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The Effect of Leadership Styles on Organizational Performance in Public Sector Organizations in Nepal

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Abstract

Leadership plays a significant role in enhancing organizational performance in private and public sector organizations. This research aims to investigate the impact of transformational, transactional, autocratic, and democratic leadership on organizational performance of Nepalese public sector organizations. This research is based on quantitative research, and the research design is cross-sectional. The research collected data from 350 employees of public sector organizations, including universities, hospitals, and local governments of Nepal, using a structured questionnaire. The research used descriptive statistics, reliability, correlation, and regression analyses to analyze the collected data. The findings of the research indicate that transformational and democratic leadership have a high positive impact on organizational performance. Transformational leadership is more significant, whereas transactional leadership is significant but to a lower extent. The findings of the research indicate that autocratic leadership is negatively correlated with organizational performance. This research contributes to the body of knowledge on leadership and public administration by adding empirical findings on the ailing Nepalese public sector and by using one umbrella to analyze various leadership styles. The findings of the research will be helpful for policymakers and executives of public sector organizations to promote democratic and transformational leadership for enhancing organizational performance.

Keywords: Autocratic leadership, Democratic leadership, Leadership styles, Organizational performance, Public sector organizations, Transformational leadership

Introduction

The significance of leadership as a factor of effectiveness in organizations has been widely accepted, and it has been established that it is through leadership that attitudes and behavior of employees are influenced and, therefore, performance results are

affected. Leadership has been established as a requirement for the conduct of employee behavior towards organization goals, maintaining employee motivation, and ensuring performance sustainability over time (Yukl, 2013; Avolio et al., 2009) in an era of complex and dynamic organizational environments. The significance of leadership is highly relevant in organizations that operate in complex and dynamic institutional environments characterized by scarcity of resources, heavy regulatory restrictions, and requirements of accountability and transparency. Leadership is critical for administrative effectiveness and service delivery results, which are inherent in such environments in public sector organizations globally (Filip, 2015; Ohemeng et al., 2018).

The main responsibility of the public sector is to render services to the people in an efficient, equitable, and transparent manner. However, public sector organizations are often confronted with a number of challenges in terms of organizational performance due to bureaucratic red tape, political pressures, and limited autonomy of managers (Hințea 2015; Amoako-Asiedu & Obuobisa-Darko 2017). In a way, leadership style is a major factor in terms of organizational management that can affect a leader in motivating employees, decision-making, etc., under administrative limitation (Bass & Avolio, 1994; Judge & Piccolo, 2004). Every public sector organization always tries to enhance its effectiveness in terms of developing employees' commitment, cooperation, etc., which are greatly influenced by leadership style.

In Nepal, public sector institutions like hospitals, local government offices, and universities are an integral part of the country's development for providing health care, education, and governance. In fact, these institutions, despite their significant contribution to the nation, are often plagued by problems related to service efficiency and accountability, employee motivation and performance, etc. These problems are often linked with bureaucratic structures, lack of managerial freedom, traditional leadership styles based on control instead of employee participation (Filip, 2015; Hințea, 2015). However, the public demand for service efficiency and transparency has

increased, and thus the leadership has taken an important step for improving employee commitment and service delivery and overall performance for public sector institutions in Nepal (Ohemeng et al., 2018; Amoako-Asiedu & Obuobisa-Darko, 2017).

Leadership style is defined as a set of behaviors and techniques used by leaders in guiding, influencing, and driving their employees towards fulfilling organizational needs (Yukl, 2013). The two most researched leadership styles in this regard are transformational and transactional leadership styles, which collectively constitute the Full Range Leadership Model (Bass, 1985; Bass & Avolio, 1994). Generally, transformational leadership is based on motivating the subordinates through vision, intellectual inspiration diversification, and individualized attention, whereas transactional leadership is based on tracking performance, characterization of roles, and reward-based motives (Bass & Riggio, 2006; Judge & Piccolo, 2004). Besides the aforementioned leadership styles, these age-old leadership styles of autocratic and democratic leadership also have a major impact on organizational environments. It is a linear direction based on specific leadership decisions and determinism of leadership control over managers; on the other hand, it is based on inclusive participation and consultation through democratic leadership (Dolatabadi & Safa, 2010; Akanji et al., 2018). These leadership styles have a major impact on staff engagement and loyalty in an organization (Wang et al., 2011; Dumdum et al., 2002).

