

LEADERSHIP STYLES AND THEIR IMPACT ON EMPLOYEES: ORANGE TOURS & TRAVELS AND REDDY TOURS & TRAVELS

AUTHOR- BADDA NIKHILA, (Roll No-18031E0002) MBA 2018-2020 Batch. STUDENT AT JAWAHARLAL NEHRU TECHNOLOGICAL UNIVERSITY, KUKATPALLY, HYDERABAD, INDIA.

Under the guidance of DR. SINDHU, Professor & Director, School of Management Studies, JNTUH.

Abstract:

The project “A study on leadership styles and their impact on the employees: Orange tours and travels pvt.ltd & Reddy tours and travels pvt.ltd” mainly focuses upon how different types of leadership styles impact employees at workplace. To understand it clearly, two different types of leadership styles are taken into consideration (Transformational and Transactional). Sample size of the study is 100employees divided among two different organizations (Reddy Travels & orange Travels), All the employees of the both travel companies are chosen as respondents.

A Descriptive research methodology with a Survey method is opted for this study and a Multi factor leadership questionnaire (MLQ) which was initially developed by ‘Bass’ and ‘Avolio’ was taken and studied for reference purpose and is prepared according to needs and research objectives.

Leadership variables included are idealized influence behaviour, idealized influence attributes, inspirational motivation, intellectual stimulation and individual consideration, pay for performance, management by exception active and passive. The employee variables used are employee work efficiency, motivation, morale, self efficacy, performance, psychological ownership, performance and autonomy. With the analysis of obtained data, we understand how a single leadership variable actually effect desired employee variable and significance relation is tested with the use of various statistical tools and through SPSS.

By understanding what are such variables and how such variables actually affect the employees, will help Organization in general and managers in particular while choosing a productive and healthy leadership styles by understanding analytically summarized results .In such manner, the current project achieves its objective by understanding different types of leadership styles and its effects on employees.

INTRODUCTION

A leadership style refers to “the way /mode that one uses to provide a strategic direction to people to implement the plans that are predesigned. This involves motivating people to give and use their best in order to achieve goals purposefully and perfectly without deviations from the actual plan”.

Employees are the biggest capital or asset to any kind of organization. It is such a troublesome act to manage the whole population of the company without any direction. “Effective leadership styles” are required to manage the organization’s work force. It plays a critical role in deciding “the company’s profitability, effectiveness, efficiency and obviously overall productivity of the enterprise”.

In an organization all problems are generally human related and can be assigned to weak leadership. So as to prevent and reduce these human related problems in an organization, effective leadership is opted by the management. A leader plays a pivotal role in Today’s great, vigorous, high powered and integrated organizations. (“McGraw hill: Management and Organizational Behavior: Leadership”)

Leadership styles can be classified into many types like democratic, autocratic, free-reign, charismatic, transformational, transactional, people oriented, employee oriented etc. Different approaches and theories to leadership include “Great man theory”, “Trait approach”, “Behavioral theory”, “Situational approach”, “Contingency theory”, “Path –goal theory”.

RESEARCH METHODOLOGY

OBJECTIVES OF THE STUDY

- To study transactional and transformational leadership styles used in two organizations which are into Private Travel business.
- To analyze the perception of the working employees about the leading behaviour of their managers.
- To understand impact of transformational style on factors like employee motivation, morale, self efficacy and psychological ownership.
- To understand impact of transactional style on employee factors like efficiency, performance and autonomy.

HYPOTHESES

1. H₀₁: There is no significant relation between transformational style and employee motivation.
2. H₀₂: There is no significant relation between transformational style and employee morale.
3. H₀₃: There is no significant relation between transformational style and employee self efficacy.
4. H₀₄: There is no significant relation between transformational style and employee psychological ownership.
5. H₀₅: There is no significant relation between transactional style and employee work efficiency.
6. H₀₆: There is no significant relation between transactional style and employee performance.
7. H₀₇: There is no significant relation between transactional style and employee autonomy in work place.

SOURCES OF DATA

- **Primary data**
The primary data comprised of the data that is collected through the questionnaires filled by the respondents and a through direct interview with the few managerial officials.
- **Secondary data**
The secondary data comprised of the data collected through annual reports, company websites and brochures of both the companies i.e. Orange Travels Company and Reddy Express Travels Company and Journals, Papers.

