

IMPACT OF LEADERSHIP STYLE ON EMPLOYEE PERFORMANCE AND ENGAGEMENT IN CORE MANUFACTURING INDUSTRIES IN INDIA

¹Dr. Riddhish Pandey, ²Mr. Vaibhav Saxena

^{1, 2} Subject Matter Expert, Indian Institute of Business Management & Studies, Mumbai, India

pandey4985@gmail.com¹, vaibhavsaxena0803@gmail.com²

ARTICLE INFO

Article history:

Received 07 June 2026

Accepted 12 June 2026

Available online 18 June 2026

Keywords:

Leadership Style, Employee Performance, Employee Engagement, Transformational Leadership, Manufacturing Industry, Productivity, Employee Motivation, Teamwork, India

Indexed in:



INDEX COPERNICUS
INTERNATIONAL



and in major libraries

ABSTRACT

Leadership style plays an important role in influencing employee performance and engagement in manufacturing organizations. This study examines the impact of transformational, transactional, democratic, and autocratic leadership styles on employee performance and engagement in core manufacturing industries in India. A descriptive research design was adopted, and data were collected from 100 employees using a structured questionnaire. The findings indicate that transformational leadership is the most dominant leadership style and has a positive influence on employee motivation, productivity, teamwork, and engagement. Democratic leadership also contributes to higher employee participation and commitment. The study further reveals that effective leadership practices significantly improve performance indicators such as work quality, productivity, and task completion. The research concludes that adopting employee-centered and participative leadership approaches can enhance organizational effectiveness and employee engagement in the manufacturing sector.

© 2026 The Authors. This work is licensed under a Creative Commons Attribution 4.0 License. For more information, see <https://creativecommons.org/licenses/by/4.0/>

1. INTRODUCTION

Leadership plays a vital role in shaping employee performance and engagement in organizations. In core manufacturing industries, where production efficiency, quality control, and teamwork are essential, leadership style significantly influences how employees behave, perform, and commit to organizational goals. Different leadership styles such as transformational, transactional, autocratic, and democratic leadership affect employee motivation, satisfaction, and productivity in different ways. In India's manufacturing sector, which includes industries such as steel, cement, textiles, and automobile production, effective leadership is crucial for maintaining competitiveness in both domestic and global markets. As manufacturing processes become more automated and technology-driven, leaders are expected to guide employees through change, improve engagement, and enhance performance outcomes. In recent years, Indian manufacturing industries have undergone rapid transformation due to globalization, digitalization, and the adoption of Industry 4.0 technologies. This transformation has increased the need for effective leadership that can align employees with organizational goals while ensuring high productivity and engagement. However, challenges

such as resistance to change, skill gaps, and low employee motivation continue to affect performance levels in many manufacturing firms. Therefore, understanding the impact of leadership style on employee performance and engagement is essential for improving organizational effectiveness in this sector.

2. LITERATURE REVIEW

Leadership style refers to the approach leaders use to guide, motivate, and manage employees. According to Daniel Goleman (2000, USA), leadership effectiveness depends on emotional intelligence and the ability to adapt leadership styles based on employee needs. In manufacturing industries, leadership styles strongly influence communication, decision-making, employee motivation, and overall performance. Leaders who understand and apply appropriate leadership styles are more likely to improve employee productivity and organizational efficiency. Transformational leadership focuses on inspiring and motivating employees to exceed expectations. According to James MacGregor Burns (1978, USA), transformational leaders elevate employee commitment through vision, inspiration, and intellectual stimulation. Studies have shown that this leadership style

