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EXPLORING THE ROLE OF LEADERSHIP STYLES IN ORGANIZATIONAL CHANGE AND EMPLOYEE MOTIVATION

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Abstract

Leadership plays a critical role in guiding organizations through periods of change, especially in driving employee motivation and engagement. The effectiveness of leadership styles—transformational, transactional, and laissez-faire—directly impacts both the outcomes of organizational change initiatives and the motivation levels of employees. This paper explores the relationship between leadership styles and their influence on organizational change and employee motivation. By drawing from existing literature and case studies, the article examines how different leadership approaches contribute to managing resistance to change, inspiring employee engagement, and enhancing productivity. The findings suggest that transformational leadership, characterized by vision, inspiration, and individual attention to employees, is most effective in fostering motivation and navigating organizational change. Conversely, transactional leadership, while useful in maintaining order and meeting short-term goals, may fall short in driving long-term innovation. The paper concludes by offering practical insights for leaders and organizations seeking to improve employee motivation during times of change.

Keywords: *Leadership Styles, Organizational Change, Employee Motivation, Transformational Leadership, Transactional Leadership, Laissez-Faire Leadership, Motivation Theories, Change Management*

INTRODUCTION

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Leadership is an essential component of organizational change, particularly when it comes to motivating employees during times of transition. As organizations strive to adapt to new technologies, market demands, or restructuring, effective leadership is crucial in guiding these changes and maintaining employee engagement. Leadership styles, whether transformational, transactional, or laissez-faire, have a direct impact on how employees perceive and respond to organizational change. This article aims to explore how these leadership styles affect the process of change and employee motivation, providing insights into the factors that contribute to successful transformation initiatives. Understanding these dynamics is critical for managers who wish to lead their teams effectively through periods of uncertainty and innovation.

Defining Leadership Styles and Their Impact on Organizational Change

Overview of Leadership Styles: Transformational, Transactional, and Laissez-Faire

Leadership style refers to the manner and approach of providing direction, implementing plans, and motivating people within an organization. Different leadership styles have varying impacts on the effectiveness of organizational change and employee motivation. The most commonly discussed leadership styles are transformational, transactional, and laissez-faire, each of which plays a unique role in organizational dynamics.

1. Transformational Leadership:

Transformational leaders inspire and motivate their followers to exceed expectations and achieve organizational goals through vision, empowerment, and innovation. They focus on changing organizational culture, fostering creativity, and aligning the goals of the organization with those of individual employees. By emphasizing intrinsic motivation, transformational leaders aim to cultivate commitment and enthusiasm among employees, especially during periods of change.

- **Key Characteristics:** Visionary, Inspirational, Empathetic, Innovative, Encourages personal and professional development.
- **Impact on Organizational Change:** Transformational leadership is especially effective during periods of change because it energizes employees and encourages them to embrace the change as a means to contribute to broader goals. This style helps reduce resistance to change by building trust and commitment.

2. Transactional Leadership:

Transactional leadership is based on clear exchanges between the leader and their followers, where tasks are performed based on established expectations and rewards. Leaders who use this style typically focus on managing performance, achieving short-term goals, and maintaining order through formal structures and systems. Transactional leadership works best in stable environments where change is minimal, and employees are motivated by external rewards such as bonuses, promotions, or other tangible benefits.

- **Key Characteristics:** Goal-oriented, Performance-driven, Structured, Reward/punishment system.
- **Impact on Organizational Change:** Transactional leadership is less effective in driving transformational change, as it focuses more on maintaining the status quo. However, it can provide clarity and structure during changes that require strict adherence to guidelines and performance benchmarks. It can also be useful for short-term projects or routine tasks that do not require significant change.

3. Laissez-Faire Leadership:

Laissez-faire leadership is characterized by minimal intervention from the leader, allowing employees to make decisions independently. Leaders who adopt this style tend to avoid providing direction or supervision, giving employees the freedom to work in their own way. While this leadership style can foster autonomy and innovation in certain contexts, it can also result in lack of guidance, confusion, and inefficiency during times of change.

- **Key Characteristics:** Hands-off, Delegative, Empowering (with little oversight).
- **Impact on Organizational Change:** Laissez-faire leadership can hinder organizational change, especially when change requires strong direction, coordination, and clear communication. It may lead to confusion and lack of accountability, especially in organizations that are going through complex transformations.

The Role of Leadership in Guiding Organizational Change

Effective leadership is crucial in guiding organizations through periods of change. Whether it's a restructuring, cultural shift, technological transformation, or changes in market conditions, leadership plays an essential role in ensuring the transition is smooth and successful. Leadership is responsible for shaping the vision, communicating it effectively, and motivating employees to embrace the change.

1. Creating a Vision for Change

Leaders must define a compelling vision for the organization's future and communicate this vision clearly to all employees. A strong vision helps to rally employees around common goals, reducing uncertainty and fear during transitions. Leaders who effectively articulate a vision inspire employees to understand why change is necessary and what the benefits will be.

2. Managing Resistance to Change:

Organizational change often meets with resistance, whether from employees who fear job loss, are skeptical about the benefits, or feel that the new direction conflicts with their values. Leaders must address this resistance by fostering an open dialogue, providing support, and demonstrating

empathy. Transformational leaders, in particular, are skilled in reducing resistance by aligning the change with employees' intrinsic motivations and goals.

3. Providing Support and Resources:

Change initiatives require leaders to ensure that employees have the necessary resources, training, and support to succeed. This includes offering professional development opportunities, adjusting workloads, and providing a clear structure for the new processes or systems. Leaders should also provide feedback and celebrate small successes to build momentum.

4. Building a Supportive Organizational Culture:

Leaders play a significant role in shaping and nurturing an organizational culture that supports change. A culture that values innovation, learning, and collaboration makes it easier for employees to accept and adapt to change. Leaders must lead by example, modeling the behaviors and attitudes they want to instill in their teams.

