

A Study on Impact of Leadership Style and Motivation on Employee Performance of Banking Sector

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Abstract: The study sought to investigate the effect of leadership styles and motivation practiced in an organization and their effect on employee performance. The purpose of this study is to understand the effect of different leadership styles autocratic, democratic, and participative style- on employee performance and motivation techniques Ant procrastination Sheet, But- Rebuttal Method, Can't Lose System, Count What Counts, Daily Activity Schedule, Disarming Technique, Little Steps for Little Feet, Motivation Without Coercion, Pleasure Predicting Sheet, Self-Endorsement, Test Your Cant's, TIC-TOC Technique and Visualize Success. The study followed the qualitative approaches, Secondary research will be integrated. The reason for this is to be able to provide adequate discussion for the readers that will help them understand more about the issue and the different variables that involve with it. On the other hand, sources in secondary research will include previous research reports and journal content. Existing findings on journals and existing knowledge on books will be used as secondary research. The interpretation will be conducted which can account as qualitative in nature. To validate the research objective different scholarly views are presented of each independent variable effect on the dependent variable. At the end it was concluded that the autocratic leadership is useful in the short term and democratic leadership style is useful in all time horizon.

1. Introduction

Leadership is a process by which an executive can direct, guide and influence the behavior and work of others towards accomplishment of specific goals in a given situation.

Motivation is the word derived from the word 'motive' which means needs, desires, wants or drives within the individuals. It is the process of stimulating people to actions to accomplish the goals.

Impact of Leadership style on employee performance

This study is about the effect of leadership styles on employee performance which majorly focused on employees.

This section elaborates the background of the study (Historical, Theoretical, and Conceptual perspectives), Problem statement, Purpose, Specific objectives, Research questions, Hypothesis, Scope of study and Significance of the study were exp

Historical perspective

In the recent past years, leadership has engaged as a new effective approach for managing the employees and organization at large. The traditional concept of personnel administration has gradually replaced with the human resource management. This give importance to the strategic integration of new leadership styles into effective management of employees and to improve the employee performance. Kenneth and Heresy assert that, The effective leader must be a good diagnostician and adopt style to meet the demands of the situation in which they operates.

Conceptual perspective

In this study, there are different leadership styles such as autocratic, democratic, and Participative which taken as independent variables and employee performance would be taken as dependent variable. A conceptual model is developed on the basis of their relationship with a view to analyze which one leadership style is most appropriate to improve the performance of employees of an organization. Consequently, performance was operationally perceived as: executing defined duties, meeting deadlines, team input, and achieving departmental goals. The above should lead to efficiency, specialization, effective feedback and good organizational relations.

Theoretical perspective

The Fred Fiedler presents the theory of Fiedler leadership contingency model theory in which he proposed that effective employees performance depended upon the proper match b/w a leader's ability to lead is contingent upon situational factors that include the leader's capabilities, preferred style, and behavior, competency of employees. This theory propounded that leaders should adopt that style which best to the situation and immediately stimulate the employee performance. Leadership is increasingly understood to involve persuasion and explanation as well as ability to identify, affirm, and renew the values of the group the leader represent.

Impact of Motivation on employee performance

Motivation is the word derived from the word 'motive' which means needs, desires, wants or drives within the persons. It is the process of inspiring people to actions to achieve the goals. In the work goal background, the psychological factors motivating the people's behavior can be need for Money, Respect, Job-Satisfaction, Achievement, etc. Motivation occupies an important place and position in the whole management process. This technique can be used fruitfully for encouraging workers to make positive contribution for achieving organizational objectives. Motivation is necessary as human nature needs some sort of inducement, encouragement or incentive in order to get better performance. Motivation of employees is one function which every manager has to perform along with other managerial functions. A manager has to function as a friend and motivator of his subordinates. It is an integral part of management process itself.

Factors that encourage Employee's motivation:

- Belief in employees strengths
- Inquire employees what they want
- Teach employees to measure their own success
- Crystal clear & regular communication about factors important to employees
- Treating employees with respect
- Feedback and training from managers and leaders
- Industry-average benefits and recompense
- Carry an idea notebook
- Explain the reward system
- Stop Distracting Employees

Motivated employees are inclined to be more productive than non-motivated employees. If employee will satisfied and happy then he/she will do his /her work in a very impressive way, and then the result will be good, on the other hand motivated employee will motivate other employees in office. Job performance management is the process through which managers ensure those employees activities and outputs are congruent with the organization's goal.

Therefore it is the organizations priority to ensure that motivational tools which encourages initiative and stimulates efforts from the employees are put in place for a better performance and deliverance of quality service. The performance of an employee is measured by the output that the individual produces and it is related to productivity.

