Review

Leadership theories and styles—A systematic literature review and the narrative synthesis

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Abstract: This paper explores diverse conceptualizations of leadership, emphasizing its profound impact on individuals and organizations. Leadership’s influence on followers’ daily lives, necessitating adaptation to modern complexities. Various theories offer distinct perspectives: distributed leadership emphasizes shared expertise. While charismatic leadership focuses on vision alignment. Authentic leadership promotes ethical climates, while Emotional Intelligence theory emphasizes emotional competencies. Ethical leadership underscores moral conduct. Five Domains Leadership highlights talent management and strategy execution, while Leadership Transition Theory discusses dynamic changes. Other theories include direct/indirect leadership, entrepreneurial leadership, and leader-member exchange. Participative leadership explores decision-making styles, and situational leadership aligns styles with follower maturity. Trait and behavioral theories focus on inherent traits and learned behaviours. This review underscores leadership’s complexity, offering insights into its diverse conceptualizations and practical implications across contexts.

Keywords: leadership style; leadership theory; transformational; transactional

1. Introduction

Leadership is very essential for managing a country, organization, and team (Antonakis and House, 2014). A leader’s actions significantly impact the follower’s daily life (Eberly et al., 2013). Leadership impacts the individual followers as well as the team, department, and entire organization (Hiller et al., 2011). Leadership can be conceptualized in three different ways, such as skill or ability; the second is the relationship between leader and follower; and the third is a dynamic social process (Edwards and Turnbull, 2013b). On the other hand, leadership is a multifaceted and complex construct (Shuck and Herd, 2012). It is inevitable to update and modify the leadership theories to become more applicable to today’s competitive globalized complex business environment and turbulent changes in the technology environment (Antonakis and House, 2014).

An effective leader can guide their followers towards achieving specific goals in a manner aligned with their vision. Various leadership styles can influence the effectiveness and performance of an organization (Oladipo et al., 2013); in particular, transformational leadership stands out as a significant predictor of job satisfaction and overall contentment among employees (Berson et al., 2003). Moreover, studies indicate that organizational performance is closely linked to the presence of an innovative and competitive culture. It is evident that leadership style
significantly influences organizational culture, which in turn affects organizational performance.

In today’s dynamic organizational landscape, the role of leadership stands pivotal in driving teams towards common goals and navigating the intricacies of a rapidly evolving global environment. Leadership, as a social process of influence, involves the deliberate engagement of subordinates (Haryanto et al., 2023; Haryanto et al., 2022; Koeswayo et al., 2024) to voluntarily participate in achieving organizational objectives (Omolayo, 2007). A leader, as defined by Mullins (2007), is an individual who delegates tasks and influences others to align their actions with specified objectives.

Different leadership styles have been identified, each with its own distinctive characteristics and impacts on organizational dynamics. Transformational leadership, characterized by its focus on individual development and fostering a shared vision, has been recognized for its ability to inspire commitment and drive organizational success (Bass and Avolio, 1993). This leadership style emphasizes empowering employees to recognize their full potential and work towards collective objectives with passion and integrity.

On the other hand, transactional leadership operates on an exchange basis, where leaders offer rewards and incentives in return for the accomplishment of explicit goals and performance criteria (Trottier et al., 2008). This style of leadership relies on contingent reinforcement and the establishment of clear performance-reward linkages to drive desired outcomes (Bryant, 2003).

Leadership practices are deeply intertwined with organizational culture, values, and societal norms, reflecting the broader cultural context within which they operate (Prideaux et al., 2007; Victor et al., 2005). Furthermore, research has highlighted the significant influence of leadership styles on various organizational outcomes, such as employee satisfaction, performance, and group efficacy (Podsakoff et al., 1990; Kahai et al., 1997).

2. Literature

2.1. Leadership theory

Many theories define and explain leadership in different ways, such as: According to distributed leadership theory, leadership is created through the shared expertise of many actors in the organization (D’Annunzio-Green and Francis, 2005). Charismatic Leadership Theory explores that leadership is the follower’s perception of the behaviour of the leader about the viewpoint of the vision and his capability to fulfil the follower’s needs (Clarke, 2013).

