

## The Mediating Role of Employee Engagement in the Relationship between Leadership Styles and Organizational Performance: Conceptual Model

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### ABSTRACT

Organizational performance is the combined efforts of the employees and leadership. Their effective engagement and better working relationships enhance organizational performance and effectiveness. Open communication among employees and Leadership bolsters organizational performance and provides social, emotional, psychological, ethical, and moral support, safety, and security. This study explores employee engagement's mediating role in assessing Small and Medium Enterprises (SMEs). A mixed methodology was adopted for the study. In the first step, a Systematic Literature Review (SLR) was adopted as a methodology for the study. In the second stage, a case study supported the study's findings. The study found that leadership style affects organizational performance. Moreover, employee engagement has a significant effect on organizational performance. The study also proposed a model based on the content review, which is recommended to be tested in different contexts and industries around the globe.


**Keywords:** Organizational Performance; Leadership Style; Employees' Engagement; Small and Medium Enterprises (SEMs)

### 1. INTRODUCTION

Multiple scholars have studied the influence of leadership styles on employee behaviour and performance. The fall in infrastructure projects in OMAN has been attributed to shifting economic conditions and market dynamics in the Middle East due to lower oil prices. This has resulted in employment uncertainty among staff working in Small and Medium Enterprises (SMEs) in OMAN, affecting employee engagement (Al Qayoudhi et al., 2021). In these challenging times for SMEs in OMAN, it is more important than ever for executives to ensure that staff is actively engaged to sustain the organization's success.

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Employee engagement is primarily driven by work-related factors such as job security, Leadership, and employee performance (Al Haziazi et al., 2021). According to Almawali et al. (2021), leadership behaviour substantially impacts employee engagement. As businesses grow more dynamic, the responsibility of leaders to empower people by adopting leadership styles that allow for this should become the organization's objective. The notion of a good leader has shifted in response to changing corporate business. A competent leader encourages and instructs subordinates to make the best efficiently manages available resources and influences them to reach the organization's goals and objectives (Tahir et al., 2021; Ali et al., 2022).

Small and medium businesses (SMEs) are essential in accomplishing national goals in developed and developing countries and are considered critical in many governments' strategic plans. Indeed, many industrialized nations' planning stresses and encourages the establishment, promotion, and support of SMEs to reduce unemployment, share income, and boost economic growth (Muthuraman et al., 2020). According to the literature, SMEs have a role in creating money, absorbing labour, reducing poverty, and developing and permitting the exercise of entrepreneurial skills, as well as connecting many different sectors that may be geographically and economically varied (Al Farsi & Alattar, 2021; Al-Hussaini et al., 2019).

Due to diversification, privatization, unemployment, and the dominance of ex-pats in many small company operations, SMEs have grown essentially in several Gulf Cooperation Council (GCC) nations in recent years (Sibani & Salim, 2021). Small enterprises in Oman have won official recognition for their contributions to job creation, complementing the work of larger organizations, and strengthening local resources (Muthuraman et al., 2021). The Omani government has made it apparent that small firms will play a crucial part in Oman's future industrial growth, and it has accepted responsibility for the nation's infrastructural development to support them (Gupta & Hoda, 2021).

As Oman's industrialization accelerates, small and medium firms, which already account for most of the economy, are anticipated to supplement the operations of large-scale corporations (Gupta & Hoda, 2021). As a result, they can provide local domestic investors with inexpensive options to diversify into manufacturing outputs at levels that are compatible with their current managerial skills (Muthuraman et al., 2021). Small businesses should play a more significant role in Oman's economic transformation. The government aims to construct an essential infrastructure for the growth of the selected sectors to attain these aims. It also establishes enterprises to harness the SMEs, especially the country's crude oil and natural gas, which provide Oman with a cost advantage (Muthuraman et al., 2021).

SMEs require sufficient capital to realize their development potential (Heinze, 2022). On the other hand, banks and other lending institutions are widely known for being hesitant to lend money to small businesses; business size and lack of leadership are the key reasons (Sibani & Salim, 2021). It has also been highlighted that a company's age and size impact the difficulty of acquiring financing (Muthuraman et al., 2021). Furthermore, many business owner-managers hesitate to give up stock to outsiders as they believe it would reduce their independence and control, and the gap in equity financing for such businesses may expand (Al Fazari & Tewari, 2022).

However, SMEs face issues raised by Muthuraman et al. (2021), such as poor leadership style, which hardly and productively engaged their employees in operation and production processes. Therefore, this study explores the underlying phenomenon of engaging workers proactively to bolster organizational performance. Moreover, there are multiple styles of Leadership; however, transactional and transformational Leadership are considered the most obligated, practised, and popular leadership styles (Jayashree et al., 2022). Based on the cited literature the central question for the research study is "What is the mediating effect of the

employees' engagement between leadership styles and organizational performance?" Therefore, the study's main objective is to explore the mediating role of the employees' engagement between leadership styles and organizational performance.

## 2. RESEARCH METHODOLOGY

A Systematic Literature Review (SLR) is applied to meet the study's objectives. Therefore, the most widely used scholarly search engines were selected for the study, which included, but not limited to, Google Scholar, Scopus, EBSCO, PsycINFO, Science Direct, and Web of Science was used for the study. Moreover, "organizational performance", "employees' engagement", "leadership Styles", organizational performance and employees' engagement", "leadership Styles and organizational performance", and "leadership Styles and organizational performance" were used as a keyword for the study. Furthermore, the following criteria were adopted for SRL:

- a. The period for the search is from 2000 to 2021.
- b. The search is limited to only the English language.
- c. The search is limited to research journals, periodicals, proceedings, and published reports.
- d. The study is extended to social, numerical, and bio-sciences.