Productivity is defined variously as that which people can produce with the least effort output per employee hour, quality considered the increased functional and organizational performance, including quality a ratio which measures how well an organization (or individual, industry, country) converts input resources (labour, materials, machines etc.) into goods and services. It is about aligning the organizational objectives with the employees agreed measures, skills, competency requirements, development plans and the delivery of results.

Review of Literature

1. **A critical review of different leadership styles by Khan (2015)** explains various styles of leadership that are usually adopted by leaders. The autocratic style is one of the most discouraging of all the other styles where the leader does not consult the subordinates for any decision, rather dictates the orders and all kinds of power is just in the hands of the leader. Eric Gill (2014) explains it as "Autocratic leaders usually think of themselves as automobile engines that drive people under their command, whether it's a mayor of a large city, a company CEO or an agency director."

2. **Job satisfaction as defined by Oshagbemi (1999)** is that state of an individual where the person is in a positive emotional state due to the factors resulting from positive job experiences. A study conducted in South Africa by Schulze (2006) to study the factors that influence the job satisfaction of academics in higher education concludes that job satisfaction is directly and positively related to physical conditions, support and other benefits that are offered by the institution. This also includes support from higher authority or the leadership.

3. **Herzberg et al. (1959) introduced a model** to explain the concept of job satisfaction and found out the factors that can affect it. He explained that hygiene factors cannot be the reason of satisfaction but it can contract the effects of dissatisfaction, however, the motivational factors are somewhat responsible for job satisfaction and motivation can have effects that last longer than imaginable. But it is somewhat imperative to have both factors because the absence of hygiene factors can increase the chances of employees having job dissatisfaction.

4. **Oshagbemi (1999) states** that job satisfaction is related to the physical and emotional stability of an individual and must be taken into account very seriously by individuals in all fields. He further draws an interesting comparison of how employee job dissatisfaction can lead to other issues like deteriorating job performance, absenteeism and disinterest in the matters of the organization, while on the other hand employee job satisfaction can lead to innovation in various departments, nurturing of an environment that encourages and motivates employees to constantly learn through their work. He thus draws a clear picture of how job satisfaction among employees can change the whole atmosphere of an organization.

5. **Chandrasekar (2011)** wrote about how organizations in today's world should focus on creating such a work environment that encourages workers to work in a more productive way that increases profits and enhances their ability and will to work and contribute towards the company. He further emphasized on the fact that the kind of interaction that takes place between the people working in an organization have a very important role to play in such situation as such connections contributes towards job satisfaction even more than monetary incentives. The human interactions that he talks about also include the interaction between the leader and the subordinates, which sheds a light over the fact that the way a leader interacts with employees plays a pivotal role in determining the level of employee job satisfaction.

6. **A study conducted by Taylor (1998)** to find out the principles that could be a major influence on productivity in the workplace. These principles included how the job is designed, how the employees are selected and then trained, how the employees work closely with one another and have proper task division in the workplace and what is the quality of leadership present for these employees. All these factors have an impact on employee productivity and then lead to employee job satisfaction and satisfactory performance. Taylor identified that these have a direct relationship with each other.

Objective of study

The main objective of the study is to investigate the effect of leadership styles and motivation on employees' performance.

1. To examine the impact of leadership styles and motivation on employee's performance.
2. To examine the effect of Transformational leadership and motivation on employee's performance.
3. To examine the effect of Transactional leadership style and motivation on employee's performance.
4. To examine the effect of servant style of leadership and motivation on employee's performance.
5. To examine the effect of laissez-faire style of leadership and motivation on employee's performance.

Research Methodology

- ✓ **Sample Size:** 80
- ✓ **Instrument Used:** Microsoft excel(Filter)
- ✓ **Methods of Data Collection**
- Primary –

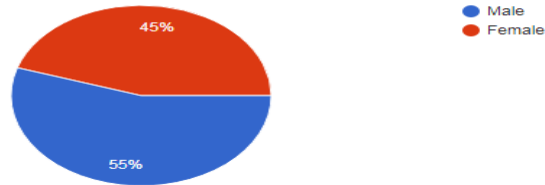
Questionnaire(Google forms)

- Secondary – Books, Journal and Internet

Data Analysis

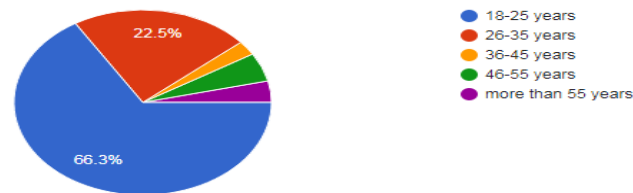
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Gender
80 responses



