The Impact of Leadership Style on Employee's Motivation

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Abstract

This mixed methods study aimed to examine the relationship between the adopted leadership style and employees motivation in a private petrochemical company that is located in the eastern province of Saudi Arabia. A survey was developed and distributed to 30 employees in two departments. Furthermore, interviews were conducted with a focus group of 10 employees to validate the results of the survey. The study found that there is a strong relationship between leadership style and employee motivation where the correlation was positive with transformational style and negative with transactional style.

1. Introduction

Attracting and retaining employees in this age has become increasingly challenging [1]. Globalization and multinational factors have contributed to make human resources more and more demanding. At the same time, motivating employees have been found to be a catalyst for employees performance and therefore for organization success.

The challenges that are faced by companies in this age are not comparable with the challenges of the past. "No matter the size or the type of the organization, it must behave in innovative ways, seeking opportunity, solving problems, and embracing new directions", all types of organizations (profit or non-profit) are in need for such inovation and creativity. "there is emerging now a general set of requirements for organizations, their managers, and their employees that includes attributes like initiative, flexibility, and creative problem-solving" [2].

Another challenge that faces the organizations of today is how to retain its human capital in a competitive market. Many companies struggle to offer attractive benefits, salaries and incentives [1] (Davis, 2004). Small business can still stay competitive by adopting effective methods of motivating employees [3].

Leaders and managers play an important role in creating an atmosphere and culture of enthusiasm and productivity among the employees that help them do what they need to do. "Most large organizations… continue to spend millions each year on motivation courses, training in motivation, meetings to boost motivation, incentives to strengthen motivation, meetings to analyze problems in the workforce motivation, tools to measure motivation, mission statement and so on…" [4] with no real outcomes.

It seems that the reason for that is the lack of understanding to what motivation means. As [5], "Although motivation is widely recognized its essence is elusive… it is a complex multifaceted construct, which researchers have approached from many perspectives".

This study examines the motivational factors for the

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employees of a department in an oil and gas private company that is based in the eastern province of Saudi Arabia. Using a self-made questioner as an instrument to measure the factors of motivation.

1.1. Research Aim/Purpose

This study attempts to analyze the perception of department employees in a private company about the motivation factors and how it relates to leadership styles. For this purpose, a questioner which is adapted from a similar study [1] was developed.

Further, the purpose the study was to find an answer for the following main questions:

How do employees perceive the relationship between motivation and leadership?

Are employees intrinsically or extrinsically motivated?

What motivates employees working in the oil and gas industry?

What do the leaders currently do to motivate their employees and what they need to do in the future?

1.2. Significance of the Study

There is a strong tie between motivation and achievement [6]. He maintained that motivated employees are almost always high achievers. Many leaders think that materialistic rewards are enough to motivate their employees but it is not and money alone will not do the impact in motivating your employees while the leader is ignoring individual's needs to contribute to the organizations and make meaning out of what they do [7].

The literature is almost saturated with research on motivation. However, this study is specific to the context of a small department in a private company. The value of this study can be explained in two goals, which are to:

• Identify useful strategies that can help the leaders in an oil and gas company develop an atmosphere of motivation.

• Add to our understanding about the impact of leadership on employees' motivation.

This study was conducted on the employees of oil and gas company, which is located at the eastern province of Saudi Arabia.

2. Literature Review

2.1. Theories of Motivation

In order to understand motivation we need to historicize its theories. Theorists of motivation such as Maslow, Mayo,

Hertzberg, McGregor and Vroom have contributed to human understanding of this topic [1]. Although These theories are not new but they still are relevant today [8], [3], [9].

According to [10], probably one of the most famous theories of motivation is Maslow's Hierarchy of Human Needs Theory. This theory suggests that people have five levels of human needs and they are in order physiological, safety, belonging, self-esteem and self-actualization. According to [3] first level has to be satisfied before moving to the next level and so on. While physiological needs were enough to motivate people in the past, [11] claims that today's employees are looking for higher needs to be satisfied.

Another theory of motivation is the theory of X and Y for McGregor. In this theory, McGregor placed people in two groups; X group who are the people interested in rewards and compensation, and Y group who are the self-directed people and who are looking for challenges [3]. Herzberg is another theorist who studied employees motivation and developed a thesis which categorizes motivation in two groups; motivators and hygiene [12]. Hygiene factors are the extrinsic motivators such as benefits, salary while the motivators are intrinsically oriented such as challenging work and greater responsibilities [13].

