Impact of Organization’s Leadership Style on Motivation of its Employees

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ABSTRACT

Handling the employees to motivate them is a challenging activity for leaders. This study had the objectives to evaluate the impact of transactional leadership style, to understand and statistically prove the impact of transformational style of leadership, to explore if there is considerable and significant influence of Laissez-faire Leadership style on employees’ motivation in the pharmaceutical industry of Thailand. The data collection was through primary sources and collected by the mean of a survey questionnaire using Likert scale with five options for each question. The statistical results were found using SPSS software. Regression and correlation analysis have shown a positive and significant association of all variables on dependent variable. However, it was explored that people in Thailand, specifically in pharmaceutical industry, prefer transactional style of leadership as it was statistically proven in this study. So, it is recommended to the leaders there to adopt transactional style and link the reward system to performance of their personnel in order to avoid any discrimination.

Keywords: Leadership Style, Motivation, Pharmaceutical Industry

INTRODUCTION

Retaining and attracting the right employees nowadays is turning into a challenge for managers. Multinational and globalization factors are also contributing to raise awareness and making the human capital to demand more from the management (Rungrisawat & Jermsittiparsert, 2019). In the meantime, giving motivation to the employees is catalyzing for the performance of employees and hence organizational success. The challenges faced by the organization currently cannot be compared with past challenges. According to Fiaz et al., (2017), the type and size of the organization do not matter, it should behave creatively, embracing novel directions, solving problems, seeking an opportunity. All types of non-profit and profitable organizations need this kind of creativity and innovation. Nowadays there is an emergence of general requirements for their employees, management, and organizations as a whole including attributes like creative problem-solving, flexibility and initiative (Keegan and Den Hartog, 2004). Another challenge faced by today’s firms is the retention of human resources in fierce competition. According to Davis (2004), numerous organizations struggle to provide attractive incentives, salaries, and benefits. Managers and leaders play a crucial role in the creation of a culture and atmosphere of productivity and enthusiasm among the personnel. The bigger firms spend millions of dollars every year on the mission statement, tools for measuring motivation, solving the problems of the motivation of the workforce, incentives of strengthening motivation, boosting motivation, training and courses of motivation with no genuine outcomes. The main reason behind this failure is the lack of understanding by managers regarding employees’ motivation. As discussed by Alghazo and Al-Nazi (2016), although motivation seems a simple concept, however, it is a more multifaceted and complex construct, which has been approached by many researchers differently.

Research Objectives and Aim

This study has the aim of analyzing the perception of the pharmaceutical industry’s employees about factors of motivation and how it is related to styles of leadership. For achieving this aim, a questionnaire will be developed. The following three are objective of this study:

- To evaluate the impact of transactional leadership style on increasing the motivation of employees in the pharmaceutical industry of Thailand.
- To understand and statistically prove the impact of transformational style of leadership on employees’ motivation in the pharmaceutical industry of Thailand.
- To explore if there is considerable and significant influence of Laissez-faire Leadership style on employees’ motivation in the pharmaceutical industry of Thailand.

Research Questions

The research will endeavor to answer some of questions to meet its objectives:

- What is the perception of motivation for employees of the pharmaceutical industry in Thailand?
- What are the factors related to behavior affecting the motivation of employees?
- In particular, which leadership style i.e. transactional, transformational or Laissez-faire is more effective for motivating the employees?

Significance of Research

A robust logical and significant association is found between the achievement of employees and their motivation Khuong and Hoang (2015). The researcher insists that more an
employee is motivated more likely he will be a higher achiever. There are numerous leaders in different firms around the globe, who still believe that materialistic or physical rewards are enough for motivating their personnel. However, different research studies suggest that there are different preferences of different employees working in a firm, and it is clear that money or physical rewards are not the sole factors affecting employees’ motivation. Despite the blatant significance mentioned by many researchers, leaders merely focus on both sides of the story and ignore the individual employees’ preferences and needs. However, this research paper is specifically encompassing the motivation preferences of employees in the pharmaceutical industry Thai pharmaceutical industry. The significance of this study can be explained through the goal. This study will help the leaders for the identification of the most useful tactics helping them in the pharmaceutical industry to develop a workplace environment, which provides employees with a standard motivation level.