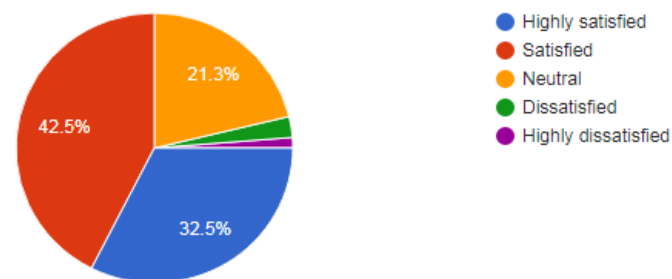
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Age Group
80 responses



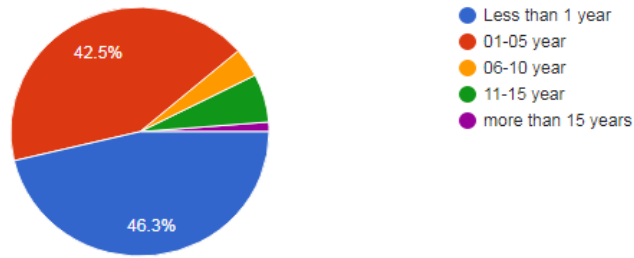
1. Are you satisfied with the support from the HR department?

80 responses



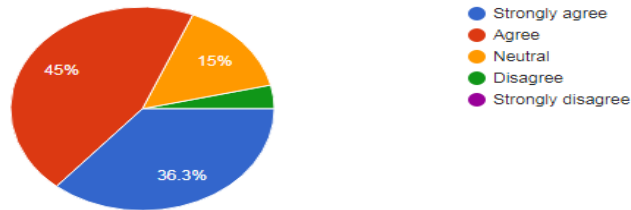
2. How long been you are working here?

80 responses



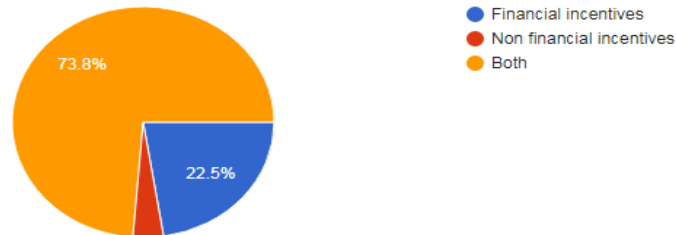
3. Management is really interested in motivating the employees?

80 responses



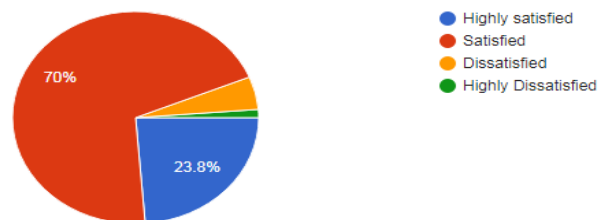
4. Which type of incentives motivates you more ?

80 responses



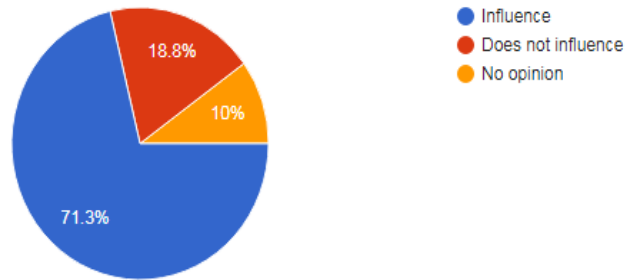
5. Are you satisfied with the effort to you and your performance by the superior and the team members?

80 responses



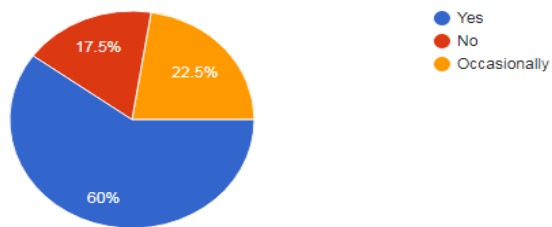
6. Do you think that the incentives and other benefits will influence your performance?

80 responses



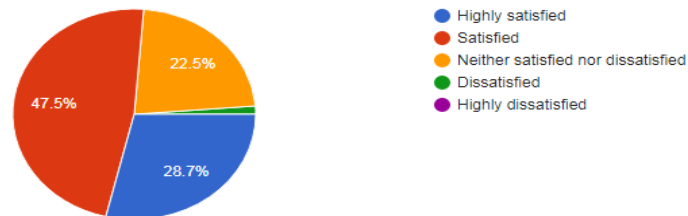
7. Does the management involve you in decision making which are connected to your department?