Frameworks for Understanding Leadership Behavior in Change Management

Several frameworks help understand leadership behavior in the context of change management, offering valuable insights into how leadership can influence the success of change initiatives.

1. Kotter's 8-Step Change Model:

Developed by John Kotter, this model outlines eight steps for leading successful organizational change. The steps include creating urgency, building a guiding coalition, developing a vision, communicating the vision, empowering action, creating quick wins, consolidating gains, and anchoring new approaches. Transformational leaders are well-suited to leading through these steps by motivating employees and aligning them with the organizational vision.

2. Lewin's Change Management Model:

Kurt Lewin's model involves three stages: unfreezing, changing, and refreezing. This model emphasizes the importance of preparing employees for change (unfreezing), implementing the change (changing), and ensuring that the change is solidified in the organizational culture (refreezing). Transactional leadership can be helpful during the unfreezing and refreezing stages, as it provides clear expectations and rewards for compliance with the change.

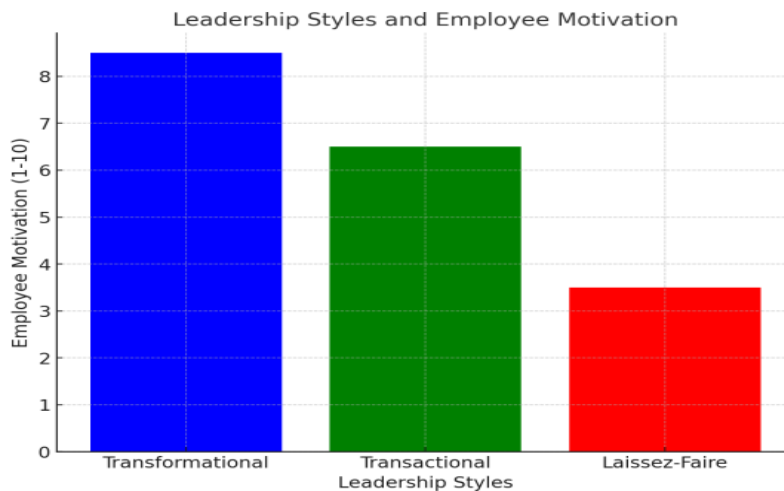
3. The ADKAR Model:

The ADKAR model (Awareness, Desire, Knowledge, Ability, Reinforcement) is a goal-oriented framework that focuses on guiding individuals through the stages of change. It emphasizes the need for leaders to ensure employees are aware of the need for change, have the desire to participate, possess the necessary knowledge and skills, and are able to sustain the change long-term.

Transformational leadership is well-aligned with the ADKAR model, as it focuses on inspiring employees to engage with and drive the change process.

4. The Situational Leadership Model:

This model, developed by Hersey and Blanchard, suggests that effective leadership depends on the maturity level of the employees being led. The leader must adapt their style depending on whether employees are competent and motivated or need more guidance and support. This model can be particularly useful for leaders navigating organizational change, as they must tailor their approach based on the readiness of their teams to embrace new ways of working.



Leadership Styles and Employee Motivation

A bar graph showing how different leadership styles (transformational, transactional, and laissez-faire) correlate with levels of employee motivation. Transformational leadership is associated with high intrinsic motivation, transactional leadership with extrinsic motivation, and laissez-faire leadership with low motivation.

2. The Role of Transformational Leadership in Organizational Change

Characteristics of Transformational Leaders: Vision, Inspiration, Empowerment

Transformational leadership is one of the most effective leadership styles for driving organizational change and motivating employees. Transformational leaders possess several key characteristics that enable them to influence and inspire their teams during periods of change. These characteristics include vision, inspiration, and empowerment, each playing a critical role in navigating transformation within organizations.

1. Vision:

One of the fundamental traits of transformational leaders is their ability to create and communicate a clear, compelling vision for the future of the organization. This vision acts as a guide for

employees, helping them understand the purpose and direction of the change. By presenting a shared vision, transformational leaders align the goals of the organization with those of the individual, fostering a sense of purpose and commitment among employees.

- **Impact on Change:** A clear vision allows employees to see beyond the immediate challenges and uncertainties of change. It provides them with a roadmap and a sense of ownership in the transformation process, increasing their motivation to contribute to its success.

2. Inspiration:

Transformational leaders inspire their employees by modeling enthusiasm, confidence, and optimism. Their ability to energize the workforce and communicate a sense of excitement about the future plays a key role in fostering engagement during times of change. By setting high standards and demonstrating belief in the potential of their team, transformational leaders encourage employees to surpass their own expectations.

- **Impact on Change:** Inspiration serves as a powerful tool in driving employee morale and engagement. When employees feel inspired, they are more likely to embrace change, take initiative, and contribute to innovation efforts, even in uncertain or challenging circumstances.

3. Empowerment:

Transformational leaders empower their employees by delegating authority, encouraging independent decision-making, and fostering a sense of autonomy. Empowerment is particularly crucial during times of change, as it gives employees the confidence and agency to navigate new challenges and take ownership of the change process. Transformational leaders provide the necessary support and resources to enable employees to succeed, while also allowing them the flexibility to adapt and innovate as needed.

- **Impact on Change:** Empowerment enhances employee engagement and motivation by providing individuals with the autonomy to solve problems and make decisions that impact the organization's success. This autonomy creates a sense of ownership, which is vital during organizational transformation.