A total of one hundred fifty (150) documents related to the study were obtained in the first round and screened out for relevance to the abovementioned criteria. Therefore, 34 articles were removed due to their irrelevancy. In the same way, 23 documents were rejected due to duplications. Similarly, 11 articles were excluded, as they were not published in English. Moreover, 19 articles were excluded due to sources having lower impacts. The study left with 72 documents, including sixty-eight (68) research papers and four (4) reports, which were included in the study. The details are provided in Figure 1.

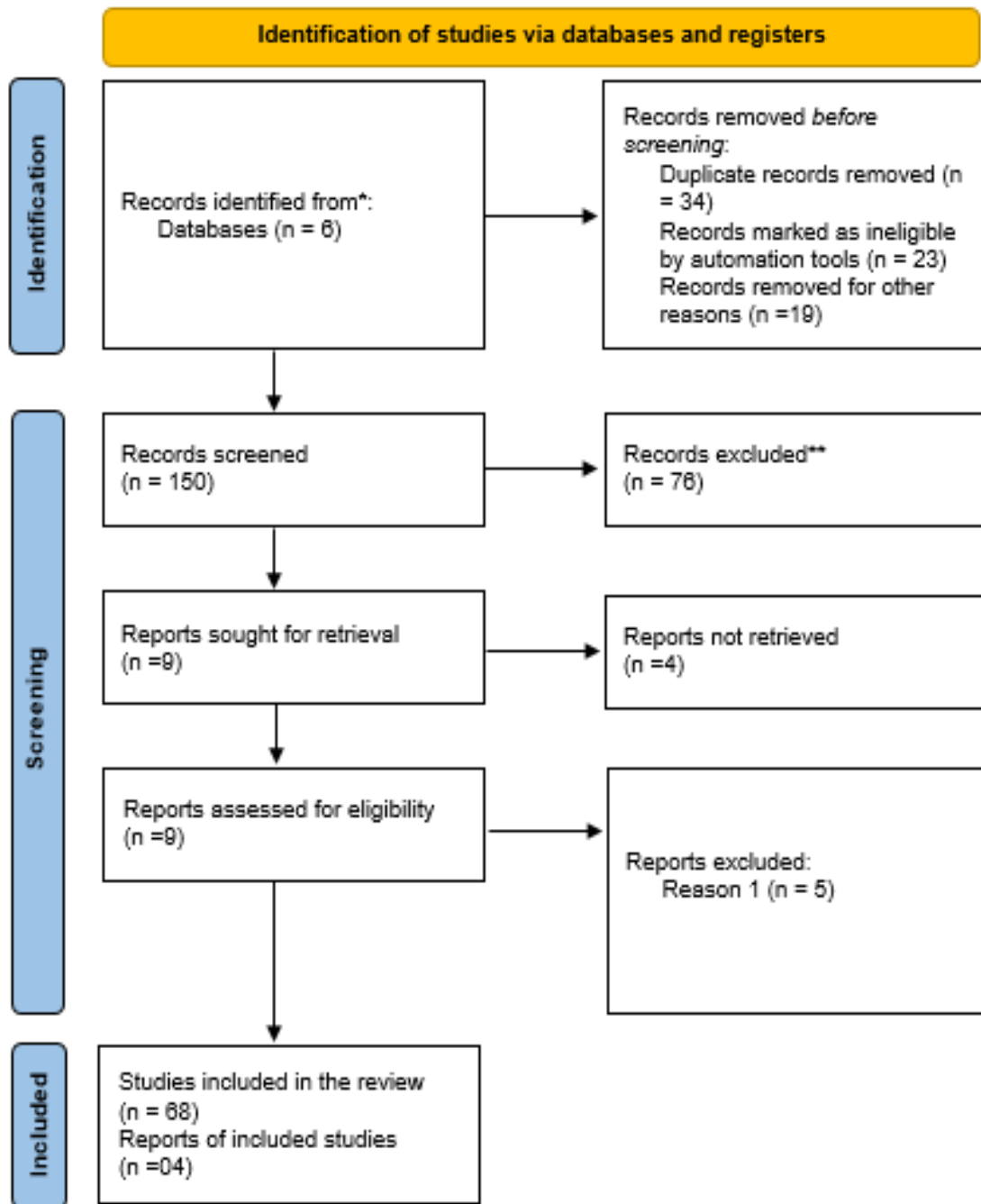


Figure 1: PRISMA flow diagram for the study

### **3. LITERATURE REVIEW**

#### **3.1 Types of Leadership**

Transformational Leadership is a theory of management where an innovator teams up with teams to identify required change, make a vision to help the adjustment using motivation and perform the modification in tandem along with fully committed participants of a group; it is an integral portion of the Total Selection Management Version (Jiang et al., 2017). Transactional leadership styles are about preserving the regular flow of functions – this type is "maintaining the ship afloat." Negotiable innovators use corrective energy and a selection of incentives to the reality that this forerunner generally inspires staff through exchanging perks for functionality. A negotiable innovator usually does not appear in advance in tactically helping an organization to a posture of market management; as an alternative, these supervisors are frequently concerned with ensuring every little thing circulates perfectly today (Odumeru & Ifeanyi, 2013).

#### **3.2 Employee Engagement**

Employee engagement is the passionate connection employees feel towards their work environment, work job, position inside the organization, associates, and culture and the influence this connection has on prosperity and profitability. From a business perspective, employee engagement is worried about utilizing new measures and activities to expand the positive, passionate connection felt and, in this way, efficiency and, by and large, business achievement (Ozolina-Ozola, 2014). Numerous individuals see employee engagement to be a case of an upper hand. Researchers have defined the concept of employee engagement as 'an individual employee's cognitive, emotional, and behavioural state directed toward desired organizational outcomes' (Prayogi & Lesmana, 2021). Employee engagement is believed to be a long-term emotional involvement of the employee and is considered a precursor to job satisfaction and commitment (Saeed, 2018).

