

A STUDY ON LEADERSHIP STYLES AND ITS IMPACT ON EMPLOYEE MOTIVATION

¹Amol Joseph, ²Dr. Puja Sareen,

¹Student, ²Associate Professor

¹Masters Of Business Administration – Human Resource,

¹Amity Business School, Noida, India

Abstract: This study aims at understanding leadership styles and their effects on employee motivation. Three different leadership styles have been studied for the purpose of this research, primarily, Transformational leadership, Transactional Leadership, and Laissez-faire leadership style. Leadership styles are important for the development and growth of the organization. Each leader or manager in an organization has a different style for leading and working with their subordinates.

Undoubtedly, employees are the most crucial resource and competitive edge for any business. In every organization, the success depends upon the employees and how they drive themselves through their efforts, commitment, and engagement practice. Therefore the motivation of employees is of paramount importance. Leadership is the most influential element of any business has the greatest impact on employee motivation. A great leader truly mentors and coaches the employees and motivates them throughout their employee life cycle. The present research provides us an understanding on how the leadership style affects the employee's motivation and how an organization can inculcate a healthy leadership style in the organization in order to keep their employees motivated and boost the organization's productivity.

IndexTerms - Leadership, Transformational Leadership, Transactional Leadership, Laissez Fair Leadership, Motivation

I. INTRODUCTION

Positive organizational outcome and better employee growth are the results of effective leadership. This research is done to understand how different styles of leadership impact the motivation of the employee in the organizations which in turn affect the organization's performance. For a very long time, Leadership has been a question of a great deal of discussion and consultation and how the various styles of Leaders inspire diverse reactions by people. In a corporate setting, the two elements "the leader" and "the led" assume an important job in shaping the fate of the organization (Harrell, 2008). At the most basic level, leadership theories propose that leaders can have a powerful impact on the individual, group, and organizational outcomes. Further, follower motivation is thought to be a primary mechanism through which leaders exert their influence. The quality of a manager's relationship with an employee is the most powerful element of employee motivation. It creates a professional, optimistic and respectful attitude and employees are more likely to adopt a similar approach with their peers. Various researches have emphasized that the management and leadership styles that are adopted by a business and its management will have a determining effect on the motivation level, the morale and the job satisfaction of the employees. Nevertheless, the relationship between the management style that is used within the business and the level of motivation within the workforce is a subject of much debate within corporate circles. Thus it follows that if leaders wish to improve outcomes, they should enhance the motivation of their team. In this descriptive study, the objective has been to find the logical results, which can foresee phenomenon.

1.1 TRANSFORMATIONAL LEADERSHIP

In the very essence, Transformational leadership seeks to change the status quo by articulating to followers, problems in the current system and a compelling vision of what a new organization could be (Lussier 2010). The objective of transformational leadership is to "change" individuals, associations and organizations – to transform them as the main priority; augment vision, understanding, and clear purposes; make conduct compatible with convictions, standards, or values; and achieve changes that are perpetual, self-perpetuating, and energy building. Transformational leadership behaviors include, among other things, four major components: inspirational motivation; idealized influence; individualized consideration; and intellectual stimulation (Bass & Avolio 1994).

1.2 TRANSACTIONAL LEADERSHIP

Robbins defined transactional leadership as "Leaders who lead primarily by using social exchanges for transactions" (Robbins, 2007, p.475). Through a system of rewards and punishments, transactional leaders are able to keep followers motivated. The locus of the relationship is on an exchange. Each group to the exchange perceives the estimation of the exchange just as the estimation of the relationship; however, these bargainers have no motivation to stay together after the exchange. There is nothing lasting about their relationship; no real commitment happens. That is, transactional leaders, anticipate certain work practices from their subordinates who are motivated for these practices by both financial and nonfinancial rewards. Transactional leadership focuses on results, conforms to the existing structure of an organization and measures success according to that organization's system of rewards and penalties (Bass & Avolio 1994).

1.3 LAISSEZ-FAIRE LEADERSHIP

Luthans (2005), defined laissez-faire style as “Abdicates responsibilities avoids making decisions” Laissez-Faire Leadership, otherwise also called delegated administration, is a kind of leader’s way wherein managers are unrestrictive and permit individuals to make their own decision. According to Robbins (2007), such leader is uninvolved in the work of the unit. It is difficult to defend this leadership style unless the leader’s subordinates are expert and well-motivated specialists, These leaders let group members make all decision (Mondy & Premeaux, 1995).

