



IMPACT OF LEADERSHIP IN BUSINESSES

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Abstract

In the workplace, managers (leaders) adopt different mannerisms while interacting with subordinates, as various worker groups respond differently to leadership styles and motivating factors. The research report's analyzed is to determine the effect of leadership styles on the motivation of employees. The data collected suggests that the transactional leadership style negatively correlates with employee motivation. In contrast, the results of the transformational style suggest a positive relationship with employee motivation. This paper also discusses the probable reasons for the results achieved.

Keywords: *Motivation Theories; Job satisfaction; Leadership Styles.*

Introduction: In modern times, an organization cannot succeed without an effective leader or a well-motivated workforce. Leadership is arguably the most predominant aspect of human resource management because it affects productivity, morale, profits, and the overall success of an organization^[1]. The most common method by which leaders are evaluated is by reviewing how well they motivate others. There are various ways to motivate people, managers use mainly empowerment and positive reinforcement^[1], but these methods can be costly in terms of money or time spent on them. Due to the abstract nature of motivation and the vast number of factors affecting it, it is difficult to quantify the motivation gained or lost as a consequence of a particular decision. This paper discusses leadership styles and their varying impacts on employee motivation, as well as analyses an experiment^[2] to understand the relationship between leadership styles and employee motivation has been included. Unlike alternative publications, this report focuses solely on the varying effects of major leadership styles on employees while ignoring any effect on other aspects of the organization. This enhancement in knowledge would uncomplicate decision-making for organizations and leaders in the future and lead to higher motivation and job satisfaction for workers.

A noteworthy publication^[3] makes use of primary data to study the effect of leadership on employee performance, organizational citizenship behavior, and job satisfaction in the Nigerian public sector. It identified that the Transformational leadership style is the best method to use for any organization that wishes to meet its aims through the enhanced working of its employees. This was a significant breakthrough, which provided ground for many theories (including this one) after it was published.



Theory: Motivation is one of the variables in employee performance that is defined as the process that arouses, directs, and maintains behavior (Woolfolk, 2013). Through studies^[4] it is shown that motivated workers are more efficient and cooperative, therefore the benefits of retaining motivated workers far outweigh the cost. Workers remain demotivated usually due to feeling undervalued, having unrealistic workloads/deadlines, or poor management. Further understanding of the term 'motivation' requires certain motivation theories to be comprehended. The theories are the Hierarchy of Need theory (Maslow, 1943) which states that an individual's motivation is dependent on the satisfaction of their needs, that their needs are segmented into five groups: Physiological needs, safety needs, social needs, self-esteem needs, and self-actualization needs in this particular order and that once needs at a level of the hierarchy are fulfilled, the individual will no longer be motivated through the fulfillment of those needs and will move onto the next level of the hierarchy^[5]. Another theory to comprehend is the Three Needs theory (McClelland, 1961) which states that all people have three kinds of motivational needs irrespective of influences such as their culture or wealth. They are the need for achievement, power, and affiliation^[5]. Both these theories and others^[5] state that individuals are motivated through the fulfillment of distinct needs. Thus, we can infer that during work, a leader must satiate several wants to develop and maintain employee motivation. Leadership style refers to the mannerisms adopted by a leader while interacting with their subordinates. Different leadership styles call for different amounts and types of interactions with subordinates^[11]. Certain studies^[6] have established a positive correlation between employee engagement and motivation, from which it can be determined that leadership styles have vast implications on motivation and job satisfaction which is a positive feeling an individual has toward their job as a result of praise or job experience (Locke, 1976). There are numerous leadership styles namely charismatic, consultative, situational, laissez-faire, autocratic, democratic and so on. They can be separated into two main categories: transactional and transformational.

- Transactional leadership utilizes an exchange of resources to motivate workers; anything of value to both parties but are not necessarily monetary. It utilizes rewards and punishment to influence employee behavior (Hartog & Van Muijen, 1997).
- Transformational leadership is stimulating and advancing employees past personal gains (Hater & Bass, 1998) to illustrate awareness of organizational issues. Leaders aim to motivate the workers to build towards the goal by moving beyond transactions and incorporating a degree of role modeling that benefits the organization.