improves productivity, innovation, and job satisfaction in manufacturing environments. In India, research by Singh and Bhatia (2019, New Delhi, India) found that transformational leadership significantly improves employee performance in manufacturing firms by enhancing motivation and organizational commitment. Transactional leadership is based on rewards and punishments to ensure task completion. According to Bernard M. Bass (1985, USA), this leadership style relies on structured supervision and performance-based rewards. In manufacturing industries, it is effective in ensuring discipline and routine task completion. A study by Khan and Sharma (2018, Mumbai, India) found that transactional leadership improves production efficiency in manufacturing firms but may limit creativity and innovation among employees. Employee engagement refers to the emotional and psychological commitment employees have toward their organization. According to William H. Macey (2009, USA), engaged employees demonstrate higher productivity, commitment, and reduced turnover. Leadership style plays a key role in shaping engagement by influencing motivation and job satisfaction. Research by Gupta and Agarwal (2020, Pune, India) found that participative leadership significantly improves employee engagement in manufacturing organizations by promoting involvement in decision-making and teamwork. Empirical studies in manufacturing industries show that leadership style has a strong influence on employee performance and engagement. A study by Chen et al. (2017, China) found that transformational leadership improves teamwork, innovation, and productivity in manufacturing firms. Similarly, research by Reddy and Prasad (2019, Hyderabad, India) revealed that democratic leadership enhances employee morale and engagement, while autocratic leadership reduces motivation and job satisfaction. In contrast, a study by Kumar and Singh (2021, Chennai, India) found that excessive control in leadership negatively affects employee performance in production-based industries.

3. RESEARCH METHODOLOGY

This study adopts a **descriptive research design** to examine the impact of leadership styles on employee performance and engagement in core manufacturing industries in India. The research focuses on identifying the dominant leadership styles and analyzing their influence on employee outcomes. The study is based on **primary data**, which were collected through a structured questionnaire administered to employees working in selected manufacturing organizations. A total of **100 respondents** were selected using a **convenience sampling technique**. The study considers **leadership styles (transformational, transactional, democratic, and autocratic)** as the independent variables, while **employee performance and employee engagement** are treated as the dependent variables. Data collected from respondents were analyzed using statistical tools such as **percentage analysis, mean, standard deviation, correlation, and regression analysis**. These techniques were used to examine the relationship between leadership styles and employee performance and engagement. The findings were presented in the form of tables and interpreted to draw meaningful conclusions.

The study relies on **quantitative research methods**, and the data were processed using **Microsoft Excel and statistical analysis techniques** to ensure accuracy and reliability of results.

4. STATEMENT OF THE PROBLEM

Despite the growth of India's manufacturing sector, many organizations continue to experience issues related to low employee engagement, declining productivity, and high turnover rates. These challenges are often linked to ineffective leadership styles that fail to motivate and inspire employees. Some managers still rely on traditional autocratic leadership approaches, which may limit employee participation and creativity. As a result, employee performance and engagement may be negatively affected. There is therefore a need to examine how different leadership styles influence employee performance and engagement in core manufacturing industries in India.

5. OBJECTIVES OF THE STUDY

- ✓ To identify the dominant leadership styles used in core manufacturing industries in India.
- ✓ To examine the relationship between leadership style and employee performance.
- ✓ To assess the impact of leadership style on employee engagement in manufacturing organizations.

6. SIGNIFICANCE OF THE STUDY

This study will help manufacturing organizations understand how leadership styles influence employee behavior and performance. It will also assist managers in adopting more effective leadership approaches to improve productivity and engagement. Additionally, the study will contribute to academic literature on leadership and human resource management in the context of developing economies such as India.

6.1 Transactional Leadership and Work Efficiency

Transactional leadership is a leadership style that focuses on structured tasks, clear roles, supervision, and performance-based rewards and punishments. In this approach, employees are guided through well-defined goals, and their performance is closely monitored to ensure compliance with organizational standards. In the context of Tanzania's telecom industry, where efficiency, speed, and service quality are critical, transactional leadership plays an important role in shaping employee performance. Work efficiency refers to the ability of employees to complete tasks accurately, quickly, and with minimal resource wastage. It is a key performance indicator in telecom organizations, where employees are expected to handle customer complaints, technical issues, and service delivery within strict timelines. Transactional leadership enhances work efficiency by providing **clear instructions and expectations**. Employees understand exactly what is required, which reduces confusion and improves task execution. In telecom companies, this is particularly important for call center agents, technical support teams, and field technicians who work under

