The Mediating Effect of Employee Engagement on the relationship between Leadership styles and Organizational Performance: Evidence from Oyo State, Nigeria

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Abstract

This study examines the mediating role of employee engagement in the relationship between leadership styles and organizational performance in selected manufacturing firms in Oyo State, Nigeria. Using purposive and simple random sampling, data were collected from 235 respondents across five manufacturing companies through structured questionnaires. Analysis was conducted with the aid of Path Analysis Structural Equation Modelling (PA-SEM), using STATA version 15. The leadership dimensions investigated included Individualized Consideration, Idealized Influence, Inspirational Motivation, Management-by-Exception, and Laissez-Faire leadership. The results indicate that all leadership styles exerted positive and statistically significant effects on organizational performance ($p < 0.001$). Transformational leadership dimensions, particularly Idealized Influence and Individualized Consideration, demonstrated the strongest direct effects, while transactional and passive styles showed relatively weaker impacts. Path analysis further confirmed that employee engagement significantly mediated the relationship between all leadership styles and organizational performance, with the strongest indirect effects observed for Individualized Consideration and Idealized Influence. The study concludes that transformational leadership enhances performance more effectively than transactional and passive approaches, largely through fostering employee engagement. It recommends leadership practices that emphasize ethical role modelling, individualized support, and motivation to improve engagement and performance, contributing empirical evidence from Nigeria's manufacturing sector

Keywords: *Individualized Consideration, Idealized Influence, Inspirational Motivation, Management-by-Exception, Laissez-Faire leadership, Organizational performance*

Introduction

The manufacturing sector is widely recognized as a cornerstone of economic transformation, playing a decisive role in poverty reduction, employment generation, and wealth creation. Extensive evidence shows that manufacturing-led growth has underpinned the economic advancement of developed economies such as the United States, the United Kingdom, Germany, Japan, and France, while also accelerating China's emergence as one of the world's fastest-growing economies (Signe, 2018). In line with this trajectory, the United Nations (2020) reports that manufacturing expansion in Asia increased the sector's contribution to gross domestic product (GDP) from 15.2 percent in 2005 to 16.3 percent in 2017. For developing economies, manufacturing remains a critical driver of structural transformation, productivity enhancement, and sustainable development (Akenbor & Okoye, 2011). Collectively, these studies position manufacturing as a central agent of economic change with the capacity to stimulate inclusive growth and reduce unemployment globally. Despite its strategic importance, the manufacturing sector has become increasingly vulnerable to external shocks and competitive pressures. The COVID-19 pandemic, coupled with intensifying global competition, rapid technological advancement, and shifting customer expectations, has significantly disrupted manufacturing operations worldwide. Anca-Ioana et al. (2010) contend that no organization is immune to today's hyper-competitive and rapidly changing business environment, where firms are required to deliver high-quality, low-cost products under compressed time constraints. These pressures are particularly acute in emerging economies, where structural weaknesses often limit firms' ability to respond effectively to market demands and technological change.

In Nigeria, these challenges have translated into a sustained decline in manufacturing performance. Data from the National Bureau of Statistics (2020) reveal substantial profit contractions among leading firms, including Guinness Nigeria (76 percent), Unilever Nigeria (50 percent), Mobil Oil (39 percent), and Nestlé Nigeria (50.8 percent), with similar downturns observed among other major manufacturers. Beyond financial performance, operational disruptions, ranging from supply chain interruptions and equipment failures to labour unrest and natural disasters, have become increasingly prevalent (Business Continuity Institute, 2013). These developments have eroded consumer confidence and heightened uncertainty, underscoring the urgency for Nigerian manufacturing firms to adopt more adaptive and resilient organizational capabilities. Within this context, organizational agility has emerged as a critical strategic capability. Agility is commonly defined as an organization's ability to sense environmental changes and respond rapidly and effectively without sacrificing strategic coherence or performance (Doz & Kosonen, 2008; Janssen, 2010). From a manufacturing perspective, agility encompasses rapid decision-making, cost efficiency, continuous monitoring of market signals, and the ability to reconfigure resources to deliver value under conditions of uncertainty (Erande & Verma, 2008; Lu & Ramamurthy, 2011). Empirical studies further suggest that organizational agility is a key source of sustainable competitive advantage in turbulent environments (Bashkarada & Coronios, 2018).