How Transformational Leadership Drives Organizational Change

Transformational leadership is particularly effective in driving organizational change because it addresses both the emotional and practical aspects of the change process. Transformational leaders focus on shaping the organizational culture, fostering commitment, and motivating employees to align with new goals and directions. Below are key ways in which transformational leadership drives successful organizational change:

1. Shaping Organizational Culture:

Transformational leaders play a critical role in shaping the culture of an organization. By promoting values such as collaboration, trust, and innovation, they create an environment that is conducive to

change. This type of culture fosters creativity, openness to new ideas, and a willingness to experiment—essential qualities for organizations undergoing transformation.

- **Example:** Under the leadership of Satya Nadella, Microsoft transformed its organizational culture to one that values collaboration, inclusivity, and innovation. This cultural shift was crucial in driving the company's successful transition to cloud computing and a more agile work environment.

2. Reducing Resistance to Change:

One of the main challenges during organizational change is resistance from employees who are comfortable with the status quo. Transformational leaders reduce this resistance by communicating the vision and benefits of the change, while also addressing employees' concerns and providing support throughout the transition. They involve employees in the change process, making them active participants rather than passive recipients.

- **Example:** When IBM underwent significant restructuring under Lou Gerstner, transformational leadership helped reduce employee resistance. By emphasizing the need for change and involving employees in the process, Gerstner was able to align the workforce with new organizational goals, leading to successful transformation.

3. Aligning Individual and Organizational Goals:

Transformational leaders work to align the personal goals of employees with the broader goals of the organization. By understanding employees' needs, aspirations, and motivations, they help create an environment where individuals feel personally invested in the success of the organization. This alignment enhances engagement and commitment to organizational change.

- **Example:** Steve Jobs' leadership at Apple is an example of how aligning individual creativity and organizational goals can drive innovation. Jobs created an environment where employees were motivated to contribute their best work because they were deeply connected to the company's vision and values.

4. Driving Innovation and Continuous Improvement:

Transformational leadership is often associated with innovation and continuous improvement. Transformational leaders encourage risk-taking, challenge the status quo, and create an environment where employees feel empowered to propose new ideas. During organizational change, these leaders help drive innovation by fostering a culture that values creativity and experimentation.

- **Example:** Elon Musk's leadership at Tesla has driven significant innovation in the electric vehicle industry. His transformational leadership style has fostered a culture of continuous improvement and technological innovation, helping Tesla remain at the forefront of the industry.

Empirical Evidence of Transformational Leadership's Success in Motivating Employees During Change

Numerous studies have shown that transformational leadership is highly effective in motivating employees, particularly during times of organizational change. Empirical evidence supports the idea that transformational leaders can significantly enhance employee engagement, commitment, and performance.

1. Increased Employee Engagement:

Research has demonstrated that transformational leadership is associated with higher levels of employee engagement. Transformational leaders motivate employees by providing meaningful work, fostering a sense of purpose, and encouraging personal development. During times of change, this type of leadership has been shown to increase employees' willingness to adapt and contribute to the change process.

- **Study Example:** A study by Bass and Avolio (1994) found that transformational leadership led to higher levels of employee engagement and satisfaction, particularly in environments where organizational change was occurring. Employees were more likely to embrace change when they felt supported and inspired by their leaders.

2. Enhanced Job Satisfaction and Motivation:

Transformational leadership has also been linked to increased job satisfaction and intrinsic motivation. Leaders who provide individualized consideration, act as role models, and support employees' personal growth create a work environment where employees are motivated by intrinsic factors such as autonomy, competence, and relatedness.

- **Study Example:** A study by Judge and Piccolo (2004) found that transformational leadership was positively correlated with employee job satisfaction and motivation. This effect was particularly pronounced during organizational change, where employees need additional support and inspiration to adapt to new conditions.

3. Higher Organizational Performance:

Transformational leadership has been shown to positively impact organizational performance, especially in organizations undergoing change. By aligning employees with the organization's vision, transformational leaders help drive collective effort toward achieving strategic goals. This alignment improves overall organizational performance, making it easier to navigate change and achieve successful outcomes.

- **Study Example:** A study by Avolio and Bass (2004) indicated that transformational leadership had a positive impact on organizational performance, particularly in environments that required substantial change. The study found that organizations led by transformational leaders were more successful in implementing change and achieving long-term goals.

Table 1: Comparison of Leadership Styles

Leadership Style	Key Characteristics	Effect on Organizational Change	Effect on Employee Motivation
Transformational	Visionary, Inspirational, Empowering, Supportive	Drives innovation, reduces resistance, enhances change.	High intrinsic motivation, engagement, and satisfaction.
Transactional	Reward/punishment, Clear expectations, Structured tasks	Effective in maintaining stability, weak in driving change.	Motivates through extrinsic rewards, focuses on short-term goals.
Laissez-Faire	Minimal intervention, Hands-off approach	Can cause lack of direction and resistance to change.	Low motivation due to lack of structure and guidance.

3. Transactional Leadership: A Structured Approach to Change

Key Features of Transactional Leadership: Rewards, Penalties, and Clear Structure

Transactional leadership is primarily focused on maintaining order and achieving specific, measurable goals through a system of rewards and penalties. It is often seen as a more traditional, structured leadership style compared to transformational leadership, and it thrives in environments that require clear directives and consistent performance. Transactional leaders set clear expectations for their employees and use a system of incentives and consequences to ensure that those expectations are met.

1. Rewards:

One of the key features of transactional leadership is the use of rewards to motivate employees. Rewards are typically linked to specific performance outcomes or behaviors. By offering tangible benefits such as bonuses, promotions, or recognition, transactional leaders encourage employees to meet defined goals and expectations.

- **Impact on Change:** In times of organizational change, transactional leadership uses rewards to encourage employees to adopt new behaviors or meet new performance standards. The reward system helps create short-term compliance with change initiatives by focusing on extrinsic motivation.

2. Penalties:

Transactional leaders also use penalties as a means of maintaining control and ensuring compliance. These penalties may involve reprimands, loss of privileges, or other forms of corrective action when employees fail to meet performance standards or expectations. The use of penalties reinforces the need for adherence to rules and procedures.