As much emphasis is given on leadership as one of the essential to promote performance, but there is limited empirical research on leadership styles and performance within the context of the public sector of Nepal. The majority of research is conducted on private organizations, and studies on leadership styles have been conducted individually but not simultaneously using a single lens. This is one of the major gaps. The geographical gap is another, as very few studies have examined the relationship between leadership and organizational performance within the context of Nepal (Donkor, 2021; Thanh & Quang, 2022). The domain gap is another significant gap, as most studies on leadership have been conducted within private organizations,

and very little research is applicable to the public sector, where performance is not measured similarly (Filip, 2015; Ohemeng et al., 2018). The gap that there is limited research on simultaneously assessing leadership styles using a unified regression framework is another gap, as leadership styles have not been simultaneously assessed by most studies (Judge & Piccolo, 2004).

In order to bridge these gaps, the present study aims at examining the impact of transformational, transactional, autocratic, and democratic leadership on organizational performance in public sector organizations of Nepal. In this regard, by using empirical data collected from employees of public universities, public hospitals, and local government offices in Nigeria, the present study attempts to provide specific insights on leadership behaviors that influence organizational performance in a contextual manner. The present study would contribute to the existing literature on leadership and public administration by exploring various leadership styles at all times side-by-side and by examining various aspects of leadership behaviors in public sector organizations of Nepal.

Apart from these, specific objectives of the present study are: To examine the relationship between leadership styles and organizational performance in public sector organizations of Nepal, To analyze the impact of transformational, transactional, autocratic, and democratic leadership on organizational performance, and To provide empirical evidence on leadership and public sector management in Nepal.

Literature Review

Leadership theories have provided significant insights into the relationship that exists between leadership behaviors and organizational outcomes. The most influential leadership theories include the Full Range Leadership Theory, which posits that leadership behaviors can be categorized into transformational leadership and transactional leadership (Bass, 1985; Bass & Avolio, 1994). Transformational leadership is concerned with motivating followers by articulating an attractive vision, providing intellectual stimulation, and individualized consideration. Conversely,

transactional leadership is concerned with role clarification, monitoring performance, and using a contingent reward system (Bass & Riggio, 2006; Judge & Piccolo, 2004). This leadership theory is largely used within organizational research as it demonstrates a significant link that exists between leadership behaviors and employee outcome measures, such as motivation and performance (Avolio et al., 2009). In addition, leadership is very important within public sector organizations as employees have to work closely with bureaucratic structures, and these have a significant influence on the functioning of organizations (Filip, 2015; Ohemeng et al., 2018).

Nothing might be more discussed today than transformational leadership, especially in relation to its high correlation to organizational effectiveness. Transformational leaders inspire employees to pursue a common vision, encouraging innovation and self-development (Bass & Avolio, 1994; Bass & Riggio, 2006). Such leadership behavior results in greater employee engagement, job satisfaction, and organizational effectiveness (Wang et al., 2011; Dumdum et al., 2002). Transformational leadership has been found to increase both employees' performance and organizational commitment in public sector organizations (Donkor, 2021). This argument is further supported by recent studies that found that transformational leadership positively impacts organizational effectiveness through greater employee motivation (Sentoso et al., 2023).

On the other hand, transactional leadership categorically ensures organizational stability through the establishment of a structured management system and organizational performance targets (Bass, 1985). This form of leadership ensures that the workforce is always compliant with the goals set by the organization. Previous research indicates that transactional leadership is beneficial in enhancing organizational performance. This is especially in a formal organizational context where it is essential for the workforce to be compliant with the organizational rules and regulations (Judge & Piccolo, 2004). In the public sector, transactional leadership ensures administrative order and compliance with regulations (Wallace & Trinka, 2009). On the negative side, high levels of transactional

leadership are always detrimental to creativity and intrinsic motivation (Yukl, 2013). Research is ongoing and indicates that transactional leadership is beneficial in enhancing employee engagement and performance, especially in a context where the workforce's roles and reward systems are well defined (Quadri et al., 2024).