However, agility does not emerge in isolation; it is fundamentally shaped by leadership. Leadership style has been consistently identified as a pivotal antecedent of organizational agility, influencing how firms interpret environmental signals, mobilize resources, and enact change (Ojokuku et al., 2013). Leaders play a central role in shaping organizational values, decision-making processes, and employee responses to uncertainty (Oliveira et al., 2012). Northouse (2010) conceptualizes leadership as a process of social influence directed toward the achievement of shared goals, emphasizing its role in aligning individual effort with organizational priorities. Transformational leadership, in particular, has been associated with enhanced motivation, adaptability, and openness to change, enabling organizations to renew their strategies without losing momentum (Ismail et al., 2009; Azka et al., 2011). While leadership is widely acknowledged as a determinant of organizational performance, its effects are rarely direct. Instead, leadership exerts influence through intermediate mechanisms that shape employee attitudes and behaviors. Employee engagement, defined as the cognitive, emotional, and behavioral investment individuals bring to their work roles, has been increasingly recognized as a central explanatory mechanism linking leadership to performance outcomes. Engaged employees are more likely to exhibit discretionary effort, comply with operational standards, contribute improvement ideas, and remain with the organization, all of which are particularly critical in manufacturing settings characterized by tight cost, quality, and delivery requirements.

The mediating role is strongly underpinned by established theoretical perspectives. Social Exchange Theory posits that when leaders demonstrate support and fairness, employees are more likely to reciprocate with heightened commitment and engagement. Similarly, the Job Demands–Resources (JD–R) model argues that leadership-provided resources—such as autonomy, constructive feedback, and role clarity—promote employee engagement while mitigating the adverse effects of job demands. The Ability–Motivation–Opportunity (AMO) framework further explains how leadership practices convert employee abilities into improved performance by stimulating motivation and creating opportunities for participation. Empirical studies also substantiate this mediating mechanism. Evidence from the public sector indicates that both transformational and transactional leadership styles significantly influence employee engagement and performance, with engagement serving as a crucial intermediary variable

(Quadri et al., 2024). In the hospitality sector, transformational leadership has been shown to enhance employee performance by strengthening work engagement, which in turn fosters participatory and empowering behaviours that improve productivity and service quality (Hella, 2024). Likewise, Mphaluwa et al. (2025) demonstrate that charismatic and democratic leadership styles positively affect engagement and performance, with employee engagement acting as the conduit through which leadership behaviours are translated into superior performance outcomes.

Despite this strong theoretical grounding and consistent empirical evidence, studies within the Nigerian context, particularly at the subnational level, remain sparse and fragmented. Therefore, this study seeks to examine the mediating role of employee engagement in the relationship between leadership styles and organizational performance in manufacturing firms in Oyo State, Nigeria. By explicitly positioning employee engagement as the mechanism through which leadership affects performance, the study advances both theory and practice. The findings are expected to contribute to leadership and engagement scholarship in emerging economy contexts, while offering evidence-based guidance for leadership development, supervisory practices, and human resource systems aimed at enhancing agility, resilience, and sustained performance in the manufacturing sector.

Theoretical Framework

This study is grounded in Situational Leadership Theory, Goal-Setting Theory, and Theory X and Theory Y, which collectively explain how leadership styles shape employee engagement and how engagement, in turn, mediates the relationship between leadership and organizational performance (Ismail et al., 2009). Situational Leadership Theory emphasizes the importance of leadership adaptability in enhancing employee engagement and organizational performance. Developed by Hersey and Blanchard in 1969, the theory argues that no single leadership style is universally effective; instead, leaders must adjust their behaviours to match employees' levels of competence and commitment. It identifies four leadership styles—Telling, Selling, Participating, and Delegating, aligned with follower readiness levels from low to high. By balancing task- and relationship-oriented behaviours based on employee readiness, leaders can create supportive conditions for productivity and growth. In terms of employee engagement, the theory highlights the need for appropriate levels of guidance, support, and autonomy (Kabigo, 2016). Directive leadership is effective for less experienced employees, while participative and delegative styles empower capable employees, fostering trust, motivation, and psychological safety. Ultimately, situationally appropriate leadership enhances engagement, a key mechanism for improving productivity, innovation, retention, and overall organizational performance (Judge, 2023).

Goal-Setting Theory emphasizes the powerful motivational role of clear, specific, and challenging goals in enhancing employee commitment, engagement, and performance. Originally proposed by Edwin Locke (1968) and later refined with Gary Latham (1990), the theory posits that well-defined and attainable goals significantly improve motivation and task performance (Kanu, 2020). It is anchored on five core principles: goal clarity, challenge, commitment, feedback, and task complexity. Empirical evidence suggests that specific and challenging goals, when accepted by employees, stimulate greater effort, persistence, and performance than vague or easily achievable goals (Judge et al., 2023). In the context of employee engagement, Goal-Setting Theory is particularly relevant because clearly articulated goals provide employees with direction, purpose, and a sense of achievement. When leaders communicate goals effectively and ensure they are realistic yet challenging, employees are more likely to feel involved, valued, and psychologically invested in their work (Kara, 2025). Continuous feedback, a central component of the theory, further strengthens engagement by enabling employees to track progress, recognize accomplishments, and identify areas for improvement (Karadag, 2015). From a leadership perspective, the theory highlights the critical role leaders play in formulating, communicating, and monitoring goals. Transformational and participative leaders often leverage goal-setting to inspire commitment and shared purpose, while transactional leaders may use goals to define performance standards and reinforce reward systems. Ultimately, Goal-Setting Theory establishes a clear link between leadership-driven goal clarity, heightened employee engagement, and improved organizational performance, including productivity, innovation, and overall effectiveness (Khan, 2025).