LITERATURE REVIEW

Motivation Theories

For better comprehending the concept of motivation, it is important to review the theoretical approaches of motivation. The major theories regarding this topic are given by McGregor, Hertzberg, Maslow, and Vroom, who have contributed to this topic deeply. Although these theories were given decades ago, their relevance can still be found today. According to the study of Sadri and Bowen (2011), the theory called “Hierarchy of Human Needs” given by Maslow is probably the most relevant and famous. It is suggested by this theory that there are five basic human needs levels of human beings including 1) needs related to physiology, 2) needs related to human safety, 3) needs of belongingness, 3) self-esteem needs, and 5) need of self-actualization. Another study conducted by Wilson and Madsen (2008) explained the level of Maslow’s theory as a fact that to be satisfied a person needs to fulfill the first level first and then move to the next level. In the past, the majority of the people had only one wish and need to fulfill the level of their first needs that is physiological needs. According to the study of Zareen et al., (2015), today the employees are not the same as yesterday’s employees and are more keen to fulfill their higher-level needs to get satisfaction. Another motivation theory was given by McGregor that is called X and Y theory. There are two groups of people in this theory. Firstly, there is an X group in which people are more interested in compensations and rewards in their job. Secondly, there is a Y group that encompasses the people who are eager to take new challenges and are somewhat self-directed.

Another theorist named Herzberg also studied motivation of employees and categorized the factors affecting motivation in two groups including 1) hygiene factors, and 2) motivators. Firstly, the hygiene factors of employees’ motivation include extrinsic motivating factors including salary and benefits while intrinsic factors involve entrusting with greater responsibilities and offering challenging work Guha (2010). Another author Vroom gave the theory called expectancy theory that has specific discussions about work context. This theory holds the notion that personnel in an organization choose one particular behavior and neglect another voluntarily if there is a belief that the desired outcome will be achieved through this specific behavior (Honore, 2009). Although these theories were presented in previous decades, still the relevance cannot be challenged and have a high impact on the modern theories of employees’ motivation. There is a firm belief of numerous researchers that these theories focused more on intrinsic factors as compared to extrinsic factors, as it is believed that intrinsic factors lead to more motivation (Ryan and Deci, 2000).

Employee motivation

The motivation of employees, nowadays, is being trusted as one of the few crucial factors that help in reaching the prosperity and success of any business in such a fierce and dynamic business environment (Saengchai, Sirlattakul, & Jermsittiparsert, 2019; Hartina, Suharso, Umam, Syazali, Lestari, Roslina, & Jermsittiparsert, 2020). As discussed by the study of Manzoor (2012), the motivation of employees is a collection of energetic forces, which include some external factors as well as factors in internal environment. External factors here include characteristics of the job, differences of individuals and practices of organization. To illustrate it more, the motivation of employees needs to be a blend of employees’ expectations and needs from their workplace, and the actual factors provided at the workplace to those employees for motivating them (Baloch, 2009). It is a huge challenge for all organizations to satisfy all the needs and expectations of employees to motivate them, and more particularly to remove the factors that may motivate them as all individuals have different needs. Resultantly, each manager or leader needs to evaluate and comprehend personnel’s expectations and requirements and develop an appropriate workplace environment for them to get motivated. Nevertheless, amongst all leadership functions performed by a leader, the most complex task is motivating their personnel for moving the firm to a better future (Osabiya, 2015). The reason behind this complexity is that there is a constant change in the factors that motivate employees. According to the research done by Abadi et al., (2011), the key factors of employee motivation include rewards, feedback, employees’ personal and professional development, equity and fairness, non-discriminated supervision, responsibilities, workplace environment, and considering employees’ needs when rewarding them. The researcher believes that appreciation through verbal praise and positive feedback on performance may improve the motivation of employees remarkably. Additionally, leaders should invite the employees to share all of their experiences and contribution of their co-workers in the accomplishment of their individual goals (Graves et al., 2013). The same should be done while deciding because it creates a respectful, trustworthy and productive work environment that offers the employees a friendly and inclusive environment. To influence the group or individual behaviors, rewards can be used as a management tool for contributing to the effectiveness of the firms positively (Webb, 2007). The common rewards used by the firms
include bonuses, promotions and pay for performance that helps in motivating and encouraging their employees highly. However, according to Gong et al., (2009), it is arguable that these monetary or extrinsic rewards do not fully motivate a person, or motivation is not dependent upon these factors.