Autocratic leadership style is defined as a centralized decision-making approach in which management has a high level of control over employees, with minimal input from them (Dolatabadi & Safa, 2010). Leaders who use this approach are likely to take decisions independently and expect immediate compliance from their subordinates. This approach to leadership can result in greater efficiency in situations that require quick decision-making or on-the-spot decisions. However, studies have shown that it can have a negative impact on motivation to work and organizational commitment (Guluta & Rusu, 2016; Atkin-Plunk & Armstrong, 2013). The absence of employee input can result in a decline in job satisfaction and lower organizational effectiveness. Recent studies have shown that the use of authoritarian leadership in public organizations can undermine effectiveness because it can limit employees' input and innovation (Ikeanyibe & Ukah, 2024).

Democratic or participative leadership focuses on shared decision-making, communication, and the involvement of employees in the processes of the organization (Akanji et al., 2018)*. Such leaders, who use this style of leadership by adopting this method of leadership, encourage collaboration and consultation, which in turn increases the commitment of employees and actually working together as a team. Democratic leadership, as research indicates, increases motivation and satisfaction of employees, which in turn increases performance (Donkor 2021). In reference to organizations in the public sector, this style of leadership is significant as it influences the extent of transparency and accountability in terms of involvements (Amoako-Asiedu & Obuobisa-Darko, 2017). And newly allowed studies characterized positive influence of participatory leader on forming good performance in the organization and reforms in the government sector (Ananda et al., 2024).

Thus, leadership styles are one of the very important factors that influence organizational performance in organizations such as those in the public sector, functioning in a bureaucratic environment (Filip, 2015; Hinte, 2015). In general, transformational and democratic leadership styles are positively related to high levels of employee engagement and organizational performance, while transactional leadership provides very significant performance management functions (Ohemeng et al., 2018). On the other hand, the autocratic leadership style diminishes the involvement and creativity of employees, which may lead to suboptimal performance (Guluta & Rusu, 2016). There is significant research in the area of leadership styles and performance in organizations, but there is a lack of such studies in the context of developing nations, including Nepal (Bhattarai et al., 2020). In addition, the vast majority of the research conducted in the area of leadership styles and performance in organizations has been conducted in the context of private sector organizations or in the context of individual leadership styles rather than in combination.

Despite numerous scholarly articles on leadership and organizational performance, evidence-based data on leadership in Nepal's public sector is found to be lacking. There is a lack of research on multiple leadership styles simultaneously through a similar lens in public sector institutions such as universities, hospitals, and government offices.

On the basis of the above theoretical and empirical evidence, this study develops a framework that explores the relationship between transformational, transactional, autocratic, and democratic leadership styles and organizational performance in Nepal's public sector.

Conceptual Framework and Hypotheses

Theoretical Background and Development of Hypotheses

At the organizational level, leadership style has a huge impact on employee motivation and performance. Leadership style helps in creating an employee perception of a favorable work environment and stimulates responding to modern organizational goals

and effectiveness. In public sector organizations, for instance, organizational performance is often challenged by bureaucratic and administrative barriers (Yukl, 2013; Judge & Piccolo, 2004). Leadership style in this context could be an important factor for subordinates to motivate themselves and deliver quality services. It is therefore reasonable to conclude that leadership style is likely to drive organizational performance through influencing employee behaviors and performance (is the performance of behaviour).

This study intends to explore the impact of four leadership styles, namely transformational leadership, transactional leadership, autocratic leadership, and democratic leadership on organizational performance in public sector organizations in Nepal. From this perspective, leadership styles in public sector organizations in Nepal will be considered as independent variables, and organizational performance will be considered as a dependent variable. According to this perspective, leadership style has a direct impact on employee motivation and performance, which in turn affects organizational performance (Yukl, 2013).