Theory X and Theory Y explain how leaders' underlying assumptions about employees shape their leadership approach, influence employee engagement, and ultimately affect organizational effectiveness. Developed by Douglas McGregor (1960), the theory presents two contrasting views of human behaviour at work. Theory X assumes that employees inherently dislike work, avoid responsibility, and require close supervision and control to achieve organizational objectives (Liao, 2024). In contrast, Theory Y assumes that employees view work as natural, are self-motivated, seek responsibility, and are capable of self-direction when committed to organizational goals. In the context of employee engagement, Theory Y provides a strong foundation for creating a supportive and participative work environment. Leaders who embrace Theory Y assumptions are more likely to empower employees, grant autonomy, and encourage involvement in decision-making, thereby enhancing engagement and commitment (Liao, 2024). Conversely, Theory X-oriented leadership often results in low morale, disengagement, and resistance due to excessive control and limited trust (Ogolla, 2020). From a leadership-style perspective, Theory X aligns with autocratic and directive approaches, while Theory Y aligns with democratic, transformational, and participative leadership styles. These assumptions significantly influence how leaders manage people and mobilize effort. Ultimately, Theory Y is associated with higher levels of innovation, creativity, and sustained performance, whereas Theory X may yield short-term compliance but often undermines long-term organizational effectiveness (Smedick & Rice, 2018).

The combined application of Situational Leadership Theory, Goal-Setting Theory, and Theory X and Theory Y provides a more comprehensive and integrated explanation of how leadership styles influence employee engagement and how engagement mediates the leadership–performance relationship than any single theory could offer independently. These theories intersect around three core assumptions: leadership behaviour is contingent rather than fixed, employee motivation is malleable and influenced by managerial actions, and engagement serves as the psychological mechanism through which leadership inputs are converted into performance outcomes.

Empirical Review

A synthesis of extant literature underscores the substantial influence of leadership styles on organizational performance and agility. Kara (2025) identifies a strong relationship between leadership styles and organizational performance, a finding corroborated within the Nigerian context by Ibrahim (2025). Similarly, studies by Hoch (2025) and Chen (2025) demonstrate that leadership styles significantly shape organizational outcomes. Judge (2023) further emphasizes leadership style as a major predictor of organizational performance, while Kanu (2020) reinforces its role as a key determinant of overall organizational effectiveness. Beyond performance, leadership style has been consistently linked to organizational agility. Empirical evidence from Wang (2023) and Gagel (2018) reveals positive associations between leadership behaviours and agility, a relationship also confirmed by Onikoyi and Babatunde (2018). In the Nigerian banking sector, Ojokuku et al. (2013) observe that transformational leadership strongly enhances organizational performance, whereas transactional leadership exhibits comparatively weaker effects. Webb (2003) similarly reports that both transformational and transactional leadership contribute positively to organizational agility.

Specific dimensions of transformational leadership have also been widely examined. Studies across diverse contexts consistently establish that idealized influence significantly enhances organizational performance. Evidence from Indonesia (Adha et al., 2020), Bangladesh (Toriqul et al., 2019), Nigeria

(Ojokuku et al., 2013; Igbaekemen, 2015), Pakistan (Ahmad, 2019), the Middle East (Al Khajeh, 2021), China (Arif & Akram, 2018), and Ghana (Danso et al., 2018) demonstrates that idealized influence is a major predictor of organizational performance, as well as employee happiness and commitment. Collectively, these findings suggest that leaders who serve as ethical role models and inspire trust are more likely to foster high-performing organizations. Similarly, inspirational motivation has been shown to exert a significant positive effect on organizational performance. Empirical studies by Abasilim et al. (2018) and Bass (2020) confirm inspirational motivation as a strong predictor of performance outcomes. Further evidence from Odiri and Ideh (2021), Eze (2023), and Meiling et al. (2023) indicates that inspirational motivation enhances employee satisfaction, engagement, and overall organizational performance across contexts such as Nigeria and Malaysia. Akparep et al. (2019) also report a positive association between inspirational motivation and organizational performance within Ghanaian organizations, highlighting its role in strengthening employee motivation and organizational capabilities. Research on individualized consideration likewise reveals consistent positive effects on organizational outcomes. Dean Vella (2023) demonstrates that individualized consideration significantly improves employee commitment and organizational performance. These findings are reinforced by Al Khajeh (2021), Abdullah (2020), Odiri and Ideh (2021), and Akparep et al. (2019), who collectively establish individualized consideration as a key determinant of job satisfaction, organizational citizenship behaviour, and firm performance across different national contexts.

