

Impact of Leadership Styles on Employee Motivation in Nepalese Banking Industry

Dr. Virachai Vongbunsin¹, Bikash Atreya²

¹ Graduate School, Shinawatra University

² School of Management, Shinawatra University

Abstract

This study examines the relationship between Leadership Style and Employees Motivation in the banking sector of Nepal. The study draws its conclusion based on responses from the sample size of 388 bank employees. The relation between Leadership Style and Employees motivation depends upon the style and services provided by the Leaders of companies. The Leadership Styles such as Transformational Leadership and Transactional Leadership were major factors that affected the relationship between Leadership style and motivation of the employee.

Keywords: Leadership, Transformational Leadership, Transactional Leadership and Motivation

Introduction

Leadership is required in every organization which allow managers to affect employee behavior in organization. Motivating employee is one of the most important aspect of effective leadership style. Harry S. Truman (1884-1972) defined leader as a man who can persuade people to do what they don't want to do or do what they're too lazy to do and like it. Different scholars in the international front has defined leadership as "ability to evaluate or forecast a long-term plan or policy and influence the followers," (Adeoye Mayowa, 2009), John Sculley (1989) viewed leadership "revolves around vision, ideas, direction, and has more to do with inspiring people as to direction and goals than with day to day implementation." However, defining leadership are not universally accepted.

According to Bass and Avolio (1997), a single specific definition of leadership is a very complex task as literature and studies on this topic are varied and there is no definition which is widely and universally accepted. Some definitions describe leadership as an act of influence, some as a process and yet others have looked at a person's trait qualities. However, there is growing interest among researchers in the study of the impact of leadership styles on various individual and organizational level outcomes. The emerging body of research has provided compelling observations linking leadership to individual and organizational outcomes across many contexts and countries (Muchiri & M.K, 2011).

The studies on leadership have suggested the influence of leadership styles on employee outcomes such as satisfaction with the leader, motivation, stress, organizational commitment, turnover intentions and organizational outcomes such as team performance,

organizational performance, organizational effectiveness, work unit effectiveness. Some researchers have argued in line with the need to consider cultural dynamics for leaders and managers to have an influence over the employee. Studies on leadership and outcomes have consistently indicated that not only the cultural orientation of the followers but also the cultural orientation of the leaders has different impact on leadership styles. Fernandes & Awamleh (2004) describes leadership style can be perceived differently which have different effects on performance and on motivation for followers from different cultural groups. Besides the issues of leadership conceptualization and impact of culture and context on leadership styles, there are the issue of the mechanisms through which leadership affects outcomes are also highlighted by leadership researchers which needs to be addressed for good understanding of leadership phenomenon.

Schaubroeck et al. (2007), have outlined the need to cover the gap, where researchers, especially in the past decade, have shown considerable attention in the examination of mediating between several outcomes and leadership style. However, the role of various variables that can play a moderating role in leadership styles - outcome relationship has not been fully explored yet. The empirical evidences suggest that the impact of leadership on outcomes, the findings on the effects of culture and context on leadership styles and outcomes are not consistent. The past studies have focused on investigating the mediating mechanism on leadership - outcome relationships including followers' satisfaction with the leader as a mediator. This study intends to examine the relationships between transactional and transformational leadership styles and followers' motivation with the leader, work unit effectiveness, and leader effectiveness in a Nepali Banking institution.

Sharma (2013) has outlined that the banking sector of Nepal is emerging and the growing competition was the result of heavy inflow of multinational banks in Nepal. Thus, it has become difficult for a bank to keep its employees motivated with their jobs so that it can maintain its unique position in this competitive banking industry. There are many factors that might contribute to the motivation among employees like accomplishment, wages, independence, acknowledgement, independence communication, co-workers, working job conditions, team environment and job security etc.

In the context of Nepal banking industry employees only perform their duties as much as it enables them to keep their jobs. Nepalese banks need to engage in providing leadership style motivation by communicating with employees, transfer leadership's optimism, share the vision, build real motivation relationships, create purpose driven goals, and nourish the team. This study is based on transactional and transformational leadership styles to advance further understanding mechanisms that enable leaders to behave in a transactional or transformational manner and to affect employee motivation, their behavior and also their organizational oriented ventures. The paper intends to establish the leadership style in motivating the banking staff to be committed to their work.