SAMPLE FRAMEWORK

Sample Size & Sample Design

100 employees were taken as the sample by using the sampling method called ‘convenience sampling design’. The reason to adopt this technique is to obtain the benefit of ease of access to the respondents’ base.

DATA ANALYSIS AND RESULTS**Hypothesis testing using Chi-Square Test****Table 1: Transformational * Employee Motivation****Chi-Square Tests**

	Value	Df	Asymptotic Significance (2-sided)
Pearson Chi-Square	111.073 ^a	12	.000
Likelihood Ratio	105.093	12	.000
N of Valid Cases	100		

a. 12 cells (60.0%) have expected count less than 5. The minimum expected count is .91.

Results: From the above table chi square test, it has been found that p value is less than 0.05 which is 0.000, so the stated null hypothesis is rejected and indicates transformational style has impact on employee motivation.

Table 2: Transformational * Employee Morale**Chi-Square Tests**

	Value	Df	Asymptotic Significance (2-sided)
Pearson Chi-Square	99.394 ^a	12	.000
Likelihood Ratio	107.944	12	.000
N of Valid Cases	100		

a. 12 cells (60.0%) have expected count less than 5. The minimum expected count is 1.69.

Results: From the above table of chi square, the p value observed is 0.000 which is less than significance level 0.05 indicating transformational style impacts employee morale and rejects null hypothesis.

Table 3: Transformational * Employee Self efficacy**Chi-Square Tests**

	Value	Df	Asymptotic Significance (2-sided)
Pearson Chi-Square	39.424 ^a	12	.001
Likelihood Ratio	37.910	12	.001
N of Valid Cases	100		

a. 17 cells (70.8%) have expected count less than 5. The minimum expected count is .13.

Results: Chi square value obtained is 39.424 at a significance of $p= 0.05$ the resultant significance is 0.001 which is less than 0.05 implying there is a significant relationship between transformational leadership style and employee self efficacy.

Table 4: Transformational * Employee Psychological ownership

Chi-Square Tests

	Value	D f	Asymptotic Significance (2-sided)
Pearson Chi-Square	37.828 ^a	12	.000
Likelihood Ratio	42.295	12	.000
N of Valid Cases	100		

a. 12 cells (60.0%) have expected count less than 5. The minimum expected count is .78.

Results: Pearson chi square is 37.828 at a degree of freedom 12 and chosen significance level $p=0.05$. The asymptotic significance two tailed is 0.000 where null hypothesis is rejected and there is a significant relation between transformational and psychological ownership

Table 5: Transactional * Employee Work efficiency

Chi-Square Tests

	Value	D f	Asymptotic Significance (2- sided)
Pearson Chi-Square	135.537 ^a	12	.000
Likelihood Ratio	119.621	12	.000
N of Valid Cases	100		

a. 16 cells (66.7%) have expected count less than 5. The minimum expected count is .13.

Results: Pearson chi square value is 135.537 and a significance of $p=0.000$ implies that null is rejected and there is a significant relationship between the transactional style and employee work efficiency of alternate assumption

Table 6: Transactional * Employee Performance**Chi-Square Tests**

	Value	D f	Asymptotic Significance (2- sided)
Pearson Chi-Square	99.257 ^a	12	.000
Likelihood Ratio	100.611	12	.000
N of Valid Cases	100		

a. 12 cells (61.0%) have expected count less than 5. The minimum expected count is .76.

Results: From the above chi square table, it is noticed that at a significance of $p=0.05$ the resultant chi square is 99.257 and significance 0.000 which specifies null assumption is false and that there is a significant relationship between the transactional and employee performance.

Table 7: Transactional * Employee Autonomy**Chi-Square Tests**

	Value	D f	Asymptotic Significance (2- sided)
Pearson Chi-Square	89.739 ^a	12	.000
Likelihood Ratio	85.597	12	.000
N of Valid Cases	100		

a. 11 cells (55.0%) have expected count less than 5. The minimum expected count is .52.

Results: From the observation of chi square table, the null assumption is false as the asymptotic significance 0.00 is less than 0.05 and the obtained chi square value is 89.739 there is an association between transactional style and employee autonomy.