Expectancy theory for Vroom was specifically developed for work context. This theory suggests that employees voluntarily choose one behavior over another if they believe that this behavior will result in a desired outcome, application for example [14].

These theories are still relevant today and they have actually influenced the way current theories explain motivation [1]. Many theories today still believe in the validity of these theories and more importantly emphasis the intrinsic factors of motivation [15], [16] and [17].

2.2. Leadership and Motivation

Developing an understanding of the impact leadership can make on employees motivation is important [18]. In the past, the mission of leader in relation to employees motivation has not been clear [1] and leaders frequently undermined the importance of developing effective relationship with stakeholders including the employees [19].

Leaders also must recognize that what motivates "X" is different than what motivates "Y". Broder maintains that leaders should implement different strategies that are customized to individuals. For example, some employees simply motivated by the job security, others by clear company policies, power, recognition, compensation, on the other side, there is a category of employees who are intrinsically motivated who are just enjoying what they do [20].

2.3. Leadership Styles

There are many leadership styles such as authoritarian, paternalistic, democratic, laissez-faire, transactional and transformational [21]. In order to narrow down the research I will discuss only transactional and transformational styles. According to [22], transactional leader doesn't involve regularly with the workers unless a mistake or deviation occurs. He maintained that transactional leaders want the same procedures in the company to be followed flawlessly every time the job is done. Additionally, transactional leaders don't motivate their employees or help them in a career growth.

On the other hand, transformational leadership is inspirational, challenging, charismatic, stimulating and always developing the capability of the employees. As a result, employees are willingly work towards their full potential inspired by transformational leader [22].

2.4. Leadership and Decision Making Styles

According [23] discussed variety of ways through which leaders can make decision. He maintained that leader can expand or limit the participation of employees in the decision making process. These procedures as follows:

- *Autocratic Decision*: in this case, employees have no say at all and the leader or manager is having full influence over the decision.

- *Consultation*: leader makes the decision but after taking other employees opinion.

- *Joint Decision*: leader has equal influence over decision just same other employees.

- *Delegation*: the authority of decision-making is given to other employee by the leader.

When leaders engage their employees in making the decision it is more likely that the decision will enhance the quality of the decision, make it easily accepted, enhance employee's satisfaction and foster development of employee's skills [23].

2.5. Power of Motivation

The power of motivation can't be overemphasized [24]. Motivation has the power to energize people not only by pushing them towards the right direction but by meeting their basic human needs of self-esteem, belonging, recognition, feeling of self-directedness and the ability to live one's ideals [15].

Motivation has been found to be correlated with employees productivity [25].

In his article, [26] explains the different styles of leadership and how they effect employee's motivation. According to

Root, managers who follow *Autocratic* leadership styles (make decisions by themselves without consulting employees) can be beneficial decision speed matters and when managers are knowledgeable and this by turn makes employees more comfortable and motivated with this type of leadership. The other style discussed by Root is the *Democratic* style of leadership and its influence on employee's motivation. In this approach, employees are part of decision-making process and by that they feel included and their opinions are valued [26]. The third style is the *Quit* leadership when the manager almost delegates most if not all of his/her duties to the staff who are highly qualified and by that, they are empowered to make their own success. The last style discussed by Root is the *Transformational* style where a leader or a manager brings a vision of the future and set clear plan of achieving this vision.

2.6. Other Relevant Studies

[27] surveyed 50 employees in a petrochemical company in India to find out the relation between leadership style and motivation. They found that employees tend to be more motivated with transformational style of leadership than transactional or laissez-faire styles. [28] investigated the impact of leadership style on employees on a Croatian company and they found that employees are motivated with participative leadership style than with authoritarian one. In a recent study conducted by [29] who surveyed 378 people to find out the impact of transformational leadership style on employees morale and motivation, he found that the there is a significant relationship between these variables. Another recent study by [21] who investigated the relationship between intrinsic and extrinsic motivation with the types of leadership styles that are transactional and transformational. He found that a close positive relationship between transformational and intrinsic motivation, while there is a relationship between transactional and extrinsic motivation. This study, according to the research, had implication on recruiting and selection, leadership development.

Although motivation has been widely an interesting topic of research in the field of industry, there are still little studies aimed to understand the perception of employees about motivation in the field for oil and gas companies in the eastern province of Saudi Arabia.

3. Methods of Data Collection

Research is all about collecting information [30]. Collecting information can be either informally or through a rigorous procedure [1]. The method used in any research should be appropriate in order to address the research question/s [21].