Motivation and Leadership
There are many studies which attempted to explore the relationship between the motivation of employees and firms’ leadership style. According to the study of Naile and Selesho (2014), studying a link between these two factors is important for the firms. In the previous decades, the leaders only had a mission of focusing on organizational performance, productivity and sales neglecting human factors, which made their relationship vague. So, the almost always undermined the significance of the development of an effective and positive relationship with all of their stakeholders specifically their employees who put their imagination about the firm’s performance into reality (Chipunza et al., 2011). There is a strong need for the leaders to know that different people have different motivating factors, a person “X” may get motivated by some monetary rewards and a person “Y” may need recognition and appreciation only. The study of Basford and Ofermann (2012) Maintains that there is a need for implementing customized strategies to offer rewards to employees, which are important to them specifically. For instance, if an employee needs job security more than other things, the company should offer him security, others may demand compensation, recognition, power, etc. So, studies of Chipunza (2011) and Naile and Selesho (2014) have shown a positive relationship between flexible leadership style and motivation of the employees as compared to the rigid ones.

Styles of Leadership
Transformational Leadership Factors
This leadership style encompasses different factors of leadership including 1) consideration of individuals, 2) stimulation of intellectual, 3) motivation through inspiration, 4) attributes (idealized influence), and 5) behaviors (idealized influence) (Bass and Riggio (2006). According to the study of Avolio and Yammarino (2013), transformational leaders are also known for their behavioral charisma. In this context, a leadership with transformational style is a leader who behave like a figurehead or role model and drives common and shared goals and vision by offering a transparent and purposeful sense of working together. The leaders holding IB qualities are trusted to be the main triggers behind the higher performance of the employees and their higher morale. An ideal organizational leader is expected to be the firm’s central force to move the organization and its stakeholders forward, and according to Avolio (2011) need to move ahead of his subordinates. Additionally, transformational leaders having IB factors utilize deep and strong vision for inciting faith in the organizational performance of the employees as discussed by Berson et al., (2015). The study of Avolio and Yammarino (2013) has discussed attributes or Idealized Influence (IA) as a factor of leadership known as attributed charisma. The characteristics of idealized attributes of a leader are constructed socially in follower-leader association as discussed by the study of Sosik and Jung (2010). It refers to the attributes of the follower based on their perception of the ideals of a leader like admiration and trust. According to Avolio and Yammarino (2013), Inspirational Motivation (IM) are the leader who offers a high level of inspiration in projects to their followers. These leaders put an extra effort to motivate their subordinates to move a needle and keep them reminding that what is expected from them. They articulate a positive and succinct communication with their subordinates on future endeavors. Also, Intellectual Stimulation (IS) is a style in which a leader challenge and encourage the status quo of employees by leading the subordinates and making them think out the box to bring innovation and creativity in their work. He can force them to think about things differently and emphasize solving their problems and using the reasoning before implementing their solution as discussed by Garcia-Morales et al., (2012).

Transactional Leadership
This leadership encompasses the factors passive and active management by exception and also offers contingent rewards. According to Sosik and Jung (2010), the factors related to transactional leadership may be explained as a contingent reward is a factor in which a leader approaches its subordinates through discipline and incentive as a give and take among the leader and his respective followers. To illustrate this, the CR leader and his respective follower have a constructive transaction in which an implied contract is present and there is an exchange relationship. Such leaders reward their followers when they do very well in performing their job whilst a penalty is being imposed for performance is substandard or not up to the mark. MBEA or Active Management-by-Exception involves the leaders who have placed their concentration on frameworks with close control and monitoring of deviations, policies, and standards. According to the study of Hinkin and Schriesheim (2008). On the other hand, the passive management-by-exception (MBEP), according to Moss and Ritossa (2007), comes into the action when a problem arises or something worse happens. In other words, passive leaders only intervene when the employees fail to meet the required standards, and they work according to the principle that doesn’t try to fix the things that are not broken yet.

Laissez-Faire Leadership
This leadership is also known as the Not-Transactional leadership style. It is thoroughly discussed by the study of Avolio (2011), who believes that laissez-faire, between a
follower and a leader, there is nothing transacted or already established so it can be called as non-transactional. These kinds of leaders do not intervene and abdicate their obligation, offer help to the followers but usually delayed responses, manifest passiveness, and inference towards their subordinates and employees. In addition to this, the laissez-faire leaders avoid making any organizational decisions and show pure indifference when employees or subordinates contact them to discuss a problem.

RESEARCH METHODOLOGY

Research Model
The below-given figure shows the model of this study. It considers three independent variables that are different leadership styles including 1) transactional leadership style, 2) transformational leadership style and 3) laissez-faire leadership style. On the other hand, the dependent variable is the motivation of the employees.