The theory demonstrates how transformational leadership inspires employees by means of a prestigious vision, mental ardor, and personal recognition (Bass & Avolio, 1994). This, in turn, makes employees go beyond normal expectations and strive to attain organizational goals. Research findings up to now have shown that transformational leadership boosts employee commitment and organizational performance (Dumdum et al., 2002; Wang et al., 2011). This form of leadership is instrumental for organizations within the public domain, as it makes room for innovation, as is done within private organizations, within the boundaries and limitations of bureaucracy (Hințea, 2015; Ohemeng et al., 2018).

H1a: Transformational leadership is positively correlated with organizational performance.

The transactional leadership is based on ensuring organizational stability by monitoring organizational performance and reward systems (Bass, 1985). This form of leadership is

based on establishing organizational expectations and compliance with organizational processes. Research findings have shown that transactional leadership boosts organizational performance by promoting administrative discipline (Judge & Piccolo, 2004; Wallace & Trinka, 2009).

H1b: Transactional leadership has a positive impact on organization performance.

Autocratic leadership is characterized by situational control with little employee involvement. (Dolatabadi & Safa, 2010) Although the process is successful in some cases, it is often characterized by negative consequences for the organization's employees. Studies have shown that the use of the autocratic leadership style results in negative consequences for organization performance. (Guluta & Rusu, 2016; Atkin-Plunk & Armstrong, 2013)

H1c: Autocratic leadership negatively impacts organization performance.

Democratic leadership is characterized by the involvement of the employees in the decision-making process by the leader. (Akanji et al., 2018) The use of the democratic approach is beneficial to the organization since it promotes organization performance. Past studies have shown that participatory leadership results in increased motivation among the organization's employees. (Donkor, 2021) In the public sector organization, the leadership approach is crucial since it promotes teamwork. (Amoako-Asiedu & Obuobisa-Darko, 2017)

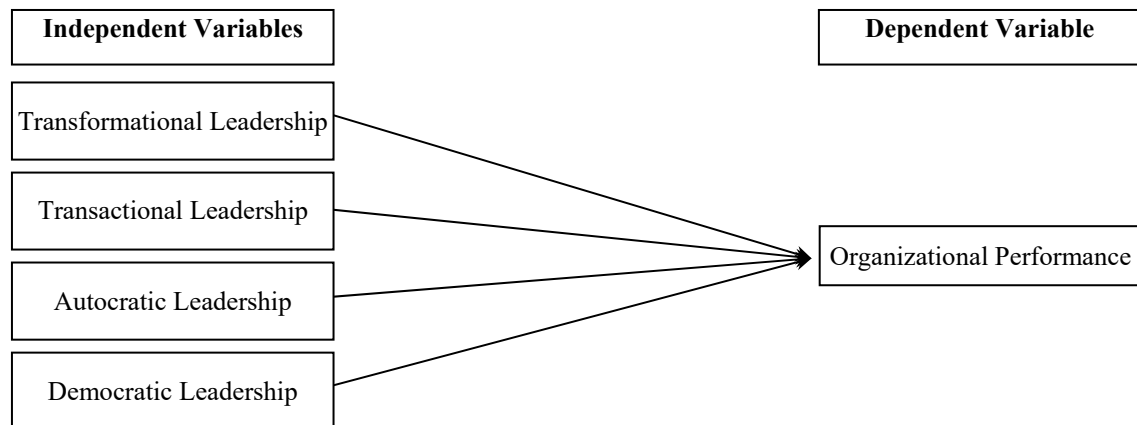
H1d: Positive relationship between Democratic leadership and organizational performance.

This research follows the positivistic philosophy of research which it believes can be quantified with objective measurements through the use of quantitative data. Positivism is appropriate for research aimed at finding evidence for causal relationships and testing hypotheses through empirical evidence (Gall et al., 1996). In line with this philosophy, the research adopts a deductive approach wherein various hypotheses were developed based on existing leadership theories and then tested against empirical evidence. In the

part of the organization, analyze and criticize the assumptions based on the relationship between different leadership styles and performance through statistics analysis.

Figure 1

Conceptual Framework



Source: Bass and Avolio (1994); Akanji et al. (2018); Hair et al. (2019).

