

# Influence of Transactional Leadership Styles on Employee Motivation

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## Abstract

However, the effectiveness of transactional leadership on long-term employee engagement is called into doubt due to its foundation on the exchange of incentives and penalties. Ninety people agreed to take part in the research. Structural Equation Modeling was used to analyze the data in IBM SPSS Amos 24.0. According to the findings, transactional leadership has a significant and beneficial impact on employee morale. Organizations that want to strike a balance between structure and inspiration in cultivating a motivated and engaged workforce would do well to study the relationship between transactional leadership and employee motivation.

**Keywords:** Transactional, Leadership, Motivation, Satisfaction, Rewards

## I. Introduction

Transactional leadership operates on a system of clear-cut expectations and a reciprocal exchange of rewards and punishments. This leadership style, which was first introduced by Max Weber and later refined by James MacGregor Burns and Bernard M. Bass, hinges on the premise that employees comply with directives and expectations set by their superiors in exchange for tangible rewards or the avoidance of penalties. These transactions occur within a structured hierarchy, where leaders define roles, responsibilities, and performance standards, and employees are expected to adhere to these guidelines. The transactional leader monitors progress, providing feedback and applying reinforcement as appropriate. In essence, this leadership style mirrors a contractual relationship, where individuals conform to established rules and regulations, and their compliance is rewarded proportionally to their adherence. Such rewards may take the form of salary increases, promotions, bonuses, or even simple recognition and praise for a job well done.

Transactional leadership is further characterized by its reliance on contingent reinforcement, a mechanism whereby leaders administer consequences based on an individual's performance. Positive reinforcement is applied when employees meet or exceed expectations, while negative reinforcement or corrective actions are taken when performance falls short. This system of rewards and punishments is intended to create a structured and controlled environment, where individuals are motivated to achieve desired outcomes through the prospect of gain or the fear of loss. The clarity and predictability of this leadership style can offer a sense of security and stability within the workplace, as employees understand the rules of engagement and the consequences of their actions. Consequently, transactional leadership has found its place in numerous industries, particularly in settings where efficiency, compliance, and adherence to established protocols are paramount.

Yet, while transactional leadership provides a framework for order and discipline, its impact on employee motivation is a subject of ongoing debate. The intrinsic motivation of individuals, which arises from a genuine interest in their work, a sense of accomplishment, and personal growth, often stands in stark contrast to the extrinsic motivation offered by transactional leaders. Extrinsic motivation, rooted in external rewards and punishments, can indeed influence behavior, but it may not necessarily foster long-term commitment, creativity, or a genuine passion for the tasks at hand. Consequently, the relationship between transactional leadership and

employee motivation becomes a complex interplay of factors, where short-term compliance may come at the cost of stifling innovation and intrinsic drive.

On one hand, proponents of transactional leadership argue that it provides a structured and consistent framework for motivating employees. By clearly outlining expectations and linking them to rewards, this approach can serve as a powerful tool for achieving specific organizational goals. When employees understand what is expected of them and how their performance will be evaluated, they may be more inclined to focus on task completion and strive for tangible rewards. Additionally, the use of contingent reinforcement can deter undesirable behaviors and ensure that employees adhere to established standards, thereby maintaining order and discipline within the organization. This aspect of transactional leadership aligns with the principles of behaviorism, which posits that individuals can be conditioned to respond to external stimuli, and that rewards and punishments can shape their actions.

Furthermore, transactional leaders often excel in crisis management and situations where immediate action and compliance are imperative. The clear chain of command and adherence to established procedures can be especially valuable in industries such as healthcare, emergency services, and manufacturing, where safety protocols and precision are paramount. In such environments, the transactional leader's ability to swiftly enforce compliance can prevent errors, accidents, and deviations from standard operating procedures, ultimately safeguarding both employees and the organization.

The transactional leadership style also has the potential to create a culture of fear and compliance rather than one of trust and collaboration. When leaders rely heavily on punitive measures for non-compliance, employees may become hesitant to take risks, share ideas, or voice concerns for fear of reprisals. This can result in a stagnant and unresponsive organizational culture that stifles innovation and inhibits the free flow of information. In contrast, transformational leadership, a style characterized by visionary leadership, empowerment, and a focus on intrinsic motivation, tends to foster a more open and collaborative environment where employees feel valued, supported, and motivated to contribute their best.