#### **3.3 Leadership Style and Employee Engagement**

According to Firman et al., (2021), leaders can influence the organization's effectiveness through their subordinates. They can give new directions, philosophies, and horizons to organizational performance and productivity if they engage their employees according to their interests, inclination, and orientations (Firman et al., 2021). There are many styles of Leadership, and they are needed and demanded as needs and requirements of the working environment. Transactional leaders are confined to using prizes and recognitions to motivate employees; transformational leaders support the growth of employee engagement by shifting employees' focus from their interests to the group's overall interests. Similarly, transformational leaders can motivate and inspire personnel to focus on the organization's goals and objectives. Moreover, according to multiple researchers such as Hendawy Al-Mahdy et al. (2021) and Hammad and Al-Harthi (2021), Transformational leaders directly impact employee engagement by increasing commitment and organizational performance.

According to Riva et al. (2021), leaders who cultivate positive, trusting connections with their staff can boost employee engagement. Researchers have conducted numerous studies, and employee engagement is now defined as a "heightened emotional connection that an employee feels for his or her organization that influences him or her to exert greater effort to his or her work" when combined with leadership styles (Susilawati et al., 2021).

According to Megawaty et al. (2022), trust and integrity, having a clear correlation between organization performance and employee performance, intellectual stimulation, career opportunities for employees, the leader-employee relationship, pride in the company's reputation, and team collectivism are the critical factors of Leadership that affect employee engagement. Employee engagement, in turn, influences the service orientation of workers in service-based businesses (Maral & Hamedoğlu, 2022). This indicates that employees who regard their leaders as transformative are more engaged and service-oriented. Transformational leaders excite their people by transforming their attitudes and beliefs into a shared vision for the company. Employee engagement is enhanced when transformational leaders ensure that their people are confident, that their individual needs are satisfied, that they are intellectually stimulated, and that they are engaged in addressing organizational challenges through inventive solutions (Maral & Hamedoğlu, 2022).

### **3.4 Small and medium enterprise in Oman**

The total number of Small and Medium Enterprises (SMEs) registered with the Authority for Small and Medium Enterprises Development (ASMED) by the end of August 2021 stood at 56,687, compared to 45,706 in August 2020. This constitutes an increase of 24 per cent, according to the data released by the National Centre for Statistics and Information (NCSI). Among the governorates, the Governorate of Muscat topped the list, marking an increase of 25.2 per cent compared to the same period in 2020 to reach 19,187, followed by the Governorate of North Al Batinah with a rise of 23.7 per cent to stand at 8,945. An increase was also marked in the number of SMEs in all governorates, the Governorate of A'Dakhiliyah by 20.1 per cent to reach 6,961, the Governorate of Dhofar by 23.8 per cent to 4,737, the Governorate of South Al Batinah by 28.1 per cent to 4,341, the Governorate of North A'Sharqiah by 21.2 per cent to 3,751, the Governorate of South A'Sharqiah by 27.5 per cent to 3,392, the Governorate of A'Dhahira by 17.4 per cent to 3,156, the Governorate of Al Buraimi by 23.9 per cent to 1,207, the Governorate of Al Wusta by 37.5 per cent to 755 and the Governorate of Musandam by 44.9 per cent to 255. Each business has its core; leaders and managers face various situations while working with organizations and people. To cope with circumstances with high production levels, they must explore various ways. Logic dictates that an organization can only thrive with solid Leadership. Organizations today must achieve and meet the competing expectations of stakeholders clearly and ethically, according to studies on leadership style and organizational performance. Leaders must implement a proper leadership style as organizational success may depend on them (Al-Rusheidi & Supian, 2021; Al Haziazi et al., 2021; Danişman et al., 2015). According to the experts, there is no consensus in the literature on the criteria for evaluating organizational effectiveness (Al-Rusheidi & Supian, 2021; Shafiu et al., 2019). This may be viewed from various angles when examining the components influencing organizational success.

### **3.5 Organizational performance**

According to Shafiu et al. (2019), it may be described as transforming inputs into outputs to accomplish specific goals. According to Al-Rusheidi & Supian, 2021 and Danişman et al. (2015), organisational performance is the transformation of inputs into outputs to accomplish particular goals. Furthermore, according to Shafiu et al. (2019), performance education is about the relationship between minimal and effective cost (economy), effective cost and realized output (efficiency), and output and attained the outcome (effectiveness). According to Al Khajeh (2018), organisational performance is a complicated and multidimensional phenomenon in business literature. According to Danişman et al. (2015), each organization's performance may be measured using different criteria.

According to Al Khajeh (2018), organisational performance consists of an organization's outcomes or actual outputs, which may be assessed against expected outputs, goals, and objectives. Financial performance (return on investments, earnings, etc.), shareholder return (economic value-added, total shareholder, etc.) and product/service market performance (market share, sales, etc.) are the three aspects that make up organizational performance (Al Khajeh, 2018). Leadership is important in companies since it creates strategies and plans the organization's route to become more effective and efficient. Financial reports, bottom lines, market shares, company revenues, and other performance metrics are used to evaluate the efficacy of Leadership and organizational performance (Thumiki & Jurcic, 2021). Many management theorists regard Leadership as a critical contributor to, if not the most significant cause, of organizational success in the marketplace and society (Bawar, 2020; Ahmad et al., 2019).

The literature must have a universal consensus on the standards for measuring organizational performance. However, they note four primary prevalent techniques in their study: (1) The Goal-Oriented Approach People form organizations to accomplish specific goals set by the stakeholders. An organization's capacity to fulfil its objectives is called organizational performance. (2) The System Resource Approach is a method of analyzing a system's resources. This strategy focuses on the organization's interaction with the environment. Organizations are adept at exploiting their surroundings to achieve high value and overcome limited resources to enhance their operations. (3) The Constituency Methodology. Organizations are effective when they are seen as such by many stakeholders. Organizations with more resource control may have the most influence on performance. (4) The Approach to Competing Values (Hendawy Al-Mahdy et al., (2021), Hammad and Al-Harhi, (2021); Al-Mahdy et al., (2021), Andrej et al., (2022); Mareta & Mirza, 2022). It claims that various expectations from various locations shape the organization's goals. As a result, various companies may have different performance measurement standards.