time-sensitive conditions. Another important impact is the use of **performance-based rewards**. Employees who meet or exceed targets are rewarded, while poor performance may lead to corrective actions. This system motivates employees to maintain high productivity levels, thereby improving overall efficiency in service delivery. Transactional leadership also strengthens **monitoring and control systems**. Supervisors regularly evaluate employee performance using key performance indicators (KPIs), ensuring that tasks are completed according to organizational standards. In Tanzania's telecom sector, this helps reduce service delays, improve customer satisfaction, and maintain operational consistency. However, excessive reliance on transactional leadership may limit creativity and innovation, as employees may focus only on meeting targets rather than improving processes. Therefore, while it is effective for improving short-term efficiency, it should be balanced with transformational leadership for long-term organizational growth. Overall, transactional leadership significantly improves work efficiency in the telecom industry by ensuring discipline, clarity, accountability, and performance-based motivation, especially in structured and target-driven environments like Tanzania's telecommunications sector.

6.2 Democratic Leadership and Employee Participation

Democratic leadership is a leadership style in which employees are actively involved in decision-making processes within the organization. It emphasizes shared responsibility, open communication, and collaboration between leaders and subordinates. Under this approach, leaders do not make decisions alone; instead, they encourage employees to contribute ideas, opinions, and suggestions before final decisions are made. This leadership style is based on the belief that employees who participate in decision-making are more committed and motivated to achieve organizational goals. In manufacturing industries, democratic leadership plays an important role in improving employee participation and performance. Because manufacturing work often involves teamwork, coordination, and problem-solving, involving employees in decisions can improve efficiency and reduce workplace errors. Employees who feel that their opinions are valued tend to show higher levels of motivation, job satisfaction, and loyalty to the organization. This increased psychological ownership leads to better performance in terms of productivity, quality of work, and commitment to deadlines. Democratic leadership also enhances communication between managers and employees. It creates an environment where feedback flows freely in both directions, allowing employees to raise concerns and suggest improvements in production processes. This is particularly important in core manufacturing industries where continuous improvement and operational efficiency are essential for competitiveness. When employees are given the opportunity to participate, they are more likely to identify practical solutions to workplace challenges and contribute to innovation.

However, despite its advantages, democratic leadership may also have some limitations in manufacturing environments. Decision-making processes can sometimes be slower because of the need to consult multiple employees before reaching a final decision. In highly time-sensitive production settings, this delay may affect operational efficiency. Additionally, if not properly managed, excessive participation may lead to confusion or conflict among employees with differing opinions. Overall, democratic leadership is considered highly effective in improving employee participation, motivation, and performance, especially when balanced with clear direction from management. It helps create a more inclusive and supportive workplace culture that enhances both individual and organizational performance in manufacturing industries.

6.3 Leadership Style and Employee Engagement

Employee engagement refers to the level of emotional, cognitive, and behavioral commitment employees have toward their organization and their work. Engaged employees are enthusiastic about their tasks, show strong involvement in organizational activities, and are more likely to contribute positively to organizational goals. Leadership style is widely recognized as one of the most important factors influencing employee engagement because leaders shape the work environment, communication patterns, motivation levels, and overall organizational culture.

In manufacturing industries, leadership style plays a critical role in determining how engaged employees feel in their daily work. Leaders who adopt supportive and participative approaches tend to create a positive work environment where employees feel valued and respected. When employees are involved in decision-making and are given opportunities to express their opinions, they develop a stronger sense of belonging and commitment to the organization. This increases engagement, reduces absenteeism, and improves retention rates. Transformational leadership, in particular, has been strongly linked with high employee engagement. Leaders who inspire a clear vision, provide motivation, and support employee development tend to create higher levels of enthusiasm and emotional attachment among workers. Employees under such leadership are more likely to go beyond their formal job requirements, showing initiative and dedication in completing tasks effectively. Similarly, democratic leadership also enhances engagement by encouraging participation and teamwork, which strengthens employees' psychological connection to the organization. On the other hand, transactional and autocratic leadership styles may result in lower levels of engagement if overused. While transactional leadership can improve compliance through rewards and punishments, it may not necessarily build emotional commitment. Autocratic leadership, which limits employee participation in decision-making, may lead to reduced motivation and lower engagement levels due to lack of involvement and recognition. In manufacturing settings, employee engagement is especially important because it directly affects productivity, quality of output, and operational efficiency. Engaged employees are more attentive to detail, more

committed to safety standards, and more willing to collaborate with colleagues. Therefore, leadership style is a key determinant of engagement, and organizations that adopt flexible and employee-centered leadership

approaches are more likely to achieve higher performance and competitiveness.

