B. M., Avolio, B. J., Jung, D. I., and Berson, Y.	The study looks at how leadership evaluations from teams working in stable environments can forecast the performance of teams operating in high-stress and unpredictable environments.	MLQ	Sample of 72 light infantry rifle platoon leaders	TFLS and TCLS positively influenced unit accomplishment. The unit's potency and cohesiveness mediated the platoon leader-performance relationship. Transformational and transactional contingent incentive platoon leader

						and sergeant leadership ratings improved unit performance. The unit's potency and cohesiveness mediated the platoon leader-performance relationship.
15	Transformational leadership, job satisfaction, and team performance: A multilevel mediation model of trust.	Braun, S., Peus, C., Weisweiler, S., andamp; Frey, D.	The article aims to examine the connections using multilevel analysis between transformational leadership, work satisfaction, team accomplishment, and the exchanged trust.	Multilevel analysis	The sample of 360 employees from 39 academic teams.	The exchanged trust between the employer and the personnel mediated the relationship between individual perceives of the managers TFLS and work satisfaction.
16	Statistical Mediation Analysis using the Sobel test and Hayes SPSS Process Macro.	Soleman Abu-Bader	This paper works as a guide for mediation analysis, it shows a step by step with examples on how the analysis should be done,	A self-administered survey	155 immigrant Muslims aged fifty and above	The paper concludes the mediation analysis with all tests come along with it in order to reach the best results for any social science research.

			highlighting its emerging significance.			
17	The influence of transformational leadership on achievement motivation and organizational climate and employee performance	Manik, E.	This study seeks to investigate the influence of transformational approach adopted by the manager on personnel satisfaction, organizational climate, and achievement inspiration.	Structural Equation Modeling (SEM)	Random sample of 71 people	Transformational leadership has the potential to enhance employee performance through increased achievement motivation and improved organizational climate.
18	Impact of transactional, transformational and laissez-faire leadership styles on motivation: A quantitative study of banking employees in Pakistan.	Zareen, M., Razzaq, K., andamp; Mujtaba, B. G. (2015).	This study tests different styles that are adopted by managers such as transactional, transformational, and laissez-faire and their influence on the inspiration of employees in the banking working area.	Survey, empirical analysis.	A study sample with 100 employees work at different commercial banks	There was a considerable improvement on personnel motivation by all tested leadership styles.
19	Effects of transformational leadership on empowerment and team	Özaralli, N. (2003).	This article's goal is to investigate the connection between	Questionnaire survey	Sample of 152 workers, representing different	The level of team empowerment positively correlates with

	effectiveness.		transformational leadership, empowerment, and team effectiveness.		work sectors	team productivity. Transformational approach plays a significant role in predicting subordinates' perceived empowerment.
20	Impact of transformational leadership on follower development and performance: A field experiment.	Dvir, T., Eden, D., Avolio, B. J., and Shamir, B.	Investigate the effect of training-enhanced transformational leadership on the performance and development of followers.	longitudinal, randomized field experiment	Sample of 54 army leaders and 814 of their followers	The leaders in the experimentation team, as compared to the leaders in the oversight group, had a more favorable effect on the growth and performance of direct followers and indirect followers.

These selected studies/articles show the most important results and contexts that are needed for this study, as our thesis aims to emphasize the impact of the leadership styles, and to show with numbers the positive impact for the leadership styles: transformational and transactional on the job performance through motivation. It also helps in finding the best way to obtain the study results by reviewing the best methodologies, sampling and mediation analysis.

3 HYPOTHESIS MODEL

3.1 PROBLEM DEFINITION

There have been many studies on the relationship between leadership styles and employee performance, but little is known about how individual employees see this connection. With an emphasis on motivation as a mediator, this study intends to explore employees' opinions on the relationship between leadership styles and performance. The study aims to get a greater knowledge of how various leadership styles might affect employee motivation and performance, eventually boosting organizational success, by examining the perspectives of workers.

By exploring the interactions between leadership styles, motivation, and performance from the perspective of the employees, this research intends to close the current research gap. This is done in an effort to give a more thorough knowledge of how leadership styles directly affect worker performance and the function of motivation as a mediator, thereby enhancing organizational success.

Motivation is selected as a mediator for the following importance. According to Gagné and Deci (2005), motivation can act as a mediator to reveal the mechanisms through which leadership styles affect work performance. As shown by Bono and Judge (2003), a more thorough knowledge of their relationship may be gained by relating leadership styles to work performance through the use of motivation. By taking into account motivation as a mediator, accounting for leadership styles' indirect impacts improves the capacity to forecast work performance (Podsakoff, MacKenzie, and Bommer, 1996). Another reason for taking motivation as a mediating variable is practical implications. Recognizing employee motivation as a mediator has practical consequences for businesses because it highlights the significance of leadership practices that encourage employee motivation and may guide management and leadership development strategies (Eisenbeiss, Knippenberg, and Boerner, 2008).

Therefore, this thesis focuses on the following research questions:

1. How do different leadership styles, such as transformational and transactional, impact employee perceptions of job performance?
2. To what extent does employee motivation mediate the relationship between leadership styles and employee performance?

3.2 STUDY OBJECTIVES

The primary objectives of this study are as follows:

- To explore the correlation between transformational and transactional leadership styles and employee perceptions of job performance.
- To find the relationship between the leadership styles mediated by the motivation on the employee perceptions of job performance.

3.3 STUDY MODEL

Figure 2 shows the study model of direct and indirect relationship between leadership styles (transformational and transactional) and employee performance with the mediation of motivation.

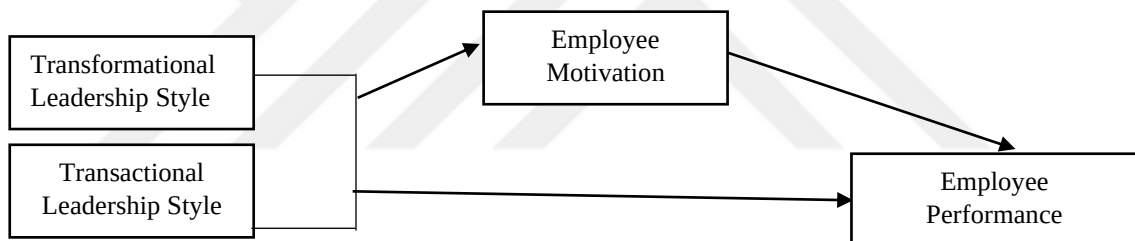


Figure 2 Study model

The figure above shows us the study model for the direct impact of the transformational and transactional leadership styles on the employee performance, also it shows the indirect impact of the two leadership styles through motivation as a mediator on the employee performance.