### **3.6 Leadership and Organizational Performance**

Many studies argued over the link between Leadership and organizational effectiveness as well. Using the four-factor theory of Leadership and data collected from 2,662 people working in 311 firms, the findings revealed that leadership style impacts organizational culture and performance (Shafiu et al., 2019). Al Khajeh (2018) demonstrated this by combining the four-factor leadership theory with data collected from 2,662 individuals working in 311 firms to show that organizational culture and performance are linked to leadership style. The other study confirms that Leadership significantly influences employee performance and that participatory leadership styles aid in improving employee performance (Hendawy Al-Mahdy et al., 2021, Igbaekemen & Odivwri, 2015). According to research done by Hendawy Al-Mahdy et al. (2021), Hammad and Al-Harhi (2021), and Al-Mahdy et al. (2021), Leadership is perceived as impacting worker performance in Kenya's health sector. The findings indicated that leaders should strive to establish a positive work atmosphere for their workers and discourage negativity. Based on the importance of the findings in their study, there is a good delegation of authority and duty to the organization's employees to improve service delivery. In the organization, there is a solid motivation to boost employees.

### 3.7 Organizational Performance Measurement

Management research rarely explicitly states the structure and concept of organizational performance since it is so common.

Regarding organizational goals, Ishak et al. (2022) distinguishes three categories of organizational performance measurements: operational performance, financial performance, and overall performance. Financial performance is the most commonly used model in empirical strategy research. Managers and accountants have differing perspectives on organizational success. Accountants are concerned with an organization's financial performance, whereas managers are concerned with enhancing the present and future organizational performance. Conversely, Abbas and Asghar (2010) merged historical accounting viewpoints with operational indicators to create the "Balanced Scorecard" method. The sections that follow provide a quick overview of several approaches to measuring organizational performance (Lee et al., 2022)

### 3.8 Leadership style

Leadership is defined as the ability to lead others. Attempting to define the term "leadership" has proven to be a difficult task for both academics and practitioners. Leadership has been a subject of scholarly debate for over a century, and numerous definitions have emerged continually (Devi & Subiyantoro, 2021). Many elements have influenced these definitions, ranging from global affairs and politics to features of the field in which the subject is researched. The term "leadership" is defined in a variety of ways. There are almost as many distinct conceptions of Leadership as people who have tried to define it (Anastasiou & Garametsi, 2021) observed in a review of leadership research. The attainment of a goal via the guidance of human companions is called Leadership. A leader who can skillfully direct his associates to attain specific goals. According to some experts, Leadership is guiding or organising specific responsibilities for group members (Megawaty et al., 2022). According to Andrej et al. (2022), leadership is organizing and influencing a group of individuals to attain a common purpose. When a person mobilizes institutional, political, psychological, and other resources to inspire, engage, and satisfy the objects of followers, this is called Leadership (Andrej et al., 2022). According to researchers, leadership and its study have been traced back to the dawn of civilization (Stone & Patterson, 2005). Researchers have studied workplaces, corporate environments, worker motivations, leaders, managers, leadership styles, and various other work-related aspects for over two centuries. Researchers began investigating the link between leader behaviour and outcomes such as follower happiness, organizational productivity, and profitability.

There are many different definitions of Leadership; however, one component that appears in all definitions is that it has to do with an individual's ability to influence the behaviour of others, which may be described as followers (Verghese et al., 2022; Khan & Ghayas, 2022). Leadership is "a combination of unique qualities or characteristics that an individual possesses," meaning "leadership is a blend of unique features or characteristics that an individual possesses."

These characteristics help that person to persuade others to do duties. Other definitions of Leadership include "the things leaders do to bring about change in a group" and "the things leaders do to bring about change in a group" (Zhou et al., 2022). The direction in which followers are directed is referred to as leadership style. As leadership studies have progressed throughout history, leadership styles have increased. If the leadership style is successful, it may help improve organizational performance and promote attaining desired goals. However, if the leadership style is effective, it can help organizational performance and employee perceptions. This strong link between leadership styles and organizational effectiveness prompted many studies on the subject, yielding many leadership theories. Each theory recommends a separate



leadership style and, in most cases, a combination of styles for leadership performance (Syakur et al., 2022).

Character and personality qualities can be utilized to determine if a leader is transformational or transactional (Donkor et al., 2022). However, the leaders' leadership styles are determined by the followers' acknowledgement of their leaders, their willingness, and the mission's complexity. As a result, leaders must possess a unique capacity to assess organizational settings, carefully identify unanticipated elements, and make sound judgments to guide the organization to success (Syakur et al., 2022)

### **3.9 Transformational Leadership Style**

The organization's present focus on rejuvenating and reforming companies to face the challenges of future competitiveness has sparked a surge in scholarly interest in Transformational Leadership (Puni et al., 2022). This perspective is significant for researching organizational transformation and processes and explaining why good outcomes for workers' efforts and satisfaction occur (Metwally et al., 2019). Transformational Leadership aims to alter workers' methods, beliefs, assumptions, and motivations by employing techniques that elicit higher levels of desire and encourage change (Nguyen et al., 2022).

Transactional Leadership, or managerial Leadership, is frequently used in innovation initiatives (Kim, 2022). Transformational leaders can stimulate and motivate employees to achieve above and above what is expected of them (Udin et al., 2022). Transformational leaders trade incentives and requirements with their staff and encourage them to put their self-interests aside for the greater good (Udin et al., 2022).