The study which aimed to explore the association of leadership styles with organizational performance of public sector organizations in Nepal used a quantitative cross-sectional research design. Cross-sectional studies allow researchers to gather data from responders at a time for them to analyze relationships between variables at a fast pace. Structural equation modeling is one of those strong statistical tools used for studying relationships in the workplace and leadership due to its ability to test theoretical relationships with large samples (Sekaran & Bougie, 2016).

The participants for this study consisted of employees from various public sector organizations in Nepal. These organizations included local government offices, public universities, and public hospitals. These organizations were chosen for this study since they are the major public sector organizations responsible for providing education, health care, and administrative governance. These organizations have employees at all levels of organizational hierarchy, ranging from staff members to supervisors and managers. These levels of organizational hierarchy have been considered for this study in order to provide a holistic overview of the research area. Since there is a lack of a

comprehensive sampling frame for this research and considering the dispersed nature of public sector employees, a non-probability convenience sampling approach was considered for this study. This approach is considered suitable for organizational research studies when access to the target population is limited and the purpose of the research study is theoretical in nature (Etikan et al., 2016). The total number of survey participants for this research study was 350. A large number of participants is considered sufficient for a multiple regression analysis (Hair et al., 2019).

The data collection process involved direct collection of data from employees in the selected public sector organizations through a structured questionnaire. The structured questionnaire had two sections. In the first section of the structured questionnaire, demographic data were collected. The demographic data included questions on employees' gender, age, levels of education attained, type of organization in which they were working, and job position in the organization.

Transformational leadership, transactional leadership, autocratic leadership, and democratic leadership were considered independent variables in the study. Organizational performance was considered a dependent variable in the study. In addition, we considered measuring all leadership styles using six items based on well-known scales measuring leadership style that fit well into the Full Range Leadership Theory (Bass & Avolio, 1994; Bass & Riggio, 2006). Items measuring autocratic and democratic leadership were considered based on previous studies on autocratic leadership style (Dolatabadi & Safa, 2010; Akanji et al., 2018). The study considered measuring organizational performance using eight items related to employees' perceptions of organizational efficiency in public sector organizations.

Each item is measured using a five-point Likert scale ranging from 1, which means strongly disagree, to 5, which means strongly agree. This is one of the most used methods of measurement for leadership and organizational studies, as it is helpful for researchers to explore employees' perceptions using these statements, which can later be converted into quantified data for further statistical processes (Sekaran & Bougie, 2016).

Cronbach's alpha test is used for assessing the reliability of measurement scales. This test checks for internal consistency within the measurement items. If Cronbach's alpha is found to be 0.70 and above, it is considered acceptable for research purposes (Nunnally & Bernstein, 1994). The reliability test showed that the constructs used for our research have achieved the proposed cut-off, and internal consistency is acceptable. Measurement items have been adapted from existing theoretical frameworks and studies to ensure content validity (Bass & Avolio, 1994; Akanji et al., 2018). Additionally, using multiple items to measure a single variable helped to establish construct validity (Hair et al., 2019).

Methodology

Data collection was done using a self-administered questionnaire and distributed to employees in public universities, public hospitals, and local government offices in Nepal. The participants were informed about the purpose of the research and that participation in the research was voluntary. To ensure that there was no response bias and that the participants answered the questions honestly, the anonymity and confidentiality of the participants were ensured. Informed consent was obtained from the participants, and this is considered ethical in social research (Creswell, 2014).

The data was coded and analyzed using the SPSS software for statistical analysis. Descriptive statistics were computed for demographic information, and the distribution of the variables in the study was analyzed. In addition, reliability analysis was conducted to analyze the internal consistency of the data. Furthermore, the correlation between leadership styles and organizational performance was analyzed. Lastly, a regression analysis was conducted to analyze the prediction effects of transformational, transactional, autocratic, and democratic styles of leadership on organizational performance (Field, 2018).

Various statistical assumptions were checked before the regression of the data. These included normality, linearity, multicollinearity, and homoscedasticity. These are the basic tests for the regression data (Hair et al., 2019). These are the statistical assumptions that have to be made about the data. Checking for these is very well out

from the results because it is evident that the regression model is applicable for the analysis of all the relationships between the variables.