![Leadership Style Model]

Research Methods
For writing this paper, the data collection was done through a survey questionnaire, and it was comprised of demographic information and Likert scale questionnaire having 5 questions related to each variable. Each question had 5 possible answers involving strong intention to disagree and agree. The questionnaire was spread through the internet like e-mail, social media as well as during a self-visit to different pharmaceutical companies based in Thailand. A total of 280 questionnaires were sent to potential respondents, however, there were only 251 responses that were received in a condition that those could be used in the research.

As the objectives of the studies needed to check the impact of TRL, TRF and LF on employees’ motivation, so in data analysis, two types of tests to check the impact and relationship were used. The first is regression analysis, which will show the impact of each variable on an individual dependent variable. On the other hand, correlation analysis will show the relationship.

Hypothesis
H01: There is no significant impact of transactional leadership style (TRL) on employees’ motivation in the pharmaceutical companies of Thailand.
H1: There is a significant impact of transactional leadership style (TRL) on employees’ motivation in the pharmaceutical companies of Thailand.

DATA ANALYSIS

Demographic Information
Age
There were five groups of age in the data collected. The first group was below 18, the second group was from 18-24, the third group was 25-32, the fourth group was 32-36 while the last group was 36-42 years old as shown in the pie chart. It can be seen that 11 people were under the age of 18, 19 people were from the age of 18-24, 45 were from the group of 25-32, 78 people belonged to the group of age from 32-36 while 98 were from 36-42 years old. A total sample of 251 was used.
Income
There were people from different income groups who were involved in this study to see if the income has some effects on the preferable leadership style. There were five income groups, which were added in the questionnaire and participants were asked to select one group in which their monthly income falls. It can be seen in the below-given pie chart that only 12 people were earning below 30000 TBH, sixteen respondents are earning 30000-50000, 36 of them have a monthly salary of 50000-100000, 90 participants said that they are earning an amount of 100000-150000 on monthly basis, and majority of them that is 97 respondents are earning more than 150000 TBH.

Gender
The below given pie chart shows the descriptive statistics of gender of the participants who took part in this study for data collection. There were a total of 280 survey questionnaires while were articulated to the potential participants, however, only 251 of them responded. Among these 251 actual respondents, there were 119 females who responded as shown in the pie chart and 132 male participants.

Reliability Test
The Cronbach’s Alpha was found for all the variables in order to find if the data collected from the pharmaceutical industry has good reliability to check the relationship further.
Reliability of Transactional Leadership Style
The below table shows the Cronbach’s Alpha value of transactional leadership style and the value is 0.61. The standard acceptable value of Cronbach’s Alpha in statistics is 0.6-0.9 as more than 0.9 shows a duplication while lesser than 0.6 shows that data is not factual. Hence, the data related to transactional leadership style variable is reliable and can be used further.

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Reliability of Transformational Leadership Style
The below table shows the Cronbach’s Alpha value of transformational leadership style and the value is 0.703. The standard acceptable value of Cronbach’s Alpha in statistics is 0.6-0.9 as more than 0.9 shows a duplication while lesser than 0.6 shows that data is not factual. Hence, the data related to transformational leadership style variable is reliable and can be used further.

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Reliability of Laissez-Faire Leadership Style
The below table shows the Cronbach’s Alpha value of laissez-faire leadership style and the value is 0.649. The standard acceptable value of Cronbach’s Alpha in statistics is 0.6-0.9 as more than 0.9 shows a duplication while lesser than 0.6 shows that data is not factual. Hence, the data related to laissez-faire leadership style variable is reliable and can be used further.

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Reliability of Employees’ Motivation
The below table shows the Cronbach’s Alpha value of employees’ motivation and the value is 0.636. The standard acceptable value of Cronbach’s Alpha in statistics is 0.6-0.9 as more than 0.9 shows a duplication while lesser than 0.6 shows that data is not factual. Hence, the data related to employees’ motivation variable is reliable and can be used further.

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Regression Analysis
The below given table shows the model summary of the research model that is impact of transactional, transformational and laissez-faire leadership style on employees’ motivation. There are three value R-value, R-squared and adjusted R-squared. Adjusted R-squared is the most reliable value to show if the chosen independent variables collectively have high and strong impact on dependent variable or not. The value shows that 94.5% impact on employees’ motivation is due to different leadership styles. While some 6% of the variables or styles may not be considered by the researcher while making this model.