Management-by-exception and contingent reward are both used. The function of supervision, structure, and group performance are all critical aspects of Leadership. It stresses employee cognition, with leaders encouraging staff cooperation through reward and punishment. Furthermore, transactional leaders aim to maintain the status quo rather than change the future. Leaders monitor their colleagues' work, pointing out flaws and deviations while abdicating responsibility and deferring decision-making. In a way, Leadership maintains congruence between the organization's mission and goals while maintaining staff motivation and interest in achieving specified goals (Jacobsen et al., 2022). It involves charisma, excitement, and inspiration to identify the traits of leaders; transformational Leadership has some parallels to charismatic Leadership (Al-Hussaini et al., 2019).

Although transformational leadership theory claims to neglect the importance of the organizational environment and ineffective Leadership, past research shows that the model has been used in various settings and crises, particularly when transformational leaders challenged the status quo (Andrej et al., 2022). Another significant justification for this view is that Transformational leaders cannot compel their people to achieve specified goals, which are considered Transactional leadership traits. The researcher used the Range Leadership Theory, which will be covered in the next portion of the article, to respond to the criticism and argument.

Transformational leaders enable employees to see challenges in new ways, give support and encouragement, express a vision, and create emotion and identification. Transformational Leadership significantly impacts individual and organizational outcomes such as employee happiness and performance. Higher degrees of Transformational Leadership are linked to increased collective potential (Hasan & Islam, 2022).

### **3.10 Transactional Leadership Style**

Burns introduced the Transactional Leadership Theory in 1978 (Wasim & Rehman, 2022). It is founded on the interaction between leaders and employees, based on the exchange or exceptional reward

leaders establish for achievement acknowledgement. Three key features of Transactional leaders: dependent incentives, active management with exceptions, and passive management with exceptions (Tahir et al., 2021). Contingent incentives relate to positive interactions between leaders and workers in which benefits are based on performance. The role and hope of giving the resources they require, as well as the success they bring to the award, are described by the leaders. Active management is the interaction in which leaders assess employees' performance and make changes during the process. Except for interactions, where leaders only interfere when faults or standards are not fulfilled, passive management is the norm (Al Haziazi et al., 2021; Khan et al., 2021)

Others see Leadership as a continuum, with Transactional Leadership on one end and Transformational Leadership on the other (Khan et al., 2020). Transactions between the leader and the workforce are at the heart of Transactional Leadership's concept. According to a Transactional leader, human connections are nothing more than a series of Transactions. Reward, punishment, economic trade, emotional and human exchanges, and other such "Transactions" are the foundations of this leadership style (Al Haziazi et al., 2021; Niazi, Komal et al., 2019).

To comprehend this leadership style, imagine yourself as the organisation's CEO, telling people their responsibilities since you are paid. If the employee performs their job well, they will be rewarded; if they do not, they will be punished. A Transactional leader leads the groups in this manner. Leadership style is on the duty of administration, organization, and group performance; it is also known as management leadership. Transactional Leadership is a leadership style in which the leader uses rewards and penalties to encourage his subordinates' compliance. Transactional leaders take the initiative to sustain the chain of rules and regulations, and their approach does not anticipate future changes. Transactional leaders use a substitution model to reward excellent outcomes or positive results (Al Haziazi et al., 2021). Transactional leaders can punish subpar performance or unresolved concerns (Hasan and Islam 2022). Transactional Leadership is built on agreements that workers accept or adhere to leaders in exchange for praise, gratitude, and resources or to avoid disciplinary action. Leaders use contingent rewards to identify and clarify goals that their staff should meet and to announce suitable prizes. It is uncommon for leaders to confine their management responsibilities to active or passive management (Wasim & Rehman, 2022).

This leadership style focuses on achieving the job's objectives. Understanding the link between effort and reward, responsiveness to display issues, use of incentive, reward, and punishment, goal setting and rewarding performance, and using authority to force followers to accomplish tasks are all essential concepts of transactional Leadership.

Transactional leadership theory is centred on two key components, Tabassi et al. (2016) transactional leadership theory:

1. The contingent reward strategy offers prizes for accomplishing targets or followers' capacity to execute tasks according to their leaders' wishes.

2. Management-by-exception - When employees make mistakes, the leaders intervene by establishing visible procedures to enforce the proper regulations. When a leader uses the management-by-exception approach, he or she takes an active and self-centred interest in the work and task monitoring. The leader is continually involved in the work process, searching for departures from the conventional procedure and intervening before subordinates make mistakes. In the age of global competition, transactional Leadership is just as crucial as transformational Leadership in assisting leaders in increasing organizational competitiveness.

Transactional Leadership has a different level of morality from transformational leadership. The lack

of desire of employees to offer anything above what is stipulated is a crucial downside of transactional Leadership. The challenges in defining entire task descriptions well in advance owing to the nature of the projects, this uniqueness is generating a problem in the construction business. In the construction sector, project managers' leadership styles have a significant impact on project performance (Al Haziazi et al., 2021; Tahir et al., 202)

### **3.11 Situational-Leadership Approach**

Investigating situational theories arose from the disparity in results on leadership attributes and behavioural styles (Kertabudi, 2022). The situational theory of Leadership stresses the relevance of the context in determining the efficacy of a leader's behavioural style; situational changes need a variety of styles. According to Douglas et al. (2022), the effectiveness of Leadership is determined by the context and the leader's ability to apply the appropriate style in each situation. The situational theory's most important perspective is that leaders modify their leadership style depending on their followers and the environment. Furthermore, a leader is expected to approach various people differently depending on their work and proficiency with specific duties and the organization at any given moment and place. Four styles of situational leadership theory proposed by Polmear et al. (2022) are as follows:

1. Participative Leadership entails establishing a solid relationship with subordinates while having little responsibility. This leader-driven technique is used when followers are capable yet unwilling or hesitant to do the work at hand. According to Hersey and Blanchard, the leader can figure out why the subordinate is not motivated and whether there are any restrictions to the subordinate's capacity to work.