- **Impact on Change:** During periods of change, the use of penalties can be an effective tool for enforcing discipline and managing performance. However, an over-reliance on penalties may lead to disengagement and resentment, especially if employees feel that the penalties are unfair or overly harsh.

3. Clear Structure:

Transactional leadership operates within a clear and structured environment where roles, responsibilities, and expectations are explicitly defined. This structured approach helps employees understand what is expected of them and how their performance will be evaluated. Clear guidelines and procedures are emphasized, ensuring that everyone knows their specific tasks and responsibilities.

- **Impact on Change:** In times of change, a structured environment can help reduce uncertainty and provide stability. Transactional leaders provide clear instructions and ensure that employees know how to navigate new systems or processes. This clarity can be particularly useful in managing the operational aspects of change, especially in stable or routine environments.

The Effectiveness of Transactional Leadership in Managing Stable Environments

Transactional leadership is highly effective in environments that are stable and predictable, where the primary goal is achieving specific objectives and maintaining operational efficiency. In such environments, the focus is on routine performance and adherence to established procedures, making the use of rewards and penalties particularly effective.

Stability and Efficiency:

Transactional leadership is well-suited for managing stable environments where change is minimal or incremental. In these settings, leaders can focus on maintaining operational efficiency, ensuring that processes run smoothly, and meeting predefined goals. Employees who perform according to expectations are rewarded, while those who fail to meet standards face corrective measures.

Example: In industries such as manufacturing or logistics, transactional leadership helps maintain high levels of productivity and performance by establishing clear standards and ensuring that employees follow them.

Clear Expectations and Accountability:

The clear structure of transactional leadership ensures that employees understand what is expected of

them and how their performance will be evaluated. This structure is particularly beneficial in environments where adherence to rules and policies is essential. The reward and penalty system reinforces accountability, ensuring that employees meet their goals and deadlines.

Example: In customer service environments, transactional leadership helps employees stay focused on meeting customer satisfaction goals by offering rewards for high performance and penalties for substandard service.

Effective in Short-Term Objectives:

Transactional leadership is particularly effective when organizations need to focus on short-term goals and objectives. By providing clear directives and offering rewards for meeting specific targets, transactional leaders can drive performance and ensure that objectives are met within set timeframes.

Example: A company launching a product may use transactional leadership to ensure that employees meet deadlines for tasks such as marketing, packaging, and distribution. The leader can use rewards and penalties to ensure timely completion.

The Limitations of Transactional Leadership in Fostering Long-Term Employee Motivation During Change

While transactional leadership is effective in maintaining order and achieving short-term goals, it has several limitations when it comes to fostering long-term employee motivation, particularly during periods of significant organizational change. These limitations arise from the focus on extrinsic rewards and the lack of emphasis on personal growth, innovation, and intrinsic motivation.

Limited Focus on Intrinsic Motivation:

Transactional leadership primarily relies on extrinsic motivation—rewards and penalties—to influence employee behavior. While this can be effective in achieving short-term objectives, it does little to address employees' intrinsic motivations, such as personal growth, autonomy, and the desire for meaningful work. Over time, employees may become reliant on external rewards and lose sight of the underlying purpose and value of their work.

Impact on Change: During periods of change, employees may be less motivated to embrace the transformation if they do not see how it aligns with their personal goals or values. Transactional leaders may struggle to inspire commitment to the change process if they focus primarily on short-term incentives rather than engaging employees' deeper motivations.

Resistance to Innovation:

Transactional leadership tends to prioritize stability and adherence to established procedures, which can stifle creativity and innovation. In times of change, organizations often need to innovate, experiment, and adapt. However, transactional leadership's focus on maintaining the status quo and following prescribed rules can create an environment that is resistant to new ideas or alternative approaches.

Impact on Change: Employees may feel discouraged from proposing new ideas or experimenting with different solutions, especially if these ideas are not immediately rewarded or if they conflict with established routines. This resistance to innovation can hinder the organization's ability to adapt to significant changes or shifts in the market.

Employee Disengagement:

Over-reliance on extrinsic rewards and penalties can lead to employee disengagement, especially during organizational change. If employees feel that their efforts are being driven solely by external incentives, they may not feel a strong sense of ownership or commitment to the change process. This disengagement can lead to lower morale, reduced productivity, and an inability to effectively navigate change.

Impact on Change: During periods of significant change, employees may feel demotivated if they do not see the personal or emotional value of the transformation. Transactional leadership may fail to foster the deep sense of commitment and purpose needed for employees to fully invest in the change process.

Lack of Emotional Support:

Transactional leadership often lacks the emotional intelligence and supportive behaviors seen in transformational leadership. While transactional leaders focus on performance and outcomes, they may not provide the emotional support or guidance that employees need during periods of uncertainty and change. Employees may feel unsupported and disconnected from the leadership team.

Impact on Change: Organizational change can be stressful and uncertain, and employees may need more than just rewards and penalties to navigate the transition. Leaders who provide emotional support, offer encouragement, and build trust can help employees feel more confident in their ability to adapt to change.



Chart 1: Leadership Styles and Organizational Change Success

A pie chart displaying the percentage of organizational change success based on leadership style—transformational leadership is associated with the highest success rate, followed by transactional, and lastly laissez-faire.

Laissez-Faire Leadership: Challenges in Motivating Employees During Change

Laissez-faire leadership is characterized by a hands-off approach, where leaders provide minimal direction and allow employees to make decisions on their own. While this leadership style can work well in certain environments, it poses significant challenges in motivating employees, particularly during periods of organizational change. In this section, we will explore the characteristics of laissez-faire leadership, examine when it may be effective, and discuss the risks associated with using this style during times of change.