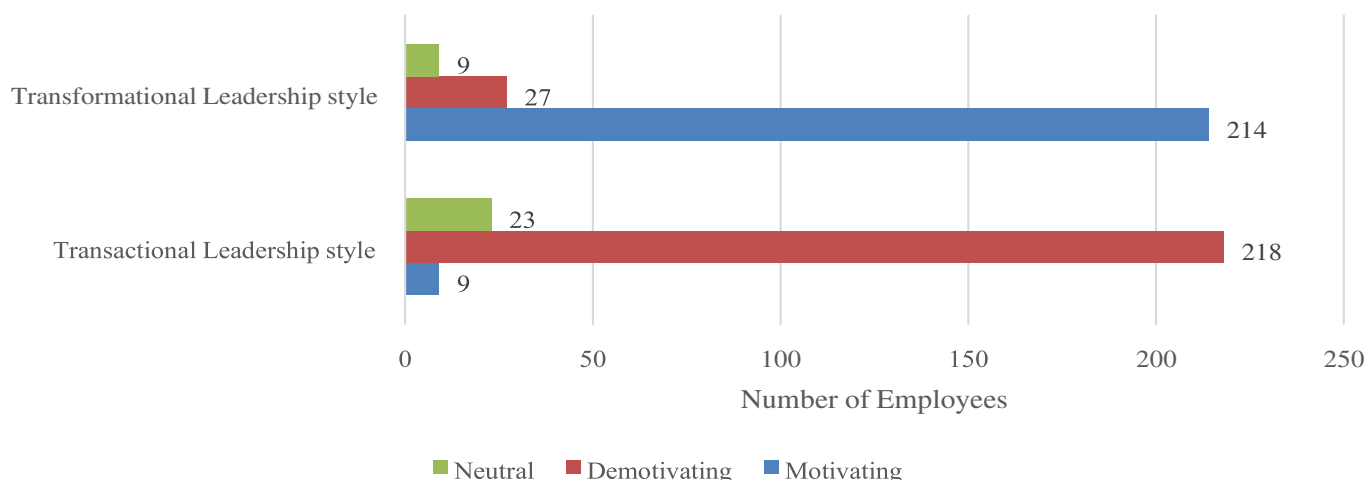
Surveys and Interviews conducted: The research survey and interviews were conducted in five small and medium scale companies where both quantitative and qualitative data were accumulated. 250 employees were handed the questionnaire, while 25 were interviewed. The questionnaire and interviews were crafted such that the effect on motivation in the work environment caused by a transformational and transactional leadership style could be explored, by asking the employees to state their views on the topic.



RESULT: In the first part of the questionnaire, 85.60% of the 250 employees firmly believed that transformational leadership was motivating while merely 10.80% opposed and 3.60% were unsure of its effect. The interview portrayed similar results, where 84% of the 25 employees interviewed believed it would be motivating, 4% considered it demotivating and 12% were unsure of its effect. Thus, we can state most employees consider transformational leadership motivating. In the next part of the questionnaire, 3.60% of the 250 employees sampled considered that transactional leadership would be motivating, 87.20% felt it as demotivating, while the other 9.20% were unsure of its effect or believed it wouldn't have any. The interview depicts comparable results where 8% of the 25 employees interviewed considered it motivating, 84% thought it demotivating and 8% were unsure of its impact or believed it wouldn't have any. Using this data, we can infer that the employees who consider the transactional leadership style as motivational are relatively low in number.

DISCUSSION

Employee's views on Leadership styles



From the given data above, we can see that employees consider the transformative leadership style to be very motivating, while the transactional style to be vastly demotivating. Thus, we can deduce that managers who utilize the transformational leadership style will be able to effectively motivate their employees to higher amounts than those who do not. We can also infer those transactional leaders do not meet the motivational needs of the employees. A motivated workforce has higher relative efficiency and is more cooperative as shown by studies. Therefore, we can state that transformational leaders are usually more effective at making subordinates efficient and cooperative. A probable reason for these results is that transactional leaders often set unattainable goals for employees and punish them if they are not met, thus demotivating the work. In contrast, transformative leaders usually interact with the employees to form and maintain positive relations and inspire them to work towards the aims of the organization.



CONCLUSION: To conclude, the results of this research: the fact that transformational leaders are more motivational than transactional, is consistent with the theory that different leadership styles affect employee motivation and studies depicting a positive correlation between employee motivation and employee engagement^[6]. The experiment being analyzed was conducted on similar scales of businesses thus it may not be entirely accurate as employees of larger businesses may have different opinions, in addition, the questions were self-attested so parts of the data may be incorrect due to certain subjects filling in inaccurate information (intentionally or unintentionally), making the result inaccurate. Further research must be conducted on the influence of monetary factors such as pay on job motivation by repeating this experiment with people in different income groups and different industries while keeping certain factors such as age constant to maintain experimental accuracy.

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