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The Impact of Leadership Style on Employee Job Performance in Private Companies

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1. Chapter 1: Introduction

1.1. Research Background

Leadership remains one of the most influential factors in shaping employee behavior and organizational performance. In modern organizational environments, leadership style plays a crucial role in directing employee efforts, enhancing motivation, and improving job outcomes (Al-Malki & Wang, 2018). Effective leadership contributes to higher levels of trust, satisfaction, and performance within organizations, particularly in structured and performance-driven environments (Asencio, 2016).

Transformational leadership has been widely recognized as a leadership approach that enhances employee motivation and performance. Leaders who adopt transformational behaviors inspire employees to exceed expectations by creating a sense of purpose and commitment (Bellé, 2014). Empirical evidence shows that transformational leadership significantly improves employee job performance by strengthening employees' sense of meaning and perceived social impact (Bellé, 2014). Similarly, Biloa (2022) found that leadership style has a direct and measurable impact on employee job performance within organizational settings.

Transactional leadership, which focuses on supervision, structure, and reward-based exchanges, has also been linked to performance outcomes. Research suggests that directive and participatory leadership styles influence employee commitment and service quality, which ultimately affect performance levels (Dolatabadi & Safa, 2010). In addition, Belonio (2012) demonstrated that leadership style significantly influences both employee satisfaction and job performance, particularly in financial institutions.

Leadership effectiveness is also closely associated with employee trust and satisfaction, which serve as mediating factors in performance improvement (Asencio, 2016). Studies conducted in public sector organizations further indicate that leadership behaviors

influence employee motivation and performance through structured managerial practices (Fernandez et al., 2010; Christensen et al., 2017).

Employee job performance itself represents the degree to which individuals effectively fulfill their work responsibilities and contribute to organizational goals. Leadership approaches that align managerial behavior with employee expectations tend to produce higher levels of productivity and performance (Hersey et al., 2013). Therefore, leadership style remains a key determinant of employee outcomes across various organizational contexts.

Despite the extensive research on leadership and performance, most empirical studies have focused on public institutions or specific sectors, leaving a need to further examine the relationship between leadership style and employee job performance within private companies. Accordingly, this study seeks to investigate the impact of leadership style on employee job performance in private companies, contributing additional empirical evidence to the leadership-performance literature.

1.2. Research Problem

Although leadership has been widely examined in organizational research, inconsistencies remain regarding the extent to which different leadership styles influence employee job performance, particularly within private sector organizations. While prior studies confirm that leadership plays a significant role in shaping employee attitudes and productivity, contextual variations across industries and organizational settings suggest that further investigation is needed. Therefore, identifying both theoretical and practical gaps is essential to clarify the problem addressed in this study.

1.2.1. Theoretical Gaps

Although previous studies have examined the relationship between leadership style and employee performance, several theoretical gaps remain. First, many studies have focused

on specific leadership approaches such as transformational leadership without providing comprehensive comparative analysis across multiple leadership styles within the same organizational context (Bellé, 2014; Al-Malki & Wang, 2018). While these studies confirm the positive influence of leadership behaviors on performance outcomes, the relative effectiveness of different leadership styles remains insufficiently explored.

Second, much of the existing literature has been conducted within public sector institutions or specific organizational environments (Asencio, 2016; Fernandez et al., 2010). Although these findings provide valuable insights, leadership dynamics may differ between public and private sector organizations due to variations in structure, competition, and performance pressures. Therefore, the generalizability of prior findings to private companies remains theoretically limited.

Third, previous research has often linked leadership style to employee satisfaction, trust, or commitment as primary outcomes (Belonio, 2012; Dolatabadi & Safa, 2010), while fewer studies have directly examined its measurable impact on employee job performance within private sector settings. This indicates a need for updated empirical investigation that directly tests the leadership–performance relationship in competitive private organizations.

1.2.2. Practical Gaps

From a practical perspective, many private companies continue to experience performance inconsistencies despite the availability of leadership theories and models. Managers frequently apply leadership styles based on personal experience rather than evidence-based practices (Hersey et al., 2013). Although research confirms that leadership behaviors influence employee satisfaction and performance (Belonio, 2012; Biloa, 2022), there remains limited practical guidance tailored specifically to private sector environments.

Moreover, while studies have shown that leadership can enhance employee trust and motivation (Asencio, 2016; Christensen et al., 2017), organizations often struggle to translate these theoretical insights into actionable managerial strategies. The gap between

academic findings and managerial implementation highlights the need for context-specific research that provides practical recommendations for private companies operating under competitive market conditions.

Therefore, addressing both the theoretical and practical gaps is essential to better understand how leadership style influences employee job performance within private companies.

1.3. Research Significance

This study is important because it addresses both theoretical and practical aspects of leadership and employee performance within private sector organizations. By examining the relationship between leadership style and employee job performance, the research contributes to a deeper understanding of how leadership behaviors influence organizational outcomes in competitive business environments.

1.3.1. At the theoretical level

At the theoretical level, this study contributes to the existing body of knowledge in leadership theory and organizational behavior. Although leadership has been extensively studied, inconsistencies remain regarding the comparative impact of different leadership styles on employee performance, particularly in private sector settings. By empirically examining the relationship between leadership style and job performance, this research helps refine theoretical assumptions concerning how leadership behaviors translate into measurable employee outcomes.