Affiliated Leadership Theory defines leadership as the process of adopting an external focus, co-creating with others, collaborating, developing adaptability to changing conditions, improving abilities to listen and interact, and optimizing curiosity and responsiveness (Cummings et al., 2014). Based on authentic leadership, Carasco Saul et al. (2015) defined leadership as a model of the leader’s behaviour that promotes a positive ethical and psychological climate that enhances self-awareness and moral perception, unbiased processing of information, and transparency in relation to.
Emotional intelligence theory explores that leadership is the emotional ability, competencies, and skills to monitor one’s own and others’ feelings and emotions in coping with situational demand and pressure (Edwards et al., 2015; Collins, 2012). Ethical leadership theory explores that leadership is the most appropriate behaviour and motivates without any selflessness while attracting the attention of the followers for ethical conduct (Carden et al., 2007; Turnbull et al., 2005). Five domains of leadership theory define leadership as having the following characteristics: talent management, strategy for improvement, personal proficiency, human capital development, and execution of the strategies (Harland, 2003). Leadership transition theory says that leadership is a model of dynamic factors that will change within the perspective of the organization (Ma Rhea, 2013).

Affiliated leadership theory mentioned shifting attention outward, cultivating flexibility in adapting to dynamic circumstances, enhancing curiosity and responsiveness, and refining skills in attentive listening, interactive collaboration, and joint creation with others (Turner et al., 2018; Cummings et al., 2014). Authentic leadership embodies a steadfast commitment to fostering positive psychological attributes and cultivating an ethical environment through a consistent display of leadership actions. Its objective is to nurture increased self-awareness, a deeply ingrained moral compass, unbiased evaluation of information, and open, honest interpersonal relationships (Turner et al., 2018; Carasco-Saul et al., 2015).

In the context of direct or indirect leadership, leaders initially focus on fostering an environment conducive to creative thinking and idea-sharing among team members in the early stages. As ideas progress through the pipeline, the leader’s role shifts to more direct involvement, necessitating decisions on which ideas to support. This dual influence, termed direct and indirect, presents the leader with a dynamic balancing act (Turner et al., 2018; Gilley et al., 2010). Entrepreneurial leadership is a dynamic style of leadership tailored for fast-paced, unpredictable, and fiercely competitive landscapes. This approach demands a unique set of competencies, empowering individuals with the precise skills to navigate and excel within entrepreneurial ecosystems (Carden et al., 2007; Turner et al., 2018).

Ethical leadership theory is an exemplary framework embodying ethical principles. Leaders prioritize building credibility and legitimacy, ensuring their actions align with societal norms, and being driven by altruistic motives. Skillfully draw followers’ focus towards the ethical dimensions of their messages, fostering a culture of integrity and accountability (Carden et al., 2007; Turner et al., 2018). Leader-Member Exchange (LMX) theory is a relationship-based theory that highlights the interaction between followers and leaders. According to this theory, there are three phases of leadership: the stranger phase, the acquaintance phase, and the mature partnership stage (Byrd, 2007; Noelliste, 2013).

Participative Leadership Theory explores diverse decision-making styles employed by leaders, ranging from autocratic to democratic and laissez-faire. McWhorter et al. (2008) elaborate on these variations, shedding light on their implications for organizational dynamics. According to McWhorter et al.’s (2008) participative theory of leadership, leaders were classified into three categories: laissez-faire, democratic, and autocratic.
Monitoring the external environment, performance and feedback, providing direction and resources, and finally strategic structuring and planning are the most important functions of a leader (Antonakis and House, 2014). Due to globalization and complexity, leadership nowadays becomes more challenging (Ardichvili et al., 2016). Bass (1985) proposed transformational leadership theories, which include four main elements about individuals: individualized consideration, influence, stimulation, and motivation.

Antonakis et al. (2014) proposed instrumental leadership theories; according to this theory, leaders are more responsible for identifying and implementing solutions to complicated societal issues than just addressing individual organizational issues. The path goal theory of Brown et al. (2011) explored that the effectiveness of leadership depends on three factors: work setting, subordinate characteristics, and leader style. According to situational leadership theory, the effectiveness of a leader hinges on the congruence between their leadership style and the specific context. This theory posits that the leader’s approach should be tailored to the maturity level of their followers regarding the task at hand. It encompasses both supportive and directive dimensions, which should be flexibly applied according to the situation’s demands (Bonebright et al., 2012; Wenson, 2010).