Transactional leadership components, particularly management-by-exception, have also been linked to organizational performance. Studies by Demir et al. (2021), Meiling et al. (2023), Torlak et al. (2021), Khan and Yildiz (2020), and Top et al. (2020) consistently show that management-by-exception is positively associated with employee motivation and organizational performance. Adha et al. (2020) further confirm its significant and positive contribution to performance outcomes, suggesting that corrective and monitoring mechanisms, when appropriately applied, can enhance organizational effectiveness. Evidence regarding laissez-faire leadership presents a more nuanced but generally positive picture. Hoch (2025), Chen (2025), Ibrahim (2025), and Kara (2025) report that laissez-faire leadership positively influences employee commitment, job satisfaction, and organizational performance. Earlier studies by Aghashahi et al. (2013) and Aboodi et al. (2013) similarly indicate that laissez-faire leadership can enhance employee motivation, engagement, and organizational capabilities under certain conditions.

Overall, these empirical findings collectively imply that leadership styles, across transformational, transactional, and laissez-faire dimensions, play a critical role in shaping employee engagement and, ultimately, organizational performance and agility

Employee Engagement as a mediator

Employee engagement can be described as the degree of emotional connection and active participation employees exhibit toward their work, their organization, and its objectives. It is manifested in employees' readiness to exert discretionary effort—exceeding formal job requirements—to support organizational success. Engaged employees are characterized by vigor, dedication, and deep absorption in their tasks, which enhances not only their personal well-being but also overall organizational effectiveness. Extant research consistently identifies employee engagement as a critical mechanism through which leadership styles influence organizational performance. Quadri et al. (2024) demonstrate that both transformational and transactional leadership styles have significant effects on employee and organizational performance, with engagement serving as a vital mediating variable. Similarly, Helalat (2024), in a hospitality-sector study, confirms that transformational leadership improves employee performance by strengthening work engagement, which encourages participatory and empowering behaviours that enhance productivity and service quality. Mphaluwa et al. (2025) further reveal that charismatic and democratic leadership styles positively influence performance through their impact on employee engagement, underscoring engagement as the conduit through which leadership behaviours translate into superior performance outcomes. In the same vein, Le Thi and Dao (2025) establish that leadership styles affect both employee and organizational performance via employee engagement. Schaufeli (2022) also reinforces this perspective by affirming that employee engagement provides the platform through which leadership styles shape organizational performance. These findings imply that organizations seeking to improve performance should prioritize leadership approaches that foster high levels of employee engagement.

Research Hypothesis

Based on theoretical and empirical review, the following hypotheses emerged (See Figure 1);

H1: There is a statistically significant effect of Idealized Influence on organizational performance.

H2: There is a statistically significant influence of Inspirational Motivation on organizational performance.

H3: There is a statistically significant influence of Individualized Consideration on organizational performance.

H4: There is a statistically significant influence of Management-by-Exception on organizational performance.

H5: There is a statistically significant influence of Laissez-Faire Leadership on organizational performance.

H6: Employee engagement mediates the relationship between leadership styles and organizational performance.