The research regression equation of the study is presented as follows:

$$OP = \beta_0 + \beta_1(TL) + \beta_2(TSL) + \beta_3(AL) + \beta_4(DL) + \varepsilon \quad \dots (1)$$

Where:

OP = Organizational Performance

TL = Transformational Leadership

TSL = Transactional Leadership

AL = Autocratic Leadership

DL = Democratic Leadership

β_0 = Constant term

β_1 – β_4 = Regression coefficients

ε = Error term

Results

This section presents and discusses the findings of this study. The findings are presented under sample characteristics, descriptive statistics, reliability, correlation analysis, and regression analysis. However, all the findings presented in this article are based on the responses received in the survey conducted among 350 employees working in public universities, public hospitals, and local government offices in Nepal.

Demographic Characteristics

The demographic characteristics of the respondents are presented in Table 1. The sample size consisted of 350 employees working in public universities (34.0%), public hospitals (33.1%), and local government offices (32.9%). It can be inferred that all three groups of public sector employees were well represented in the sample. Among the respondents, males were 210 (60.0%) and females were 140 (40.0%). The age groups were mostly in the range of 31-40 years (40.0%), followed by 21-30 years (35.1%), 41-50 years (18.0%), and ≥ 51 years old (6.9%). In terms of educational achievements,

32.0% of the participants had a bachelor's degree, 50.0% had a master's level of educational qualification, and 18.0% had attained a level of educational qualification in MPhil/PhD. In terms of job roles, moderate representation was found in terms of staff (55.1%), supervisors (30.0%), and managers (14.9%).

Table 1

Demographic Profile of Respondents (N = 350)

Variable	Category	Frequency	Percentage (%)
Gender	Male	210	60.0
	Female	140	40.0
Age Group	21–30 years	123	35.1
	31–40 years	140	40.0
	41–50 years	63	18.0
	51+ years	24	6.9
Education	Bachelor	112	32.0
	Master	175	50.0
	MPhil/PhD	63	18.0
Organization Type	Public University	119	34.0
	Public Hospital	116	33.1
	Local Government	115	32.9
Position Level	Staff	193	55.1
	Supervisor	105	30.0
	Manager	52	14.9

Descriptive Statistics

Descriptive statistics are presented in Table 2. The mean score of transformational leadership was the highest among all, with $M = 4.19$ and $SD = 0.26$. This indicates that there was high agreement among the respondents. A similar pattern was observed in the mean score of democratic leadership, with $M = 4.08$ and $SD = 0.27$. In contrast, the mean score of transactional leadership was moderate, with $M = 3.81$ and $SD = 0.26$. On the other hand, the mean score of autocratic leadership was the lowest, with $M = 2.28$

and $SD = 0.29$. This indicates low perception of autocratic leadership among the sailor managers. In addition, the mean score of organizational performance was high, with a mean of 3.99 and $SD = 0.23$. With regard to the views of transformational and democratic leadership styles, as a whole, they were the most favorable in the organization.

Table 2

Descriptive Statistics of Study Variables

Variable	Mean	Standard Deviation
Transformational Leadership	4.19	0.26
Transactional Leadership	3.81	0.26
Autocratic Leadership	2.28	0.29
Democratic Leadership	4.08	0.27
Organizational Performance	3.99	0.23

Reliability Results

Table 3 shows the reliability values. It is evident from the Cronbach's alpha values that the results have strong reliability because the values are above 0.80 for transformational leadership ($\alpha = 0.88$), transactional leadership ($\alpha = 0.84$), autocratic leadership ($\alpha = 0.81$), democratic leadership ability ($\alpha = 0.87$), and organizational performance ($\alpha =$ All values are above 0.70. Therefore, the scales adopted by the researcher have reliability.