Research Methods

The study has used the survey method to collect data from the respondents from different banking institution in Nepal. A total of 400 questionnaires was distributed to different banking institutions such as Everest Bank Limited, Himalayan Bank Limited,

Century Bank Limited, SBI Bank, Kumari Bank Limited, Nabil bank Limited and Standard Chartered bank and others in Kathmandu valley where 388 valid responses from the respondent were considered for the study. The data were collected through self-administered Likert Scale structured questionnaire. It was on convenient places in Kathmandu valley and through online and direct field questionnaire. The respondents were supported by oral explanation when they did not understand the questionnaire.

5 points Likert Scale was prepared for measurement of impact of leadership style on employee motivation in banks of Nepal. This scale measured from 1-5 i.e. 1= Extremely Disagree and 5= Extremely Agree. The respondents were well informed about the objectives of the study and requested to express their true opinion. Survey results were compiled and entered in SPSS and results were analyzed accordingly.

An exploratory approach was also applied to establish the problems for inquiry, define the scope of works and establish the hypotheses to meet the objectives of the present research through quantitative methodology so as to explore systematically the problem of inquiry and establish relevant problem definition, research questions and working hypotheses.

The population of the ongoing study includes the employees of Kathmandu valley who work on banking industries. It consists of fully job holder in banking service. The study population is 152 that includes management staff, section heads, support staff and sub-ordinate staff. Population for the research consists of the different group of employees of Bank. The formula is used to calculate the size of the required sample:

$$n = \frac{z^2 p (1-p)}{d^2}$$

Or when $p = 1/2$ (0.5)

$$n = \frac{z^2}{4d^2}$$

Where,

n = sample size

Z = level of confidence according to the standard normal distribution (for a level of confidence of 95%, $z = 1.96$, for a level of confidence of 99%, $z = 2.575$)

P = estimated proportion of the population that present the characteristic (when unknown we use $p = 0.5$)

d = tolerated margin of error

Findings

Descriptive Statistics:

This analysis basically measures the minimum, maximum and mean of respondent related to Leadership Style on Employee Motivation.

Table 1

Idealized Influence

Idealized Influence	N	Minimum	Maximum	Mean
Makes employee feel goods	388	1	5	3.47
Faith in manager	388	1	5	3.42
Proud to be associated with him	388	1	5	3.62

From the above table it showed that that the average of Manager Make employee feel goods is 3.47. Likewise, the average mean of Faith in manager is 3.47 and Proud to be associated with him is 3.62. It showed that all value is greater than 3 so it creates positive impact in leadership style. It indicates that leadership plays a positive role towards employees.

Table 2

Inspirational Motivation

Inspirational Motivation	N	Minimum	Maximum	Mean
Manager express simple words	388	2	5	3.55
Manager provides appealing images about what you can do	388	1	5	3.53
Manager helps you to find meaning in your work	388	1	5	3.60

Table 2 showed that the managers inspirational motivation to the staff is also high, where managers use simple words in their expression, the respondents has mean score of 3.55. With respect to managers providing appealing images about what the staff can do, the respondents mean score was 3.53 and managers support to staff work is also high with the mean score of 3.60. The findings indicates that inspirational motivation level of managers among their staff is high.

Table 3

Intellectual Stimulation

Intellectual Stimulation	N	Minimum	Maximum	Mean
Manager enable subordinates to think about old problems in new ways	388	1	5	3.54
Manager provides subordinates with new ways of looking at puzzling things	388	1	5	3.78
Manager gets employees to rethink ideas that they had never questioned before	388	1	5	3.42

Intellectual stimulation results also show that managers support to staff is positive. The average mean of manager enabling their subordinates to think about old problems in new ways is 3.54, managers support with new ways of looking at puzzling things is 3.78 and employees to rethink ideas that they had never questioned before is 3.42. This is because most employees agree that manager's provided self-awareness program to be understanding, often manager's share emotional with their employees and harnessing vulnerability with employees.

