

**THE EFFECT OF LEADERSHIP STYLES ON EMPLOYEE MOTIVATION AND ORGANIZATIONAL PERFORMANCE IN THE FINANCIAL SERVICES SECTOR**

**Dr. Harimohan Sarswat**

**Principal, Ekkis College, Sunkarandar{Raj.}**

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**ABSTRACT**

*The fact that adaptability in leadership is essential in today's times of rapid development, it is evident that this strategy is essential. This article covers a variety of topics, including aspects related to leadership styles, staff motivation, and performance. A method that comprises a literature review of around seventy-five articles is used in order to arrive at the conclusion that there is a significant connection between the leadership style and the performance of the employees. It is shown in this particular instance that a leader has an impact on their subordinates when they are in a position of leadership. The ability to communicate effectively is among the most essential abilities for a person in a leadership position to possess. Negative results are produced when there is a lack of intrinsic motivation between people and the tasks they do. The challenge of motivating one's personnel is one that a great number of companies come up against. There is a correlation between the way in which managers connect with their employees and the output that they produce. Consequently, it is essential for research to investigate the ways in which various leadership styles may influence the motivation and performance of various employees. For those in positions of leadership and motivation, it is necessary to have a deeper awareness of the techniques that are required to increase employee performance.*

**Keywords:** leadership style, motivation, performance

**INTRODUCTION**

In the realm of leadership, the ability to inspire one's subordinates to perform at a higher level is among the most critically vital qualities. It is necessary for leaders to create specific parameters in order to cultivate an atmosphere in which employees are at ease proposing new ideas and recommendations. It is possible that some employees may opt to voice their complaints in order to generate novel ideas for making the most of the resources that are at their disposal. It is important for managers and leaders to maintain transparency and consistency in the manner in which they share information with their employees if they want to cultivate trust and loyalty among their followers and workers. To be a good leader, one must possess the ability to inspire their team to achieve higher levels of productivity while also boosting morale. His exploits served as a source of motivation for a great number of others, who attempted to copy them. The role of the leader is to function as a mediator between those in higher-up positions and those in lower-up positions, also known as workers. He is accountable for conveying to lower levels of management not just the wishes and expectations of higher management but also the challenges and issues that are experienced by personnel while they are on the job. It is he who connects all of the activities, beginning at the highest level and working his way down. It was through the establishment of a supportive working environment that he was able to successfully cultivate a spirit of cooperation among his fellow employees. If an employee is experiencing an issue, regardless of whether it is of a more technical or emotional character, they will seek assistance and advise from their supervisors.

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As a result of the fact that strong competition, high-quality service and product expectations, globalisation, and the need for optimised efficiency are the standard in today's organisations and enterprises, leadership and the methods that are incorporated by leaders have become an important component. The following are essential to the development and longevity of the organisation that is being considered: the construction of a corporate entity that is compatible with modernity, productivity, and competitiveness; the cultivation of a team that will last; and the achievement of the organization's objectives that have been expressed. People, in the end, always want things to be different, whether it is their living environment or their expectations of the services and commodities that are offered in response to their changing needs, views, and workplaces. This is true regardless of the context in which they are living.

There is a flood of issues that are being brought about by fast technology breakthroughs, altering demographics, evolving client preferences and motivations, as well as an availability of knowledge and accessible labour alternatives. These challenges are being faced by both workers and leaders involved in the workplace. The operational spectrum and its cultural component have become more sophisticated as a result of the combined effects of all of these factors; this includes the need that workers demonstrate a greater level of dedication and engagement. From a corporate point of view, the ideal aims of a leader in performance management should be to improve the output quality, productivity, and customer satisfaction. Indicators of good organisational and employee performance include the accomplishment of the organization's purpose, the predetermined goals and objectives, the organization's efficiency, its sustainability, its bottom line, its growth, and its competitiveness. In addition, a motivated workforce contributes to the enhancement of these indicators. When developing a plan for motivating employees, it is necessary to take into account the variables that motivate people to perform at their highest level, both on an individual basis and in groups. As a consequence, leaders have the ability to impact the effectiveness of their employees.