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a. Predictors: (Constant), LF, TRF, TRL

Second table in regression analysis show a overall goodness of the model as given below. The significance or p-value is given in the table, which according to the standard value should be less than 0.05 as value lesser than 0.05 shows that model is a good fit and all collective predictor variables that are LA, TRL and TRF here, have a significant impact on employees’ motivation.

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The below table shows the beta value and significance of each variable individually. The first presented variable is Transactional Leadership Style (TRL) for which the beta value is 0.761 and significance or p-value is 0.000. These values show that within an overall 100% impact on employees' motivation, 76.1% positive impact is of TRL and the p-value clearly shows that this impact of TRL on employees' motivation is highly significant.

### Correlation Analysis

Correlation analysis shows the direction and intensity of the relationship between two or more variables. The direction shows whether there is an inverse or direct relationship while more the coefficient more the relationship is strong. In the below-given table, it is clear that all three independent variables have a significant relationship with the independent variable as the p-value is less than 0.00 in all cases. The direction of the relationship is positive, which shows that with an increase in the independent variable there will be an automatic upward rise in the independent variable. It can be seen that the strongest relationship of employees motivation is with transactional leadership that is 0.966 while the other two variables i.e. transformational leadership and laissez-faire leadership style has slightly lower value i.e. 0.880 and 0.894 respectively. It is clear that respondents of this research study have portrayed a clear preference for transactional leadership style as compared to the other two.

**DISCUSSION**

The highest beta among the study's variable is transactional leadership i.e. $\beta = 0.764$, so it can be said that TRL is the most
influential factor for motivating the employees. According to Chaudhry et al., 2012, the preference of the employees is the strongest variable to show which style of leadership is the most effective in a particular region or a group of companies. There are many studies that have similar results as this study has because still, today the majority of the people do a job for some return. These rewards may be intrinsic (recognition, praise, and self-actualization, etc.) or extrinsic (pay, bonuses, discounts, house rent allowance, etc.). Every employee has some expectations from his employer, and when the employer makes the reward system linked with the employee’s performance, it increases the trustworthiness of the employer (W. Webb, 2007). This non-discriminatory behavior of leaders either it’s for rewards or punishment shows transparency in the organization and employees prefer to have such leaders. The transactional leaders actually adopt a style that is consultative for decision making and employees are being asked for their respective views about a particular problem or scenario. However, the final decision is made by the leader himself because he is the accountable person and evaluates the pros and cons of each suggestion from his employees instead of blindly taking the decisions. The second major preferable style of leadership is transformational leadership, which gives more inspiration and embracement to its employees with more vested powers to take their own decisions while the leader just motivates them to achieve organizational goals (K. Kim and Lee, 2011).

In this style, the employees have better communication with the leaders, but there are chances of some discrimination at some level due to which the employees of the pharmaceutical industry of Thailand might have shown a preference towards transactional style.

CONCLUSIONS AND RECOMMENDATIONS

The objectives of the study were to explore the preferences of employees in the pharmaceutical industry of Thailand regarding the leadership style they want to work under the supervision of. After conducting the regression and correlation analysis, it was found that the preference of all employees was a transactional leadership style as compared to the transformational or laissez-faire leadership style. The same results were found as a result of correlation analysis because the strongest relationship was found between transactional leadership style and employees’ motivation. Hence, in the Thai pharmaceutical industry, the employees get more motivated towards their work when their leaders embrace the transactional style of leadership. It shows that employees want their leaders to be a keen observer only and give them enough freedom to work according to their will. So, on the basis of the above conclusion, the leaders in pharmaceutical companies in Thailand can be recommended with the following:

- There should be contingent rewards for the employees as these rewards like pay for performance are highly significant in improving their performance. Contingent rewards encourage and motivate the employees to work hard in order to get reward including bonuses, pay holidays, recognition, etc.
- In addition, the Thai pharmaceutical industry’s employees have shown a positive attitude towards punishment in case of low performance, however, it is recommended not to punish employees if the low performance has a defendable cause. It is because the second major preference is transformational leadership, which necessitates the leaders to be as lenient and flexible as possible with their employees.

Future Recommendations

This study has a few shortcomings like a shortage of time and lack of exposure to all pharmaceutical companies in order to get maximum possible data. It will surely decrease its validity and it is difficult to say that a sample of 251 people represents thousands of pharmaceutical employees’ preferences across the country. Hence, future researchers may focus on increasing the sample size. In addition, more styles of leadership other than these three traditional styles may also be studied as dynamism in the industry nowadays is helping new styles to emerge in the companies.

REFERENCES