80 responses



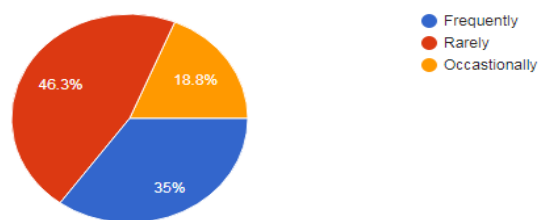
8. What is your suggestion about the recognition given by the management?

80 responses



9. Whether your suggestion will be considered during your job?

80 responses



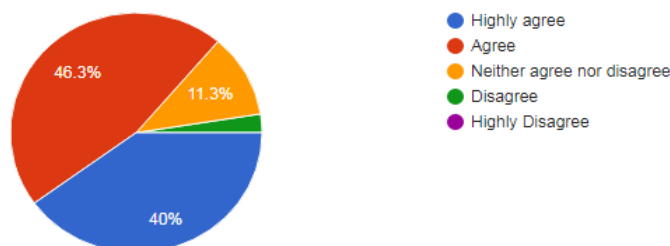
10. Do you agree that frequent chance has been given to improving your skills and job knowledge?

80 responses



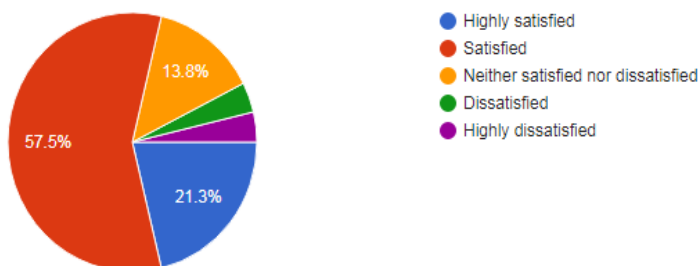
11. Do you agree with the company functions conducted in your organization?

80 responses



12. Are you satisfied with the stress relief programs conducted in your organizations ?

80 responses



Findings

The findings of this study are context specific. The results reveal that banking sector of India is a male dominant sector with 55 percent of the respondents. However, this does not mean that banking sector of India offers limited growth opportunities for females, as a matter of fact number of females in the banking sector have increased recently according to previous research findings. The majority of banking workforce (66.3%) belonged to 18–25 years age group.

It is revealed that due to early retirement and promotion of employees to management positions is the main reason for absence of higher age workforce in banking sector. In addition, increase in the number of banks in the country is also a significant reason. The same fact is reflected in education and experience factors as well.

The inclusion of technology in banking sector, banks prefer to hire well educated and young workforce rather training the existing ones who are close to their retirement. In addition, some of the experienced managers were able to get promotion and were holding positions in administration, while many got retired with attractive retirement packages (offered by banks against their retirement before time) in last few years. Therefore, based on the above demographic results, it can be inferred that the banking sector of India is a growing sector and is boomed by the young generation.

The purpose of the study was to examine the relationship between the managers' leadership styles (as perceived by subordinates) and outcome variables. The results indicated that transformational leadership style had the greatest effects on all outcome variables (effectiveness, satisfaction, extra effort, and organizational commitment). On the other hand, laissez-faire leadership style had negative relationship with all outcome variables (effectiveness, satisfaction, extra effort, and organizational commitment).

It proved that transformational leadership had a significant relationship with outcomes in terms of effectiveness, extra effort and job satisfaction. The relationship between laissez-faire leadership style and effectiveness, and job satisfaction was found to be negative that supported the existing literature on leadership styles in relation to difference outcomes.

However, mixed relationship was found between transactional leadership style and outcome variables. Contingent reward was found significant predictor of satisfaction, whereas no other dimension of transactional leadership styled had significant relationship with any outcome variable.

Conclusion

Present study examined the impact of transformational, transactional, and laissez-faire leadership on the intrinsic and extrinsic motivation of the employees serving in the banking sector of India.

The current study found that intrinsic motivation is positively influenced by all the three leadership style, whereas transformational leadership had the most significant impact on the intrinsic motivation of the employee.

On the other hand, only transformational leadership had a significant effect on extrinsic leadership.

From this finding, it is clear that transformational leadership style is highly preferable and suitable for the proper motivation of the employee in the banking service. The inherent nature of the transformational leadership style emphasizes more on transforming instead of transacting.

Transformational leaders aware of their subordinates' ability to attain the organizational goals and the awareness direct the leader to form an environment by which the employee can flourish their ability.

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