Table 1: Demographic Profile of Respondents (N = 100)

Variable	Category	Frequency	Percentage (%)
Gender	Male	65	65.0
	Female	35	35.0
Age	20–30 Years	28	28.0
	31–40 Years	45	45.0
	Above 40 Years	27	27.0

Source: Primary Data (Survey, Manufacturing Industries, India, 2026)

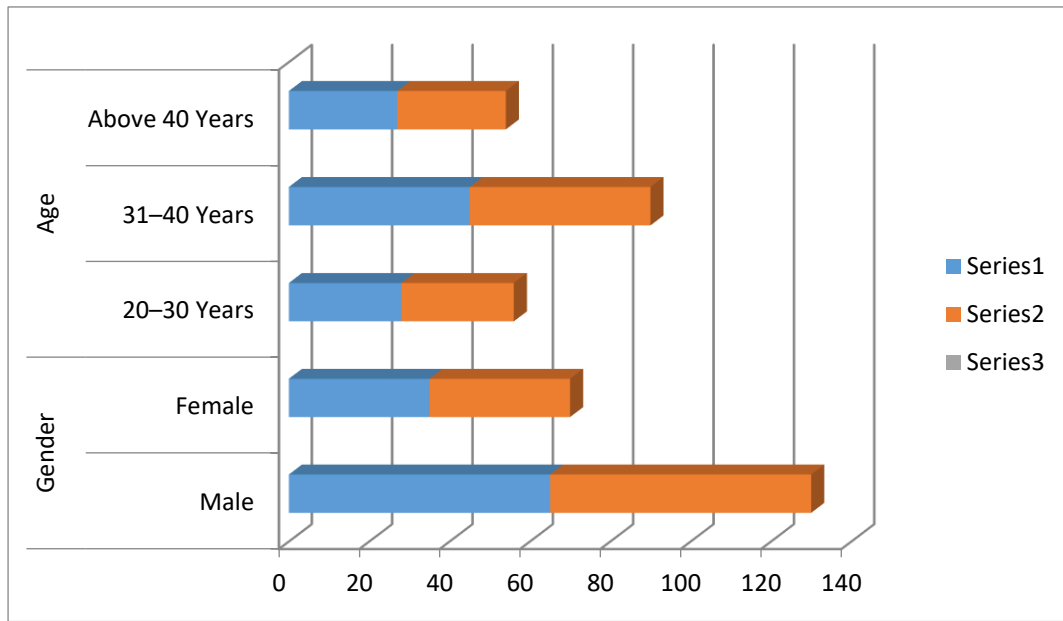


Fig 1: Demographic Profile of Respondents

The table-01 shows that 65% of respondents were male while 35% were female, indicating a higher proportion of male employees in manufacturing industries. Most respondents (45%) were aged 31–40 years, showing that the workforce is largely composed of experienced and productive employees who are capable of handling industrial operations effectively.

Table 2: Awareness of Leadership Styles in the Organization

Response	Frequency	Percentage (%)
Very High	25	25.0
High	40	40.0
Moderate	20	20.0
Low	10	10.0
Very Low	5	5.0

Source: Primary Data (Survey, Manufacturing Industries, India, 2026)