Trait or skill approach theory is a perspective that emphasizes the competencies and behaviours exhibited by leaders, focusing on what they do and how they interact. It posits that individuals possess specific traits that predispose them to leadership roles. In this view, there are three key personal skills: technical, human, and conceptual. Advocates suggest that leadership is innate rather than (Ausburn et al., 2014; Baltodano et al., 2012). Transformational leadership theory emphasizes inspiring and empowering followers to accomplish their goals through various methods, such as setting an example, motivating with vision, stimulating intellectual growth, and providing personalized attention. It encompasses three main leadership styles: transformational, transactional, and laissez-faire (Martin et al., 2014; Muir, 2014). According to Trait theory, effective leaders commonly possess inherent qualities or traits. These traits, including intelligence, charisma, confidence, and determination, are seen as inherent attributes associated with successful leadership.

Behavioural Theory, often referred to as the Style Approach, posits that effective leadership stems from observable behaviours rather than inherent traits. This theory asserts that leadership skills can be developed through active observation, hands-on experience, and deliberate practice. This theory emerged as a reaction to the Trait Theory, which posited that leaders possess certain inherent characteristics that make them effective. Instead, Behavioral Theory argues that leadership effectiveness is determined by what leaders do rather than who they are (Derue et al., 2011). Contingency theories suggest that a leader’s effectiveness hinges on diverse situational factors. Various circumstances may demand distinct leadership styles for optimal outcomes. The most famous contingency theory is Fiedler’s contingency model, which suggests that the match between leadership style and situational factors such as task structure and leader-member relations determines leadership effectiveness (Strube et al., 1981). Servant leadership emphasizes the leader’s role as a servant to their followers. Servant leaders prioritize the needs of
others, foster a supportive environment, and focus on the personal growth and development of their followers (Parris et al., 2013).

2.2. Leadership styles

In today’s dynamic business environment, leadership is viewed as a social process of influence, where leaders actively engage subordinates to willingly participate in achieving organizational goals (Omolayo, 2007). A leader is defined as someone who assigns tasks or influences others to act in alignment with specified objectives (Mullins, 2007). Effective leaders are essential for organizations to navigate the complexities of the rapidly evolving global landscape. Research suggests that when tasks are well-structured and leaders maintain positive relationships with their employees, team effectiveness tends to increase. Additionally, studies show that democratic leaders, who emphasize involving all team members in discussions and effectively collaborate with a small yet highly motivated team, contribute positively to team dynamics.

Higher leadership indexes don’t solely mirror past achievements; instead, they signify a potential for enhanced performance and bolster the reputation of organizations. This underscores the substantial influence of behavioural intricacies and dynamics on perceived leadership effectiveness (Barchiesi et al., 2007). Moreover, research delving into how leadership styles impact team innovation in private research centres underscores the interplay between various leadership styles and innovation, with factors like knowledge sharing and team communication playing crucial mediating roles (Wang et al., 2009).

During our investigation into the correlation between organizational culture and leadership style, we examined pivotal factors encompassing organizational culture, charismatic leadership, transformational leadership, and transactional leadership. Meanwhile, Voon et al. (2011) delved into the influence of diverse factors such as salaries, job autonomy, job security, and workplace flexibility on employees’ job satisfaction in public sector organizations in Malaysia. Among these elements, their study highlighted that the transformational leadership style displayed a more robust association with job satisfaction. Various leadership styles can positively impact organizational commitment and job satisfaction, thereby fostering enhanced organizational commitment and work performance (Chung-Hsiung et al., 2009).

Leadership practices are intricately entwined with cultural norms, encompassing traditional beliefs, values, and societal expectations (Prideaux et al., 2007). Furthermore, a leader’s leadership style is significantly molded by their immediate and extended familial connections, as well as their clan and tribal affiliations (Victor et al., 2005). This underscores the significance of familial and cultural influences on leadership behaviour. Additionally, research indicates that the connections between organizational leadership and business ethics contribute to enhancing the quality of organizational life, thereby yielding positive effects on both organizational members and the wider community. Moreover, the transformational and transactional leadership styles displayed by executives are positively correlated with perceptions regarding the executive’s promotion of innovation within the organizational climate (Ye et al., 2011).
Leaders’ behaviours significantly influence the trust and satisfaction levels of employees toward the organization. Moreover, organizational citizenship behaviour plays a pivotal role in reinforcing the connection between leadership style and organizational commitment directly (Podsakoff et al., 1990). Transformational leadership theory is renowned for its capacity to enhance subordinates’ performance by reshaping their motives and values (Xu et al., 2008). Bass (1997) delineated leadership styles into two primary categories: transformational leadership and transactional leadership. Transformational leaders exemplify traits such as individual influence, spiritual inspiration, and intellectual stimulation. They prioritize individual needs, cultivate a shared vision, foster an open and trusting culture, and empower staff to realize their full potential.