According to that, we have three variables that we need to measure and find the correlation between each of them in order to prove the impact as we discussed in the literature review. These variables are:

- Leadership styles (independent variable)
- Employee perception of job performance (dependent variable)
- Employee motivation (mediating variable)

Now, we can put that in an equation for the ease to understand the relationship between the variables and its effect on the employee performance.

Equation: $Y = b_0 + b_1X_1 + b_2M + e$

- Y represents the employee perception of job performance
- X1 represents the leadership style variable (e.g., transactional, transformational)
- M represents the employee motivation variable
- b0 represents the intercept
- b1 represents the effect of leadership style on employee perception of job performance
- b2 represents the effect of employee motivation on the relationship between leadership style and employee perception of job performance
- e represents the error term.

This equation represents a potential mediation model, where the effect of leadership style on employee perception of job performance is mediated by employee motivation.

3.4 STUDY HYPOTHESIS

Yukl (1998) argues that leaders are defined by the effect they have on their subordinates. Those who follow a leader are more likely to go the extra mile when they have a sense of trust, admiration, loyalty, and respect for them. For this reason, Avolio and Bass (1994) argue that leaders who practice transformational leadership during periods of transition are more likely to raise the bar and achieve better outcomes. Kuhnert and Lewis (1987) argued that transformational leadership is not based on a commodity transaction between superiors and subordinates but rather on the leaders' own values and beliefs. Followers put their faith in transformational leaders because they consistently show they care about the group and its members. As a result of being intellectually stimulated and motivated by these leaders, their followers go above and beyond in terms of creativity, production, and effort (Bass, 1985). In order to inspire their followers, transformative leaders provide them a common goal (Bass, 1995). According to research by Avolio, Einstein, and Waldman (1999), transformational leaders motivate their teams to take part in training programs that will allow them to

develop their talents and capabilities and achieve remarkable outcomes. Depending on these studies, the first hypothesis that will be tested in this thesis is:

H1: Transformational leadership style has a significant positive effect on employee performance.

Bass (1995) and Bass and Avolio (1997) describe transactional leadership as characterized by management by exception and the use of contingent rewards. In the form of contingent incentives, superiors acknowledge the efforts of their subordinates who have successfully completed predetermined objectives. The transactional leader inspires their team members to work hard by promising them rewards like promotions, pay hikes, and training if they reach certain targets. In addition to using contingent rewards, transactional leaders may also employ active management by exception, keeping a close eye on subordinates to catch any lapses in judgment and intervening to fix the problem. According to Bass (1995), these approaches can increase subordinates' engagement, dedication, and productivity. An example of transactional leadership is one in which employees are rewarded for their hard work, dedication, and loyalty. Then, second hypothesis is:

H2: Transactional leadership style has a significant positive effect on employee performance.

Multiple researchers have found a correlation between transformative leadership and employee motivation (Zareen, Razzaq, and Mujtaba, 2015; Manik, 2016; Mathieu and Babiak, 2015; Misalnya, Kahai, Sosik, and Avolio, 2003). In the Singapore banking work sector, an evidence was found to support the assumptions of Koh and Hia (1997) about employee dedication, motivation, and faith in leadership. According to Schaubroeck, Lam, and Peng (2011), team's beliefs and psychological state mediate fully between the acts of a leader and the performance of the team. According to research by Zaralli (2003), transformational leadership is a good predictor of employee empowerment, and how empowerment lead to perform better. Transformational leaders are better than transactional leaders in driving employees to achieve self-actualization rather than focusing on requirements lower on Maslow's hierarchy of needs, according to Burns (1978), the founder of the transformational leadership theory. According to Bass (1985), when followers go above and above, it shows how much their leaders inspire them to do so. Maslow's theory of needs states that transformative leaders have a higher "portfolio of needs." Therefore, the third hypothesis states that higher effort is needed when motivation is high since satisfying self-actualization requirements is

similar to satisfying the needs that drive followers' motivation (Dvir, Eden, Avolio, and Shamir, 2002).

H3: Transformational leadership style has a significant positive effect on employee motivation.

Charismatic, transactional, and transformative leadership were all examined in Barbuto's (2005) research. There were 186 leaders and 759 raters in the research. Both raters' reports and managers' self-reports were utilized to evaluate a range of leadership behaviors with the Multifactor Leadership Questionnaire (MLQ). Intrinsic motivation was found to have a positive and substantial relationship with all aspects of transactional leadership, including contingent compensation, active management by exception, and passive management by exception. Similar to the positive correlation between transactional leadership and extrinsic motivation, the features of transactional leadership such as contingent remuneration, management by exception (active), and management by exception (passive), all have a beneficial effect on employee performance.

Transactional leadership, as described by Blanchard and Johnson (1985), involves directly setting high expectations for people and expressing precisely what will happen if these goals are realized. Howell and Avolio (1993) and Lowe, Kroeck, and Sivasubramaniam (1996) are only two of many researchers found that contingent incentives lead to positive results for organizations. Then, fourth hypothesis is:

H4: Transactional leadership style has a significant positive effect on employee motivation.

Work motivation, as defined by Lindsay and Lindner (1998), is the underlying drive that propels an individual toward his or her own and the organization's objectives. Previous research has shown that employee motivation is crucial to improve job performance (Arifin, 2015; Manik, 2016). Several research (Caillier, 2014; Mann, 2006; Paarlberg and Lavigna, 2010; Petrovsky and Ritz, 2014) have looked at the relevance of inspiring public sector personnel in public organizations. To better the lives of others and contribute to society as a whole is what Perry, Hondeghem, and Wise (2010) mean when they refer to "motivation of public services" (p. 3). To do this, team members must be able to rely on one another and uphold principles and beliefs that extend beyond narrow egoism and narrow corporate goals. As a result, the following is put out as the fifth hypothesis:

H5: Employee motivation has a significant positive effect on employee performance.

An effective leadership style may boost productivity by encouraging an atmosphere where employees can learn and advance in their roles. Leaders that can motivate their teams to accomplish corporate objectives are considered effective (Landry and Vandenberghe, 2012). The meta-analysis conducted by Judge and Piccolo (2004) demonstrates the connection between leadership styles and the efficiency of businesses and teams. According to transformational leadership theory, leaders may get their teams to perform better than expected by inspiring and motivating them to do so (Bass et al., 2003; Masi and Cooke, 2000).