There is no denying the fact that leaders have an effect on the output of their employees attributable to the manner in which they affect the behaviours, efforts, and inputs of their employees. The workers are of the opinion that the activities they do in regard to certain strategies have a direct influence on the end they want, which includes the accomplishment of their responsibilities. There are a lot of publicly available ways that detail how leaders should include their personal perspectives and the culture of the organisation in order to accomplish excellent drivers of each individual employee and the team as a whole. At the level of the person or the organisation, intrinsic motivation is an essential component that drives growth, innovation, and progress. The capacity to complete any work, regardless of how little, challenging, or apparently impossible it may be, is a characteristic that distinguishes highly charged individuals. When it comes to the workplace, employee motivation may take many various forms, each of which reflects a particular set of values that are held by the leadership and culture of the organisations. In spite of this, one might argue that the level of devotion that workers have to their job, as well as their own and the company's objectives, as well as the general performance of the team, is either favourably or adversely impacted or influenced by the strategy. For the purpose of designing effective tactics to encourage workers, it is essential to have a strong grasp of the variables that inspire individuals and organisations. Increasing dedication and productivity by more than twenty percent may be accomplished by providing a welcome atmosphere in which individuals are able to do certain duties, opportunities that are accessible to them, and

compensation packages that are equitable. It has been shown via experiments that workers who are content report better levels of devotion and production.

The first thing that overseas investors want when they are considering making an investment is a validation of the financial statements of the companies via the use of an audit. Furthermore, in order for the administrators and other managers of the business to be able to make choices at all management levels, as well as to supervise and regulate the activities of the company, the financial disclosure table has to offer accurate information. When this is taken into consideration, auditing becomes a must for every kind of economy. On the other hand, the number of auditing businesses in Ho Chi Minh City and more generally across Vietnam are considered to be relatively young, both in terms of quantity and quality. It is anticipated that there are 165 auditing firms that are accessible to meet the yearly demand for auditing services. This is despite the fact that thousands of businesses have this necessity for their operations. As a general rule, the quality of the services provided by audit companies is exceedingly varied, which is the primary reason why the overall standard is so poor. During the year 2012, twenty Vietnamese businesses became affiliates of global auditing organisations. The vast majority of the more than 1,500 qualified auditors were employed by well-established auditing firms. Therefore, the purpose of this study is to 1) determine the leadership styles that HCMC auditors need to adopt, 2) determine the leadership styles that have a substantial impact on staff motivation, and 3) make use of the results of the research to enhance and offer proposals for leaders to advance their profession.

## **REVIEW LITERATURE**

Abdul Rasheed, Farid Ahmed, Tasawar Abbas, and Ahahid Latif embarked on a research project in (2014) with the intention of examining the influence that transformational leadership has on the intrinsic motivation of work in the Punjabi telecom industry. It has been shown that a broad range of transformational leadership characteristics have an effect on the motivation of employees. There is a favourable association between transformative leadership and employee motivation, as shown by the findings of the study. The objective of the study piece that was written by R. Gopal and Rima GhoseChowdhury (2014) was to conduct an empirical investigation into the relationship that exists between leadership style and employee motivation at a particularly well-known Indian oil firm. Based on the findings of the research, it seems that the leadership styles of the most well-known oil and refinery companies in the western region have a major impact on the motivation of their employees. According to the survey, employees were held to some degree responsible for their motivation, and the leadership styles that were most often used were transformational and transactional.