Table 3

Reliability Statistics

Construct	Number of Items	Cronbach's Alpha
Transformational Leadership	6	0.88
Transactional Leadership	6	0.84
Autocratic Leadership	6	0.81
Democratic Leadership	6	0.87
Organizational Performance	8	0.90

Correlation Analysis

Results of Pearson correlation are shown in Table 4. Note that transformational leadership was significantly and positively associated with organizational performance ($r = .56, p < .01$), indicating that the higher the transformational leadership, the higher the excellence in organizational performance. Likewise, transactional leadership was significantly associated with organizational performance ($r = .41, p < .01$). On the other hand, autocratic leadership was significantly and inversely associated with organizational performance ($r = -0.29, p < .01$), indicating that such a style of leadership is not beneficial for organizational performance. Democratic leadership was significantly and positively associated with organizational performance more than the other styles of leadership ($r = .59, p < .01$), reinforcing its positive impact on organizational performance. The association between the various styles of leadership revealed that transformational and democratic styles are positively associated, while autocratic is inversely associated with the rest.

Table 4

Correlation Matrix

Variable	TL	TSL	AL	DL	OP
Transformational Leadership (TL)	1				
Transactional Leadership (TSL)	.42**	1			
Autocratic Leadership (AL)	-.31**	-.28**	1		
Democratic Leadership (DL)	.48**	.39**	-.34**	1	
Organizational Performance (OP)	.56**	.41**	-.29**	.59**	1

Note: $p < .01$

Regression Analysis

The multiple regression results are reported in Table 5. The model explained 48 % of the variance in organizational performance ($R^2 = .48$) and was statistically significant ($F = 78.62, p < .001$). Leader style Transformational leadership emerged as a significant positive predictor ($\beta = .32, t = 6.45, p = .000$), as

well as between transactional leadership ($\beta = .18$, $t = 3.92$, $p = .000$) and democratic leadership ($\beta = .35$, $t = 7.18$, $p = .000$). However, autocratic leadership was found to be a strong negative predictor ($\beta = -.15$, $t = -3.21$, $p = .001$). Of particular interest was the ramifications of democratic leadership on organizational performance, which represented one of the most important predictors driving organizational performance after transformational leadership.

Table 5

Multiple Regression Results (Dependent Variable: Organizational Performance)

Predictor	β	t	Sig.
Transformational Leadership	.32	6.45	.000
Transactional Leadership	.18	3.92	.000
Autocratic Leadership	-.15	-3.21	.001
Democratic Leadership	.35	7.18	.000
R ²	.48		
F-value	78.62		.000

Discussion

The aim of the research is to examine the effect of Transformational, Transactional, Autocratic, and Democratic Leadership on Organizational Performance in Public Sector Organizations of Nepal. Results: From the research results, it can be concluded that leadership styles are significant predictors of organizational performance. Transformational Leadership and Democratic Leadership were found to be the strongest among the positive predictors of performance. Transactional leadership type was also found to be positively related to performance, although to a lower extent than the other two types. On the other hand, autocratic leadership was found to have a significant negative influence on performance. From the research results, it can be concluded that the democratic and inspirational leadership style would be effective in improving performance in the Nepalese Public Sector, while the autocratic leadership type would not be effective.

The high and significant positive effect of transformational leadership indicates that public sector employees in Nepal appreciate and value a leader who provides vision, intellectual stimulation, and individualized consideration. In universities, hospitals, and government offices, public sector employees often operate under circumstances of scarcity and compartmentalization. In their studies on organizations, they learned that "transformational leadership may be especially critical in motivating subordinates to better performance, enthusiasm on the job, and commitment to organizational goals" (Bass & Riggio, 2006; Hințea, 2015). Transformational leadership has been proven to significantly and positively impact performance through promoting employees' emotional commitment by guiding their efforts towards organizational goals.

Similarly, the strong positive impact of democratic leadership emphasizes the significance of participation and consultation in the process of decision-making. Democratic leadership promotes participation by employees, which is likely to be found in public sector organizations where the potential for collaborative action is critical. The engagement of the stakeholder within the organization is likely to promote collaboration and transparency in action, which is likely to enhance performance. The findings of this study suggest that democratic leadership is highly beneficial in public-sector institutions such as universities, hospitals, and local government offices (Akanji et al., 2018; Donkor, 2021).