Directly, transformational leadership influences the actions of subordinates; indirectly, it affects performance via factors like organizational culture, work environment, job-fit, conflict, training, leader-subordinate exchange, employee involvement, self-efficacy, organizational citizenship behavior, knowledge sharing, organizational commitment, trust, work motivation, and job satisfaction (Krisnanda and Surya, 2019). Leaders that use a variety of approaches to management inside their organizations are more likely to inspire their people to think beyond the box, which in turn boosts productivity. Multiple studies, including those by Manik (2016), Mavhungu and Bussin (2017), and Manik (2017), show that a company's leadership style significantly affects how well its employees do their jobs. As a result, the following is presented as the sixth theory:

H6: Employee motivation mediates the effect of leadership styles on employee performance.

4 METHODOLOGY

This research adopts a quantitative approach to explain the relationship between three variables: leadership styles, job performance and motivation. The methodology has the following framework and roadmap:

- The purpose of the study
- Research designs
- Questionnaire
- Sampling technique
- Data analysis

This thesis measures multiple variables using a single questionnaire. In the questionnaire it is asked to the employees to rate their supervisor's leadership style, their own motivation level and their own job performance. All questions are given in a 1-5 Likert scale of 1 stands for strongly disagree and 5 for strongly agree.

It is also ensured that the questionnaire items are designed to accurately capture the constructs of interest, and that the response scales are valid and reliable. Additionally, the validity of the responses provided by the participants is also assessed. Overall, questionnaire design that is crucial to prove that the data collected in the study is paid attention to its quality and accuracy is assured.

4.1 PURPOSE OF THE STUDY

The study was made to emphasize the positive impact of the transformational and transactional leadership style on the employee perception of job performance directly and the impact through the motivation as mediator between both leadership styles and the employee performance.

4.2 RESEARCH DESIGN

In order to provide a portrayal that is both effective and trustworthy, the quantitative approach, which is a method that is designed to inquire into a subject that has been acknowledged, is utilized as part of the methodology for this investigation.

Explanatory studies are used to analyze the association between the transformational and transactional leadership style influence directly on the employee performance and indirectly through the motivation in order to make the research meaningful.

In addition, a quantitative-based approach was used to analyze the data that was acquired through the use of a questionnaire. This data was then statistically tested through the use of scientific statistical computational software (SPSS) in order to answer the research questions. This was accomplished by statistically presenting, analyzing, and interpreting the data.

4.3 QUESTIONNAIRE

This research relies on survey results including Likert scale questions to measure our variables: Transformational Leadership style, Transactional leadership style, Employee performance and Employee motivation. The questionnaire used can be found in the Appendix.

Bass and Riggio (2006) state that researchers frequently employ Likert scales to assess participants' perspectives on leadership. They provide respondents to express their level of agreement or disagreement with specific assertions, allowing for the collection of subjective data and an appreciation of other points of view (Bass and Riggio, 2006).

With their uniformity and consistency, Likert scales make data collecting a breeze for quantitative analysis. According to Podsakoff, MacKenzie, and Podsakoff (2012), a study's credibility will increase when employing pre-existing Likert scales or validated questionnaires. They have been put through their paces to ensure reliability and validity (Podsakoff et al., 2012), and they allow for consistent measurement across investigations.

In addition, surveys based on Likert scales are simple to implement, making them a practical tool for surveying large groups of people. They can be given in person, via mail-in surveys, or over the internet. Because of the simplicity of management, data can be gathered and analyzed quickly (Bass and Riggio, 2006).

Using tried-and-true scales from past studies can boost the reliability and applicability of your findings. Both transformational and transactional leadership

measures were shown to have comparable validity in a meta-analysis of leadership studies undertaken by Judge and Piccolo (2004). Using preexisting measures increases the validity of your research and its applicability to other studies (Judge and Piccolo, 2004). As a result, transformational and transactional leadership scales are taken from Abdullah (2018), employee perception of job performance from Manik (2016) and Masi and Cooke (2000) and employee motivation from Krisnanda and Surya (2019) and Manik (2016).

4.4 SAMPLING TECHNIQUES

This research follows non-probabilistic convenience sampling. According to Podsakoff et al. (2012) and Bryman (2016), non-probabilistic convenience sampling is a technique for choosing participants based on availability and convenience. When getting a representative sample is difficult or unfeasible, it is frequently utilized. Because of accessibility (participants are easily accessible), cost-effectiveness (fewer resources are needed), time restrictions (rapid data collection), and preliminary investigation, convenience sampling might be helpful in your questionnaire-based study. However, there are restrictions on the generalizability of convenience sampling.

Kyriazos (2018) provided the following scale to evaluate the appropriateness of the sample size: 50 is considered extremely bad, 100 is considered poor, 200 is considered fair, 300 is considered decent, 500 is considered very good, and 1,000 or more is considered exceptional.

A Google form is created including 4 demographic questions, 5 Likert-scale questions for transformational leadership, 5 Likert-scale questions for transactional leadership, 5 Likert-scale questions for employee perception of performance and 5 Likert-scale questions for motivation. There is an informed consent form in the beginning of the survey, which states the research is being conducted according to the permission of Beykoz University Ethical Board. The survey is sent to employees from different countries through social media platforms, chat groups applications such as WhatsApp and emails by the researcher. 302 participants responded to the survey. The data is collected from 10th April to 28th April 2023.

4.5 DATA ANALYSIS

I conduct quantitative analyses of the data and interpret the findings considering the nature of the responses received from respondents. First, reliability and validity checks of the questionnaire are done. Then, the evaluation and interpretation of the quantitative data involved the use of a variety of statistical approaches, one of which is descriptive statistics. After that, inferential statistics techniques are used to test the hypothesis. Finally, a mediation analysis is done with motivation variable. Analysis is done by regression technique but not the structural equation modeling since it is simpler to understand, interpret and designed to test linear relationships, while the structural equation modeling is complex to understand and designed to test more complex relationships, and causal models. The Statistical Package for Social Science (SPSS) computer application is utilized as a useful instrument for doing statistical analyses. The following part presents the findings of this analysis and discusses them within the literature.

5 FINDINGS AND DISCUSSION

In this section few findings will be provided through the SPSS analysis starting from the validity and reliability, the frequency of each answer for the questions, also the regression analysis and correlation will be obtained and discussed.

5.1 RELIABILITY

With reliability analysis we will be able to check whether the questionnaire will give similar results if it was implemented somewhere else.

The scale of the leadership styles, employee perception of job performance and employee motivation in Table 2 shows an excellence level of reliability which is: $\alpha = 0.931$, this is a very good indication that the questionnaire was reliable and therefore the result and finding of this study can give a real image of the relationship and the impact of leadership styles on the employee perception of job performance and employee motivation.

Table 2 Reliability of the questionnaire data

Reliability Statistics	
Cronbach's Alpha	N of Items
.931	20

5.2. DESCRIPTIVE STATISTICS

In this section we show the most important descriptive statistics such as frequencies, mean, standard error and standard deviation in detail.