Table 4
Individualized Consideration

Individualized Consideration	N	Minimum	Maximum	Mean
Manager helps subordinates develop themselves	388	2	5	3.63
Manager let others know how he think they are doing	388	1	5	3.35
Manager gives personal attention to employees who seem rejected	388	1	5	3.15

Individual consideration with respect to development of subordinates mean score stands at 3.63, expresses what managers think about the subordinates mean score is 3.35 and give personal attention to subordinates is 3.15.

Table 5
Contingent Reward

Contingent Reward	N	Minimum	Maximum	Mean
Manager tells employees what to do if they want to be rewarded for their work	388	1	5	3.37
Manager provides recognition/reward when employees reach their goals	388	1	5	3.76
Manager calls attention to what employees can get for what they accomplish	388	1	5	3.47

The reward policy set out by managers have average mean to be higher as good in manager provides recognition/reward when employees reach their goals is 3.76. In commercial banking managers do not give full authority to make decision to employees. Manager tells employees what to do if they want to be rewarded for their work is 3.37 where as Manager Call's attention to what employees can get for what they accomplish is 3.47.

Table 6
Management-by-Expectation

Management-by-Expectation	N	Minimum	Maximum	Mean
Manager satisfied when employee meet agreed upon standards	388	1	5	3.75
As long as things are working, manager does not try to change anything	388	1	5	3.21
Manager tells employees the standards they have to know to carry out their work	388	1	5	3.67

The above table showed higher average mean where manager are satisfied when employee meet agreed upon standards i.e. 3.75 which shows positive and significance in banks of Nepal. As long as things are working, manager does not try to change anything is mean score is 3.21 whereas Manager tells employees the standards they have to know to carry out their work mean score is 3.67.

Table 7

Employee Motivation

Employee Motivation	N	Mini mu m	Maxi mum	Mea n
I am very happy with my Job	38 8	1	5	3.58
I am satisfied with the workplace flexibility offered by my organization.	38 8	1	5	3.37
I am inspired to meet my goals at work.	38 8	1	5	3.49
Communication between senior leaders and employees is good in my organization.	38 8	1	5	3.93
My coworkers and I have a good working relationship.	38 8	1	5	3.64
Employees in my organization take the initiative to help other employees when the need arises.	38 8	2	5	3.81
I receive useful and constructive feedback from my manager	38 8	1	5	3.67

With respect to employee's motivation, the study found that the average of "I am very happy with my job" mean score is 3.58. Likewise, the average mean of I am satisfied with the workplace flexibility offered by my organization, I am inspired to meet my goals at work, Communication between senior leaders and employees is good in my organization, my coworkers and I have a good working relationship, employees in my organization take the initiative to help other employees when the need arises and I receive useful and constructive feedback from my manager mean score are 3.37, 3.49, 3.93, 3.64, 3.81, and 3.67 respectively. It shows that all value is greater than 3 so it creates positive impact in leadership style. All employee ability, skills and innovation is widely applicable according to right time at right place. Managers use their natural talent of connecting with employees and their coaching skills to have an impact in the overall professional development of employees as well as organization.

Correlation Analysis

The correlation analysis has been carried out to examine the direction and magnitude of Transactional and Transformational Leadership style and employee motivation of employees in Nepalese banking industry. The correlation measures the strength of the linear relationship between variables. The Kendall's tau-b correlation coefficient of different independent variables with leadership style and motivation has been presented below.

Table 8

Correlation between Transformational Leadership Style Elements and Motivation

	II	IM	IS	IC	M
II	1	.713*	.525*	.612*	.649*
IM	.713*	1	.651*	.628*	.622*
IS	.525*	.651*	1	.620*	.531*
IC	.612*	.628*	.620*	1	.624*
M	.649*	.622*	.531*	.624*	1

*Correlation is significant at the 0.05 level (2-tailed)

In the above Table, II represent (Idealized Influence), IM represents (Inspirational Motivation), similarly, IS represent (Intellectual Stimulation), IC represent (Individualized Consideration) and M represent (Motivation). The Pearson correlation coefficient has been computed and the results are presented in the table 8. It is clear from the above table that out of four transformational leadership factors i.e. Idealized Influence, Inspirational Motivation, Intellectual Stimulation and Individualized Consideration, the correlation between Motivation factors were moderate, positive and significant in Nepalese banking industry. There is a positive correlation between Idealized Influence and Motivation i.e. 0.649 and since p-value is less than 0.05 i.e. 0.00. The result shows that there is a significant Correlation Coefficient, this indicates that higher the Idealized Influence higher the Motivation.