Characteristics of Laissez-Faire Leadership: Hands-Off Approach and Minimal Intervention

Laissez-faire leadership is characterized by a leader's minimal involvement in day-to-day operations and decision-making. This style grants employees a high degree of autonomy, allowing them to set their own goals, solve problems, and make decisions with little to no interference from management. The primary goal of laissez-faire leadership is to foster independence and encourage self-management among employees.

Hands-Off Approach:

Leaders who adopt a laissez-faire approach typically avoid making decisions, offering guidance, or overseeing the details of their employees' work. This style is based on the belief that employees are self-motivated and capable of managing their tasks without direct oversight.

Minimal Intervention:

Laissez-faire leaders provide minimal supervision and avoid micromanaging their teams. They trust employees to handle their own work and rarely step in unless a problem arises. This hands-off approach can encourage employees to take ownership of their roles and be more autonomous.

Empowerment and Autonomy:

One of the key aspects of laissez-faire leadership is the empowerment of employees. By granting them the freedom to make decisions and work independently, this leadership style fosters an environment where employees are trusted to determine how best to complete their tasks.

Example: In creative industries such as advertising or research and development, where employees are highly skilled and motivated, laissez-faire leadership can encourage innovation and free thinking.

When Laissez-Faire Leadership May Be Effective in Non-Crisis Situations

Laissez-faire leadership can be effective in non-crisis situations where employees are highly skilled, experienced, and intrinsically motivated. In these settings, employees often require little supervision and can work independently to achieve goals. The hands-off approach can provide the freedom and autonomy needed for creativity, innovation, and problem-solving.

Skilled and Self-Motivated Teams:

Laissez-faire leadership works well when employees have the expertise and motivation to manage their own tasks. In teams where individuals are highly skilled and have a strong sense of responsibility, the leader's minimal intervention can foster creativity and self-directed work. This style is common in fields such as research and development, technology, and academia, where professionals have the knowledge and independence to make decisions.

Example: In a software development company, where employees are experts in coding and development processes, leaders may take a hands-off approach, trusting their teams to make technical decisions and meet deadlines without constant supervision.

Creative and Innovative Work Environments:

In environments that rely on creativity and innovation, laissez-faire leadership can provide the freedom needed for employees to think outside the box. The absence of strict guidelines and micromanagement allows employees to explore new ideas, experiment with different approaches, and take ownership of their projects.

Example: In the creative industries, such as advertising agencies or design firms, laissez-faire leadership can encourage employees to innovate without the constraints of rigid structure, enabling them to generate fresh ideas and solutions.

Non-Crisis, Stable Conditions:

Laissez-faire leadership can be successful when the organization is operating in a stable environment where change is minimal, and processes are already well-established. In such situations, employees are familiar with their roles and the expectations of the organization, and little intervention from leadership is needed.

Example: In a retail environment where sales processes and customer service standards are well-established, leaders may step back and allow employees to work independently, as they are likely to perform their duties with minimal oversight.

The Risks of Laissez-Faire Leadership in Times of Organizational Change and Employee Disengagement

While laissez-faire leadership may be effective in stable environments, it poses significant risks during times of organizational change. In these situations, employees may feel unsupported, unclear about expectations, and disengaged from the change process. The absence of strong leadership guidance can exacerbate these issues and result in poor outcomes for both the employees and the organization.

Lack of Direction and Guidance:

During periods of change, employees often require clear direction and support from their leaders to navigate uncertainty. Laissez-faire leadership, with its hands-off approach, can lead to confusion and frustration among employees who need guidance. Without clear instructions and a sense of purpose, employees may struggle to understand the goals of the change initiative or how they can contribute.

Impact on Change: In times of change, employees may become uncertain about their roles, leading to decreased motivation and engagement. This lack of direction can hinder the success of organizational change, as employees are not aligned with the vision and goals of the transformation.

Employee Disengagement:

Laissez-faire leadership can result in disengaged employees who feel that they lack support or recognition. When leaders take a passive role in managing change, employees may feel isolated and unsupported, which can lead to low morale and reduced motivation. This disengagement is particularly problematic during change initiatives, where employees may need encouragement and reassurance to embrace new ways of working.

Impact on Change: During times of change, disengaged employees are less likely to be proactive or willing to contribute to the success of the transformation. The lack of leadership involvement can create a disconnect between employees and the organization, hindering the success of change efforts.

Increased Resistance to Change:

Organizational change often meets with resistance, and laissez-faire leadership can exacerbate this by failing to actively manage or address employees' concerns. Without the active involvement of leaders in communicating the need for change, addressing resistance, and motivating employees, individuals may resist the change or fail to adopt new processes.

Impact on Change: In situations where change is required, the absence of strong leadership intervention can lead to increased resistance, as employees may feel that the change is not well-supported or that their concerns are being ignored.

Lack of Accountability:

Laissez-faire leadership's emphasis on autonomy can lead to a lack of accountability during periods of change. Employees may not fully understand the importance of their role in the transformation process, leading to missed deadlines, uncompleted tasks, or suboptimal performance. Without leadership intervention to ensure accountability, the change process can stall.

Impact on Change: Lack of accountability can undermine the effectiveness of organizational change efforts. Employees may not feel a sense of ownership or responsibility, which can result in inefficiencies, delays, and failure to meet organizational goals.

Employee Motivation and Its Connection to Leadership Styles

Employee motivation is a critical factor in organizational success, particularly in achieving high performance, maintaining engagement, and navigating periods of change. Leadership plays a pivotal role in shaping motivation, as different leadership styles influence how employees feel about their work and how they are motivated to perform their tasks. This section explores key theories of employee motivation—Maslow's Hierarchy of Needs, Herzberg's Two-Factor Theory, and Self-Determination Theory (SDT)—and examines how different leadership styles impact both intrinsic and extrinsic motivation, as well as the relationship between leadership behavior and employee satisfaction.