5.2.1 FREQUENCIES STATISTICS

Table 3 shows the demographic of the entire sample, including gender, education level, career level and sector worked. The sample's gender split is 55% male and 45% female, with half of the sample 50% they were holders of a bachelor's degree and nearly

61% of the sample's career level are of experience but not manager and manager levels. 28.1% of the sample were from services work sector while the highest percentage 37.7% of respondents answered other as their work sector.

Table 3 Gender, education level, career level and sector worked of the sample

Gender		
	Frequency	Percent
Male	166	55.0%
Female	136	45.0%
Education level		
	Frequency	Percent
Diploma	28	9.3%
Bachelor's Degree	151	50.0%
Master's Degree	97	32.1%
PH. D	11	3.6%
Other	15	5.0%
Career level		
	Frequency	Percent
Entry level	53	17.5%
Experience but not manager	111	36.8%
Manager	73	24.2%
Executive manager	25	8.3%
Other	40	13.2%
Sector worked		
	Frequency	Percent
Services	85	28.1%
Trade	19	6.3%
Industry	33	10.9%
Agriculture	11	3.6%
Finance	40	13.2%
Other	114	37.7%

The mean statistical result of a Likert scale may be computed by giving numerical values to the answer alternatives, such as 1 for strongly disagreeing with the statement, 2 for disagreeing with the statement, 3 for neutral, 4 for agreeing with the statement, and 5 for strongly agreeing with the statement. Tables 4 to 7 show the frequencies of answers on the variable's statements according to the questionnaire and SPSS analysis.

Table 4 Transformational leadership style frequency

Statement	Strongly disagree	Disagree	Neutral	Agree	Strongly agree
My supervisor provides me with a clear sense of purpose or vision for our team.	13	46	78	127	38
	4.3%	15.2%	25.8%	42.1%	12.6%
My supervisor encourages me to think creatively to solve problems.	11	45	71	129	46
	3.6%	14.9%	23.5%	42.7%	15.2%
My supervisor makes me feel that my work is important.	27	52	71	115	37
	8.9%	17.2%	23.5%	38.1%	12.3%
My supervisor provides me with feedback to help me improve my performance.	13	38	62	148	41
	4.3%	12.6%	20.5%	49%	13.6%
My supervisor inspires me to achieve more than I thought possible.	13	46	75	134	34
	4.3%	15.2%	24.8%	44.4%	11.3%

Table 5 Transactional leadership style frequency

Statement	Strongly disagree	Disagree	Neutral	Agree	Strongly agree
My supervisor sets clear goals and objectives for our team.	16	51	65	126	44
	5.3%	16.9%	21.5%	41.7%	14.6%
My supervisor rewards me for meeting or exceeding performance expectations.	9	19	73	139	62
	3%	6.3%	24.2%	46%	20.5%
My supervisor takes corrective action when I make mistakes.	6	21	72	150	53
	2%	7%	23.8%	49.7%	17.5%
My supervisor maintains a standard of performance for our team.	6	11	57	158	70
	2%	3.6%	18.9%	52.3%	23.2%
My supervisor provides me with resources to help me achieve my goals.	15	35	57	143	52
	5%	11.6%	18.9%	47.4%	17.2%

Table 6 Employee Performance frequency

Statement	Strongly disagree	Disagree	Neutral	Agree	Strongly agree
I am satisfied with my job performance.	11	41	83	129	38
	3.6%	13.6%	27.5%	42.7%	12.6%
I feel that I am meeting the performance expectations of my supervisor.	10	32	81	127	52
	3.3%	10.6%	26.8%	42.1%	17.2%

I believe that I am contributing to the success of my team and organization.	8	15	57	143	79
	2.6%	5%	18.9%	47.4%	26.2%
I feel that my job duties and responsibilities are clear and well-defined.	7	19	61	147	68
	2.3%	6.3%	20.2%	48.7%	22.5%
I feel that my job performance is recognized and valued by my supervisor.	2	15	51	169	65
	0.7%	5%	16.9%	56%	21.5%

Table 7 Employee motivation frequency

Statement	Strongly disagree	Disagree	Neutral	Agree	Strongly agree
I am motivated to perform well in my job.	27	53	70	113	39
	8.9%	17.5%	23.2%	37.4%	12.9%
I feel that my work is important and meaningful.	24	49	78	103	48
	7.9%	16.2%	25.8%	34.1%	15.9%
I am willing to go above and beyond what is expected of me in my job.	14	35	73	137	43
	4.6%	11.6%	24.2%	45.4%	14.2%
I am committed to the goals and objectives of my team and organization.	17	36	81	123	45
	5.6%	11.9%	26.8%	40.7%	14.9%
I feel that my supervisor's leadership style inspires me to perform at my best.	19	56	76	113	38
	6.3%	18.5%	25.2%	37.4%	12.6%

5.2.2 Questions, Mean and Standard Deviation statistics

After that, the mean score may be determined for each statement or question by adding the numerical values of all replies, dividing that total by the total number of responses, and arriving at the result.

The degree of variation or dispersion in a collection of data may be measured using a statistic known as the standard deviation. In the field of statistics, this term is frequently employed to indicate the degree to which individual data points depart from the mean or average of the data collection. The standard deviation is a metric that offers a measurement of the usual or average distance that each data point is from the mean. It is provided in the same units as the original data and is expressed in the same units as the original data. If there is a greater level of variability or dispersion in the data set, then the standard deviation will have a bigger value. On the other hand, a lower standard deviation will suggest that there is less variability or that the data points are more densely packed around the mean.

When attempting to characterize the distribution of a collection of data or when comparing the levels of variability present in several data sets, it is common practice to utilize the mean value in combination with the standard deviation.

The descriptive statistics for the variables are displayed in Table 8 labeled TFLS1-5, TCLS1-5, EP1-5, and EM1-5, respectively, are the variables. The statistics given include the mean, standard deviation, and standard error of the mean as well as the number of valid observations (N). A measurement of the degree of variance in the data, the standard deviation shows how far the individual data points differ from the mean. The degree of data fluctuation increases with the standard deviation. The sample variability of the mean is estimated using standard errors, which shows how much the sample mean may deviate from the actual population mean.

The 5-point Likert scale is considered an interval scale. The mean is very significant. From 1 to 1.8, it means strongly disagree. From 1.81 to 2.6, it means disagree. From 2.61 to 3.4, it means neutral. From 3.41 to 4.20, it means agree. From 4.21 to 5, it means strongly agree (Pimentel 2010).