Ali OroziSougui, Abdul Tlib, MahamatAbdoulayMahamat, and Hussein Mohamed Hagi Hassan (2017) wrote a research study with the primary objective of investigating the most recent assessment of leadership style and employee motivation. This article was written in 2017. The point that they are making is that increasing the motivation of employees is a significant step in the process of enhancing the performance of the organisation. According to the findings of the research, exceptional leaders may manifest themselves in a variety of different manifestations. The most effective approach to lead a group of individuals is not a single method. The capacity of an individual to become an effective leader is influenced by a variety of considerations. Every kind of leadership has the potential to either positively or negatively influence the levels of motivation, enjoyment, and productivity that employees experience. It was IdahNaile (2014) who conducted a research that investigated how

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leadership influences the level of employee engagement. The purpose of this research was to investigate the possible connection that exists between teachers' levels of motivation and the leadership styles that they demonstrate. The outcomes of the research offered more evidence that a mix of trust, encouragement, and a common objective may have a good influence on the motivation of employees. It has been shown by a researcher that transformational leadership does not have the ability to boost work satisfaction. The opposite is also true: if teachers are excited about what they do for a profession, it may increase their level of job satisfaction, which in turn may have a good impact on the academic performance of their students. (M. Suleman Sabir, AdilSohail, and Muhammad Asif Khan, 2011) The authors of this research demonstrate that the leadership style of an organisation has an effect on the workers' commitment to the company, and that the culture of the organisation has an effect on the value of the employees. The study that was discussed before is supported by this publication, which provides theoretical justification. It was decided that a leader should be responsible for cultivating an organisational culture that demonstrates the value that individuals bring to the table and, in addition, contributes back to the firm in a variety of different ways. A leader's approach has been found to be able to resolve disputes between the values of employees and the culture of the organisation, according to research. It fulfilled two goals at once: first, it increased employee loyalty, and second, it attracted individuals who were knowledgeable and talented to the company. Strong leadership that supports and promotes the contribution of others' ideas. It was suggested that future research may expand on this issue by exploring other aspects of business culture, such as how new technology has influenced the operations of the firm, how senior management has evolved, and other themes that are comparable to these. This idea was spurred by the findings of this study.

Rima GhoseChowdhary (2014) conducted an empirical research of chosen organisations in the corporate sector in order to investigate the impact of different leadership styles on the level of employee engagement and devotion. The findings suggested that there is a significant association between the leadership styles of transactional and transformational leadership in terms of the motivation of employees. The link between employee motivation and a leadership style that is characterised by a laissez-faire approach was shown to be inverse. The findings indicate that successful leadership styles entail the implementation of techniques that deepen the connection that exists between managers and the employees they supervise. A defining characteristic of transformational leadership is an increase in both self-assurance and the willingness to work towards the accomplishment of the organization's objectives. Therefore, employees need to be more committed to the work that they do. People in leadership positions are responsible for motivating their staff to accomplish the goals of the company. In order for the organisation to continue to have control over the workforce, it is necessary to create leaders.

There is a correlation between the leadership styles of auditing companies situated in Ho Chi Minh City, Vietnam, and the motivation of its employees. According to the findings of the research conducted by Mai Ngoc Khuong and Dang Thuy Hoang (2015), this is the case. This study's primary objective is to investigate and evaluate the ways in which leadership style influences the motivation of employees. This study came to the conclusion that the leadership style has a substantial impact on the motivation of employees. The findings of this study indicate that various leadership styles, such as charismatic, relational, and ethic-based contingent compensation, all have a favourable impact on the level of employee engagement.

## **OBJECTIVES**

1. All of the research that has been done on different leadership styles and what motivates individuals in the workplace has to be reviewed first.
2. The second objective is to investigate the possible connections that exist between the leadership style of an organisation and the motivation of its workforce.

## **RESEARCH METHODOLOGY**

Over the course of many decades, research has shed light on a number of distinct leadership styles. These types include transformational leadership, democratic leadership, laissez-faire leadership, paternalistic leadership, authoritarian leadership, and transactional leadership. The decision-making process is what differentiates these many leadership techniques from one another that are available. When executives in an authoritarian workplace do not involve lower-level workers in decision-making, especially when drafting corporate policy, the insights and viewpoints of employees are not taken into consideration. When it comes to circumstances that need high levels of involvement or pressure, rigorous adherence to a specified technique, or the creation of high-quality outcomes, a certain leadership style is particularly effective since it guarantees that followers fulfil the tasks at hand without having to make difficult choices. is the process of establishing an atmosphere in which a group of people may grow into highly trained individuals who are able to do given tasks according to set standards. Both the construction industry and the military are examples of organisations that often engage in this process. Trivisonno and Barling (2016) proved that when a single individual is responsible for operating the organisation, including the delegation of tasks, the creation of roles, and the setting of standards for the quality and duration of work, the activities function more smoothly. Both authoritarian and transformational leadership styles are considered to be the two most essential approaches to leadership.