For the purpose of this research, mixed methods approach of quantitative and qualitative methods was used to collect data. Quantitative approach is used to test a hypothesis, measure the size of phenomenon of interest and then generalize the results [31]. Qualitative approach is used when you want to understand the phenomenon and take into consideration personal opinions [32]. Such qualitative analysis will assist in acquiring a better understanding of the specific context of an oil and gas industry setting. Choosing mixed methods approach will help ensure the reliability of the results, make it easily accepted by readers and most importantly, overcome limitation of single methodology [33] Using multiple methods in the same research gives more credibility to the study and strengthens its results.

In order to study the perception of employees on the impact of leadership, a questionnaire was developed to measure employees responses. A five point Likert Scale with strongly agree; agree; neutral; disagree; and strongly disagree, was used from main items. To collect data, an email with the link to the questionnaire was sent to the employees of the company. Once responses were received, they were consolidated in a sheet and analyzed using descriptive and inferential statistics.

Participants of this survey were randomly selected. Random sample technique ensures equal opportunity to all target population to participate in the study, hence, more reliable results.

3.1. Data Analysis

Survey results were compiled and entered in SPSS and results were analyzed accordingly. Applicable descriptive and inferential statistics has been extracted. For the results collected from the interviews (qualitative data), it was analyzed using thematic and coding.

Part I: Descriptive analysis

i. Participants age

Table 1. Participant's age.

	N	Minimum	Maximum	Mean	Std. Deviation
Age	30	20	50	29.07	6.389
Valid N	30				

- The average age of participants is 29, and the range of age among participants is 30.

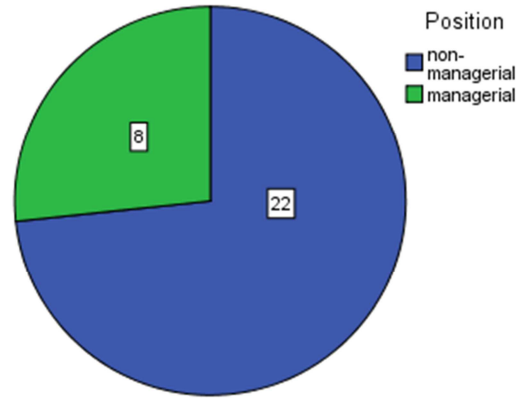ii. Participants positions (managerial or non-managerial)

Figure 1. Participants Position Type.

- Of total number of participants, 22 are in non-managerial position, while eight are in managerial position.
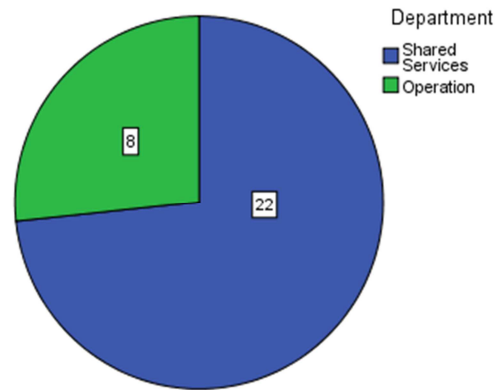
iii. Departments

Figure 2. Participants Departments.

- Of total number of participants, 22 are in shared services department, while eight are in operation.
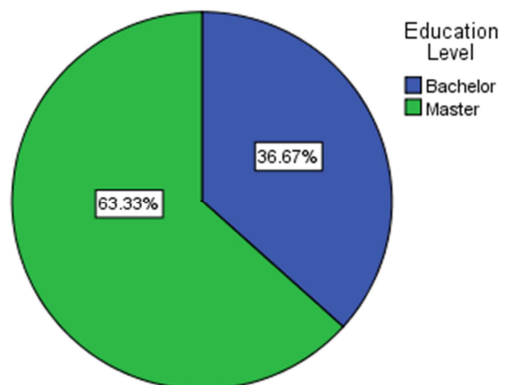
iv. Education level

Figure 3. Participants Educational Level.

- Two third of participants are having master degree while one-third is having bachelor degree.