Conceptual Framework

Independent variables Mediating variable Dependent variables

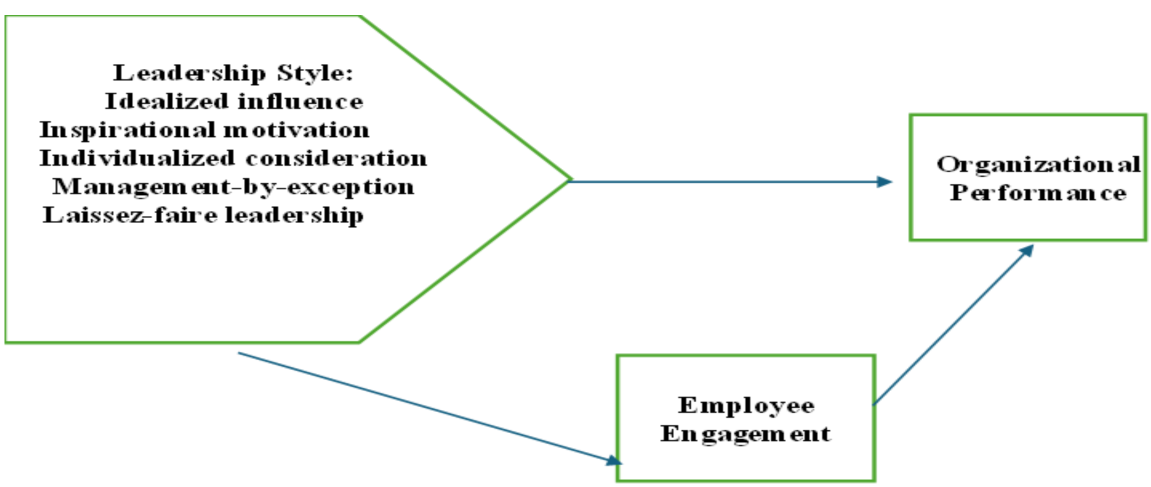

Figure 1: Conceptual Model

Methodology

This study adopts a quantitative, descriptive, and causal research design, utilizing survey research as the primary method of data collection. This design facilitates the systematic collection of objective data and supports evidence-based conclusions through rigorous statistical analysis. The study is conducted among manufacturing companies in Oyo State, Nigeria, with the target population comprising supervisors and managers of selected firms, namely Bento Pharmaceutical Company (Ibadan), Yale Nigeria Limited (Ibadan), Bond Pharmaceutical Company (Awe, Oyo), Sweetco Nigeria Limited (Ibadan), and Black Horse Plastic Company (Ibadan). The population of supervisors and managers in the Human Resource Departments of these companies stands at 64, 91, 55, and 60, respectively, resulting in a total population of 270 respondents. Manufacturing companies in Oyo State are chosen due to the sector's critical contribution to Nigeria's economic growth and its exposure to persistent leadership and productivity challenges. As a major industrial hub in South-West Nigeria, Oyo State hosts diverse manufacturing subsectors, and the selected firms provide a representative context for examining leadership-related issues. Supervisors and managers are specifically targeted because of their strategic role in implementing leadership practices and influencing employee engagement and performance outcomes. Focusing on these established organizations enhances the feasibility, contextual relevance, and applicability of the findings to similar manufacturing firms in Nigeria.

Given the relatively small and manageable population size, the study adopts a census approach by including the entire population of 270 supervisors and managers. This approach eliminates sampling error and ensures comprehensive coverage of relevant managerial perspectives. Data were collected in person by the researchers, with the support of two research assistants, between October 14 and November 5, 2025. Of the questionnaires administered, 235 valid responses were retrieved, representing a response rate of 87.03%, which provides a robust and reliable dataset for subsequent analysis.

The survey instrument was adapted from validated measurement scales in existing literature to ensure reliability and validity. A 5-point Likert scale was used for all items. The scales were carefully chosen to accurately capture the constructs of interest, as detailed below:

Individualized Consideration Scale: This scale was designed to assess whether management in the organizations exhibits traits of Individualized Consideration. It comprises four items that measure the extent to which top leadership coaches and mentors employees, treat individuals as unique rather than merely as members of the organization, recognize their distinct needs, skills, and aspirations, and support the development of their strengths. The scale was developed and validated by Chege (2017) and consists of four items presented in a written format. The author reported a Cronbach's alpha reliability of 0.83.

Idealized Influence Scale: This scale was designed to assess whether leadership in the organizations exhibited characteristics of Idealized Influence. It includes four items measuring the extent to which top leaders communicate core values and beliefs, emphasize the importance of having a strong sense of purpose, consider the moral and ethical implications of decisions, and highlight the significance of a shared organizational mission. The scale was developed and validated by Chen (2025). The author reported a Cronbach's alpha reliability of 0.87. Inspirational Motivation Scale: This scale was used to determine whether organizational leadership exhibited characteristics of Idealized Influence. It comprises four items that assess whether top management communicates core values and beliefs, emphasizes the importance of having a strong sense of purpose, considers the ethical and moral implications of decisions, and promotes a collective sense of mission. The scale was developed and validated by Chen (2025). The author reported a Cronbach's alpha reliability of 0.87.

Management-By-Exception Scale: This scale was used to determine whether leaders tend to wait for issues to arise before taking corrective action. It was developed and validated by Gagel (2018) and consists of eight items. The author reported a Cronbach's alpha reliability of 0.91.

Laissez-Faire Scale: This scale was used to assess whether leaders allow their teams to make decisions independently. It was developed and validated by Ojokuku et al. (2013) and consists of four items. The authors reported a Cronbach's alpha reliability of 0.89.

Organizational Performance Scale: This scale was used to assess whether organizations perform as expected. It was developed and validated by Hoch (2025) and consists of ten items. The author reported a Cronbach's alpha reliability of 0.85.

Employee Engagement Scale: This scale was used to measure the level of employee engagement. It was developed and validated by Kara (2025) and comprises five items. The author reported a Cronbach's alpha reliability of 0.88. A reliability and validity test was employed to verify the fitness of the measurement models. (see Table 1).

Method of Data Analysis: The research data were analysed with the aid of Path Analysis Structural Equation Modelling (PA-SEM), using STATA version 15. PA-SEM using STATA version 15 was justified because it enables the analysis of complex direct and indirect relationships among variables, particularly the mediating role of employee engagement. The method allows simultaneous testing of multiple causal paths and provides robust, theory-driven results. STATA 15 offers reliable SEM capabilities, enhancing the rigor, validity, and replicability of the study's findings.

