THE IMPACT OF LEADERSHIP ON EMPLOYEES' MOTIVATION – CASE STUDY PUBLIC UTILITIES COMPANIES IN KOSOVO

Ass. Prof. Fellanze Pula[1]
Ass. Prof. Arberesha Behluli[1]*
Ass. Prof. Fidan Qerimi[1]
Ass. Prof. Muhamet Hajdari[2]

[1] AAB College, Pristina, **Kosovo**
[2] Universum College, Pristina, **Kosovo**
* correspondent author: arberesha.behluli@hotmail.com

ABSTRACT

In any activity, as well as in public services, employee motivation is a challenge. Seeing the importance of Human Resources in the growth and success of any organization, it is pushed to them to study leadership styles, which is used effective style to achieve the set goals and increase the effectiveness of the organization.

Leadership has an impact on the company's success by aligning common goals of the organization and the individuals within it, this influence did empower individuals to take the necessary actions to achieve the goals. Through this research, different leadership styles will be studied to identify the most appropriate and influential style in motivating employees of the public utilities sector in Kosovo.

Population of this research are the public utility sector employees in Kosovo, sample were 150 workers selected by random method. Data analysis was done by quantitative method using SPSS software.

According to research results, based on multiple linear regression and correlation coefficient, we conclude that the leadership styles affect the motivation of workers. There are also statistically significant differences in employee motivation, depending on the type of leadership style used.

Based on these results, this topic is particular importance as it not only measures the impact of leadership on employee motivation, but also identifies the most influential leadership style that contributes to creating the most successful model in employee motivation.

Based on these results, this topic is particular importance, as it not only measures the impact of leadership on employee motivation, but also identifies the most influential leadership style that contributes to creating the most successful model in employee motivation.

Keywords: Leadership styles, motivation, employees, public utilities

INTRODUCTION

Leadership is one of the basic and most important needs in any organization, it is considered as the solution to most organizational problems [1]. The fundamental of leadership is its persuading power on human resources, organizations' source of competitive advantage, and the resultant outcomes. Leaders must enhance employees' motivation as having engaged employees is critical for organization to achieve its goal [2].

Leadership style is an important management tool because, if used properly, it can enhance positive relationships with employees, improve the organizational climate, and increase service performance [3]. Therefore, based on this, this paper aims to identify the style of leadership most liked by employees and to measure the impact of each style on employee motivation by giving recommendations to leaders in order to increase motivation.

According to the purpose of the study, the purpose of this study is to identify the most liked leadership style by employees and to measure the impact of each leadership style on employees' motivation.

Research question 1: Which leadership style is most preferred by employees?

Research question 2: Which leadership style is most applied by leaders?

Research question 3: Which leadership style most influences employee's motivation?

METHODOLOGY

The research was conducted based on primary data, where through the quantitative method the research objectives were achieved.

Sample of this research are 150 employees of public utilities companies in Kosovo (Kosovo Energy Corporation, Post Telecom of Kosovo and Termokos), where 50 employees were surveyed in each company. Sample selection was done with the Random method.

The reliability of the instrument is acceptable based on the Cronbach's alpha coefficient value where the value is $\alpha = 0.876$.

The questionnaire is created through Google Forms according to the Likert Scale. Then all the data will be analyzed through the Statistical Package for the Social Sciences (SPSS).

The presentation of the results was done through descriptive analysis, correlation and multiple linear regression.

LITERATURE REVIEW

Leadership plays important role in the operation of the organization, agency, or state. Leadership is often described as an attempt to influence and give an example to his followers in achieving institutional goals [4].

Every manager imposes his own style of leadership, which is very specific and is determined by the situation (the situation of decision-making process) as well as

experience, knowledge and competencies to deal with the typical problems surrounding the organization [5].

Integrative leadership theories are the new approach in leadership which have been established based on combining trait, behavioral, and contingency approaches and the transformational leadership is one of them. This theory consists of three part: transformational, transactional and laissez-faire leadership [1].

Transformational leadership motivates employees to work devotedly and achieve the organizational objectives [6]. This type of leadership refers to the leader moving the follower beyond immediate self-interests. In this leadership style, leaders use their personal values, vision, commitment to a mission, and passion to energize and move others towards accomplishment of organizational goals [1].