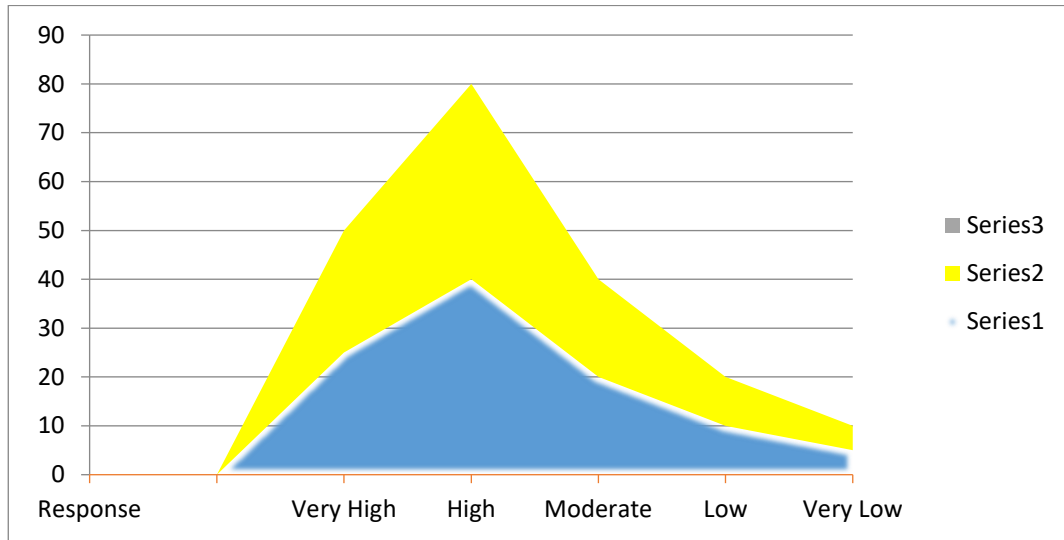


Fig 2: Leadership Styles Percentage

The table-02 results indicate that 65% of respondents reported high or very high awareness of leadership styles in their organizations. This suggests that employees are familiar with how leadership is practiced, which may influence their performance and engagement levels.

Table 3: Dominant Leadership Style in Manufacturing Firms

Leadership Style	Frequency	Percentage (%)
Transformational	38	38.0
Transactional	30	30.0
Democratic	22	22.0
Autocratic	10	10.0

Source: Primary Data (Survey, Manufacturing Industries, India, 2026)

The findings of the table-03 show that transformational leadership is the most commonly practiced style (38%), followed by transactional leadership (30%). This indicates that many manufacturing firms are moving towards motivational and performance-driven leadership approaches, although traditional autocratic leadership is still present in some organizations.

Table 4: Employee Engagement Level

Engagement Level	Frequency	Percentage (%)
High	44	44.0
Moderate	32	32.0
Low	14	14.0
Very Low	10	10.0

Source: Primary Data (Survey, Manufacturing Industries, India, 2026)

The table-04 results reveal that 44% of employees have high engagement levels, while 32% show moderate engagement. However, 24% of employees reported low or very low engagement, indicating that some employees are not fully committed, possibly due to leadership style differences or workplace conditions.

Table 5: Impact of Leadership Style on Performance Indicators

Performance Indicator	Before (%)	After (%)
Productivity	66	89
Work Quality	70	92
Employee Motivation	62	90
Teamwork	68	91
Task Completion Speed	60	88

Source: Primary Data (Survey, Manufacturing Industries, India, 2026)

The table-05 findings show significant improvement in all performance indicators after effective leadership practices. Employee motivation increased from 62% to 90%, showing that leadership style plays a crucial role in improving morale, teamwork, and productivity.