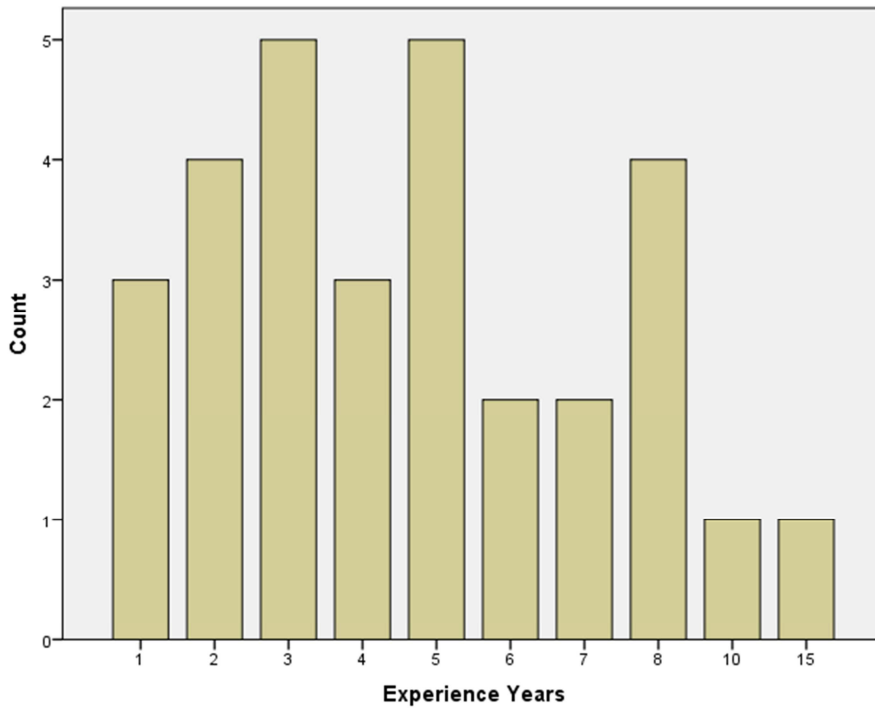v. Years of experience of participants

Figure 4. Participants Years of Experience.

- The average years of experience are 5 years.

vi. Below graph shows the percentage distribution on what motivates the employees in the workplace, according to the participants.
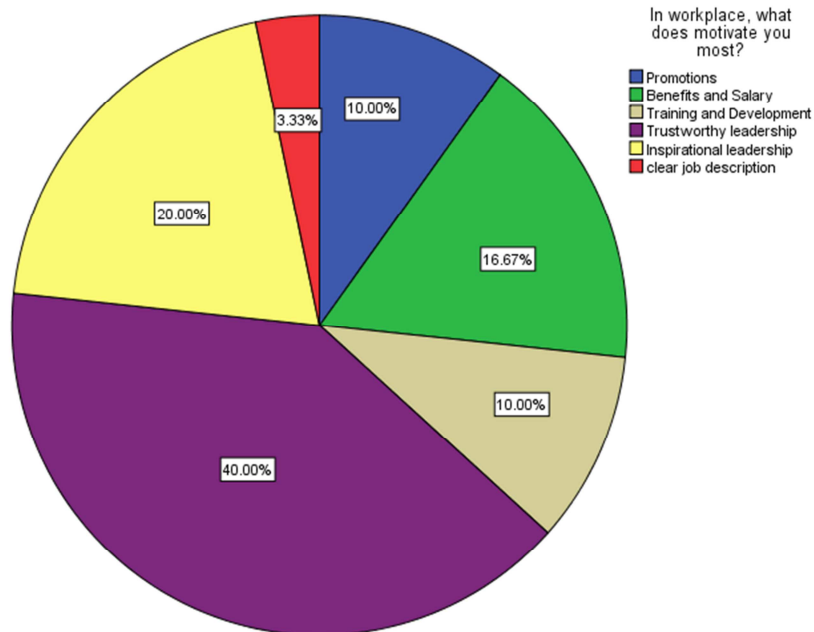

Figure 5. Participants Motivation Triggers.

