

THE INFLUENCE OF LEADERSHIP STYLE ON EMPLOYEE PERFORMANCE IN HOSPITALS: A LITERATURE REVIEW (2004-2024)

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ABSTRACT

Leadership style is a critical factor influencing employee performance in healthcare organizations, especially hospitals where teamwork, safety, and service quality determine success. This paper explores how transformational, transactional, and servant leadership affect employee performance in hospital environments. Using a synthesis of peer-reviewed studies from 2004 to 2024, the discussion reveals that transformational leadership improves motivation, creativity, and commitment, servant leadership fosters trust and psychological empowerment, and transactional leadership maintains discipline and procedural compliance. The findings emphasize that leadership styles interact to produce an optimal balance between humanistic motivation and operational control. Hospitals adopting transformational and servant leadership principles tend to achieve higher employee satisfaction, retention, and productivity, leading to better patient outcomes and sustainable performance.

Key words: leadership style; hospital management; employee performance; transformational leadership; servant leadership

INTRODUCTION

Leadership plays an indispensable role in shaping employee attitudes, motivation, and performance within healthcare organizations. Hospitals represent complex systems requiring coordination across multidisciplinary teams to ensure patient safety and quality care. In such an environment, leadership extends beyond managerial authority it involves inspiring, guiding, and empowering employees to perform effectively under pressure.

According to Cummings et al. (2018), leadership style strongly determines the work climate, job satisfaction, and retention among nurses and clinical staff. Poor leadership may contribute to burnout, turnover, and lower patient satisfaction, while effective leadership encourages engagement and professional commitment. Dionne et al. (2004) demonstrated that transformational leaders foster collaboration and innovation within healthcare teams, leading to measurable improvements in collective performance.

Leadership in hospitals typically manifests through three dominant approaches transformational, transactional, and servant leadership. Transformational leadership focuses on inspiring employees through vision and individualized support; transactional leadership relies on clear structures, monitoring, and reward systems; servant leadership prioritizes empathy, empowerment, and ethical responsibility (Saleem et al., 2022). These approaches differ in focus but collectively shape organizational culture, motivation, and service quality.

Wang et al. (2011) found transformational leadership to be particularly effective in enhancing performance across organizational levels by aligning employees' intrinsic motivation with institutional goals. Similarly, Ystaas et al. (2023) reported that transformational leaders in hospitals improved team collaboration and reduced stress, resulting in higher patient satisfaction and fewer medical errors. Notarnicola et al. (2024) further emphasized that leadership directly influences job satisfaction, personal mastery, and retention among nursing leaders.

Given the increasing complexity of healthcare delivery rising patient expectations, technological demands, and workforce shortages the need for effective leadership has never been greater. This paper aims to synthesize recent empirical findings to explain how different leadership styles influence employee performance in hospitals and how leadership practices can be optimized to ensure both employee and patient well-being.

METHOD

This study adopts a conceptual qualitative design through a structured literature review approach. The analysis draws from peer-reviewed articles published between 2004 and 2024, focusing on leadership styles and employee performance within healthcare institutions.

Databases such as ScienceDirect, PubMed, Sage Journals, and MDPI were searched using keywords: leadership style, hospital management, employee performance, transformational leadership, servant leadership, and transactional leadership. Inclusion criteria limited sources to empirical or systematic reviews discussing leadership within hospital or healthcare settings.

Six primary studies were selected: Dionne et al. (2004), Wang et al. (2011), Cummings et al. (2018), Saleem et al. (2022), Ystaas et al. (2023), and Notarnicola et al. (2024). Each provided insights into the relationship between leadership and performance in healthcare environments.

The analytical procedure involved three steps:

1. Identification of leadership types relevant to hospitals.
2. Comparison of their impact on employee motivation, satisfaction, and performance outcomes.
3. Synthesis of theoretical and empirical findings into an integrated conceptual framework.

This method follows the systematic synthesis approach suggested by Cummings et al. (2018) for nursing leadership research.

RESULTS AND DISCUSSION

Transformational Leadership and Employee Motivation

Transformational leadership emphasizes vision, inspiration, and individualized support. Bass and Avolio’s model, further developed by Dionne et al. (2004) and Wang et al. (2011), identifies four key dimensions: idealized influence, inspirational motivation, intellectual stimulation, and individualized consideration.

Research shows that transformational leadership enhances intrinsic motivation and organizational commitment among healthcare professionals. Ystaas et al. (2023) found that transformational leaders promote open communication, shared decision-making, and psychological safety, all of which improve morale and teamwork. Similarly, Notarnicola et al. (2024) linked transformational leadership to greater job satisfaction and professional mastery among nursing staff, directly improving care quality.