## II. Review Of Literature

Prayogi, Muhammad et al., (2021) The Department of Employment Langkat commissioned this research to better understand the connection between leadership style and employee performance. By focusing on the connection or impact between the independent factors and the dependent variable, this study takes an associative approach. Seventy workers from the Department of Employment Langkat were surveyed for this study. In this investigation, multiple linear regression was used to analyze the data.  $T_{count} > t_{table}$  ( $2.450 > 1.666$ ) indicates that employees' performance at the Department of Employment Langkat is significantly influenced by leadership style, and  $t_{count} > t_{table}$  ( $5.288 > 1.666$ ) indicates that employees' performance is significantly influenced by motivation.  $F_{count} > F_{table}$  ( $82.227 > 3.13$ ) demonstrates that Leadership Style and Motivation have a positive and significant effect on employee performance at the Department of Employment Langkat. Leadership (X1) and motivation (X2) were found to have a significant impact on employee performance (Y) at the Department of Employment Langkat ( $R\text{-Square} = 0.711$ ), while other factors (e.g., work discipline, work environment, job stress, compensation, promotion, training, and other variables) accounted for the remaining (28.90%).

Vasileva, Nadezhda&Datta, Palto (2021) Leadership effectiveness is essential at any organizational level. To boost employee performance via motivation and opportunity, businesses adopt a wide range of leadership styles and techniques. The goal of this study is to analyze how different types of leadership affect worker enthusiasm in the British automotive sector. The results of the study were arrived at using a combination of the quantitative technique and the deductive strategy adopted by the researchers. Primary data came from a questionnaire survey of 100 persons drawn at random. The poll was conducted online with participants from the automobile sector. Six study variables were examined for their impact on employee motivation, and the results showed that the Democratic Leadership Style (DLS), Autocratic Leadership Style (ALS), Laissez-faire Leadership Style (LFLS), Situational Leadership Style (SLS), Transformational Leadership Style (TLS), and Charismatic

Leadership Style (CLS) were all significant. Less important factors in the study included autocratic leadership style (ALS) and charismatic leadership style (CLS). According to the results, successful leadership has a significant impact on staff morale. The results of this research may be utilized to create effective plans of action and accomplish set objectives. Leaders and managers should make an effort to exhibit transformational leadership in all they do. The results of this study have relevance in both academic and business settings. Leadership styles should be appropriate, and an incentive plan should be open to all employees.

Lumbantoruan, Sarinah et al., (2020) The purpose of this study was to investigate whether or not UD. X's transactional leadership style had an effect on employee job satisfaction. The study's assumptions suggest that transactional leaders have a favorable effect on employee satisfaction in the workplace. We employed a saturation sampling technique with 105 participants for this investigation. The questionnaire used for data collection in this study is an example of quantitative research. A normality test and a linearity test were used to examine the assumptions. SPSS statistics 25 for Windows is used in conjunction with the product moment correlation approach to analyze the data. Employee work satisfaction was shown to have a statistically significant relationship with transactional leadership (Pearson Correlation = 0.000, sig 0.000 < P= 0.05). This research found that transactional leaders contributed 81% to employee happiness on the workplace. This study's findings support the hypothesis that there is a favorable relationship between a transactional leadership style and employee happiness on the job.

Harmin, Dedy et al., (2019) This study's overarching purpose is to describe and experimentally assess the direct and indirect effects of transactional leadership and work dedication on employee performance as measured by job satisfaction at the Library and Archive Office, Wakatobi Regency. The census sampling method was utilized in this study, and 30 respondents were selected at random from the entire population. PLS (Partial Least Squares) technique was used to analyze the data. Positive and negligible effects on employee satisfaction were shown to be associated with a transactional leadership style. Putting forth a lot of effort at work might boost your happiness at work significantly. The effects of transactional leadership on productivity are substantial and good. Positive and substantial effects of job satisfaction on productivity are established. Not only does transactional leadership have no moderating effect on performance, but neither does work satisfaction.

Kriekhoff, S. (2018) This study investigates the effects of leadership and staff motivation on productivity inside the Learning Activity Development Center/ BalaiPengembanganKegiatanBelajar (BPKB) in Maluku Province. The purpose of this research is to deduce the relationship between leadership (X1) and motivation (X2) and employee performance (Y). This study employs a quantitative method of Explanatory Research. Sixty workers participated in the study, which employed a census-based sampling method Questionnaire-based data collection. SPSS for Windows 22 is used for a multiple linear regression analysis of the data. Partial test findings indicate that the leadership variable has a dominant influence on employee performance equal to 6.292, and the analysis results demonstrate that both the leadership and motivation factors have an effect on the performance of BPKB workers in Maluku Province. One of the keys to success for organizational advancement is the leader's involvement in increasing the performance of the employees at BPKB of Maluku Province, as suggested by this study.