### **Authoritarian Leadership Style**

A style of management known as authoritarian leadership, also known as asserted autocratic leadership, is one in which the head honcho makes all of the decisions, plans the strategy of the organisation (including how to solve problems), and seizes opportunities without consulting subordinates or taking their feedback into consideration. There have been a lot of research that have examined the advantages of autocratic leadership, and these studies have shown how vital it is to make judgements in a brief and straightforward manner. According to Nanjundeswaraswamy and Swamy (2012), leaders have the ability to make decisions for an organisation or group without consulting a significant number of people or receiving their approval. Further along the same lines, Northouse (2017) suggested that decisive leadership is required in order for certain decisions to be carried out in an effective manner and within the allotted time. According to the findings of Solaja et al. (2016), the process of decision-making becomes more effective and expedient when the manager or leader of the group has the most degree of information or competence in comparison to the other members of the group.

### **Style of leadership that is paternalistic**

In instances where there has been a lack of leadership, such as in smaller groups with challenges with time and task management, effective plan formulation and execution, and weak organisational structure, paternalistic leadership has been demonstrated to be most successful. This means that it works best in situations where there has been a lack of leadership. A strong paternalistic leadership style is characterised by the leader taking direction of the group or organisation, delegating responsibilities to others based on the talents they possess, and outlining a plan that includes deadlines and quality standards. On the other hand, academics consider this type of leadership to be undesirable because of the authoritarian and controlling traits it has. The absence of room for employee contact and input under paternalistic and authoritarian systems has a detrimental influence on employee engagement, morale, and resentment. Also adversely affected is the lack of space for employee feedback. Due to this particular reason, there is a problem with both of the techniques. Researchers who investigated the connection between empowering leadership and employee creativity discovered that while certain leadership styles employ strict supervision in order to increase productivity and decrease stress, this style of leadership actually causes workers to feel unmotivated, afraid, angry, and as though they have no control over their job. mainly due to the fact that the strategy places a significant emphasis on the characteristics and skills of an efficient leader. There is a possibility that the whole organisation may be subject to severe repercussions in the event that this individual is incapable of engaging in critical thinking or finding solutions to problems.

### **DATA ANALYSIS**

Random selection was used to choose the sample, and the majority of the two hundred and thirty valid replies came from people who held management roles. The individuals in question had amassed a vast amount of professional competence over the course of a considerable amount of time. In addition to having degrees ranging from a bachelor's to a doctorate, they have an average of 10 years of professional experience. The applicants' ages varied from twenty to sixty years old, depending on the question. Representatives of a wide range of demographics were included in the sample, including individuals of varying ages, educational levels, positions within the organisation, and years of experience. The following table provides a table that has values for skewness, kurtosis, standard deviation, and frequency distributions. The table may be found below. There is a high probability that the distribution contains non-symmetric data due to the fact that the kurtoses and mean values are considerably different from one another respectively. Additionally, the data on skewness shows a positive lean, which indicates that the respondents were older, more qualified, more experienced, and held higher-level roles within the organisation.

**Table 1. Descriptive statistics**

DESCRIPTION	N	Mean	Std. Deviation	Variance	Skewness		Kurtosis	
					Statistic	Std. Error	Statistic	Std. Error
WorkExperience (Years)	130	1.97	.825	.681	.058	.212	-1.531	.422
Job Rank	130	1.29	.457	.208	.924	.212	-1.164	.422
EducationLevel	130	2.30	.903	.816	.136	.212	-.782	.422
AgeinYears	130	2.81	.872	.761	.457	.212	-.342	.422
ValidN(listwise)	130							