Transformational leadership thus represents a strategic tool for fostering motivation, innovation, and long-term performance improvements in hospitals.

Table 1. Summary of Leadership Styles and Their Effects on Hospital Employee Performance

Leadership Style	Main Characteristics	Key Outcomes in Hospitals	Sources
Transformational	Visionary, motivational, supportive	Increases intrinsic motivation, teamwork, and innovation	Dionne et al. (2004); Wang et al. (2011); Ystaas et al. (2023); Notarnicola et al. (2024)
Transactional	Structured, rule-based, reward-driven	Enhances compliance, accountability, efficiency, short-term	Wang et al. (2011); Cummings et al. (2018)
Servant	Empathetic, ethical, empowering	Builds trust, psychological empowerment, and long-term satisfaction	Saleem et al. (2022)

Transactional Leadership and Operational Efficiency

Transactional leadership focuses on structure, supervision, and performance-based rewards. While sometimes criticized as rigid, it remains essential in hospital environments where patient safety and procedural compliance are critical (Wang et al., 2011).

Cummings et al. (2018) emphasized that transactional behaviors such as monitoring, feedback, and contingent rewards ensure accountability and operational stability. However, overreliance on transactional methods can limit creativity and intrinsic motivation. In practice, hospital leaders often integrate transactional controls with transformational inspiration to balance efficiency and engagement.

Servant Leadership and Psychological Empowerment

Servant leadership has recently gained recognition in healthcare due to its human-centered values. Saleem et al. (2022) demonstrated that servant leadership enhances trust in leaders and psychological empowerment among nurses in public hospitals. This approach aligns leadership with ethical service, empathy, and employee development.

Servant leaders create emotionally supportive workplaces where employees feel valued and empowered to contribute meaningfully. In high-stress environments like hospitals, this leadership style reduces burnout and improves emotional resilience. The sustained trust fostered through servant leadership ultimately translates into higher patient satisfaction and employee retention.

Integrating Leadership Approaches

No single leadership style suffices in addressing all hospital challenges. Instead, effective leaders integrate multiple styles depending on situational demands.

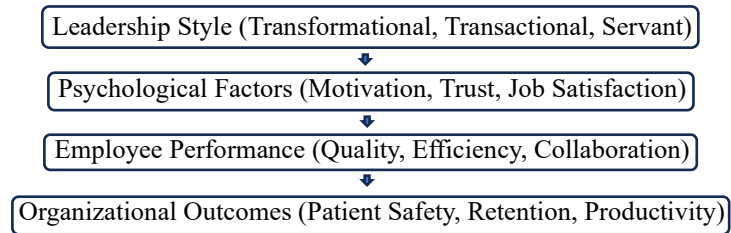


Figure 1. Conceptual Framework Linking Leadership Style and Employee Performance

This framework illustrates how leadership indirectly affects performance through psychological and organizational mediators. Transformational and servant leadership exert long-term positive impacts, while transactional leadership maintains short-term control and safety compliance.

Comparative Synthesis of Findings

Integrating the six studies reveals several consistent patterns:

1. Transformational leadership improves teamwork, job satisfaction, and innovation (Dionne et al., 2004; Wang et al., 2011; Ystaas et al., 2023).
2. Transactional leadership supports accountability and performance monitoring (Cummings et al., 2018).
3. Servant leadership enhances trust, empathy, and empowerment, strengthening emotional well-being and retention (Saleem et al., 2022).
4. Combined leadership practices transformational vision, transactional structure, and servant empathy produce the highest overall performance (Notarnicola et al., 2024).

Collectively, these findings confirm that leadership is a multidimensional construct requiring flexibility, self-awareness, and contextual adaptation.

CONCLUSION

This paper synthesized recent literature examining the influence of leadership style on employee performance in hospitals. Transformational, transactional, and servant leadership were identified as the three most significant approaches.

Transformational leadership emerged as the most effective for fostering intrinsic motivation, collaboration, and creativity. Servant leadership proved crucial for sustaining trust and psychological well-being, while transactional leadership provided the necessary structure for operational reliability.

Hospitals benefit most from leaders who integrate these approaches—using transformational inspiration to motivate, servant empathy to empower, and transactional discipline to maintain safety and standards. Such a balanced leadership strategy ensures optimal employee performance, improved patient outcomes, and sustainable institutional success.

Future research could empirically test this integrated framework across diverse healthcare contexts, incorporating cultural and generational factors affecting leadership effectiveness.

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