- The highest motivator is trustworthy leadership, and the lowest is clear job description.

vii. Which style of leadership is more likely to motivate the participants of the study?
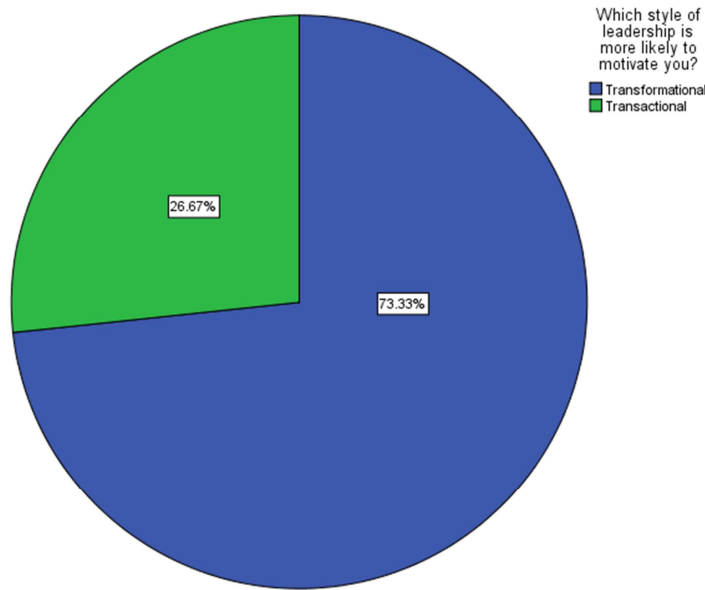
Figure 6. Participants Preferred Leadership style for Motivation.

- After describing each style of leadership, More than two-thirds of participants selected transformational style of leadership as a style that is more likely to motivate them.

Part II: Correlation analysis

i. Correlation between education level and the preferred style of leadership

Table 2. Correlation analysis of Educational level and Preferred Motivational Style.

		Education Level	Which style of leadership is more likely to motivate you?
Education Level	Pearson Correlation	1	-.167
	Sig. (2-tailed)		.378
	N	30	30
Which style of leadership is more likely to motivate you?	Pearson Correlation	-.167	1
	Sig. (2-tailed)	.378	
	N	30	30

No significant correlation is found between the two variables.

ii. Correlation between participants department and preferred style of leadership.

Table 3. Correlation analysis of Department and Preferred Leadership Style.

		Which style of leadership is more likely to motivate you?	Department
Which style of leadership is more likely to motivate you?	Pearson Correlation	1	.318
	Sig. (2-tailed)		.087
	N	30	30
Department	Pearson Correlation	.318	1
	Sig. (2-tailed)	.087	
	N	30	30

No significant correlation is found between the two variables.

3.2. Findings from the Interview

The interview was conducted with 10 employees to validate the results of the survey. The interview was semi-structure and it was short due to time limitation. The questions were mainly derived from the survey questions. In general, 8 out of 10 employees agreed that transformational leadership is more likely to lead to a better job satisfaction. The other two employees said that it is not a big matter to work with any type of leader. In the following part, I provide sample from their responses:

Employee# 1: "I enjoy working with my supervisor because he is trusting me and he also gives an opportunity to share my opinions"

Employee# 2: "I feel happy when my manager sets challenging goals and inspires me to achieve them"

Employee# 3: "I am new in the company but I can tell that my manager is a transformational leader who tries to bring the best of each employee and that is very interesting to me"

Employee# 4: "I am not happy about my manager because he is silencing our voices and always takes a decision a lone"

Employee# 5: "My supervisor can be better if he listens more to us"

Employee# 6: "My manager ignites my energy and I feel motivated when he is available"

Employee# 7: "My manager only looks for mistakes and I feel there is a distance between us"

Employee# 8: "I can't work with someone who chase my

mistakes and enlarge them while underestimating my achievements… my manager does that"

Employee# 9: "My manager sets clear goals for the team and he closely monitors our progress and provide the resources we need to accomplish our tasks, and that is a big motivator for me"

Employee# 10: "I am delighted to work with such a leader who is very respectful for us. I feel that he is prioritizing our needs over his own needs and agenda"

The interview conducted with the employees has revealed the following themes:

i. Managers who want to motivate their staff shall be respectful, supportive and put the needs of their subordinates first.

ii. Listening to employees voices is important to improve the work environment and motivate employees

iii. Waiting until last minute to do intervention (transactional leadership) could have potential negative consequences.

4. Conclusion

The purpose of this research was to examine the perception of private petrochemical company employees about the leadership styles and its effect on employee motivation. A combination of qualitative and quantitative methods was used in this study. Results from data collected indicate that leaders who adapt participative and transformational leadership are more likely to create an atmosphere of motivation among their employees. In general, transformational leadership might be of more preference for the employees of this study than transactional. This result is consistent with other researches such as the research conducted by [21], [34] and [35]. The implication of this study is that managers who want to be more effective might need to be more inspirational, supportive, resourceful, and work to develop their subordinate's capabilities. Further research is required to the study findings with the similar firms in the region.

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