Table 8 Mean, standard error and standard deviation of the participants answers

Questions	N	Mean	Std. Error	Std. Deviation
TFLS1	302	3.43	.059	1.031
TFLS2	302	3.51	.060	1.037
TFLS3	302	3.27	.066	1.153
TFLS4	302	3.55	.058	1.016
TFLS5	302	3.43	.059	1.018
TCLS1	302	3.43	.063	1.094
TCLS2	302	3.75	.055	.952
TCLS3	302	3.74	.052	.897
TCLS4	302	3.91	.049	.860
TCLS5	302	3.60	.061	1.057
EP1	302	3.47	.057	.997
EP2	302	3.59	.058	1.000
EP3	302	3.89	.054	.938
EP4	302	3.83	.053	.928
EP5	302	3.93	.046	.799
EM1	302	3.28	.067	1.162
EM2	302	3.34	.067	1.161

EM3	302	3.53	.059	1.023
EM4	302	3.47	.061	1.062
EM5	302	3.31	.064	1.104
TFLS	302	3.44	.048	.830
TCLS	302	3.69	.039	.684
EP	302	3.74	.038	.665
EM	302	3.39	.055	.949
Valid N (listwise)	302			

5.3. REGRESSION ANALYSIS

Regression analysis is a statistical method that shows the relationship between two or more variables. The method tests the relationship between a dependent variable against an independent variable directly and indirectly through a mediator variable as in our study. According to that and to our literature review we believe that employee performance is affected by leadership styles as well as motivation. On top of that, we believe that motivation itself is also affected by leadership styles. In another form, motivation mediates the effect from leadership styles on employee performance as explained in Figure 3.1.

5.3.1 Process Model

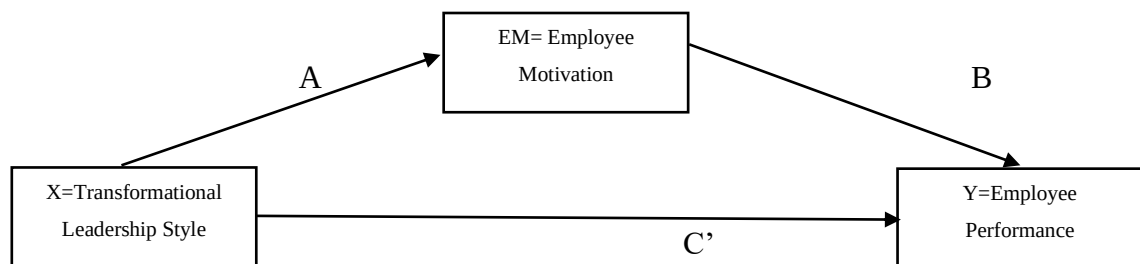


Figure 3.1 Simple Mediation Model

The second model in Figure 3.2 shows the motivation out. This is known as the “total effect model” and is often compared with the mediation model above it.

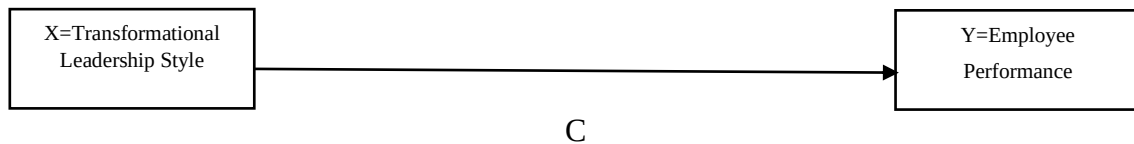


Figure 3.2 Total Effect Model

Now according to our assumption above and to the classical approach to mediation (Kenny and Baron, 1986) we need to obtain the following:

- a (from TFLS/TCLS to EM) should be significant;
- b (from M to EP) should be significant;
- c (from TFLS/TCLS to EP) should be significant;
- c' (direct effect) should be closer to zero than c (total effect).

Now to find out if our data is in line with these statements, we will obtain the correlation for all baths b-coefficients. According to that we will run three regression analyses:

- regression from TFLS/TCLS onto M tells us if a is significant (SPSS Tutorials, n.d.);
- multiple linear regression from TFLS/TCLS and M onto EP tells us if b and c' are significant (SPSS Tutorials, n.d.);
- regression from TFLS/TCLS onto EP tells if c is significant and/or different from c'.

5.3.2 Regression analysis and R square

According to Table (9 – a), first regression analysis, there is a significant effect (Sig. < 0.05) from transformational leadership style on employee motivation with B = 0.816 (Positive effect). Koh and Hia (1997) found evidence in support of their hypotheses on employee commitment, motivation, and trust in leaders. According to Bass (1985), there is a connection between leaders' influence and the employees extra effort to go above and beyond what is required of them. As a result, the focus on gratifying self-actualization matches the sorts of needs that drive followers' motivation, and greater work is required when motivation is strong (Dvir, Eden, Avolio, and Shamir, 2002). Table (9 – b), shows the R square analysis.

Table (9 – a) Regression analysis from TFLS onto M

Coefficients								
Model		Unstandardized Co.		Standardized Co.	t	Sig.	95.0% Confidence Interval for B	
		B	Std. Error	Beta			Lower Bound	Upper Bound
1	(Constant)	.581	.164		3.555	<.001	.260	.903
	TFLS	.816	.046	.714	17.645	<.001	.725	.907
Dependent Variable: EM. EFFECT A (X ONTO MEDIATOR)								

Table (9 – b) R Square

R Square analysis				
Model	R	R Square	Adjusted R Square	Standard Error
1	.714	.509	.508	.66558
Predictors: (Constant), TFLS				
Dependent Variable: EM				

A significant positive effect of TFLS on EM was found (TFLS to EM; $B = .816$, $SE(B) = .046$, $\beta = .714$, $t(DF) = 17.645$, $p < .001$).

H3: Transformational leadership style has a significant positive effect on employee motivation. Accepted.

According to Table (10 – a), a multiple regression analysis, shows significant effect ($Sig. < 0.05$) from transformational leadership style onto employee performance (direct effect), also from employee motivation onto employee performance. On the other hand, Table (11 – a), regression analysis shows a significant effect ($Sig. < 0.05$) from transformational leadership style onto employee performance (Total effect). Thus, direct effect $c' = 0.13$ which is closer to zero than the total effect $c = 0.422$, all these results meet with all previous assumptions for mediation. Table (10 – b) and Table (11 – b), show the R square analysis.