1.4 THE IDEA OF MOTIVATION

Motivation is the process that accounts for an individual’s intensity, direction, and persistence of effort toward attaining a goal (Robbins et al., 2007, p.215). Helliege, Slocum, and Woodman (1992) portray Motivation as the drive following up on or inside an individual that makes the individual carry on in a particular objective. Driving all the employees towards reliable conduct and behavior in a goal-oriented way is necessary for using the maximum capacity of workers in order to guarantee quality yield and fruitful outcomes.

II. LITERATURE REVIEW

Burns (1978) stated that Leadership is the least understood thing on the earth. Actually, the idea of Leadership has been characterized by different researchers in nearly the same number of ways the researchers researched on. Stogdill (1974) noticed this uncertainty when he watched that there is nearly the same number of various meanings of authority as there are people who have endeavored to characterize the idea. This multiplication of definitions for leadership is essential because of the multifaceted nature and subtlety of the idea. Fiedler and House (1988) suggested that transformation leadership theory tries to deal with the activities of a leader that reasons subordinate to modify their qualities, necessities, objectives, and goals. In making the difference between transactional leadership and transformational leadership style, Burns (1978) saw these Leadership forms as autonomous measurements. While leaders having Transactional and transformational leadership traits were depicted as dynamic leaders (Yammarino and Bass, 1990), Laissez-faire style leaders were seen as idle or inactive. Bartol and Martin (1994) found that it is the powers that make a behavior happen, provides guidance to a particular behavior, and underlines the inclination to continue. Williams (2009) contended that motivation is the arrangement of powers that starts, coordinates and endeavors individuals to continue in their efforts to achieve objectives.

III. OBJECTIVES OF THE STUDY

1. To study the Transformational leadership style and its impact on Employee Motivation.
2. To study the Transactional leadership style and its impact on Employee Motivation.
3. To study the Laissez-faire leadership style and its impact on Employee Motivation.

IV. RESEARCH METHODOLOGY

Data was collected through questionnaire method. A standard MLQ Leadership Style Questionnaire was used, (1995 Bernard Bass & Bruce J. Avolio) Research type was *Exploratory* and descriptive. The study was conducted in Delhi NCR region with the sample size of 110 with convenient sampling from employees working with a leading Indian Retail company.

V. HYPOTHESIS STATEMENTS:

1. **H₀**: There is no significant relation between Transformational leadership style and Employee Motivation.
H₁: There is a significant relation between Transformational leadership style and Employee Motivation.
2. **H₀** : There is no significant relation between Transactional leadership style and Employee Motivation.
H₁: There is a significant relation between Transactional leadership style and Employee Motivation.
3. **H₀** : There is no significant relation between Laissez-faire leadership style and Employee Motivation
H₁: There is a significant relation between Laissez-faire leadership style and Employee Motivation.

VI. DATA ANALYSIS

Reliability Test - In this research, it was found out that Cronbach’s Alpha coefficient to check the reliability was 0.929. Since our output - 0.929 > .6 the questionnaire taken for the research is reliable and can be used further.

6.1 CORRELATION

- Transformational leadership has a positive and significant correlation with motivation since the value of calculated sig. (0.000) which less than the estimated p-value(0.05)
- Transactional leadership has a positive and significant correlation with motivation since the value of calculated sig. (0.000) which less than the estimated p-value(0.05)

- Laissez-faire has a negative and significant correlation with motivation since the value of calculated sig. (.200) which is greater than the estimated p-value(0.05)

Table 6.1

Correlations					
		Motivation	Transformational leadership	Transactional leadership	Laissez-faire
Motivation	Pearson Correlation	1	.698**	.418**	-.123
	Sig. (2-tailed)		.000	.000	.200
	N	110	110	110	110
Transformational leadership	Pearson Correlation	.698**	1	.545**	-.229*
	Sig. (2-tailed)	.000		.000	.016
	N	110	110	110	110
Transactional leadership	Pearson Correlation	.418**	.545**	1	.466**
	Sig. (2-tailed)	.000	.000		.000
	N	110	110	110	110
Laissez faire	Pearson Correlation	-.123	-.229*	.466**	1
	Sig. (2-tailed)	.200	.016	.000	
	N	110	110	110	110
**. Correlation is significant at the 0.01 level (2-tailed).					
*. Correlation is significant at the 0.05 level (2-tailed).					

As expected correlation gives us the support for the validity of Motivation, transactional leadership, transformational leadership, and laissez-faire leadership. Transactional leadership, transformational leadership correlate positively and significantly with motivation whereas motivation correlates negatively and significantly with laissez-faire leadership.