2. Selling and coaching is a strategy that the leader leads. It is illustrated when there is a high relationship value between followers and a high task level.

3. Participating and supporting: This is a technique that the followers drive. According to the authors, the leader has a low work concentration and a strong connection emphasis. On the other hand, the follower possesses extraordinary capacity and a shaky commitment and is capable but unwilling or hesitant.

4. Delegation: This is a follower-led method employed when there is a minimal work need and little relationship with followers.

When followers are capable, willing, or motivated to do the duties at hand, the delegation style is used (Polmear et al., 2022; Turi et al., 2019).

### **3.12 Employee Engagement**

Employee engagement levels at work and the degree of intensity and attention they devote to their duties vary widely within each organization. Employee engagement is a relatively new notion that has only been used for the previous two decades (Polmear et al., 2022). It is a massive construct with no single, universally agreed-upon definition; nonetheless, this is not exceptional nor problematic since many other psychological constructs have needed more clarity in the early stages of their participation in the social sciences. The study of workplace engagement has grown in importance due to the tendency toward "positive psychology," which focuses on human strengths and optimal functioning rather than flaws and dysfunction (Al-Mahdy et al., 2021).

Although most researchers agree on the construct of work engagement, there are differing perspectives on how it should be conceptualized (Riva et al., 2021). However, they all agree that employee engagement evolved from earlier concepts like employee commitment, job satisfaction, and organizational citizen behaviour (Riva et al., 2021). Employee engagement is more significant in scope and may be

characterized in a variety of ways, even though it is connected to and incorporates these principles. According to Megawaty et al. (2022), employee engagement is "a heightened emotional and intellectual connection that an employee feels for his or her organization, boss, or coworkers, which leads him or her to apply greater discretionary effort to his or her work." According to Ravi et al. (2021), workers' willingness and capacity to assist their firm to flourish, primarily through committing discretionary effort on a long-term basis. It is also described as the amount of effort put in by workers in their job activities and their emotional and intellectual dedication to the company.

The basic concept employed for the objectives of this study is that engagement is characterized by three dimensions: vigour, devotion, and absorption. There is also a proclivity to remain steadfast in the face of task difficulty or failure, indicating a willingness to put effort into one's job. Dedication involves passion, inspiration, pride, and challenge and refers to a deep affiliation with one's job. Absorption is defined as being completely focused and pleasantly absorbed in one's task. Time moves swiftly in this realm, and it is impossible to separate oneself from work (Purwati et al., 2022).

According to the researcher, engagement is the simultaneous employment and expression of a person's preferred self in task behaviours that create work relationships. He defined cognitive engagement as having a reasonable knowledge of one's job and goal within an organization and the company's strategy and direction. Al-Mahdy et al. (2021) feel that workers are more likely to perform at a greater level if they consider themselves successful contributors to the company's aims or objectives. Employees who understand how to contribute to a company's strategic goals are likelier to feel they belong. Cognitive engagement may benefit Employee performance and retention (Firman et al., 2021).

Employees being responsively and open-heartedly engaged to others in the workplace, as well as the level to which they appreciate, enjoy, and believe in their employment, teams, supervisors, and the organization, are all examples of emotional engagement, according to him. Increased confidence in management affects workers' levels of emotional commitment more favourably, as evidenced by trust and perceived organizational support. Finally, being physically engaged is a manifestation of extra-role performance or going above and beyond what is required of an employee concerning their work function (Firman et al., 2021).

### **3.13 Leadership Theories**

There are multiple theories of Leadership. Every theory has its efficacy, utilization, and application in a specific context. However, the Trait theory and the leaders' member exchange theory have the maximum applicability to the study under consideration.

#### **3.13.1 Trait Theory**

The trait theory is widely regarded as the first method for researching Leadership. According to the trait school of thought, leaders are born, not formed. According to Bass & Stogdill (1981), specific physical, social, and personal attributes are innate in particular individuals, and these characteristics eventually distinguish leaders from non-leaders. Trait refers to "a multitude of individual traits, including features of personality, temperament, wants intentions, and values," Yukl (2012). Some examples are self-assurance, extroversion, emotional maturity, and high energy levels. These attributes are particularly suited to Leadership, among other things, and people who become strong leaders would have a solid mix of these features. This method proposes that certain people are born with social characteristics that make them excellent leaders, and the idea goes on to explain specific characteristics that make particular people great leaders, whether in corporate, social, political, or military settings.

#### **3.13.2 Leader-Member Exchange Theory**

In line with the contingency theory, Liden et al. (1997) explain the foundation of their thesis by

claiming that in some conditions, leaders favour specific followers over others, resulting in an 'in' group. Due to time constraints, leaders frequently favour followers, putting greater faith in them, offering them more attention, and granting them more privileges. The balance is formed by the 'out-group'. When leaders initially connect with followers, they categorize them as "in" or "out." The explanation for the selection is unknown, although the link has remained relatively steady throughout time (Liden et al., 1997).

### **3.14 Research Model and the Relationship among Variables**

#### **3.14.1 Relationship between Transformational leadership style and organizational performance**

Transformational leadership style and organizational performance The Transformational leadership style focuses on developing the followers and considering their needs. The managers who focus on transformational Leadership focus mainly on developing the employees' overall value system, moralities, skills, and motivation levels. Transformational Leadership is a vital bridge between followers and leaders to understand the motivational level, values, and interests clearly. Bass and Avolio (1994) stated that transformational Leadership demonstrates superior leadership performance. Transformational Leadership, according to Bass and Avolio (1994), occurs when the leaders broaden or elevate the interest of the employees.