Table (10 – a) Multiple regression analysis from TFLS and EM onto EP

Coefficients								
Model		Unstandardized Co.		Standardized Co.	t	Sig.	95.0% Confidence Interval for B	
		B	Std. Error	Beta			Lower Bound	Upper Bound
<.001	(Constant)	2.084	.129		16.157	<.001	1.830	2.338
	TFLS	.130	.051	.162	2.543	.011	.029	.230
	EM	.358	.045	.511	8.021	<.001	.270	.446
Dependent Variable: EP. EFFECT C' (DIRECT) and EFFECT B (MEDIATOR ONTO Y)								

Table (10 – b) R Square

R Square analysis				
Model	R	R Square	Adjusted R Square	Standard Error
1	.637	.405	.401	.51431
Predictors: (Constant), EM, TFLS				
Dependent Variable: EP				

Table (11 – a) Regression analysis from TFLS onto EP

Coefficients								
Model		Unstandardized Co.		Standardized Co.	t	Sig.	95.0% Confidence Interval for B	
		B	Std. Error	Beta			Lower Bound	Upper Bound
1	(Constant)	2.292	.139		16.484	<.001	2.019	2.566
	TFLS	.422	.039	.526	10.725	<.001	.344	.499
Dependent Variable: EP. EFFECT C (TOTAL)								

Table (11 – b) R Square

R Square analysis				
Model	R	R Square	Adjusted R Square	Standard Error
1	.526	.277	.275	.56601
Predictors: (Constant), TFLS				
Dependent Variable: EP				

A significant direct effect of the transformational leadership style (TFLS) on employee performance (EP) was observed (TFLS to EP; $B = .130$, $SE(B) = .051$, $\beta = .162$, $t(DF) = 2.543$, $p = .011$).

H1: Transformational leadership style has a significant positive effect on employee performance. Accepted.

A significant positive effect of employee motivation (EM) on employee performance (EP) was found (EM to EP; $B = .358$, $SE(B) = .045$, $\beta = .511$, $t(DF) = 8.021$, $p < .001$).

H5: Employee motivation has a significant positive effect on employee performance. Accepted.

The total effect of the transformational leadership style (TFLS) on employee performance (EP) was found to be significant (TFLS to EP; $B = .422$, $SE(B) = .039$, $\beta = .526$, $t(DF) = 10.725$, $p < .001$).

We need to repeat the above regression and R square analysis but this time for transactional leadership style TCLS, see Tables 12 to 14.

Table (12 – a) Regression analysis from TCLS onto M

Coefficients								
Model		Unstandardized Co.		Standardized Co.	t	Sig.	95.0% Confidence Interval for B	
		B	Std. Error	Beta			Lower Bound	Upper Bound
1	(Constant)	.140	.232		.602	.547	-.317	.597
	TCLS	.881	.062	.635	14.225	<.001	.759	1.003
Dependent Variable: EM								

Table (12 – b) R Square

R Square analysis				
Model	R	R Square	Adjusted R Square	Standard Error
1	.635	.403	.401	.73425
Predictors: (Constant), TCLS				
Dependent Variable: EM				

Table (13 – a) Multiple regression analysis from TCLS and EM onto EP

Coefficients								
Model		Unstandardized Co.		Standardized Co.	t	Sig.	95.0% Confidence Interval for B	
		B	Std. Error	Beta			Lower Bound	Upper Bound
1	(Constant)	1.165	.140		8.296	<.001	.889	1.441
	TCLS	.510	.048	.525	10.538	<.001	.415	.606
	EM	.205	.035	.293	5.884	<.001	.137	.274
Dependent Variable: EP								

Table (13 – b) R Square

R Square analysis				
Model	R	R Square	Adjusted R Square	Standard Error
1	.746	.557	.554	.44391
Predictors: (Constant), EM, TCLS				
Dependent Variable: EP				

Table (14 – a) Regression analysis from TCLS onto EP

Coefficients								
Model		Unstandardized Co.		Standardized Co.	t	Sig.	95.0% Confidence Interval for B	
		B	Std. Error	Beta			Lower Bound	Upper Bound
1	(Constant)	1.194	.148		8.066	<.001	.902	1.485
	TCLS	.691	.039	.711	17.513	<.001	.614	.769
Dependent Variable: EP								

Table (14 – b) R Square

R Square analysis				
Model	R	R Square	Adjusted R Square	Standard Error
1	.711 ^a	.506	.504	.46813
Predictors: (Constant), TCLS				
Dependent Variable: EP				

A significant positive effect of TCLS on EM was found (TCLS to EM; $B = .881$, $SE(B) = .062$, $\beta = .635$, $t(DF) = 14.225$, $p < .001$).

H4: Transactional leadership style has a significant positive effect on employee motivation. Accepted

A significant positive effect of EM on EP was observed (EM to EP; $B = .205$, $SE(B) = .035$, $\beta = .293$, $t(DF) = 5.884$, $p < .001$).

H5: Employee motivation has a significant positive effect on employee performance. Accepted

The total effect of TCLS on EP was found to be significant (TCLS to EP; $B = .691$, $SE(B) = .039$, $\beta = .711$, $t(DF) = 17.513$, $p < .001$).

When considering the direct effect of TCLS on EP while controlling for EM (TCLS to EP), the relationship remained positive and significant ($B = .510$, $SE(B) = .048$, $\beta = .525$, $t(DF) = 10.538$, $p < .001$).

H2: Transactional leadership style has a significant positive effect on employee performance. Accepted

Now we can calculate the indirect effect in our analysis for both leadership styles, the indirect effect of transformational leadership style via motivation onto employee performance consists of two separate effects, a (TFLS onto EM) and b (EM onto EP). Now, the entire indirect effect ab is simply computed as; Indirect effect $ab = a \cdot b$

For our example, $ab = 0.816 \cdot 0.358 = 0.292$, which means transformational leadership style effect increases employee performance by an average of 0.292 through motivation.

We can repeat the same for transactional leadership style; $ab = 0.881 \cdot 0.205 = 0.181$, which means transactional leadership style effect increases employee performance by an average of 0.181 through motivation.

Now we need to obtain the p -value for this indirect effect through a test called Sobel test for both leadership styles.

5.3.3 Sobel test

After confirming the significance of both leadership styles' effect on the employee performance and motivation; the total effect and the direct effect, now we need to confirm the mediating variable motivation is also statistically significant (indirect effect) using the Z formula of the Sobel test, Sobel (1982).

$$Z = \frac{a \cdot b}{\sqrt{(b^2 s_a^2 + a^2 s_b^2)}}, \text{ "a" and "b" are the unstandardized regression coefficients and}$$

their standard errors (Sa and Sb, respectively).

The computed Z score will be statistically significant if it falls outside ± 1.96 given a two-tailed alpha of .05 and outside ± 2.58 given a two-tailed alpha of .01. (Abu-Bader, 2021, p. 123).

Here I use an internal-based Sobel test computer calculator to calculate the test statistic, standard error, and the level of significance (p value) for the indirect effect (Quantitative Psychology, n.d.).