Transactional leadership is centred on meeting the basic and external needs of staff, with the leader-subordinate relationship grounded in contractual agreements. These leaders typically achieve organizational goals through defined job roles and strategic mission planning, aiming primarily to ensure organizational stability. Leadership style denotes the consistent behavioural pattern exhibited by a leader (Dubrin, 2008). In today’s landscape, organizations necessitate adept leaders who comprehend the complexities of the rapidly evolving global environment. The impact of different leadership styles on organizational effectiveness or performance is widely recognized (Nahavandi, 2015). Indeed, the success or failure of entities, whether organizations, nations, or other social units, is often attributed to the nature of their leadership style (Oladipo et al., 2013).

Leadership involves a dynamic process focused on inspiring others to fully realize their potential in achieving goals, vision, and integrity with passion (Mitonga et al., 2012). Additionally, the study emphasizes that interactions between leaders and workers significantly contribute to employee satisfaction, with this satisfaction notably influenced by the leader’s adopted leadership style. The essence of transformational leadership lies in nurturing growth and addressing the needs of followers. Managers who employ this style prioritize enhancing employees’ values, motivation, and ethical standards while also recognizing and leveraging their capabilities (Ismail et al., 2009). The objective of transformational leadership extends beyond surface-level changes; it aims to initiate profound transformations within individuals and organizations. This involves broadening vision, enhancing insight and understanding, aligning behaviour with values and principles, and fostering enduring, self-sustaining changes that create momentum (Bass, 1997).

Transformational leadership is characterized by leaders broadening their perspectives and advocating for the interests of employees. They foster awareness and acceptance of the group’s purpose and objectives, motivating employees to transcend their self-interests for the collective good (Bass and Avolio, 1993). These leaders inspire followers to approach challenges with fresh perspectives, provide support and encouragement, and effectively communicate a compelling vision (Bass and Avolio, 1993). They possess the ability to articulate a clear organizational vision, impacting both individual-level factors such as motivation and organization-level dynamics like resolving conflicts among groups or teams (Tracey et al., 1996). The influence of transformational leadership extends to both individual and organizational outcomes, including enhanced employee satisfaction and
performance. Furthermore, higher levels of transformational leadership correlate with increased group potency (Podsakoff et al., 1990).

Transactional leadership primarily focuses on a quid-pro-quo approach, where leaders and followers engage in a clear exchange: rewards are given for achieving specific objectives or reaching certain performance levels (Trottier et al., 2008). This leadership style is marked by a straightforward relationship between effort and compensation, with leaders using this relationship to enhance subordinates’ performance by appropriately rewarding them (Bryant, 2003). In organizations, transactional leadership manifests as a reciprocal interaction between managers and their teams (Jung, 2001), emphasizing the mutual benefits of achieving set goals through the distribution of rewards and the enforcement of policies (Howell et al., 1993). Leaders who adopt this style drive motivation by offering rewards contingent on performance, applying corrective actions as necessary, and upholding organizational rules (Bass and Avolio, 1990). The strategy behind transactional leadership includes contingent reinforcement, which might involve positive rewards or various types of management-by-exception, both active and passive (Bock, 2008). By promoting a system where tasks are completed in return for rewards or privileges, transactional leaders effectively incentivize their followers (Yang, 2007), leading to higher group efficacy under conditions that embrace transactional leadership principles (Kahai et al., 1997).

3. Conclusion and discussion

Leadership emerges as a fundamental aspect of managing entities at all levels, from countries to organizations and teams. Its impact permeates the lives of individual followers and extends to the collective dynamics of entire organizations. The multifaceted nature of leadership is evident through various conceptualizations, including skill or ability, leader-follower relationships, and dynamic social processes. As highlighted by scholars, leadership is not static but rather evolves in response to changing global and technological landscapes, necessitating ongoing updates and modifications to leadership theories. Numerous theories offer diverse perspectives on leadership, ranging from distributed and charismatic leadership to authentic and participative leadership styles. Each theory sheds light on different aspects of leadership behaviour, emphasizing the importance of ethical conduct, emotional intelligence, and adaptive responses to dynamic environments. Moreover, situational factors play a crucial role in determining leadership effectiveness, as evidenced by contingency theories and the concept of servant leadership. In the face of globalization and increasing complexity, leadership challenges become more pronounced, requiring leaders to possess a diverse skill set and adaptability. By incorporating insights from various theories, leaders can navigate complex environments more effectively, fostering positive organizational climates and achieving sustainable success. Ultimately, the study of leadership remains a dynamic and ongoing pursuit, essential for understanding and enhancing leadership effectiveness in contemporary contexts.