Organic performance also had a strong positive relationship with transactional leadership. This may suggest that in public sector organization, conventional structured bureaucratic leadership styles, such as performance monitoring and the specification of roles and reward systems, are relevant. Transactional leadership is useful for maintaining administrative order and ensuring conformity to institutional rules and regulations. These are relevant in a bureaucratic setting (Judge & Piccolo, 2004; Wallace & Trinka, 2009).

On the other hand, since transactional leadership has a moderate impact on performance compared to transformational leadership and democratic leadership, it may be necessary

for public sector performance improvement in Nepal to go beyond administrative order. Leaders who combine conventional management styles with participative and motivational leadership styles may generate better performance.

On the other hand, autocratic leadership had a very strong negative correlation with organizational performance. The research indicates that various forms of leadership, such as decision-making centralization and employee involvement, have a negative impact on employee motivation, leading to a reduction in overall effectiveness. Employees in the public sector of Nepal have become more participatory and autonomy-oriented, and autocratic intrapersonal leadership may have a negative impact on morale and overall organizational effectiveness.

On the other hand, unlike in previous research studies that focused on aspects of leadership and output performance, the findings in this study are consistent. This positive effect of transformational leadership is in agreement with previous research findings that indicated a strong correlation between transformational leadership and employee motivation and organizational effectiveness (Wang et al., 2011; Dumdum et al., 2002). This positive effect of democratic leadership is in agreement with research findings that focus on participative leadership styles in the achievement of positive output in public sector work environments (Amoako-Asiedu & Obuobisa-Darko, 2017; Donkor, 2021). Furthermore, the findings of transactional leadership in this study are in agreement with research findings that focus on the function of transactional leadership in maintaining order in an organizational environment (Asrar-ul-Haq & Kuchinke, 2016). On the other hand, the negative effect of autocratic leadership is in agreement with previous research findings that indicated a negative effect of autocratic leadership on employee motivation levels and, in turn, organizational performance (Guluta & Rusu, 2016).

Theoretically, this study affirms the importance of incarnating the theory of incarnating leadership within Nepal's public sector organizations. These findings prove that leadership styles do influence performance significantly, including in bureaucratic

institutional bureaucracies. By examining different types of leadership styles simultaneously, this study offers empirical evidence of the superiority of participative and transformational styles of leadership in improving performance for public sector organizations (Bass, 1985; Filip, 2015).

Conclusion

This study aims to assess the impact of transformational leadership, transactional leadership, autocratic leadership, and democratic leadership styles on organizational performance within public sector organizations in Nepal. Based on the data collected from 350 employees of public universities, hospitals, and local government agencies, the results showed that the leadership styles have a significant impact on the performance of the organization. In particular, transformational leadership and democratic leadership styles have strong positive relationships with organizational performance. In addition, transactional leadership has a moderate positive relationship with organizational performance. However, the results showed a significant negative relationship between autocratic leadership and organizational performance.

From a practical point of view, what these findings suggest is that for organizations in Nepal, there is a need to focus on leadership development programs, especially on transformational and democratic leadership behaviors. Communicating directly to employees, cooperation, and employee involvement in decision-making processes are things that leaders should do for organizations to function well. Administrative discipline is important, and transactional leadership behaviors such as role definition and performance control are essential, but these should be complemented by participatory leadership behaviors.

At the policy level, it is important to incorporate the development of leadership competency in the civil service recruitment, promotion, and training policies. Reforms in education in a public sector context should aim to provide a framework for its own leadership to model behaviors that encourage accountability, engagement, and transparency. These are all important aspects of service delivery and building trust with the public, who, after all, are the ones paying for these public institutions.

This study has a number of limitations. First, it is limited in its ability to determine causality in the relationship between leadership styles and organizational performance due to the use of a cross-sectional research design. Second, it is limited in its ability to determine reporting bias due to the use of self-report survey data. Third, it is limited in its ability to generalize findings to the larger public sector workforce in Nepal due to the use of a convenience sampling approach.

It is proposed that future studies could focus on using longitudinal designs and mixed methods to help obtain a closer insight into the time-related impact that leadership styles can have on organisational performance. Future studies could also seek to investigate a range of other differing factors that could help to explain the significant link found between leadership and performance within the Nepalese public sector, including cultural aspects of organisations, employee motivation, and governance.

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