The Sobel test computer calculator results in Figures 4 and 5 show that the motivation mediator variable effectively carries the impact of our independent variables transformational and transactional leadership styles on the dependent variable employee performance, indicating that the indirect effect of the independent variable on the dependent variable through the mediator variable is significant p-value < 0.05.

Input:		Test statistic:	Std. Error:	p-value:
a	.816	Sobel test: 7.2589791	0.04024368	0
b	.358	—Aroian test: 7.24939547	0.04029688	0
s _a	.046	Goodman test: 7.26860085	0.0401904	0
s _b	.045	Reset all	Calculate	

Figure 4 Sobel test calculator for indirect effect of TFLS

Input:		Test statistic:	Std. Error:	p-value:
a	0.881	Sobel test:	5.41515302	0.03335178
b	0.205	Aroian test:	5.40372724	0.0334223
s _a	0.062	Goodman test:	5.42665159	0.03328111
s _b	0.035	Reset all	Calculate	

Figure 5 Sobel test calculator for indirect effect of TCLS

A significant indirect effect of the transformational leadership style (TFLS) on employee performance (EP) through employee motivation (EM) was found (TFLS to EM to EP; $B = 0.292$, $SE(B) = 0.040$, $\beta = 0.365$, $t(DF) = 7.26$, $p < .001$).

Moreover, there was evidence of an indirect effect of TCLS on EP through its impact on EM (TCLS to EM to EP), indicating that part of the influence of TCLS on EP is mediated by EM ($B = .181$, $SE(B) = .033$, $\beta = .186$, $t(DF) = 5.42$, $p < .001$).

H6: Employee motivation mediates the effect of leadership styles on employee performance. Accepted.

The diagram in figures 6 and 7 summarize the regression analysis for TFLS and TCLS:

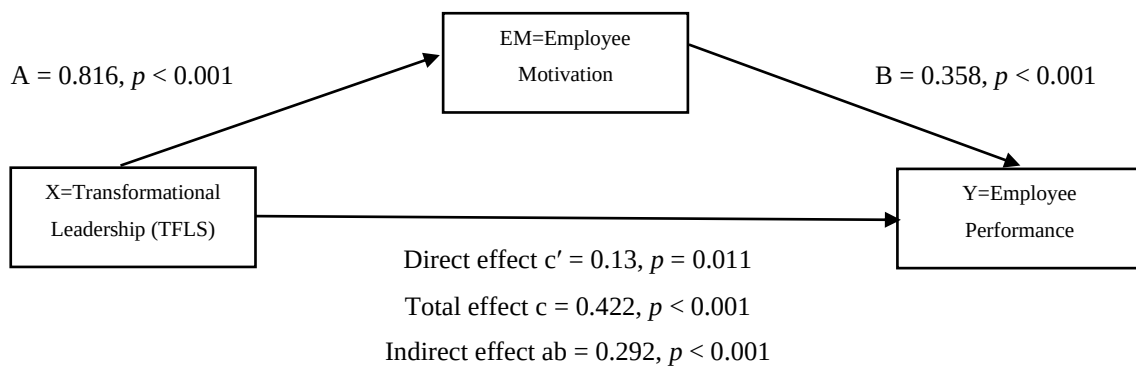


Figure 6 Unstandardized Regression Coefficients and Significance for TFLS

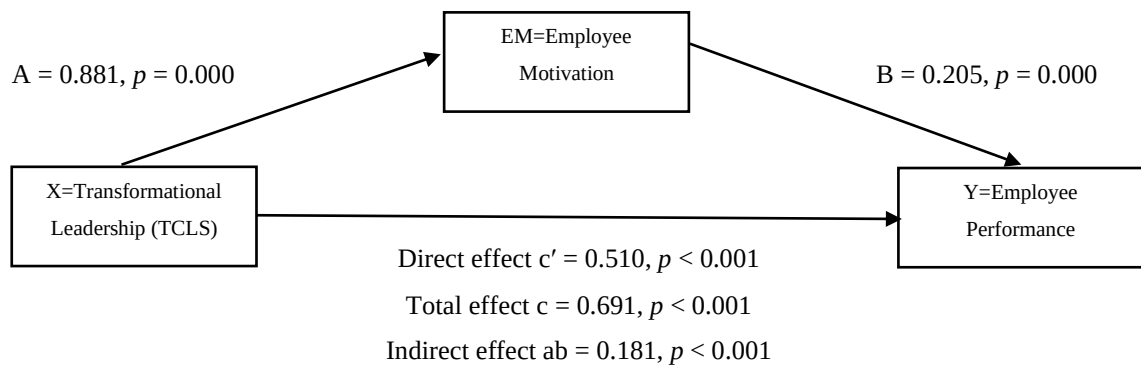


Figure 7 Unstandardized Regression Coefficients and Significance for TCLS

5.4. INDEX OF MEDIATION

Table 16 summarizes the mediation analysis where it confirms our study hypothesis about the relationship between transformational and transactional leadership styles on the employee performance directly and indirectly through the motivation as a mediator.

Table 15 Summary of mediation analysis

Effect	Unstandardized Coefficient B	Standard error of Unstandardized Coefficient SE(B)	Standardized Coefficient β	t	p
Transformational leadership style					
a: TFLS to EM	.816	.046	.714	17.645	<.001
b: EM to EP	.358	.045	.511	8.021	<.001
c (total): TFLS to EP	.422	.039	.526	10.725	<.001
c' (direct): TFLS to EP	.130	.051	.162	2.543	.011
ab (indirect): TFLS to EM to EP	0.292	.040	.365	7.26	< 0.001
Transactional leadership style					

a: TCLS to EM	.881	.062	.635	14.225	<.001
b: EM to EP	.205	.035	.293	5.884	<.001
c (total): TCLS to EP	.691	.039	.711	17.513	<.001
c' (direct): TCLS to EP	.510	.048	.525	10.538	<.001
ab (indirect): TCLS to EM to EP	.181	.033	.186	5.42	< 0.001

According to our hypotheses, we conclude the following findings:

H1: Transformational leadership style has a significant positive effect on employee performance, this also was approved with Avolio and Bass (1994).

H2: Transactional leadership style also has a significant positive effect on employee performance, some references such as Bass (1995) and Bass and Avolio (1997) approved that.

H3: Transformational leadership style has a significant positive effect on employee motivation, some studies showed this result such as Misalnya et al. (2003), Manik (2016), Mathieu and Babiak (2015), Zareen et al. (2015), Koh and Hia (1997), Schaubroeck et al. (2011), Zaralli (2003), Burns (1978), and Dvir et al. (2002).

H4: Transactional leadership style also has a significant positive effect on employee motivation, this was found with studies such as Blanchard and Johnson (1985), Howell and Avolio (1993), and Lowe et al. (1996).