Naile, Idah&Selesho, Jacob (2014) This research will use examples of autocratic and transformational leadership to shed light on the mechanisms by which leaders can adopt either style and thereby influence the motivation, actions, and outcomes of their subordinates in the workplace. The purpose of this article is to demonstrate how a leader's personality may inspire his or her team to provide 110% at work. The 184 participating educators hail from these 13 high schools. These 'high schools were not outperforming the provincial average, it should be stressed. Using a Multifactor Leadership Questionnaire (MLQ), we were able to provide a comprehensive picture of the educational system's prevailing leadership style. Researchers distributed surveys with the help of school secretaries, and a team of helpers gathered the filled-out forms for analysis. Descriptive statistics were used to examine the data, including percentages, frequencies, and the Cronbach's alpha coefficient, to see whether or not the effect and leadership styles were accurately described. A high level of commitment (emotional, long-term, and societal) is shown to be associated with transformational leadership

styles. Trust in relationships, inciting a common goal, stimulating imagination, and stressing growth were all identified as beneficial factors that inspire employees. One may argue that transformational leadership does not enhance teachers' work happiness, but that increased teacher dedication leads to better student achievement.

### III. Research Methodology

In order to understand how transactional leadership affects worker motivation, this study used a descriptive research strategy. Customized surveys were used to collect numerical information. Both proportional stratified selection and simple random sampling were employed to choose the study's respondents. Then, 90 individuals who met the criteria were selected. IBM SPSS AMOS 24.0 was used for the SEM analysis.

### IV. Data Analysis And Interpretation

Table 1 displays the results of a study that analyzed how a leader's transactional approach affected employee motivation.

**Table 1: Transactional Leadership Style on Employee motivation**

Statement	M	SD
Motivating employees to become successful team members is a strength of the transactional leadership style	4.08	1.140
Organizational goals are achieved through management's transactional leadership style.	3.89	0.876
Employees benefit from a transactional leadership style because it provides them with a clear and explicit framework within which to do their duties.	4.20	0.598
Employees are encouraged to do their work as quickly as possible in exchange for rewards, either monetary or psychological, when a transactional leadership style is used.	4.02	0.853
People with a transactional leadership style may apply a consistent strategy for motivating and directing the efforts of their teams because it caters to their most fundamental needs.	4.52	0.617
Aggregate Score	4.21	0.814

Table 1 shows that the majority of respondents (82%) think that a transactional leader may increase employee motivation by 4.21 points (significant variance = 0.814). A mean score of 4.52 (SD = 0) indicates that respondents agree that transactional leadership style addresses basic needs of an individual, allowing for the implementation of a standardized model for motivating people and managing their performances, and that a mean score of 4.20 (SD = 0) indicates that respondents agree that transactional leadership style ensures a clear and concise structure that enables employees informed beforehand what the organization expects of them.

The respondents gave overwhelming support to the claims that transactional leadership style is effective at motivating employees to become productive and efficient team members, that rewards promised with transactional leadership style serve as incentives for the employees to complete their tasks as quickly as possible for incentives, whether monetary or psychological, and that through transactional leadership style, the management ensures that its visions for the organization will be realized.

**Table 2: Relationship between Transactional Leadership and Employee Motivation**

Construct	Path	Construct	Beta Estimate	Standard Error	Critical Region	PValue
Employee motivation	←	Transactional leadership	0.392	0.173	2.279	0.019

Table 2 shows that the final model has a robust effect in foreseeing the effects ( $\beta=0.392$ ,  $P=0.019$ ). This would indicate the model's efficacy and the validity of the links built in line with the model. Therefore, transactional leadership was found to be directly associated with increased levels of employee motivation.

## V. Conclusion

The relationship between transactional leadership and employee motivation is a multifaceted and dynamic one that has far-reaching implications for organizational success and employee well-being. As organizations continue to navigate the complexities of leadership and motivation, they must remain open to innovation and experimentation. By fostering a workplace culture that values both structure and inspiration, organizations can create an environment where employees are not only compliant but also motivated, engaged, and empowered to contribute their best. Ultimately, achieving this balance is the key to enhancing both organizational success and employee well-being in the ever-evolving world of work.

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