Theories of Employee Motivation

Maslow's Hierarchy of Needs Maslow's Hierarchy of Needs is one of the most well-known theories of motivation. It suggests that individuals are motivated by a series of hierarchical needs, from basic physiological needs to higher-order psychological needs. According to Maslow, people must satisfy lower-level needs before they can focus on higher-level needs. The five levels of needs in Maslow's hierarchy are:

Physiological Needs: Basic necessities such as food, water, and shelter.

Safety Needs: Security, stability, and protection.

Social Needs: Relationships, belonging, and social interaction.

Esteem Needs: Respect, recognition, and self-esteem.

Self-Actualization: The realization of personal potential and self-fulfillment.

Impact on Motivation: Maslow's theory suggests that employees will be motivated by leaders who provide opportunities to meet their needs at different levels. For example, leaders who offer job security and competitive wages help meet physiological and safety needs, while those who recognize achievements and foster personal growth contribute to esteem and self-actualization.

Herzberg's Two-Factor Theory Herzberg's Two-Factor Theory divides factors that influence motivation into two categories: hygiene factors and motivators.

Hygiene Factors: These are factors that prevent dissatisfaction but do not necessarily motivate employees. Examples include salary, job security, and working conditions.

Motivators: These factors contribute to job satisfaction and drive higher levels of motivation. Examples include recognition, opportunities for growth, and meaningful work.

Impact on Motivation: According to Herzberg, transactional leadership can effectively manage hygiene factors, ensuring that basic needs are met (e.g., salary, job security). However, transformational leadership is more effective in addressing motivators by providing opportunities for advancement, personal growth, and recognition.

Self-Determination Theory (SDT) Self-Determination Theory, developed by Deci and Ryan, emphasizes the role of intrinsic motivation in driving behavior. SDT suggests that individuals are motivated by three basic psychological needs:

Autonomy: The desire to have control over one's actions.

Competence: The need to feel capable and effective.

Relatedness: The need for connection with others and a sense of belonging.

Impact on Motivation: SDT underscores the importance of intrinsic motivation, which is driven by internal factors such as personal interest, mastery, and the desire to contribute. Transformational leadership is particularly effective in fostering intrinsic motivation by supporting autonomy, encouraging skill development, and nurturing a sense of community and purpose.

How Different Leadership Styles Influence Intrinsic and Extrinsic Motivation

Leadership styles influence both intrinsic and extrinsic motivation in different ways. Extrinsic motivation is driven by external rewards (e.g., salary, bonuses), while intrinsic motivation comes from within the individual, driven by factors such as personal satisfaction, growth, and the enjoyment of the task itself.

Transformational Leadership and Intrinsic Motivation Transformational leaders inspire employees by articulating a compelling vision, offering support for personal development, and creating an environment where employees feel valued. By fostering a sense of purpose, autonomy, and competence, transformational leaders significantly enhance intrinsic motivation.

Impact on Motivation: Transformational leadership taps into employees' intrinsic motivation by aligning organizational goals with employees' values and personal growth aspirations. This leadership style fosters creativity, engagement, and long-term commitment by giving employees a sense of ownership and purpose in their work.

Example: A transformational leader may create opportunities for employees to lead projects that align with their interests or provide regular feedback that encourages learning and self-improvement. This supports employees' desire for mastery and self-actualization.

Transactional Leadership and Extrinsic Motivation Transactional leadership focuses on external rewards and punishments to motivate employees. By setting clear expectations and offering rewards for meeting these expectations (such as bonuses or promotions), transactional leaders encourage extrinsic motivation.

Impact on Motivation: Transactional leadership is highly effective in motivating employees through extrinsic rewards, especially in contexts where short-term performance or compliance is important. However, this style may not be as effective in fostering long-term commitment or intrinsic motivation, as it primarily relies on external incentives.

Example: A transactional leader might offer a performance-based bonus for employees who meet certain sales targets, thereby motivating employees through external rewards. However, this approach may not encourage personal growth or a deeper connection to the organization's mission.

Laissez-Faire Leadership and Motivation Laissez-faire leadership typically involves minimal intervention or direction from the leader, allowing employees to work independently. While this approach can promote autonomy and creativity, it may fail to provide the necessary guidance and support during periods of change, potentially leading to disengagement.

Impact on Motivation: Laissez-faire leadership can undermine both intrinsic and extrinsic motivation if employees feel unsupported or lack clear direction. While employees may appreciate the autonomy in certain situations, the lack of engagement or feedback can lead to feelings of isolation, confusion, and a lack of accountability.

Example: In a stable environment, laissez-faire leadership may allow employees to take ownership of their projects. However, during periods of change, the absence of support and direction can result in confusion and low motivation, as employees may feel disconnected from the organization's goals.

The Relationship Between Leadership Behavior and Employee Satisfaction

Leadership behavior has a significant impact on employee satisfaction, as it affects both the work environment and employees' emotional and psychological needs. When leaders engage with their teams, offer clear direction, and support individual growth, employee satisfaction tends to increase. The relationship between leadership and satisfaction can be understood through the lens of motivation theories and leadership styles.

Transformational Leadership and Employee Satisfaction

Transformational leaders are likely to have the greatest impact on employee satisfaction. By providing a clear vision, fostering a positive work culture, and empowering employees, transformational leaders create an environment where employees feel valued, supported, and motivated to achieve their best work.

Impact on Satisfaction: Research shows that transformational leadership is strongly correlated with higher levels of employee satisfaction, as it addresses employees' psychological needs for competence, autonomy, and relatedness (SDT). Employees are more likely to be satisfied in organizations where they are encouraged to grow, take on new challenges, and contribute to a shared vision.