It is clear from the table that the correlation between the transactional and transformational scale is high and significant. This can also be traced to different studies. According to Bass and Avolio (1995), highly positive correlations between the transformational scales and transactional leadership were expected. Bass and Avolio (1995) mentioned three reasons for this phenomenon. They noted - First both transactional and transformational leadership represent active, positive forms of leadership. Second, leaders have been shown in the repeated investigation to be both transactional and transformational. Third, as Shamir (1995) argues, the consistent honoring of transactional agreements builds trust, dependability, and perceptions of consistency with leaders by followers, which are each a basis for transformational leadership. Overall, the results suggested that the data were appropriate for regression techniques.

6.2 REGRESSION ANALYSIS

6.2.1 TRANSFORMATIONAL LEADERSHIP

Table 6.2.1

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.698 ^a	.488	.483	1.96141
a. Predictors: (Constant), TRANSFORMATIONAL LEADERSHIP				

Table 6.2.2

ANOVA						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	395.775	1	395.775	102.876	.000 ^b
	Residual	415.489	108	3.847		
	Total	811.264	109			
a. Dependent Variable: MOTIVATION						
b. Predictors: (Constant), TRANSFORMATIONAL LEADERSHIP						

Table 6.2.3

Coefficients						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	5.354	.817		6.555	.000
	TRANSFORMATIONAL LEADERSHIP	.482	.048	.698	10.143	.000
a. Dependent Variable: MOTIVATION						

After the analysis, it was found that Transformational leadership has an effect on motivation since the calculated Sig. Value is 0.000 which is less than p-value=0.05. so from a study it can be concluded that from 1st hypothesis the H₁ hypothesis has been accepted. Since transformational leadership has a significant impact on leadership

6.2.2 TRANSACTIONAL LEADERSHIP

Table 6.2.4

Model Summary					
Model	R	R Square	Adjusted Square	R	Std. Error of the Estimate
1	.418 ^a	.174	.167		2.49036
a. Predictors: (Constant), TRANSACTIONAL LEADERSHIP					

Table 6.2.5

ANOVA						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	141.458	1	141.458	22.809	.000 ^b
	Residual	669.805	108	6.202		
	Total	811.264	109			
a. Dependent Variable: MOTIVATION						
b. Predictors: (Constant), TRANSACTIONAL LEADERSHIP						

Table 6.2.6

Coefficients						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	8.654	1.025		8.440	.000
	TRANSACTIONAL LEADERSHIP	.414	.087	.418	4.776	.000
a. Dependent Variable: MOTIVATION						

- After the analysis, it was found that Transactional leadership has an impact on motivation since the calculated Sig. Value is 0.000 which is less than p-value=0.05. so we can conclude that from 2nd hypothesis the H₁ hypothesis has been accepted since transactional leadership has a significant impact on Motivation.

6.2.3 LAISSEZ FAIRE

Table 6.2.7

Model Summary					
Model	R	R Square	Adjusted Square	R	Std. Error of the Estimate
1	.123 ^a	.015	.006		2.71990
a. Predictors: (Constant), LAISSEZ FAIRE					

Table 6.2.8

ANOVA						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	12.297	1	12.297	1.662	.200 ^b
	Residual	798.967	108	7.398		
	Total	811.264	109			
a. Dependent Variable: MOTIVATION						
b. Predictors: (Constant), LAISSEZ FAIRE						

Table 6.2.9

Coefficients						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	13.827	.410		33.745	.000
	LAISSEZ FAIRE	-.087	.068	-.123	-1.289	.200
a. Dependent Variable: MOTIVATION						

- It was found that Laissez-faire does not have any impact on motivation since the calculated Sig. Value is 0.200 which is greater than p-value=0.05. it was found that from 3rd hypothesis the H₀ hypothesis has been accepted since it has no significant impact on motivation.

VII. FINDINGS

- It is observed that Transformational Leadership has a Positive and significant impact on employee motivation.
- It is observed that Transactional Leadership has a Positive and significant impact on employee motivation.
- It is observed that Laissez-faire Leadership has a Negative and significant impact on employee motivation.

VIII. CONCLUSION

The result of the research gives a clear result that transformational leadership style in a big way impacts Employee Motivation. Indeed, even transactional style does have an impact however, the transformational style is more successful and effective as found in this research. Laissez-faire style has a negative association with employee motivation. The findings are consistent with the research work by Judge and Piccolo (2004) which found a positive relationship between contingent reward and follower motivation, however, a negative relationship was found between Management by exception (passive) with follower motivation and also shows the negative relationship between laissez-faire leadership with follower motivation. Barbuto (2005) researched on "Motivation and Transactional, Charismatic, and Transformational Leadership" and analyzed data from 186 leaders and their 759 raters. Management by exception has a huge and positive association with motivation. Transactional leadership style has a huge and positive association with Extrinsic motivation. Webb (2003) led an investigation on Leadership antics linked with Followers" and establish that Laissez reasonable management has a noteworthy and negative association with motivation toward additional exertion.