Transformational and transactional leadership are two separate dimensions of leadership, and a leader could possess both transformational and transactional qualities at the same time. Therefore, effective leaders are often described as those who integrate both transformational and transactional leadership characteristics [7].

Four dimensions of transformational leadership are:

Idealized influence: It refers to those leaders who influence the employees to follow them and act as a role model [6].

Inspirational motivation: It refers to a leader that stimulates a motivational degree of the employees outside their presumptions in order to attain organizational as well as personal goals [8].

Intellectual stimulation: Refers to a leader that stimulates capability of employees to think out of the box while solving issues and refresh their thoughts [6].

Individual consideration: refers to a leader that pays attention to each employee by personally listening to their problems and providing support to the employees [8].

Transactional leadership emphasizes the transaction or exchange that takes place among leaders, colleagues, and followers. This exchange is based on the leader discussing with others what is required and specifying the conditions and rewards these others will receive if they fulfill those requirements [1]. Transactional leadership contains among other things, an exchange process (between leader & follower) that results in adherent compliance to leader demands, but it is not expected to create zeal and commitment to an errand objective [2].

The transactional leadership style constituted a constructive style labeled “contingent reward” and a corrective style labeled “management-by-exception [2]. This type of leadership focuses on maintaining the status quo and motivating people through contractual agreement [1].

Transactional leadership is an exchange process based on the fulfillment of contractual obligations and is typically represented as setting objectives and monitoring and controlling outcomes. It has the following three first order factors [9]:

Contingent reward leadership that focuses on clarifying role and task requirements and providing followers with material or psychological rewards in exchange for the fulfillment of contractual obligations [9]. **Active management by exception** refers to the active vigilance of a leader whose goal is to ensure that standards are met. **Passive**

management by exception is a situation in which leaders take action after a behavior has created serious problems [9].

Laissez-faire, which is characterized by noninvolvement, showing indifference, being absent when needed, overlooking achievements and problems as well. It is a style of leadership in which leaders offer very little direction and allow group members to make decisions on their own [2].

A laissez-faire leader exhibits passive indifference about the task and subordinates; for example, by ignoring problems as well as subordinates' needs. Laissez-faire is generally considered the most passive and ineffective form of leadership [1]. Laissez-faire is the non-leadership dimension of the transformational theory in which leaders will always avoid getting involved when important issues take place and avoid making decisions. This type of leader tends to withdraw from the leadership role and offer little in terms of either direction or support [1].

DATA ANALYSIS

The survey included 150 employees of public utilities companies in Kosovo, of which 64.2% were male and 35.8% female.

According to descriptive analysis, the most preferred leadership style by employees is transformational leadership based on $\bar{x}$ = 3.90 and SD = .52, then it is transactional leadership where the mean is $\bar{x}$ = 2.46 and SD = .95 and the least preferred style by employees is laissez - faire leadership, whose mean is $\bar{x}$ = 1.53 and SD = .65. Whereas the most used style by leaders is transactional leadership style where the mean is $\bar{x}$ = 4.02 and SD = .62, the second most used style is transformational leadership style based on mean $\bar{x}$ = 2.31 and SD = .73 and the least used style by leaders is laissez - faire leadership where the mean is $\bar{x}$ = 1.1 and SD = .83.

The reliability of the measuring instrument is α = 0.876, where the category of transformational leadership is α = 0.89; transactional leadership is α = 0.92; and laissez-faire leadership is α = 0.82, which means that the reliability of the instrument is acceptable.

Table 1. Descriptive analysis of leadership styles

	Preferred		**Applied**		
Leadership style	Mean	SD	Mean	SD	Cronbach's alpha
Transformational leadership	3.90	.52	2.31	.73	0.89
Transactional leadership	2.46	.95	4.02	.62	0.92
Laissez-Faire leadership	1.53	.65	1.1	.83	0.82

According to these analyzes, there is a discrepancy between the preferred style of leadership and that used by leaders, where based on this we give recommendations to balance the leadership style used by leaders with the preferred leadership style on the part of employees.

Based on descriptive analysis, the mean of employee motivation from the applied style is 2.40, while if the preferred leadership style were to be applied, the mean of motivation is 3.89.