H5: Employee motivation has a significant positive effect on employee performance, this was mentioned in many studies such as Caillier (2014), Lindsay and Lindner (1998), Arifin (2015), Manik (2016), Mann (2006), Paarlberg and Lavigna (2010), Perry et al. (2010), and Petrovsky and Ritz (2014).

H6: Employee motivation mediates the effect of leadership styles on employee performance, this mediation result was found in many studies including Landry and Vandenberghe (2012), Judge and Piccolo (2004), Bass et al. (2003), Masi and Cooke (2000), Braun et al. (2013), Schaubroeck et al. (2020), Cha (2007), Krisnanda and Surya (2019), Manik (2016), Mavhungu and Bussin (2017), and Manik (2017).

Last but not least, the data analysis findings agree that both transformational and transactional leadership styles have a positive effect on employee performance and motivation. It also shows leadership styles are important to achieve better performance and motivate the employees to perform better. Employee motivation as a result is identified as a significant factor influencing employee performance, and it mediates the relationship between leadership styles and performance.



6 CONCLUSION

Leadership is the key of the organizations to reach their goals and increase their employee's performance, while there are many factors and variables that affect this eternal relationship, this thesis discusses the motivation as the mediation variable, it also deals with two of the most important leadership styles, transformational and transactional styles.

According to many studies in the literature review there is a direct effect for transformational and transactional leadership styles on employee performance, while according to many other researchers there is an indirect effect for these leadership styles on employee performance with motivation mediating this effect.

In order to examine how employee motivation affects the link between transformational and transactional leadership styles and employee performance, this thesis conducted an empirical investigation. This study has discovered evidence in favor of the mediating effect of motivation on the influence of both leadership styles on employee performance. Survey data collected from 302 employees selected by non-probabilistic convenience sampling are analyzed through descriptive and inferential statistical techniques including frequency, correlation, regression and mediation analysis.

Specifically, the results demonstrate a significant positive effect of transformational leadership style on employee motivation and employee performance. Similarly, a significant positive effect of transactional leadership style on employee motivation and employee performance has been observed. The total effects of both transformational and transactional leadership styles on employee performance were found to be significant, indicating a direct influence of these leadership styles on performance. Furthermore, the indirect effects of both transformational and transactional leadership styles on employee performance through employee motivation were also significant, suggesting that part of the impact of leadership styles on performance is mediated by motivation.

These findings contribute to the existing body of knowledge on the relationship between leadership styles, motivation, and job performance. It supports the positive significance effects of transactional and transformational leadership styles on employee performance and engagement. The significance of motivation in mediating this relationship is further emphasized by the study. However, the findings of this thesis

show transformational leadership style has better impact on employee performance through motivation (direct effect = 0.13, indirect effect = 0.292), while there is a less positive impact for transactional leadership style on employee performance through motivation (direct effect = 0.510, indirect effect = 0.181).

The thesis emphasizes that also transactional style increases the employee performance through motivation (direct effect = 0.510, indirect effect = 0.181, total effect = 0.691). This point corresponds with the assumption that people are motivated by self-interest and that they will be more likely to perform well if they are rewarded for their efforts. This thesis reinforces the idea that perceived performance, which is the way an employee feels about their own work, is as important as the actual performance because it can affect motivation and engagement.

It is crucial to recognize the limits of this study, though. The findings' generalizability may be constrained by the limited sample size. Larger and more varied sample sizes should be the goal of future research in order to improve the results' external validity. Moreover, the data collected by non-probabilistic sampling which can also be a limit on the generalizability of the findings. Better defined samples selected by probabilistic techniques may give richer results. The link between leadership styles, employee motivation, and performance may also be influenced by other factors that were not examined in this study such as organizational culture, work environment, personal factors, employee engagement, task complexity and communication. Investigating additional variables could offer a more thorough picture of this complicated relationship. Further studies can be done on other leadership styles with the other factors and variables mentioned above to increase job satisfaction and employee performance in order to reach the organization goals.

In conclusion, by emphasizing the positive impacts of transformational and transactional leadership styles on employee motivation and performance, this thesis adds to our understanding of effective leadership strategies in the workplace. Businesses looking to improve employee performance through effective leadership and motivating tactics may find the findings to be quite insightful. The thesis contributes positively with the literature by emphasizing the positive impact for both leadership styles transactional and transformational on employee performance through motivation with giving preference for transformational leadership style over transactional leadership style from the perspective of the impact on employee performance through motivation.

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8 APPENDIX

Appendix A Questionnaire survey

Dear participant,

Thank you for your time to participate in this study which serves as a resource for research with a purely academic goal. The purpose of this study is on the impact of leadership styles on organizational performance and employee motivation.

I kindly would like to request that necessary staff will complete the survey.

Privacy and confidentiality of the participants will be confirmed by researchers.

Research conductor: Hazem Maani

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Research advisor: Ass. Prof. Özgür Burçak Gürsoy Yenilmez

Please answer the following questions

1. Gender

☐ Male ☐ Female

2. Level of Education

☐ Diploma

☐ Bachelor's degree

☐ Master's degree

☐ Ph.D.

☐ Other

3. Career level

☐ Entry level

☐ Experience but not manager

☐ Manager

☐ Executive manager

☐ Other

4. Sector worked

☐ Services

☐ Trade

☐ Industry

☐ Agriculture

☐ Finance ☐ Other

Statement	Strongly disagree	Disagree	Neutral	Agree	Strongly agree
Transformational Leadership					
My supervisor provides me with a clear sense of purpose or vision for our team.					
My supervisor encourages me to think creatively to solve problems.					
My supervisor makes me feel that my work is important.					
My supervisor provides me with feedback to help me improve my performance.					
My supervisor inspires me to achieve more than I thought possible.					
Transactional Leadership					
My supervisor sets clear goals and objectives for our team.					
My supervisor rewards me for meeting or exceeding performance expectations.					
My supervisor takes corrective action when I make mistakes.					
My supervisor maintains a standard of performance for our team.					
My supervisor provides me with resources to help me achieve my goals.					
Employee perception of job performance					
I am satisfied with my job performance.					
I feel that I am meeting the performance expectations of my supervisor.					
I believe that I am contributing to the success of my team and organization.					
I feel that my job duties and responsibilities are clear and well-defined.					
I feel that my job performance is recognized and valued by my supervisor.					
Employee motivation					
I am motivated to perform well in my job.					
I feel that my work is important and meaningful.					
I am willing to go above and beyond what is					

expected of me in my job.					
I am committed to the goals and objectives of my team and organization.					
I feel that my supervisor's leadership style inspires me to perform at my best.					