The extensive array of leadership theories reflects the multifaceted nature of leadership and its pivotal role in organizational dynamics. Distributed Leadership
theory, as elucidated by D’Annunzio-Green and Francis (2005), underscores the collaborative nature of leadership, where expertise is shared among organizational actors. Charismatic Leadership theory, as expounded by Clarke (2013), emphasizes the leader’s ability to inspire followers through a compelling vision and fulfilling their needs. Similarly, Affiliated Leadership theory, articulated by Cummings and Cummings (2014), emphasizes collaboration, adaptability, and co-creation. Authentic leadership, according to Carasco Saul et al. (2015), promotes positive ethical climates and fosters self-awareness and moral perception. Emotional intelligence, as explored by Edwards et al. (2015) and Collins (2012), underscores the importance of understanding and managing emotions for effective leadership. Ethical Leadership theory, proposed by Carden and Callahan (2007) and Turnbull and Edwards (2005), highlights the significance of ethical conduct and integrity in leadership. Furthermore, the Five Domains Leadership theory (Harland, 2003) emphasizes talent management, strategy, personal proficiency, human capital development, and execution. Leadership transition theory (Ma Rhea, 2013) posits leadership as a dynamic process that evolves within the organizational context.

The conclusion drawn from these diverse theories underscores the complexity and dynamism inherent in leadership. Effective leadership necessitates adaptability, empathy, and a keen understanding of contextual factors. As organizations navigate the challenges of globalization and complexity, leadership remains a critical determinant of success (Ardichvili et al., 2016). Whether through transformational, transactional, or situational approaches, leadership theories offer valuable insights into navigating the complexities of organizational life (Bonebright et al., 2012; Wenson, 2010).

This comprehensive literature is an exploration of the multifaceted nature and profound impact of leadership within organizational contexts. Leadership, as elucidated through various perspectives and scholarly contributions, emerges as a dynamic process of influence that shapes organizational culture, drives team performance, and fosters innovation. Through the lenses of transformational and transactional leadership styles, leaders are empowered to navigate the complexities of modern business environments and inspire their teams towards shared goals. The synthesis of research findings highlights the critical role of leadership in promoting employee satisfaction, organizational commitment, and ultimately, organizational success. By understanding the interplay between leadership styles, organizational culture, and contextual factors, organizations can cultivate environments conducive to growth, collaboration, and resilience. Furthermore, the recognition of leadership as a social process underscores the importance of fostering trust, communication, and mutual respect within organizational hierarchies. Leaders who effectively balance task-oriented behaviours with people-centred approaches can create environments that nurture employee engagement and unleash their full potential. As organizations continue to evolve and adapt to changing landscapes, the significance of effective leadership remains paramount. By embracing diverse leadership styles and leveraging the insights gleaned from research, organizations can cultivate leadership excellence and drive sustainable growth in an ever-changing world.

This extensive literature review examination underscores the intricate and profound impact of leadership within organizational settings. Leadership, as
delineated through diverse scholarly perspectives and empirical findings, emerges as a dynamic force shaping organizational dynamics, team performance, and innovation (Bass, 1997; Podsakoff et al., 1990). Through the lens of transformational and transactional leadership styles, leaders are equipped to navigate the complexities of contemporary business environments and inspire their teams towards collective objectives (Bass and Avolio, 1993; Bock, 2008). This synthesis of research underscores the pivotal role of leadership in fostering employee satisfaction, organizational commitment, and ultimately, organizational success (Nahavandi, 2015; Voon et al., 2011). Moreover, the recognition of leadership as a social process underscores the significance of fostering trust, communication, and mutual respect within organizational hierarchies (Omolayo, 2007; Mullins, 2007). Leaders who adeptly balance task-oriented behaviours with people-centred approaches can create environments conducive to employee engagement and the realization of their full potential (Ismail et al., 2009; Dubrin, 2008). As organizations continue to evolve in response to dynamic market forces, the importance of effective leadership remains paramount. By embracing diverse leadership styles and leveraging insights from scholarly research, organizations can cultivate leadership excellence and drive sustainable growth in an ever-changing landscape (Barchiesi et al., 2007; Howell et al., 1993).

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References