There is a positive correlation between Inspirational Motivation and Motivation i.e. 0.622 and since p-value is less than 0.05 i.e. 0.00. The result shows that there is a significant Correlation Coefficient, this indicates that higher the Inspirational Motivation higher the Motivation. Similarly, there is a positive correlation between Intellectual Stimulation and Motivation i.e. 0.531 and since p-value is less than 0.05 i.e. 0.00. The result shows that there is a significant Correlation Coefficient, this indicates that higher the Intellectual Stimulation higher the Motivation. Finally, there is a positive correlation between Individualized Consideration and Motivation i.e. 0.624 and since p-value is less than 0.05 i.e. 0.00. The result shows that there is a significant Correlation Coefficient, this indicates that higher the Individualized Consideration higher the Motivation.

Table 9

Correlation between Transactional Leadership Style Elements and Motivation

		CR	ME	M
CR	Pearson Correlation	1	.603*	.699*
	Sig. (2-tailed)		.000	.000
ME	Pearson Correlation	.603*	1	.666*
	Sig. (2-tailed)	.000		.000
M	Pearson Correlation	.699*	.666*	1
	Sig. (2-tailed)	.000	.000	

*Correlation is significant at the 0.05 level (2-tailed)

In the above table CR represent Contingent Reward and ME represent Management-by-Expectation and M represent Motivation. It was clear from the above table that the correlation between two transactional leadership factors i.e. Contingent Reward and Management-by-Expectation and the Motivation factors were moderate, positive and significant.

There is a positive correlation between Contingent Reward and Motivation i.e. 0.699 and since p-value is less than 0.05 i.e. 0.00. The result shows that there is a significant Correlation Coefficient, this indicates that higher the Contingent Reward higher the Motivation. Similarly, there is a positive correlation between Management-by-Expectation and Motivation i.e. 0.666 and since p-value is less than 0.05 i.e. 0.00. The result shows that there is a significant Correlation Coefficient, this indicates that higher the Management-by-Expectation higher the Motivation.

Table 10

Correlation between Transformational and Transactional Leadership Style

Correlation		TRFM	TRNS	M
TRFM	Pearson Correlation	1	.728*	.718*
	Sig. (2-tailed)		.000	.000
TRNS	Pearson Correlation	.728*	1	.763*
	Sig. (2-tailed)	0.000		.000
M	Pearson Correlation	.718*	.763*	1
	Sig. (2-tailed)	.000	.000	

* Correlation is significant at the 0.05 level (2-tailed).

This table shows that Transformational leadership style and Transactional leadership style has positive significant relationship between motivations. Correlation between transformational and motivation is positive i.e. 0.718 and p-value is less than 0.05 i.e. 0. And the correlation between transactional and motivation has also strong positive correlation i.e. 0.763 and p-value is less than 0.05 i.e. 0. Therefore, transformational leadership except Intellectual stimulation (IS) and transactional leadership was more adopted in Nepalese banking industry.

This correlation study shows that the transformational leadership style (II, IM, and IC) except Intellectual stimulation (IS) and transactional leadership style (CR and ME) is more adopted by branch managers in Nepalese banking industry and this is the main leadership style that can increase the employees' motivation significantly due to strong positive correlation with their motivation. These results are very important for the higher management of the Nepalese banking industry and they should train their branch managers to adopt transformational leadership style (II, IM, and IC) except Intellectual stimulation (IS) and transactional leadership style (CR and ME) to enhance employees' motivation.

Regression Analysis

Regression analysis is a statistical tool for the investigation of relationship between variables. More specifically, regression analysis helps one to understand how the typical

value of the dependent variable changes when any one of the independent variables is varied, while the other independent variables are held fixed. The regression of leadership style has been analysed by defining Transactional and Transformational leadership style components which are independent variables and motivation is dependent variable.

Interpretation of R

The Pearson correlation measures the degree of linear relationship between two variables when the data (X and Y values) consists of numerical scores from an interval or ratio scale of measurement.