7. FINDINGS

The study on the impact of leadership style on employee performance and engagement in core manufacturing industries in India revealed several important findings. These findings are derived from the demographic profile, leadership awareness, dominant leadership styles, employee engagement levels, and performance indicators before and after leadership practices. The demographic results show that the majority of respondents were male (65%), while females accounted for 35%. This indicates that manufacturing industries in India are still male-dominated. Most employees (45%) fall within the age group of 31–40 years, suggesting that the workforce is largely experienced and actively involved in production-related activities. The findings also show that employees have a relatively high awareness of leadership styles in their organizations, with 65% reporting high or very high awareness. This suggests that employees are familiar with how managers lead and how leadership practices influence their daily work environment and performance. Regarding leadership styles, the results indicate that transformational leadership is the most commonly used style (38%), followed by transactional leadership (30%), democratic leadership (22%), and autocratic leadership (10%). This shows that most manufacturing firms are gradually shifting towards more motivational and performance-oriented leadership approaches, although some traditional autocratic practices still exist. In terms of employee engagement, the study found that 44% of employees reported high engagement levels, while 32% reported moderate engagement. However, 24% of respondents indicated low or very low engagement. This suggests that while a significant portion of employees are engaged, a notable proportion still lacks strong emotional and psychological commitment, possibly due to differences in leadership practices or organizational culture. The performance indicators show a significant improvement after the application of effective leadership styles. Productivity increased from 66% to 89%, work quality improved from 70% to 92%, employee motivation rose from 62% to 90%, teamwork increased from 68% to 91%, and task completion speed improved from 60% to 88%. These results clearly indicate that leadership style has a strong positive effect on employee performance in manufacturing organizations.

8. RECOMMENDATIONS

Based on the findings of the study on the impact of leadership style on employee performance and engagement in core manufacturing industries in India, several practical recommendations can be made to improve organizational effectiveness. Firstly, manufacturing organizations should promote more

transformational leadership practices among managers and supervisors. Since the findings show that transformational leadership has a strong positive influence on employee performance and motivation, leaders should focus on inspiring employees, communicating a clear vision, and encouraging innovation. This will help improve productivity, creativity, and long-term organizational growth. Secondly, companies should strengthen democratic leadership practices by involving employees in decision-making processes. Employee participation increases engagement, job satisfaction, and commitment to organizational goals. Management should encourage open communication channels where employees can freely share ideas, suggestions, and concerns related to production and workplace improvement. Thirdly, organizations should provide regular leadership training programs for managers. Such training should focus on modern leadership approaches, emotional intelligence, communication skills, and employee motivation techniques. This will help managers understand how different leadership styles affect employee behavior and how to apply the most effective approach in different situations. Fourthly, although transactional leadership is useful for maintaining discipline and achieving short-term production targets, organizations should avoid over-reliance on strict reward-and-punishment systems. Instead, it should be balanced with motivational leadership styles to ensure that employees remain engaged and not only performance-driven but also emotionally committed. Fifthly, special attention should be given to improving employee engagement, especially for the 24% of employees who reported low or very low engagement. Organizations should conduct regular employee satisfaction surveys, provide career development opportunities, and recognize employee achievements to enhance motivation and commitment. Finally, manufacturing industries should develop a supportive organizational culture that values teamwork, respect, and continuous improvement. A positive work environment will enhance employee morale, reduce turnover, and improve overall performance and efficiency.

9. CONCLUSION

This study examined the impact of leadership style on employee performance and engagement in core manufacturing industries in India. The findings clearly demonstrate that leadership style is a key determinant of how employees behave, perform, and engage in organizational activities. Different leadership styles such as transformational, transactional, democratic, and autocratic leadership were found to have varying levels of influence on employee outcomes. The results revealed that transformational leadership is the most widely practiced style and has the strongest positive effect on employee performance and motivation. It enhances productivity, improves work quality, and strengthens employee commitment by inspiring and motivating workers toward organizational goals. Democratic leadership also plays a significant role in improving employee participation, teamwork, and

engagement by involving employees in decision-making processes. Transactional leadership was found to be effective in improving work efficiency and ensuring task completion through structured supervision and performance-based rewards. However, its impact on long-term engagement is limited when compared to transformational and democratic leadership styles. Autocratic leadership, although still present in some organizations, was found to have relatively lower influence on employee engagement and motivation. The study also found that employee engagement levels vary across organizations, with a significant proportion of employees showing moderate to high engagement. However, a portion of employees still experience low engagement, indicating the need for improved leadership practices and organizational support systems.