FINDINGS

- The experience of the employees with the present organizations showed a result that fresher's included are 18% who got experienced of less than one and half years, people with 2-3 yrs experience are relatively high i.e., 37%, with 3-4 yrs is 24% and workforce of above 4 yrs of involvement is constituted of 21% .
- About 76% of Orange company employees are agreeing that their managers are more involved in providing them a clear sense of purpose at their workplace. But only 48% of Reddy employees are agreeing with this statement.
- 68 % of the Reddy company employees are of the opinion that their managers do follow the

method of management by active and 26 % of orange company is in line with this.

- It is figured that Orange company managers are more likely to induce confidence in employees to face challenging tasks than the Reddy company managers where 90% of the Orange employees agreed and only 56 % of Reddy employees agreeing this.
- Of almost 62 % of the Reddy company representatives are agreeing to the statement that their managers are limiting their intervention to only significant issues allowing employees to have autonomy in the workplace. But it is agreed only by 38% of the Orange representatives.
- Most of the employees of both the companies i.e., Reddy and Orange opined that Transformational style is more effective and suitable for them than transactional style i.e., 82 % of Reddy employees and 88% of Orange company employees agreed this.
- Transformational style is **positively** correlated with employee motivation, morale, self- efficacy and psychological ownership with Pearson correlation (r) values being 0.287**, 0.746**, 0.337** and 0.683** respectively (from correlation tables- chapter 5) significant at p=0.01 level and 0.05 level.
- Transactional style is **positively** correlated with employee efficiency, performance and autonomy, correlation values (r) are 0.821**, 0.674** and 0.665** respectively significant at both p=0.01 and 0.05 levels.

CONCLUSION

The study observed that transformational (TF) leadership impacts employee work efficiency, morale, self-efficacy and psychological ownership. This indicates that transformational leaders through their charisma and inspiring nature enhance confidence, morale among employees thus creating a psychological feeling in them towards their work.

This current study also observed that transactional style (TA) leadership impacts employee performance and productivity aiding in attaining organization goals. This study also showed a significant positive relation with employee autonomy (freedom) which has a great impact on employee engagement towards the Organization.

This study can be concluded that both the leadership styles - Transformational and Transactional style have positive impact on employees that influences employees to work in a way to accomplish the organizational targets but in a different perspective i.e., transformational (TF) style is more concerned of inspiring and motivation whereas transactional (TA) is less concerned of motivation but significantly impacts employees efficiency in performing.

The study also identifies that the most affecting variables of leadership are inspirational motivation, influence and consideration of management or managers towards their employees.

In transformational style leaders transform employees by considering employee needs and increase motivation. In contrast transactional leadership focuses on a framework of appealing to the interest of employees to increase job performance.

Thus, Leadership styles that benefits the employees as well that matches with current situation and lines up with organizational goals are to be carefully identified and practiced.

SUGGESTIONS

- Management should try to increase the sense of purpose among the employees by communicating the purpose in everyday decisions and by creating opportunities for employees to collaborate these activities.
- Managers must increase the value of each employee with timely appreciation of good work and should communicate the value of each individual within the organization.

- During challenging times, managers should increase the confidence in employees by building momentum upon the existing achievements, by providing additional details regarding work, timely feedback, assigning a mentor and showing appreciation.
- Management should provide scope for creativity and innovation in employees and make them competent to the face challenges.
- Managers must improve their concern towards individual employees by paying attention to their individual needs. He should timely counter it with solution and make sure that employees are satisfied.
- Management is suggested to include rewards and punishments in order to attain effective employee productivity thus reducing errors or mistakes in the process of accomplishment of tasks.
- Management should also reduce its intervention into every aspect but restrict to only significant issues thus allowing the employees to be free in the work place, helping them to be engaged with the organization.

ACKNOWLEDGEMENT

This current study was successfully accomplished by me through continuous efforts and support from many people and organizations who stood by me throughout the course. I would like to express my deep gratitude and heart full thanks to **Dr. Sindhu, Professor, School of Management Studies - Jawaharlal Nehru Technological University, Hyderabad**, for her guidance and encouragement to carry out the present topic “**A Study on Leadership Styles and its impact on employees: Orange travels company and Reddy travels company**”.

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