Interpretation of R²

R² or co-efficient of determination is the best measurement of goodness of fit. The value of R² shows that how well the actual value fits with the prediction to be made by regression line. Larger the value of R² (close to 1), higher is the probability that the independent variable can significantly predict the dependent variable and less is the error in forecasting the values. Smaller the value of R² more is the error term in prediction which suggests a strong existence of intervening variables.

Interpretation of p value

The customary levels of significance are 0.10, 0.05 and 0.01 and so on. In case of this research work, 5 percent (0.05) level of significance is considered for analysis.

Therefore,

If, $p > .05$: Hypothesis will be rejected, and

If, $p < .05$: Hypothesis will be accepted

Analysis of Regression between Motivation and Leadership Style (Independent Variables)

Table 11

Model Summary of Transformational Leadership Style

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.725a	0.525	0.521	0.55478

a. Dependent Variable: Motivation

b. Predictors: (Constant), Idealized Influence, Inspirational Motivation, Intellectual Stimulation and Individualized Consideration

The above table shows that there is a variation in dependent variable i.e. motivation due to independent variable/ Predictors: (Constant), Idealized Influence, Inspirational Motivation, Intellectual Stimulation and Individualized Consideration

The Pearson correlation coefficient (R) result of 0.725 shows a positive correlation. The strength of the relationship between leadership style, Idealized Influence, Inspirational Motivation, Intellectual Stimulation and Individualized Consideration and Motivation is strong. But this prediction may vary by 0.55478 as shown by the figure in the column of standard error of estimate.

A close examination of the results presented above indicates that the R² value of 0.525 indicates that about 52.5% of the total systematic variations in the motivation (dependent variable) were due to the variations in idealized influence, inspirational motivation, intellectual stimulation and individualized consideration. This means that only

about 47.5 % of the systematic variations in the motivation are left unexplained hence captured by the external factors.

Also, the adjusted R-square of 0.521 shows that after adjusting for the degree of freedom the entire variables taken together could still explain about 52.10% of the systematic variations in motivation. This implies that the regression line has a very good fit and thus a high forecasting power.

Table 12

Regression Result Analysis of ANOVA of Motivation

Model	Sum of Squares	Df	Mean Square	F	Sig.
Regression	130.537	4	32.634	106.030	.000b
Residual	117.881	384	0.308		
Total	248.418	388			

a. Dependent Variable: Motivation

b. Predictors: (Constant), Idealized Influence, Inspirational Motivation, Intellectual Stimulation and Individualized Consideration.

Six statistical tests have been presented in the ANOVA tables. This test is an overall test to assess where there is a difference among the 6 cell means. The F statistic is 106.030. Similarly, the p-value is less than 0.05 which clearly states that four predictors, the independent variable (Idealized Influence, Inspirational Motivation, Intellectual Stimulation and Individualized Consideration when taken together as a set shows that there is significant relationship between the dependent variable Motivation. This in turn lets the decision to accept the hypotheses. Hence, overall ANOVA test of both shows that both the independent and dependent variables are significant with each other.

Table 13

Coefficients of Transformational Leadership Style

	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	0.954	0.143		6.690	0.000
II	0.274	0.045	0.318	6.048	0.000
IM	0.165	0.056	0.170	2.945	0.003
IS	0.088	0.050	0.087	1.746	0.082
IC	0.245	0.046	0.268	5.322	0.000

a. Dependent Variable: M (Motivation)

The regression coefficient of II (b_1) is 0.274 which implies that an increase in II of leadership style increase also motivation by 0.274 on average if the other factors remain constant. The regression coefficient of IM (b_2) is 0.165 which also implies that increase in IM leadership style also increase motivation by 0.165 on average if the other variables remain constant. Similarly, the regression coefficient of IS and IC are (b_3 and b_4) is 0.088 and 0.245 which implies that an increase in IS and IC leadership style increased motivation by 0.088 and 0.245 on average if the other factors remain constant. But the estimates of b_1 , b_2 , b_3 and b_4 may vary by 0.045, 0.056, 0.050 and 0.046 respectively as indicated by standard error.