Results and Discussion

Table 1: Validity and Reliability Results

Variables	Items	Loading	Average Variance Extracted (AVE)	Composite Reliability (CR)	Cronbach's Alpha Coefficient
Individualized Consideration	My supervisor gives me personal attention when I need support or guidance.	0.802	0.78	0.87	0.841
	My supervisor recognizes my individual strengths and development needs.	0.813			
	My supervisor encourages me to grow through coaching and mentoring.	0.809			
	My supervisor treats me as an individual rather	0.819			

	than just a member of a group.				
Idealized Influence Questionnaire	My supervisor acts in ways that build my respect and trust.	0.818			
	My supervisor demonstrates high standards of ethical and moral conduct.	0.812	0.80	0.83	0.798
	My supervisor serves as a role model for employees to follow.	0.811			
	I feel proud to be associated with my supervisor.	0.819			
Inspirational Motivation	My supervisor inspires me with a clear and appealing vision of the future.	0.817			
	My supervisor motivates me to perform beyond my expectations.	0.832	0.82	0.81	0.723
	My supervisor expresses confidence that goals will be achieved.	0.822			
	My supervisor encourages enthusiasm and optimism about work tasks.	0.815			
Management-By-Exception	My supervisor focuses attention mainly when mistakes or problems occur.	0.827	0.85	0.82	0.799
	My supervisor intervenes only when performance standards are not met.	0.821			
	My supervisor monitors my work to identify errors that need correction.	0.825			

	My supervisor waits for problems to become serious before taking action.	0.828			
Laissez-Faire	My supervisor avoids making important decisions when they are needed.	0.837	0.83	0.84	0.812
	My supervisor provides little guidance on how work should be done.	0.831			
	My supervisor is absent when employees require support or direction.	0.810			
	My supervisor leaves employees to handle problems on their own.	0.817			
Organizational Performance	My organization consistently achieves its set goals and objectives.	0.827	0.79	0.85	0.886
	My organization delivers high-quality services/products to its customers.	0.832			
	My organization responds effectively to changes in the business environment.	0.822			
	My organization performs better than its competitors in the industry.	0.830			
Employee Engagement	I feel enthusiastic about my job and my responsibilities.	0.824	0.81	0.79	0.810
	I am willing to put in extra effort to help my	0.817			

	organization succeed.	
	I feel emotionally committed to my organization.	0.821
	I am fully involved and absorbed in my work activities.	0.809

The results indicate that all study constructs exhibit strong validity and reliability**.** All questionnaire items (e.g., for Individualized Consideration, Idealized Influence, Inspirational Motivation, Management-By-Exception, Laissez-Faire, and organizational performance) have loading values above 0.8, demonstrating strong correlations with their respective constructs. Furthermore, Average Variance Extracted (AVE) values range from 0.78 to 0.85, exceeding the 0.50 threshold, confirming good convergent validity. Composite Reliability (CR) values (0.79–0.87) and Cronbach's alpha coefficients (0.723–0.886) surpass recommended minimums, demonstrating high internal consistency. Specifically, scales measuring Individualized Consideration, Idealized Influence, Inspirational Motivation, Management-by-Exception, Laissez-Faire, Organizational Performance, and Employee Engagement all show strong reliability and validity. These findings confirm that the instruments accurately capture leadership styles, employee engagement, and organizational performance, supporting confidence in interpreting relationships among these variables.

Socio-demographic Characteristics

The demographic information included gender, age, level of education and years of experience. This is depicted in Table 2:

Table 2. Socio-demographic characteristics of the respondents

Characteristics	**Frequency**	**Percentage**
Gender		
Male	140	59.57
Female	95	40.43
Total	235	100.0
Age (in years)		
Below 31	9	3.8
31-40	60	25.6
41-50	75	31.9
51 and above	89	37.9
Total	235	100.0
Level of Education		
ND/NCE	4	1.7
Bachelor	102	43.4
Masters	75	31.9

Professional Certificate	54	23.0
Total	235	100.0
Years of experience		
Over 20 years	97	41.3
19 to 15 years	66	28.1
14 to 10	52	22.1
9 to 5 years	20	8.5
Total	235	100.0

Table 2 presents the socio-demographic characteristics of the 235 respondents. The gender distribution shows that males constitute the majority of respondents (59.57%), while females account for 40.43%, indicating a relatively balanced representation with a slight male dominance in supervisory and managerial positions. In terms of age, most respondents are 41 years and above, with 31.9% falling within the 41–50 age group and 37.9% aged 51 years and above. This suggests that the study largely captured mature and experienced managers who are likely to possess in-depth knowledge of organizational leadership practices and performance dynamics.

Regarding educational attainment, a significant proportion of respondents hold at least a bachelor's degree (43.4%), while 31.9% possess a master's degree and 23.0% have professional certifications. This reflects a highly educated workforce, implying that respondents are well-equipped to understand and respond meaningfully to issues relating to leadership, engagement, and performance. The distribution of work experience reveals that most respondents are highly experienced, with 41.3% having over 20 years of experience and 28.1% having between 15 and 19 years. This further strengthens the credibility of the data, as respondents are likely to have substantial exposure to different leadership styles and organizational practices.