Transactional Leadership and Employee Satisfaction

Transactional leadership can lead to moderate levels of employee satisfaction, especially when employees receive rewards for meeting expectations. However, satisfaction is often contingent on the ability to meet externally defined goals rather than intrinsic fulfillment.

Impact on Satisfaction: While transactional leadership may lead to satisfaction in the short term by providing rewards for meeting targets, it may not provide the deeper satisfaction derived from personal growth or a sense of purpose. Employees may feel satisfied with their performance but may not feel personally connected to the organization.

Laissez-Faire Leadership and Employee Satisfaction

Laissez-faire leadership often results in lower levels of employee satisfaction, particularly when employees lack guidance and support. Without clear direction and feedback, employees may feel isolated, disconnected from the organization's goals, and unsure about their contributions.

Impact on Satisfaction: Employee satisfaction is often negatively affected in laissez-faire environments, especially during periods of change. The lack of leadership involvement can lead to confusion, disengagement, and frustration among employees, who may feel unsupported or directionless.

6. Case Studies of Leadership Styles in Action During Organizational Change

Leadership is a critical factor in driving successful organizational change, and the effectiveness of a leader's style can significantly influence the motivation of employees and the overall success of the transformation process. In this section, we examine case studies of two companies that successfully implemented change through leadership:

Apple under Steve Jobs and IBM under Lou Gerstner. These case studies illustrate how different leadership styles shaped organizational change, motivated employees, and contributed to long-term success.

1. Apple Under Steve Jobs: Transformational Leadership Driving Innovation and Change

Steve Jobs is widely regarded as one of the most iconic transformational leaders of the modern era. His leadership at Apple is a classic example of how transformational leadership can drive organizational change, inspire innovation, and motivate employees. Jobs was known for his visionary approach, his ability to challenge the status quo, and his commitment to creating products that would change the world. Apple's remarkable transformation under his leadership provides an insightful case study into the role of transformational leadership in navigating significant change.

Key Elements of Jobs' Leadership:

- **Visionary Leadership:** Jobs had a clear and compelling vision for Apple, which was centered around creating products that were not only functional but also aesthetically pleasing and user-friendly. His vision helped align the entire organization toward a common purpose, inspiring employees to work towards innovative solutions and a shared goal of revolutionizing technology.
- **Inspiration and Motivation:** Jobs was known for his ability to inspire and motivate employees, often pushing them to achieve beyond what they believed was possible. He encouraged a culture of excellence and perfectionism, which led to the development of groundbreaking products such as the iPod, iPhone, and iPad.
- **Empowerment and Innovation:** Jobs fostered an environment of creativity and autonomy, allowing his teams to take risks and experiment with new ideas. He believed in empowering his employees to think outside the box, which led to continuous innovation and the successful launch of Apple's most iconic products.

Impact on Organizational Change: Under Steve Jobs' leadership, Apple underwent a dramatic transformation, emerging from the brink of bankruptcy in the 1990s to become one of the world's most valuable companies by the time of Jobs' passing in 2011. His transformational leadership played a crucial role in turning Apple into a global powerhouse by focusing on innovation, design, and user experience.

- **Employee Motivation:** Jobs' leadership style was deeply motivating for employees, as they were aligned with his vision and inspired to be part of something that had the potential to change the world. His leadership fostered a culture of innovation and commitment, which resulted in high levels of employee satisfaction and engagement. Employees were motivated by the opportunity to work on cutting-edge products and contribute to Apple's mission of shaping the future of technology.

Lessons Learned:

- A strong and compelling vision is critical to aligning employees with organizational goals.
- Transformational leadership that empowers employees and fosters creativity can drive innovation and success.
- Motivating employees through a sense of purpose and vision leads to long-term engagement and commitment.

2. IBM Under Lou Gerstner: Transactional Leadership and Organizational Restructuring

IBM's transformation under the leadership of Lou Gerstner in the 1990s provides an example of how transactional leadership can be effective in managing organizational change, particularly during periods of crisis and restructuring. When Gerstner took over as CEO in 1993, IBM was struggling to adapt to the rapidly changing technology landscape. The company had lost its market leadership in personal computers and was facing significant financial difficulties. Gerstner's leadership style was transactional, focusing on stabilizing the company, setting clear expectations, and managing performance to drive short-term results.

Key Elements of Gerstner's Leadership:

- **Clear Expectations and Accountability:** Gerstner implemented a structured approach to change, setting clear goals and performance metrics for the company. He emphasized accountability and performance, ensuring that all employees understood what was expected of them in terms of their roles and contributions to the organization's success.
- **Focus on Operational Efficiency:** Gerstner focused on improving operational efficiency and streamlining IBM's operations. This involved making tough decisions, such as reducing the workforce and reorganizing the company's divisions to align with market demands. By emphasizing results-oriented goals, Gerstner was able to turn around IBM's financial performance in a relatively short time.
- **Reward Systems:** Gerstner used rewards and recognition to motivate employees to meet performance targets. He implemented incentive programs tied to performance, ensuring that employees were motivated by both extrinsic rewards (such as bonuses and promotions) and intrinsic rewards (such as job satisfaction from contributing to IBM's success).

Impact on Organizational Change: Gerstner's transactional leadership played a crucial role in IBM's successful turnaround during a period of significant crisis. He was able to stabilize the company, implement cost-saving measures, and shift IBM's focus from hardware to services and software, leading to sustained profitability in the following decades. His leadership helped IBM navigate the challenges of the information technology revolution, positioning the company as a leader in IT services.

- **Employee Motivation:** Gerstner's leadership provided clear direction and structured incentives, which helped motivate employees during the restructuring process. The focus on performance and rewards created an environment where employees were driven to meet targets, but the transactional nature of his leadership may have lacked the intrinsic motivation fostered by transformational leaders.