Furthermore, the study supports and extends transformational and transactional leadership theories by testing their applicability within contemporary private organizations. It also enriches performance literature by linking leadership approaches to multidimensional aspects of job performance. Therefore, the study adds updated empirical evidence that

strengthens the theoretical framework connecting leadership style and employee performance.

1.3.2. At the practical level

At the practical level, this study provides valuable insights for managers, human resource professionals, and decision-makers in private companies. Understanding which leadership styles positively influence employee job performance enables organizations to adopt more effective managerial approaches that enhance productivity, engagement, and work quality.

The findings may assist organizations in designing leadership development programs, improving supervisory practices, and implementing evidence-based management strategies. Additionally, the study can guide HR departments in recruitment, training, and performance evaluation processes by emphasizing leadership competencies that drive employee performance. Ultimately, this research supports private companies in achieving sustainable competitive advantage through improved leadership effectiveness.

1.4. Research Questions

Based on the research problem and the identified gaps, this study seeks to answer the following questions:

1. What is the dominant leadership style practiced in private companies?
2. What is the level of employee job performance in private companies?
3. Is there a significant relationship between leadership style and employee job performance?
4. To what extent does transformational leadership influence employee job performance?
5. To what extent does transactional leadership influence employee job performance?

1.5. Research Objectives

The main objective of this study is to examine the impact of leadership style on employee job performance in private companies.

To achieve this objective, the study aims to:

1. Identify the dominant leadership style practiced in private companies.
2. Measure the level of employee job performance in private companies.
3. Examine the relationship between leadership style and employee job performance.
4. Determine the impact of transformational leadership on employee job performance.
5. Determine the impact of transactional leadership on employee job performance.

1.6. Research Hypotheses

Based on the literature and research framework, the following hypotheses are proposed:

Main Hypothesis:

H1: Leadership style has a statistically significant impact on employee job performance in private companies.

Sub-Hypotheses:

H1a: Transformational leadership has a statistically significant positive impact on employee job performance.

H1b: Transactional leadership has a statistically significant positive impact on employee job performance.

1.7. Research Model

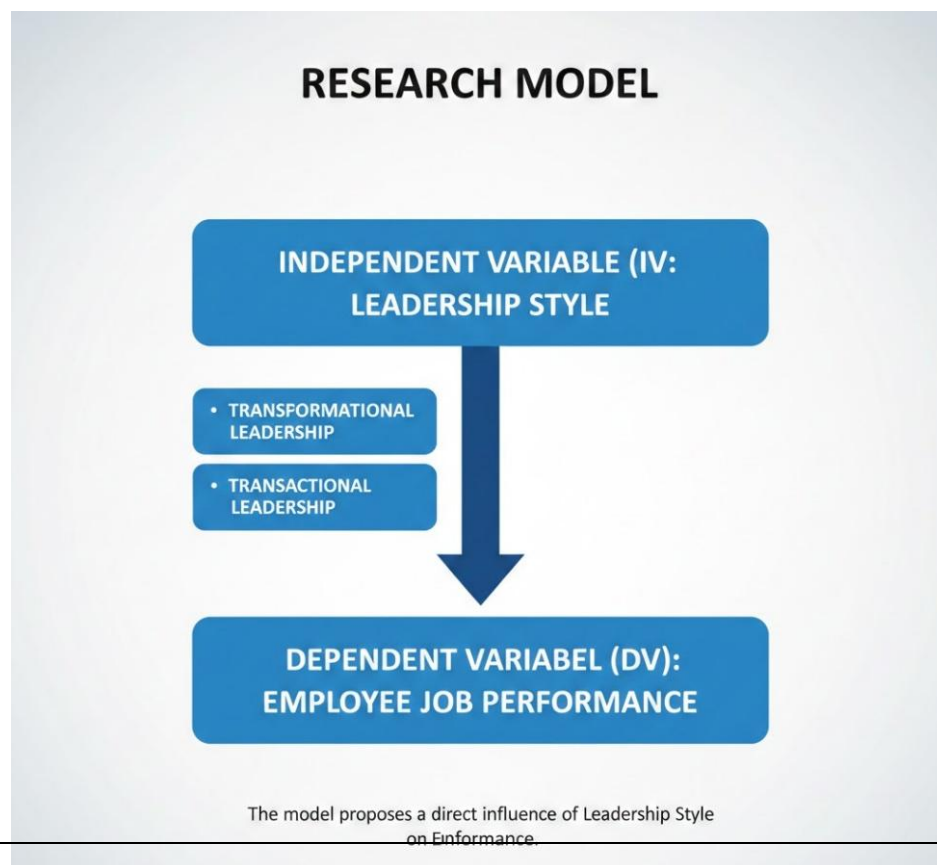
The research model of this study is developed based on leadership theory and prior empirical findings that confirm the relationship between leadership style and employee job performance. The model assumes that leadership style represents the independent variable, while employee job performance represents the dependent variable.

In this study, leadership style is examined through two main dimensions:

- Transformational Leadership
- Transactional Leadership

Employee job performance is treated as a multidimensional construct reflecting employees' effectiveness in performing their assigned tasks.

Conceptual Framework Structure:



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Questionnaire Link:

<https://forms.gle/n95ELrB122RFUR457>