The present study is limited in scope. Further research can be conducted in other sectors of Industry for analysis.

REFERENCES

- [1] Ariyani, V. (2011). Impact of Transformational Leadership to Universities Educational Work Motivation in City of Madiun. Widya Warta , 35 (1).
- [2] Avolio, B.J. & Bass, B.M. (1991). The Full Range of Leadership Development: Basic and advanced Manuals. Publisher: Bass, Avolio, & Associates.
- [3] Barbuto, J. E. (1997). Taking the charisma out o transformational leadership. Journal of Social Behavior and Personality, 12, 689- 697.
- [4] Bartol, K. M., & Martin, D. C. (1994). Management. New York: McGraw-Hill
- [5] Burns, J.M. (1978). Leadership. Publisher: Harper & Row, New York.
- [6] Chowdhury, R. G. (2014). A study on the impact of leadership styles on employee motivation and commitment: an empirical study of selected organisations in corporate sector doctor of philosophy in business management

- [7] Fiedler, F. E., & House, R.J. (1988). Leadership theory and research: A report of progress. In C.L Cooper & I.T. Robertson (Eds.). *International Review of Industrial and Organizational Psychology*. Chichester, New York: John Wiley & Sons.
- [8] Harrell, M. M. (2008). *The Relationships Between Leader Behavior, Follower Motivation, and Performance*. Florida: Department of Psychology College of Sciences University of Central Florida
- [9] Hellriegel, D., Slocum, J. W., and Woodman, R. W. (1992). *Organizational Behavior*, West Publishing Company, St. Paul, MN,
- [10] Herzberg F, Mausner B, Snyderman B (1999). *The motivation to work*. New York: Wiley.
- [11] Judge and R. Piccolo (2004). Transformational and Transactional Leadership: A Meta-Analytic Test of Their Relative Validity. *Journal of Applied Psychology*, Vol 89
- [12] Lussier, A. 2010. *Effective Leadership*. 5th ed. Cengage learning. South Western
- [13] Luthans, F. (2005). *Organizational Behavior* (10th ed.). McGraw – Hill/ Irwin Publication.
- [14] Mondy, R. W., & Premeaux, S. R. (1995). *Management* (7th ed.). Englewood-Cliffs-New Jersey: Prentice-Hall.
- [15] Osborn, Schermerhorn, & Hunt (2008). *Organizational Behavior* (10th ed.). USA: John Wiley & Sons, Inc
- [16] Prasastono, N. (2012). The Impact of Leadership Style and Compensation To Employee Work Motivation in Semarang Muria Hotel. *Jurnal Ilmiah Dinamika Kepariwisata* , 11 (2), 32-39.
- [17] Rawung, F. H. (2012). *The Effect of Leadership, Work Facilities, Work Ethic on The Work Motivation of Civil Administration in Manado State University*. Jakarta: Postgraduate Jakarta State University.
- [18] Robbins, S. P., Judge, T. A. & Sanghi, S. (2007). *Organizational Behavior*. (12th ed.). India: Pearson: Prentice Hall.
- [19] Stogdill, R.M. (1948). Personal factors associated with leadership: A survey of the literature. *The Journal of Psychology*, Vol- 25, Pg.35-71.
- [20] Wagimo, & Ancok, D. (2005). Transformational and Transactional Leadership Relationship with Subordinate in Military. *Jurnal Psikologi* , 32 (2), 112-127.
- [21] Webb, K. S. (2003). *Presidents' Leadership Behaviors Associated with Followers' Job Satisfaction, Motivation toward extra effort, and Presidential*. Dissertation, University Of North Texas, December, 2003
- [22] Widyanto, B., & Sutarno. (2011). The Impact of Transformational Leadership and Organizational Culture to Employee Performance Moderating By Work Motivation. *Jurnal Manajemen Sumber Daya Manusia* , 5 (1), 76-88.
- [23] Williams (2009). *Human Resource and Personnel Management*, 5th Edition, Mc Graw-Hill, New York
- [24] Yammarino, F. & Bass, B. 1990. Transformational Leadership and Multiple Levels of Analysis. *Human Relations*, 43(10): 975-995.