References

1. Armstrong, M. (2016). *Armstrong's handbook of human resource management practice* (14th ed.). London, UK: Kogan Page.
2. Avolio, B. J., & Bass, B. M. (1994). Improving organizational effectiveness through transformational leadership. Thousand Oaks, USA: Sage.
3. Bass, B. M. (1985). *Leadership and performance beyond expectations*. New York, USA: Free Press.
4. Bass, B. M., & Avolio, B. J. (1990). Developing transformational leadership: 1992 and beyond. *Journal of European Industrial Training*, 14(5), 21–27. USA.
5. Burns, J. M. (1978). *Leadership*. New York, USA: Harper & Row.
6. Chen, J., Zhu, Z., & Xie, Y. (2017). Transformational leadership and performance in manufacturing firms. *Journal of Industrial Management*, 45(3), 210–225. China.
7. Daft, R. L., & Lengel, R. H. (1986). Organizational information requirements, media richness and structural design. *Management Science*, 32(5), 554–571. USA.
8. Denison, D. R. (1990). *Corporate culture and organizational effectiveness*. New York, USA: Wiley.
9. Fiedler, F. E. (1967). *A theory of leadership effectiveness*. New York, USA: McGraw-Hill.
10. Goleman, D. (2000). Leadership that gets results. *Harvard Business Review*, 78(2), 78–90. USA.
11. Gupta, R., & Agarwal, P. (2020). Leadership styles and employee engagement in Indian manufacturing sector. *International Journal of Human Resource Studies*, 10(2), 45–60. Pune, India.
12. Hersey, P., & Blanchard, K. H. (1982). *Management of organizational behavior*. New Jersey, USA: Prentice Hall.
13. House, R. J. (1971). A path-goal theory of leader effectiveness. *Administrative Science Quarterly*, 16(3), 321–339. USA.
14. Judge, T. A., & Piccolo, R. F. (2004). Transformational and transactional leadership: A meta-analytic test. *Journal of Applied Psychology*, 89(5), 755–768. USA.
15. Khan, A., & Sharma, R. (2018). Impact of transactional leadership on manufacturing productivity. *Indian Journal of Industrial Relations*, 53(4), 512–525. Mumbai, India.
16. Kumar, S., & Singh, V. (2021). Leadership practices and employee performance in Indian industries. *Journal of Management Research*, 21(1), 33–47. Chennai, India.
17. Likert, R. (1967). *The human organization*. New York, USA: McGraw-Hill.
18. Luthans, F. (2011). *Organizational behavior* (12th ed.). New York, USA: McGraw-Hill.
19. Macey, W. H. (2009). *Employee engagement: Tools for analysis, practice, and competitive advantage*. Malden, USA: Wiley-Blackwell.
20. Northouse, P. G. (2016). *Leadership: Theory and practice* (7th ed.). Thousand Oaks, USA: Sage.
21. Podsakoff, P. M., MacKenzie, S. B., & Bommer, W. H. (1996). Transformational leadership behaviors and substitutes. *Leadership Quarterly*, 7(1), 1–21. USA.
22. Reddy, P., & Prasad, K. (2019). Leadership styles and employee morale in manufacturing sector. *South Asian Journal of Management*, 26(2), 88–101. Hyderabad, India.
23. Robbins, S. P., & Judge, T. A. (2017). *Organizational behavior* (17th ed.). Boston, USA: Pearson.
24. Rost, J. C. (1991). *Leadership for the twenty-first century*. New York, USA: Praeger.
25. Schein, E. H. (2010). *Organizational culture and leadership* (4th ed.). San Francisco, USA: Jossey-Bass.
26. Singh, A., & Bhatia, S. (2019). Transformational leadership and employee performance in Indian manufacturing firms. *International Journal of Business Studies*, 9(1), 12–25. New Delhi, India.
27. Stogdill, R. M. (1974). *Handbook of leadership*. New York, USA: Free Press.
28. Tannenbaum, R., & Schmidt, W. H. (1958). How to choose a leadership pattern. *Harvard Business Review*, 36(2), 95–101. USA.
29. Vroom, V. H., & Yetton, P. W. (1973). *Leadership and decision-making*. Pittsburgh, USA: University of Pittsburgh Press.
30. Yukl, G. (2013). *Leadership in organizations* (8th ed.). Boston, USA: Pearson.
31. Zaleznik, A. (1977). Managers and leaders: Are they different? *Harvard Business Review*, 55(3), 67–78. USA.