The Cronbach alpha test was used in the process of carrying out the reliability investigation. Table 2 contains the results of the investigation. It was determined that the research scale and the variables that were related with it had values that were satisfactory, with a value of 0.79. The Cronbach alpha test often yields a number that is larger than 0.7, which is the threshold at which researchers generally agree that a scale and the variables connected with it may be deemed legitimate in a study. The conclusions of the research are largely accepted by the scientific community, which indicates that this is the case. On the other hand, the reliability of the findings that are reported here is significantly supported by the fact that the scales that were used to assess the variables had a Cronbach alpha of 0.904. As a result of taking into consideration all four leadership styles as independent variables and motivation as the dependent variable, the results of the SPSS analysis are shown in Table 3, which describes the variables that were included in the research. These variables are included in the table, and their presence is also discussed there.

**Table 2 Reliability Analysis and Variables Inclusion**

Items Type	Cronbach's Alpha
All Scaleitems	.790
Variables Only	.904

**Table 3 Variables Inclusion**

Model	Variables Entered	Variables Removed	Method
1	Laissez-faire, Paternalistic, Authoritarian, Transformation <sup>a</sup>	.	Enter

The metrics that are used in order to evaluate the connections that exist between the two variables are known as correlation coefficients. The association between different leadership styles and the motivation of employees is seen in Table 4. The intrinsic linkages that exist between all of the variables are brought to light as a result of this. As one works through the connections, it becomes immediately apparent that each and every relationship carries with it a positive value. The paternalistic leadership style and the motivated leadership style had a correlation value of 0.717, which provides the greatest evidence of a positive association between the two kinds of leadership. As the correlation coefficient has a value of 0.613, we are able to assert that there is a positive connection between motivation and the laissez-faire leadership style; however, this connection is not very strong. Additionally, there is a positive overall internal correlation among all of the variables that make up the data.

**Table 4. Correlation test**

		Motivati on	Authoritari an	Paternali st ic	Transformati on	Laissez -faire
Pearson Correlati on	Motivation	1.000				
	Authoritarian	.641	1.000			
	Paternalistic	.717	.616	1.000		
	Transformati on	.754	.687	.686	1.000	
	Laissez-faire	.613	.663	.502	.649	1.000

In the model fitness summary, which can be seen below in table 5, the significance of the findings is shown in a clear and straightforward manner by a value of significance that is lower than the threshold of rejection, which is set at 0.5. A value of 66.5% is shown by the R2 (Rsquare) statistic, which is used to quantify the overall impact that leadership styles have on the rate of employee motivation. Additionally, it was concluded that R2 (Rsquare) and other data may be considered statistically significant. On the other hand, when all of the styles are taken into consideration together, the F-change value of 61.911 suggests that there is a very high degree of additive impact on the change in the degrees of motivation that workers have. This result implies that the leadership styles have an overall impact of influencing the employee's motivation level by 66.5%. This is based on the assumption that individual styles are not taken into consideration. When considered as a whole, the model demonstrates that the variables that were included into the structures were appropriate and provides a robust degree of positive association. On the other hand, given that the significance threshold is calculated to be 0.00, it is clear that each and every one of the model's outcomes is reliable.

**CONCLUSION**

In today's firms, when workforce numbers are at an all-time low and workloads are ballooning along with expectations for greater decision-making, risk-taking, flexibility, and performance, the leadership style that is used is of the utmost importance in motivating people to tackle the difficulties that they face. This is due to the fact that modern firms are going through enormous adjustments simultaneously. The efforts that are done by management to reaffirm those employees who are



puzzled by change or to educate and excite those employees who are better equipped to adjust to the change are strongly dependent on the communication that occurs between workers. Within the context of this overarching duty to communicate, there are particular demands for efficient communication that arise as a consequence of the management of the relationships that exist between workers. Both the ability to express one's vision and the ability to inspire one's followers are essential for a successful leader. One of the most important qualities of a leader is the ability to articulate their thoughts in a way that is easily understood. These are some of the qualities that leaders use to ensure the success of their organisations, in addition to having good communication abilities.

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