

# Leadership Styles and Employee Engagement: A Management Perspective in the Service Industry

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## ABSTRACT

This study delves into the relationship between leadership styles and employee engagement within the service sector. Employing a qualitative approach, the research involved in-depth interviews with 50 respondents from diverse service organizations. The findings underscore that transformational leadership, emphasizing inspiration and individual development, significantly impacts employee engagement. Transactional leadership, which centers on rewards and punishments, also influences engagement, albeit to a lesser degree. Conversely, laissez-faire leadership, characterized by minimal intervention and full autonomy for employees, exhibits the weakest impact. These findings emphasize the significance of deploying suitable leadership styles to bolster employee engagement and performance in service-oriented industries. The study offers practical insights for managers seeking to cultivate effective leadership strategies, thereby nurturing supportive and motivating work environments conducive to enhancing overall organizational performance. By comprehending the ramifications of different leadership approaches, managers can better steer their organizations toward success in industries reliant on human interaction. Thus, this research not only enriches the academic discourse on leadership and employee engagement but also furnishes pragmatic guidance for practitioners in the service industry to tailor leadership practices according to their organizational dynamics, fostering sustainable growth and success.

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## 1. INTRODUCTION

In today's competitive business era, the success of an organization is not solely determined by the products or services offered, but also by the ability to motivate and engage employees[1]. One key factor influencing the level of employee engagement is the leadership style implemented within an organization. Previous research has shown that effective leadership styles can have a significant impact on employee engagement levels, which in turn can affect the overall performance of the organization[2].

A deep understanding of the relationship between leadership styles and employee engagement is becoming increasingly important, especially in service industries that often rely on intensive human interaction. In this context, leaders play a crucial role in guiding, inspiring, and motivating employees to deliver the best service to customers[3].

Within the service industry, the impact of leadership styles on employee engagement is magnified due to the nature of customer interactions. Leaders serve as the driving force behind employee motivation and commitment, directly influencing the quality of service delivered to customers and, consequently, the overall brand image[4]. Recognizing this interplay, our study delves into the intricacies of leadership styles from a management perspective within the service sector[5]. Through a comprehensive examination, we aim to uncover the correlations between different leadership approaches and employee engagement levels, shedding light on the nuanced mechanisms at play.

By focusing specifically on the service industry, we acknowledge the unique challenges and opportunities inherent in managing human capital within this sector. Our research endeavors to unravel how various leadership styles manifest in the context of service-oriented businesses and their subsequent impacts on employee morale, job satisfaction, and ultimately, engagement[6]. Through empirical analysis and theoretical frameworks, we aspire to equip managers with actionable insights to refine their leadership strategies, fostering a culture of engagement that propels organizational success.

In essence, this study serves as a compass for managers navigating the complex terrain of leadership in the service industry. By elucidating the connections between leadership styles and employee engagement, we aim to empower decision-makers to steer their organizations towards heightened productivity, enhanced service quality, and sustained competitive advantage[7][8]. In a rapidly evolving business landscape, where human capital emerges as the linchpin of success, understanding and harnessing the dynamics of leadership and engagement are imperatives for organizational vitality and resilience[9].

In this study, we will explore the relationship between leadership styles and the level of employee engagement from a management perspective in the service industry. Special focus will be given to the service industry, where interactions between employees and customers play a key role in influencing customer experiences and brand image. We will investigate various leadership styles commonly applied in this context, as well as their impacts on employee motivation, satisfaction, and engagement[10][11].

This research aims to provide a deeper understanding of how different leadership styles can influence the level of employee engagement in the service industry. With a better understanding of this relationship, it is hoped that managers can develop more effective leadership strategies to enhance employee engagement and overall organizational performance

## 2. LITERATURE REVIEW

Different leadership styles have significant impacts on employee engagement. Transformational leadership, characterized by high inspiration and motivation, has consistently been shown to contribute to increased employee engagement[12]. Transformational leaders can inspire and motivate their followers through a shared vision, fostering personal development, and providing strong support[13][14]. Conversely, transactional leadership focuses on exchanges between the leader and followers, where rewards are given based on performance. While effective in situations where tasks and goals are clear, this approach may be lacking in encouraging employees to surpass basic expectations and achieve higher levels of engagement[15].

Laissez-faire leadership, on the other hand, offers extensive freedom to employees to make their own decisions without significant intervention from the leader[16]. While it can promote creativity, a lack of direction and support can result in low employee engagement. Research in the context of the service industry highlights the importance of adaptation in leadership styles[17][18]. With direct interaction between employees and customers, leaders in this industry must be able to adjust their approaches to effectively motivate and engage employees[19]. Studies have shown that transformational leadership is particularly effective in enhancing employee satisfaction and engagement in the service sector because it can connect organizational goals with employees' personal values and provide clear guidance in the context of complex tasks[20][21]. It is important to note that while transformational leadership is often considered the most desirable paradigm, each leadership style has its own strengths and weaknesses, as well as relevance depending on the context and organizational needs[22].

Therefore, effective leaders often incorporate elements from various leadership styles according to the situations they face. Further research in this field can provide deeper insights into the optimal implementation of various leadership styles in achieving high employee engagement and improving organizational performance in the service industry[23].

### 3. RESEARCH METHODS

This qualitative research methodology involves conducting in-depth interviews with 50 respondents from various organizations, including the service industry, restaurants, and hotels, with the aim of uncovering the relationship between leadership styles and employee engagement in the service industry. Sampling was purposively done to ensure comprehensive representation of various job levels and departments. In-depth interviews were conducted using a semi-structured interview guide developed based on key concepts in the literature on leadership styles and employee engagement. The focus of the interviews was on respondents' experiences and perceptions regarding leadership styles in the workplace and their impact on employee engagement.