The regression constant is 0.954, which shows that when value of II, IM, IS, IC are zero, then motivation will be positive 0.954. The t-values for a , b_1 , b_2 , b_3 , b_4 are 6.048, 2.945, 1.746 and 5.322 respectively.

The significant t-values and significant F-value are greater than 5% level for IS and less than 5% for II, IM and IC. So coefficients mentioned above are not statistically significant for IS and significant for II, IM and IC.

There is a positive relationship indicated by the coefficients $B = 0.274$ and $\beta = -0.318$ with II. Similarly, there is positive relationship indicated by the coefficients $B = 0.165$, 0.088 and 0.245 and $\beta = 0.170$, 0.087 and 0.268 with IM, IS and IC. This implies that the II, IM, and IC influences motivation value positively representing that in order to improve or grow employee's motivation.

Result Testing of Hypothesis and Proposition

In order to study the significance of relationship between study variables, the hypothesis test was done. The testing of the hypotheses was done by the correlation analysis via test of significance for the study variables. The summary has been presented as below:

Table 14

Hypothesis Testing of Transformational Leadership Style

	Construct of association	α level	t- test	P value	Results
Hypothesis 1	II and M	0.05	6.048	0.000	Accept
Hypothesis 2	IM and M	0.05	2.945	0.003	Accept
Hypothesis 3	IS and M	0.05	1.746	0.082	Reject
Hypothesis 4	IC and M	0.05	5.322	0.000	Accept

Hypothesis 1: There is a significant relationship between idealized influence transformational leadership style and the motivation of employees working in Nepalese banking industry.

On the basis of the individual statistics, Idealized Influence (II) passed the test of statistics at 5% level of significance under the two-tailed test. The p - value of 0.000 is less than α of 0.05. The implications of the above result are: The model is statistically significant.

H1 is accepted. This means there is a significant relationship between idealized influence and motivation of the employees in Nepalese banking industry. This implies that idealized influence is a major determinant of employee's motivation.

Hypothesis 2: There is a significant relationship between Inspirational Motivation (IM) transformational leadership style and the motivation of employees working in Nepalese banking industry.

On the basis of the individual statistics, Inspirational Motivation (IM) passed the test of statistics at 5% level of significance under the two-tailed test. The p -value of 0.003 is less than α of 0.05. The implications of the above result are: The model is statistically significant.

H2 is accepted. This means there is a significant relationship between inspirational motivation and motivation of the employees in Nepalese banking industry. This implies that inspirational motivation is a major determinant of employee's motivation.

Hypothesis 3: There is a significant relationship between Intellectual Stimulation (IS) transformational leadership style and the motivation of employees working in Nepalese banking industry.

On the basis of the individual statistics, Intellectual Stimulation did not pass the test of statistics at 5% level of significance under the two-tailed test. The p -value of 0.082 is greater than α of 0.05. The implications of the above result are: The model is not statistically significant.

H3 is not accepted. This means there is no significant relationship between Intellectual Stimulation and motivation of employees in Nepalese banking industry. This implies that Intellectual Stimulation is not a major determinant of Motivation.

Hypothesis 4: There is a significant relationship between Individualized Consideration (IC) transformational leadership style and the motivation of employees working in Nepalese banking industry.

On the basis of the individual statistics, Individualized Consideration passed the test of statistics at 5% level of significance under the two-tailed test. The p -value of 0.000 is less than α of 0.05. The implications of the above result are: The model is statistically significant.

H4 is accepted. This means there is a significant relationship between Individualized Consideration and motivation of employees in Nepalese banking industry. This implies that Individualized Consideration is a major determinant of Motivation.

Table 15

Model Summary of Transactional Leadership Style

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.763a	0.583	0.580	0.51893

a. Dependent Variable: Motivation

b. Predictors: (Constant), Contingent Reward and Management-by-Expectation

The Pearson correlation coefficient (R) result of 0.763 shows a positive correlation. The strengths of the relationship between leadership style, Contingent Reward and Management-by-Expectation and Motivation is strong. But this prediction may vary by 0.51893 as shown by the figure in the column of standard error of estimate.