Table 3: Path Analysis (Direct Effect)

Path	**Coef.**	**T-value**	**p-value**	**Hypothesis**	**Remark**
OP <-IC	0.4821	8.062	0.000	H_1	Supported
OP <-II	0.2759	3.992	0.000	H_2	Supported
OP <-IM	0.3723	5.622	0.000	H_3	Supported
OP <-MBE	0.201	3.022	0.002	H_4	Supported
OP <-LF	0.229	3.028	0.001	H_5	Supported

Note: IC = Individualized Consideration, II = Idealized Influence, IM = Inspirational Motivation, MBE = Management-By-Exception, LF = Laissez-Fire, OP = Organizational Performance,

The Path Analysis (Direct Effect) results presented in Table 3 illustrate how various leadership styles directly influence organizational performance (OP). For example, a coefficient of 0.4821, t-value of 8.062, and p-value of 0.001 indicate a strong, positive, and statistically significant effect. This supports H1, suggesting that leaders who provide personalized attention to employees enhance organizational performance. Organizations that emphasize individualized attention, coaching, mentoring, and recognition of employees' unique strengths are likely to experience improved performance outcomes. Leadership practices that treat employees as individuals rather than mere organizational members contribute significantly to productivity, efficiency, and overall organizational success. Accordingly, human resource and management strategies should integrate personalized development plans and supportive supervision to strengthen organizational performance. These findings underscore the importance of transformational leadership behaviours in driving higher organizational effectiveness.

The coefficient for Idealized Influence (0.2759; $t = 3.992$; $p < 0.001$) also demonstrates a positive and significant impact on performance, supporting H2. Leaders who act as ethical role models improve organizational outcomes by fostering trust, admiration, and alignment with organizational values. Similarly, Inspirational Motivation shows a significant positive effect on organizational performance (coefficient = 0.3723; $t = 5.62$; $p = 0.001$), supporting H3. This indicates that motivating and inspiring employees toward a shared vision enhances performance. These results highlight that leaders who consistently demonstrate high ethical standards, serve as role models, and cultivate a collective sense of purpose positively influence organizational performance. Organizations should prioritize transformational leadership practices that inspire commitment and align employees with organizational goals, thereby reinforcing a value-driven culture that supports productivity, efficiency, and overall success.

The study further confirms that Inspirational Motivation significantly enhances organizational performance, with a moderate effect size relative to other leadership dimensions. Leaders who articulate a compelling vision, generate enthusiasm, and motivate employees toward shared objectives contribute to improved outcomes. To capitalize on this, organizations should encourage effective vision communication, foster an environment of collective purpose, and train leaders to implement motivational strategies that elevate employee morale and engagement.

Management-by-Exception (MBE) also exhibits a significant positive association with organizational performance (coefficient = 0.201, $t = 3.022$; $p = 0.001$), supporting H4. While its effect is moderate compared to proactive leadership styles, MBE enhances control mechanisms by identifying deviations, errors, and non-conformances, ensuring performance standards are maintained. Organizations can benefit from applying MBE as a corrective approach alongside transformational leadership practices (e.g., Inspirational Motivation and Idealized Influence) to balance compliance with innovation. Developing monitoring frameworks that allow timely detection of deviations can sustain performance levels. These findings align with prior research: Ibrahim (2025) confirmed MBE's positive effect on organizational performance; Ismail et al. (2009) found it to be a strong managerial tool influencing organizational flexibility; and Ojokuku et al. (2013) reaffirmed MBE's impact on organizational performance.

Finally, the analysis shows that Laissez-Faire leadership has a positive and significant effect on organizational performance (coefficient = 0.2219, $t = 3.028$; $p = 0.000$). Although traditionally seen as passive due to minimal intervention, in certain contexts, granting employees autonomy can foster creativity, ownership, and responsibility, leading to performance gains. Organizations can strategically apply Laissez-Faire leadership with skilled and self-motivated teams to encourage innovation and initiative, while ensuring it is complemented with supportive oversight to avoid a lack of direction or accountability. These findings support previous studies: Karadag (2015) identified Laissez-Faire as a predictor of organizational competency, Barbuto (2005) linked it to organizational dedication, and Khan (2025) observed a significant correlation with organizational commitment, collectively supporting H5.

Table 4: Path Analysis Structural Equation Modelling (Indirect Effect) of Employee Engagement

Path	Coef.	T-value	p-value	Hypothesis	Remark
OP <-EE<-IC	0.845	12.562	0.000		
OP <-EE<-II	0.762	11.902	0.000		
OP <-EE<-IM	0.735	10.794	0.000		
OP <-EE<-MBE	0.662	8.732	0.000	H_6	supported
OP <-EE<-LF	0.542	7.942	0.000		

Note: IC = Individualized Consideration, II = Idealized Influence, IM = Inspirational Motivation, MBE = Management-By-Exception, LF = Laissez-Fire, OP = Organizational Performance, EE= Employee Engagement

Table 4 presents the indirect effects of various leadership dimensions on Organizational Performance (OP) through Employee Engagement (EE), analyzed using Structural Equation Modeling (SEM). Individualized Consideration (INC) exhibits the strongest indirect effect on OP via EE (coefficient = 0.845; t-value significant), indicating that leaders who attend to individual needs and provide personalized support foster higher engagement, which translates into improved organizational performance. Idealized Influence (IDI) also demonstrates a strong and significant indirect effect (coefficient = 0.762; $t = 11.902$; $p < 0.001$), suggesting that leaders who act as ethical role models and inspire respect enhance employee engagement, driving performance. Similarly, Inspirational Motivation (INM) significantly impacts OP through EE (coefficient = 0.735; $t = 10.794$; $p < 0.001$), highlighting the importance of motivating and inspiring employees to elevate engagement.