Transformational leaders are the ones who encourage employees to look beyond their self-interest. Transformational leaders are influential for several reasons; the leaders may be charismatic in inspiring the employees, the transformational leaders may meet the emotional needs of the employees, or may stimulate the employees intellectually (Bass & Avolio, 1994). Transformational Leadership and individual-level follower performance are positively linked. Further, the study also indicated that transformational Leadership and teams' performance at the organizational level are positively associated. Performance is the function of skills, abilities, knowledge, and motivation directed towards a prescribed behaviour. The study conducted by the authors mentioned above indicated that transformational Leadership enhances the overall development of the followers—the followers of transformational leadership associate with a self-defining and satisfying relationship with an individual or group. Transformational leaders' idealized and behavioural charisma motivates followers to identify with the leader (Purwati et al., 2022). The personalized relationship developed by a transformational leader develops an environment in which the employees feel happy, improving their overall performance. Hence, transformational Leadership and organizational performance are positively associated. Transformational Leadership has a significant impact on the performance of the organization. They researched banking organizations with the help of statistical tools such as SEM and SPSS. They reached the above conclusion that transformational Leadership has a direct positive impact on the organization's performance.

#### **3.14.2 Relationship between Transactional leadership style and organizational performance**

A leader is known as a transactional leader if he/she is always willing to give something in return (Uchenwamgbe, 2013). This can include promotions, pay raises, performance reviews, new responsibilities, etc. The major problem with this type of Leadership is the expectation. Hence, transactional Leadership can be defined as the exchange of targets and rewards between the management and the employees.

The study by Longe (2014) revealed that transactional leadership style positively impacts organizational performance. The transactional leadership style helps create and sustain the context in which organizational and human capabilities are maximized, as the employees can consistently achieve tangible and intangible rewards. This leadership style mainly helps create an optimal environment for performance and articulates a compelling vision that enhances the overall organizational performance (Longe, 2014).

Transactional Leadership was not found to have a direct impact on the performance of the organization. This leadership style does not encourage creativity and innovation among the employees; hence, the employees need to perform as per the organisation's expectations.

### **3.14.3 Relationship between Transformational Leadership and Motivation**

The effect of charismatic Leadership on motivation based on self-concept theory is based on three prepositions of motivation, which can be achieved through informal roles and other social activities among peers. The theory of transformational Leadership is critical in the field of Leadership, and many studies show that there is a positive relationship between transformational Leadership and other dependent variable like satisfaction, commitment, motivation, and performance of the employees (Khan et al., 2021) found that there is a positive relationship between transformational Leadership and employee creativity.

They argue that leaders care for their needs and wants related to social activities that ultimately affect the power of ideas generation. Transformational Leadership is surrounded by idealized influence, intellectual stimulation, and inspirational motivation. Strategies for increasing employee motivation are part of human resources development, and the affecting factors can be analyzed. Previous research on employees' work motivation has been conducted for years. TL has positive effects on work motivation.

### **3.14.4 Relationship between Transactional Leadership Styles and Employee Motivation**

A leader can motivate employees, among others, by allowing employees to participate in decision-making, creating a harmonious atmosphere, and working relationships that trust and respect each other. Different leadership styles will undoubtedly colour the behaviour and type of Leadership to bring up a task-and an employee-oriented leadership style. The transactional leadership style positively influences work motivation (Uchenwamgbe, 2013)

### **3.14.5 Relationship between Employee Engagement and Organizational Performance**

This segment highlights review articles about Employee Motivation and Organizational Performance that were published in various worldwide journals. Uddin et al., 2016 conducted a study on the effect of formal coaching on employees' work motivation, organisational commitment, and job performance in the UK. The study revealed that mentoring can enhance employees' attitudes without necessarily elevating their performance. The study for the most section targeted coaching on performance.

Furthermore, when contrasted with a similar study in Finland, wages are the most significant element of Motivating employees in both countries.

Likewise, Niko's sales performance was greatly affected by the quality of supervision, increased employee commitment, level of education, the condition under which they perform their obligations, the quality and management of operations, and the number of hours worked. An examination concentrating on motivation measures and improving workers' performance in Kitgum district in Uganda. She found that workers were not performing well in Kitgum district because salaries and allowances in the district were very inadequate and unable to meet people's basic needs between managers and subordinates, preventing brilliant performance. However, intrinsic motivators like achievement, advancement, responsibility, and recognition were identified to be well-revealed in the district.

In any case, utilizing the correlation coefficient, the examination discovers that organizational performance had a huge positive impact on the work environment and facilitation. Likewise, the outcome of regression analysis found that two elements had statistically significant, positive, and direct effects on organizational performance. In summary, motivation is essential to both an individual and the organization. For an individual motivation is a crucial element that encourages an individual to achieve his/her personal goals. Within an

organization, motivation is an issue that leads to employee satisfaction. Also, motivation inspires a person to widen his/her knowledge explore and unleash his/her full capabilities and potential. Correspondingly, from the organizational aspects, motivation leads to a practical attitude in the workplace, convenient adaptation to changes, and more creativity.

#### **3.14.6 Relationship of Transformational Leadership Styles, Work Motivation, and Organization Performance**

The early approaches to theories of employee motivation supposed that if firms were constantly changing, they might not be practical or improve performance because employees require routines to work effectively to improve organisational performance (Cheng et al., 2022).

Especially before the rapid change in the business environment, the capability to adjust effectively and quickly towards change events is now becoming a critical concern of leaders and managers. As a result, nowadays, scholars have widely acknowledged that the vital importance for firms is that they can undergo continuous change. The ability of firms to be constantly changing can become a good and dynamic habit in its own right. It is a normal and natural response to unforeseeable business environments and markets; consequently, change capability is a decisive factor for firms' continued success. The relationship between employee motivation and organizational performance has received little attention from many authors. However, current literature also shows evidence for this relation. Thus, to provide further understanding of how innovative culture and capable champions contribute to financial and operational performance, this study proposes that:

#### **3.14.7 Relationship of Transactional Leadership Styles, Work Motivation and Organization Performance**

A leader can motivate employees, among others, by allowing employees to participate in decision-making, creating a harmonious atmosphere, and working relationships that trust and respect each other. Different leadership styles will undoubtedly colour the behaviour and type of Leadership to bring up a task- and an employee-oriented leadership style. The transactional leadership style positively influences work motivation (Uddin et al., 2016). There is a relationship between motivation and employee performance. Motivation has a positive and significant effect on employee performance.