A close examination of the results presented above indicates that the R² value of 0.583 indicates that about 58.3% of the total systematic variations in the motivation (dependent variable) were due to the variations in Contingent Reward and Management-by-Expectation. This means that only about 41.7 % of the systematic variations in the motivation are left unexplained hence captured by the external factors. Also, the adjusted R-square of 0.580 shows that after adjusting for the degree of freedom the entire variables taken together could still explain about 58% of the systematic variations in motivation. This implies that the regression line has a very good fit and thus a high forecasting power.

Table 16
Regression Result Analysis of ANOVA of Motivation

Model	Sum of Squares	Df	Mean Square	F	Sig.
Regression	144.743	2	72.371	268.751	.000b
Residual	103.676	386	0.269		
Total	41.088	388			

- Dependent Variable: Motivation
- Predictors: (Constant), Contingent Reward and Management-by-Expectation

Table 17
Coefficients of Transactional Leadership Style

	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
Model	B	Std. Error	Beta		
(Constant)	0.882	0.123		7.154	0.000
CR	0.411	0.036	0.468	11.346	0.000
ME	0.370	0.040	0.383	9.293	0.000

- Dependent Variable: M (Motivation)

The regression coefficient of CR (b₁) is 0.411 which implies that an increase in CR of leadership style increase also motivation by 0.411 on average if the other factors remain constant. The regression coefficient of ME (b₂) is 0.370 which also implies that increase in ME leadership style also increase motivation by 0.370 on average if the other variables remain constant. But the estimates of b₁ and b₂ may vary by 0.036 and 0.040 respectively as indicated by standard error.

The regression constant is 0.882, which shows that when value of CR and ME are zero, then motivation will be positive 0.882. The t-values for a , b_1 and b_2 are 11.346 and 9.293 respectively. The significant t-values and significant F-value are less than 5% level for CR and ME. So coefficients mentioned above are statistically significant.

There is a positive relationship indicated by the coefficients $B = 0.411$ and $\beta = -0.468$ with CR and $B = 0.370$ and $\beta = 0.383$ for ME. This implies that the CR and ME influences motivation value positively representing that in order to improve or grow employee's motivation.

Table 18
Testing of Transactional Hypothesis

	Construct of association	α level	t- test	P value	Results
Hypothesis 5	CR and M	0.05	11.346	0	Accept
Hypothesis 6	ME and M	0.05	9.293	0	Accept

Hypothesis 5: There is significant relationship between Contingent Reward (CR) transactional leadership style and the motivation of employees working in Nepalese banking industry. On the basis of the individual statistics, Contingent Reward (CR) passed the test of statistics at 5% level of significance under the two-tailed test. The p - value of 0 is less than α of 0.05. The implications of the above result are: The model is statistically significant.

H5 is accepted. This means there is significant relationship between contingent reward and motivation of employees in Nepalese banking industry. This implies that contingent reward is a major determinant of motivation.

Hypothesis 6: There is significant relationship between Management-by-Expectation (ME) transactional leadership style and the motivation of employees working in Nepalese banking industry. On the basis of the individual statistics, Management-by-Expectation (MC) passed the test of statistics at 5% level of significance under the two-tailed test. The p - value of 0 is less than α of 0.05. The implications of the above result are: The model is statistically significant.

H6 is accepted. This means there is significant relationship between management-by-expectation and motivation of employees in Nepalese banking industry. This implies that management-by-expectation is a major determinant of motivation.

Conclusion

The main aim of paper is to reveal the relationship between Leadership style and employee motivation. Based on the evidences the study approved that employ motivation is a key to success for every organization and employee motivation can be achieved through transformational and transactional leadership. Transformational leadership showed significant relationship only with the leader effectiveness. Thus, the findings of this study provide greater support to the validity of relationships between transformational leadership and transactional leadership.



The relationship between transformational leadership style (II, IM, and IC) except Intellectual stimulation (IS) were adopted by the managers. With respect to transactional leadership style (CR and ME) were adopted by branch managers in Nepalese banking industry and this is the main leadership style that can increase the employees' motivation significantly due to strong positive correlation with their motivation.

When all dimension of Transformational leadership style (II, IM, IS and IC) and Transactional leadership style (CR and ME) is adopted by management it leads to higher employee motivation in Nepalese banking sector.

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