Management-by-Exception (MNE) shows a moderate indirect effect (coefficient = 0.662; $t = 8.732$; $p < 0.001$), implying that corrective and monitoring leadership can improve engagement to a certain extent, thereby enhancing performance. Laissez-Faire (LAF) has the weakest indirect effect among the leadership styles studied, though still significant (coefficient = 0.542; $t = 7.942$; $p < 0.001$), indicating that minimal intervention may foster some engagement in specific contexts. All the estimated paths are statistically significant ($p < 0.001$), and Hypothesis 6 is supported but mediation is partial. This indicates that although all leadership styles exert an indirect effect on organizational performance through employee engagement, the magnitude of these effects differs. This result is consistent with the mediation framework proposed by Baron and Kenny (1986), which posits that partial mediation is established when both the direct and indirect paths are statistically significant at the 5% level. The findings underscore the critical role of employee engagement as a mediator between leadership and performance. Leadership styles emphasizing individual attention, role modelling, and inspiration generate the strongest engagement and highest performance outcomes. In contrast, more passive or corrective styles produce comparatively weaker effects. For organizations, prioritizing transformational leadership elements, particularly individualized consideration, can maximize engagement and drive superior organizational performance, whereas overreliance on passive or corrective approaches may limit this potential.

Conclusion

This study examined both the direct and indirect effects of various leadership styles on organizational performance, with a focus on the mediating role of employee engagement, in selected manufacturing companies in Oyo State, Nigeria. The findings confirm that leadership is a critical determinant of organizational success, with transformational leadership styles, Individualized Consideration (IC), Idealized Influence (II), and Inspirational Motivation (IM) having the most substantial impact on performance outcomes. Leaders who act as ethical role models, provide individualized attention, and inspire their workforce significantly enhance both employee engagement and organizational performance. Among the leadership dimensions analyzed, Idealized Influence exerted the strongest direct effect on organizational performance, followed closely by Individualized Consideration. These results suggest that leaders who demonstrate trustworthiness, integrity, and personalized attention cultivate a more committed and productive workforce. Inspirational Motivation had a moderate positive effect, emphasizing the importance of articulating a compelling vision and motivating employees to achieve organizational goals. Interestingly, Laissez-Faire leadership, often considered passive, demonstrated a positive yet modest impact, indicating that selective autonomy can enhance performance under certain organizational conditions. Management-by-Exception recorded the lowest direct influence, showing that corrective supervision supports compliance but does not drive performance as effectively as transformational practices.

Path Analysis using Structural Equation Modelling (PA-SEM) highlighted employee engagement as a crucial mediator. All leadership styles exerted significant indirect effects through engagement, with Individualized Consideration showing the highest mediating impact, followed by Idealized Influence, Inspirational Motivation, Management-by-Exception, and Laissez-Faire (0.542). These results underscore that employee engagement serves as a vital channel through which leadership behaviours translate into improved organizational outcomes. In conclusion, the study emphasizes the importance of adopting leadership approaches that prioritize individual support, ethical role modelling, and motivational communication, as these practices foster higher employee engagement and drive superior organizational performance. While transactional and passive leadership approaches can contribute under specific conditions, they are less effective in sustaining long-term organizational success compared to transformational leadership styles. This research contributes to the growing literature on leadership-performance dynamics in emerging economies and offers actionable insights for organizational leaders and policymakers in the Nigerian manufacturing sector

Study Implications

This study shows that the way leaders behave has a major impact on how well an organization performs. Leaders who pay attention to employees' individual needs, act as ethical role models, and motivate their teams inspire greater employee engagement, which in turn improves performance. For managers, this means focusing on transformational leadership practices can help create a more committed, productive, and motivated workforce. While more passive or corrective leadership approaches, like Laissez-Faire or Management-by-Exception, can still influence performance, their effects are weaker. Organizations should therefore avoid relying solely on these styles if they want long-term success. For policymakers and human resource practitioners, the findings suggest the importance of training programs that develop leaders' abilities to inspire, support, and engage employees. Encouraging a workplace culture that values engagement and ethical leadership can strengthen overall organizational effectiveness and competitiveness. In short, the study highlights that strong, supportive, and motivating leadership is a key factor in improving employee engagement and driving organizational success.

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