Work motivation can be measured by three indicators, namely individual needs, personal preferences and work environment, found to have a moderate to strong correlation with the dependent variable employee performance. The level of effort is what someone does in doing a job, and the level of effort is related to motivation to improve employee performance. The transactional leadership style significantly affects employee performance (Cao & Le, 2022). Every leader can influence his subordinates, such as job satisfaction and employee performance. It is realized that no leadership best applies universally to all situations and environments; situational or contingency approaches in choosing an effective leadership model are the best alternative answer. A leader must realize that human resources are the critical factor that has the most influence on company productivity. Motivation is needed; if the needs are met, the employee will focus more on the duties and responsibilities to achieve company goals. Motivation is a mediator in the relationship between leadership style and performance. Based on the above-cited literature, theories and research findings, the study came with the following proposed research model, shown in Figure 2.

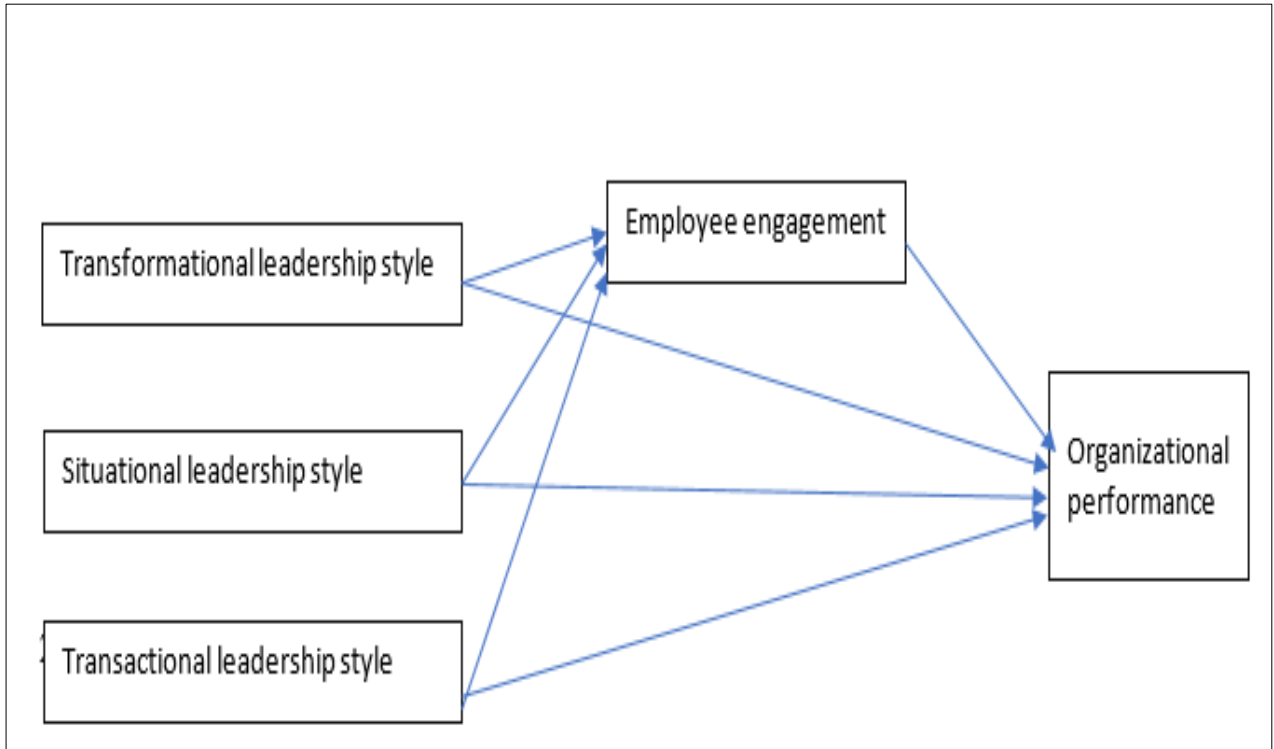


Figure 2: Conceptual Framework (Source: Author's model)

#### 4. CONCLUSION

The study concludes that organizational performance is the joint effort of the Leadership and employees. Leadership needs to be more focused towards day-to-day processes and transactions. Leadership should remain at the backs of the employees, which will help to keep them firm, enthusiastic, pragmatic, and practical. Leaders instill souls in the employees, which keeps them motivated, engaged and productive. Leaders and members need to collaborate for common goals and initiatives. Organizational performance can be bolstered if Leadership and the employees come on a single pitch.

In the same way, members need to be provided with the latest technological and logistic support so that they can be prepared for the opportunities and challenges. According to research, developed countries spend almost \$1 billion yearly to motivate, train, and engage employees. So, for the productive engagement of the employees (knowledge workers), leaders should extend social, moral, psychological, ethical and emotional support to the employees.

#### 5. LIMITATIONS AND FUTURE RECOMMENDATIONS

This study is limited only to SMEs, which can be extended to other large and mega projects and organizations. Similarly, this study was limited to OMAN and can be extended to other countries and continents. Moreover, this study focused on only three types of Leadership. Therefore, more leadership styles can be studied in different contexts and settings. Furthermore, this study was based on a systematic literature review. It developed a model that can be tested with data, and the results can be generalized in different contexts, fields and settings.



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