Lessons Learned:

- Transactional leadership is effective in stabilizing organizations during periods of crisis and change.
- Clear performance expectations, accountability, and rewards can drive short-term success.
- While transactional leadership can provide stability, it may not be as effective in fostering long-term employee engagement and innovation.

3. Analysis of Leadership's Role in Employee Motivation and Organizational Change During These Transitions

Both Steve Jobs at Apple and Lou Gerstner at IBM demonstrated how different leadership styles can successfully guide organizations through significant change, but their approaches had distinct impacts on employee motivation and organizational outcomes.

Transformational Leadership at Apple:

Jobs' leadership created an environment where employees were highly motivated by intrinsic factors, such as a sense of purpose, creativity, and the opportunity to contribute to innovative products. His ability to inspire and empower employees fostered long-term commitment and engagement, which drove Apple's success during its transformation.

Transactional Leadership at IBM:

Gerstner's transactional leadership was effective in managing change by focusing on short-term performance, efficiency, and accountability. While this approach helped stabilize IBM and turn around its financial performance, it relied more on extrinsic motivation (rewards and penalties) and may not have fostered the same level of intrinsic motivation seen at Apple. However, in a crisis situation where immediate results were needed, transactional leadership provided the structure and clarity required to restore confidence and performance.

7. Practical Recommendations for Leaders to Enhance Employee Motivation

Effective leadership is a key driver of employee motivation, particularly during periods of organizational change. Leaders who are able to motivate and engage their teams not only facilitate smooth transitions but also ensure that employees remain committed, productive, and satisfied. This section provides practical recommendations for leaders to enhance employee motivation, focusing on best practices for transformational and transactional leadership, as well as strategies for improving leadership effectiveness during change.

Best Practices for Transformational Leadership to Support Organizational Change

Transformational leadership is particularly effective in motivating employees during periods of change by inspiring them to go beyond their own self-interests and work toward the greater good of the organization. Below are best practices for transformational leaders to enhance motivation and drive successful organizational change:

Create and Communicate a Clear Vision:

Transformational leaders should develop a compelling vision for the future of the organization and communicate it clearly to employees. This vision provides employees with a sense of purpose and direction, helping them understand the "why" behind the change and how their efforts contribute to achieving broader organizational goals.

Action Step: Regularly reinforce the vision through company-wide meetings, emails, and internal communications. Ensure that employees at all levels understand how their roles contribute to the vision.

Inspire and Motivate Through Empowerment:

Empower employees by giving them the autonomy to make decisions, take ownership of projects, and contribute to problem-solving efforts. Empowerment enhances intrinsic motivation by fostering a sense of autonomy and competence.

Action Step: Provide opportunities for employees to lead initiatives, set personal goals, and participate in decision-making processes. Encourage innovation and experimentation without fear of failure.

Support Personal and Professional Development:

Transformational leaders focus on the growth and development of their employees. Providing continuous learning opportunities, mentorship, and career development support helps employees feel valued and motivated to contribute to the organization's success.

Action Step: Implement mentorship programs, offer training sessions, and provide access to resources that help employees develop new skills and advance their careers.

Recognize and Celebrate Achievements:

Recognizing and celebrating employees' contributions is critical for maintaining motivation. Regular acknowledgment of individual and team achievements reinforces positive behaviors and helps employees feel appreciated.

Ahmad (2025) provides an in-depth evaluation of Pakistan's major State-Owned Enterprises (SOEs), highlighting chronic financial losses, political interference, and structural inefficiencies across institutions such as PIA, Pakistan Steel Mills, and Pakistan Railways. His analysis shows that PIA and PSM alone consumed more than 92% of total subsidies between 2019 and 2024, while overall operational efficiency remained critically low. By applying frameworks from agency theory, public value theory, institutional analysis, and political economy, Ahmad argues that sustainable reform requires governance professionalization, transparent accountability systems, and citizen-centered oversight. His work emphasizes that restoring public trust is only possible when state enterprises shift from politically driven structures to performance-based, transparent, and reform-oriented models.

Ahmad (2025) explores human–AI collaboration and its effects on productivity, accuracy, and ethical risk within knowledge-based professional tasks. His mixed-methods experiment demonstrates that AI assistance speeds up task completion by 32–39%, especially for novice users, but also increases error rates in high-complexity tasks by up to 25%. Ahmad identifies common AI-related errors, including hallucinated facts, logical inconsistencies, fabricated references, omissions, and biased reasoning. He concludes that the success of human–AI collaboration depends heavily on trust calibration, verification practices, cognitive load management, and ethical training. The study underscores the need for strong human oversight to balance speed with accuracy and ensure responsible, accountable integration of AI in workplace environments.

Summary

Leadership styles play a pivotal role in managing organizational change and influencing employee motivation. Transformational leadership has been shown to be the most effective in driving change by inspiring employees, promoting innovation, and fostering high levels of intrinsic motivation. Transactional leadership, while effective in maintaining stability and meeting immediate goals, may not be sufficient for long-term motivation, particularly during times of major organizational transformation. Laissez-faire leadership often leads to disengagement and resistance to change due to its hands-off approach.

The relationship between leadership and employee motivation is critical to the success of change initiatives. Transformational leaders who provide clear vision, support, and individualized attention are most likely to engage and motivate employees during periods of change. For organizations looking to enhance their change management processes, adopting a transformational leadership approach will likely lead to better outcomes, both in terms of organizational performance and employee satisfaction.

Leaders must also be aware of the impact their leadership style has on employee morale and motivation during change. Transactional leaders should aim to balance structure with the emotional support needed during turbulent times, while laissez-faire leaders should adopt a more active role in guiding their teams through transitions.

Ultimately, the success of leadership in organizational change and motivation lies in understanding and adapting leadership styles to the needs of employees and the goals of the organization.

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