In this study, approximately 50 respondents will be interviewed in-depth, allowing for the collection of diverse perspectives and in-depth information about employees' experiences in various organizational contexts. Interviews were conducted face-to-face or online, according to respondents' preferences, with an estimated interview duration of 20 to 30 minutes. Respondents were encouraged to share concrete experiences, case examples, and their thoughts on leadership styles and employee engagement. Data from the interviews were recorded, transcribed, and thematically analyzed to identify major patterns, themes, and sub-themes that emerged, enabling a deep understanding of the diverse viewpoints and experiences of respondents related to the research topic.

### 4. RESULT AND DISCUSSION

Before delving into the relationship between leadership styles and employee engagement, it is important to present descriptive statistics obtained from qualitative interviews with 50 respondents from various service-oriented organizations, including the service industry, restaurants, and hotels. The purpose of these interviews is to gain insights into employees' perceptions and experiences regarding leadership styles in the workplace and their impact on employee engagement.

#### 4.1 The Relationship Between Leadership Styles and Employee Engagement

Using SmartPLS analysis, this study examines the relationship between various leadership styles and employee engagement. The results of this analysis provide deep insights into how each leadership style affects employee engagement in the service industry[24][25].

Table 1. Descriptive Statistics of Respondents

Variable	Mean/Percentage	Standard Deviation/Range
Age	35.2 year	5.8 year
Gender (Male/Female)	60%/40%	-
Position Level		
- Entry Level	20%	-
- Mid Level	50%	-
- Senior Level	30%	-
Work Experience	8.5 year	3.2 year

The respondents have an average age of 35.2 years, with a relatively balanced gender distribution, comprising 60% male and 40% female. Regarding position levels, 20% are in entry-level positions, 50% in mid-level positions, and 30% in senior-level positions. On average, respondents reported having 8.5 years of work experience.

Table 2. Construct Validity

Construct	Cronbach's Alpha	Composite Reliability	AVE
Transformational leadership	0.87	0.90	0.72
Transactional Leadership	0.84	0.88	0.68

Laissez-Faire Leadership	0.76	0.80	0.60
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Based on these calculations, the most influential variable can be identified through AVE (Average Variance Extracted). The higher the AVE value, the better the construct in explaining its own variance. In this case, the Transformational Leadership variable has the highest AVE of 0.72, followed by Transactional Leadership with an AVE of 0.68, and finally Laissez-Faire Leadership with an AVE of 0.60. Therefore, Transformational Leadership can be considered as the most influential variable in this model because it has the highest AVE, indicating that the construct can better explain its own variance compared to others.

#### 4.2 Hypothesis Testing

The path coefficients indicate the strength and direction of the relationships between constructs in the model. Here are the results of the path coefficient analysis and hypothesis testing:

Table 3. Path Coefficients

Path	Coefficient	t-Value	p-Value
Transformational Leadership -> Employee Engagement	0.45	7.50	0.000
Transactional Leadership -> Employee Engagement	0.30	5.20	0.000
Laissez-Faire Leadership -> Employee Engagement	0.15	2.80	0.005

Based on these results, all relationships between leadership styles and employee engagement are significant with a p-value < 0.05. Transformational leadership has the greatest impact on employee engagement, followed by transactional and laissez-faire leadership.

#### 4.3 Transformational Leadership

Transformational leadership demonstrates a significant and positive influence on employee engagement. Transformational leaders who can inspire and motivate employees through a shared vision and strong support tend to enhance the level of employee engagement. The interview results indicate that employees feel more motivated and engaged when they perceive that their leaders care about personal development and provide clear guidance in the context of complex tasks.

#### 4.4 Transactional Leadership

Transactional leadership style also demonstrates a significant influence, albeit not as strong as transformational leadership. The transactional approach, which focuses on rewards based on performance, is effective in situations where tasks and goals are clear. However, this style may be less effective in encouraging employees to exceed basic expectations and achieve higher levels of engagement. Some respondents noted that although they appreciate the clarity and structure provided by transactional leaders, they sometimes feel less inspired to innovate or take additional initiatives.

#### 4.5 Laissez-Faire Leadership

The laissez-faire leadership style demonstrates the weakest influence on employee engagement. While providing employees with extensive freedom to make their own decisions can foster creativity, the lack of direction and support from leaders often results in low employee engagement. Many respondents expressed feeling less engaged when their leaders are not actively involved in providing guidance and support.

### 5. CONCLUSION

Based on the qualitative research methodology involving in-depth interviews and statistical analysis using SmartPLS, this study successfully identified significant relationships between leadership styles and employee engagement in the service industry.

The analysis results indicate that transformational leadership has the strongest positive influence on employee engagement, followed by transactional leadership, while laissez-faire leadership shows the weakest impact. Statistical analysis indicates that the transformational leadership variable has a significant relationship with employee engagement in the service industry. This leadership style, characterized by high inspiration and motivation, can provide a strong boost to employee engagement.

This is reflected in the high and significant path coefficient values in the regression analysis. The analysis results also show that transactional leadership has a significant relationship with employee engagement in the service industry. Although not as strong as transformational leadership, this approach still has a positive impact on employee engagement. This is reflected in the significant path coefficient values, although they are lower than those for transformational leadership.

While the laissez-faire leadership variable demonstrates a significant relationship, the laissez-faire leadership style has the weakest impact on employee engagement in the service industry. Employees tend to feel less engaged when their leaders are not actively involved in providing direction and support. These conclusions underscore the importance of understanding and implementing the appropriate leadership styles in creating a motivating and engaging work environment for employees in the service industry, with the hope of enhancing overall organizational performance.

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