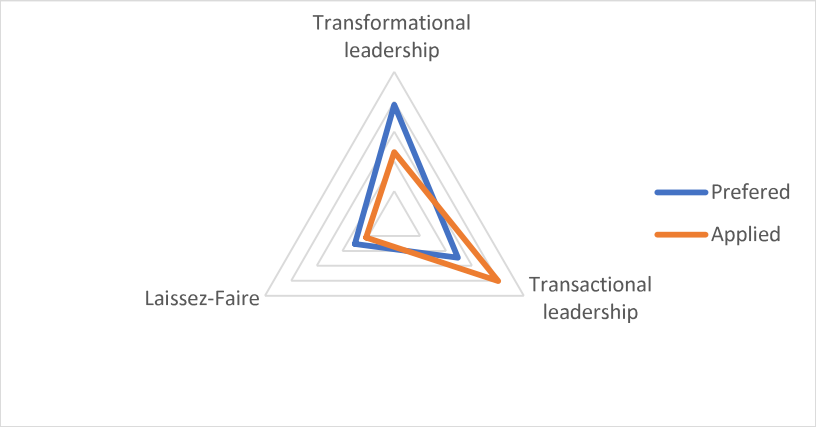


Figure 1. Applied and preferred leadership style

Through the normality test, we prove that we have normal data distribution of data since $p > 0.05$.

The purpose of conducting correlation analysis is to see what direction the independent variable (motivation) will take when the independent variables change (transformational, transactional and laissez-faire leadership). The Pearson's correlation coefficient it is used to measure the relationship between dependent variables (transformational, transactional and laissez-faire leadership) and independent variable (motivation).

The correlation coefficient between motivation and:

Transformational leadership results to be $r = .797$ and $p < .01$ which means that there is a linear higher positive correlation.
Transactional leadership result to be $r = .627$ and $p < .01$ which means that there is a linear moderate positive correlation.
Laissez-faire leadership result to be $r = -.588$ and $p < .01$ which means that there is a linear moderate negative correlation.

Table 2. The Pearson's correlation between leadership styles and motivation

	Transactional leadership	Transformational leadership	Laissez-Faire leadership	Motivation
Transactional Leadership	1	.720** .000	.208* .038	.627** .000
Transformational Leadership	.720** .000	1	.343** .000	.797** .000
Laissez-Faire leadership	.208* .038	.343** .000	1	-.588** .000
Motivation	.627** .000	.797** .000	-.588** .000	1

**. Correlation is significant at the 0.01 level (2-tailed).
*. Correlation is significant at the 0.05 level (2-tailed).

Before discussing multiple linear regression analysis, some conditions must be met:

Sample size which is calculated with this formula: ($150 > 50 + 8 * 3 = 74$; $150 > 74$),

Normal data distribution based on Kolmogorov-Smirnov test with $p = .20 > .05$ value.

R Square for transformational leadership present that 63.5 % of dependent variable motivation) is explained by transformational leadership, while the remaining 36.5% is explained by variables that are not included in the model by any random error, while R Square for transformational leadership present that 39.3 % of dependent variable motivation) is explained by transactional leadership, while the remaining 60.7 % is explained by variables that are not included in the model.

The Durbin Watson test values 1.69 for transformational leadership and 1.54 for transactional leadership show that there is no autocorrelation in our model, also the value of t = 13.06 for transformational leadership and t = 7.96 for transactional leadership indicate the importance of variables separately.

Laissez-faire leadership was not significant and is excluded from the model.

Table 3. Regression analysis

Independent Variables	Beta	R	R^2	Adjusted R^2	R^2 change	t - value	Durbin - Watson
Transformational leadership	.732	.797	.635	.632	.635	13.065	1.69
Transactional leadership	.516	.627	.393	.387	.393	7.96	1.54

According to the analysis of multiple linear regression, based on the value of R^2 = .641; F = 86.61 and p <.01 we say that motivation is influenced by the type of leadership style used.

The regression shows that even if the values of transformational leadership and transactional leadership will be 0, the motivation will be .850 units. With the growth of a unit in the transformational leadership, motivation will increase by .659 units, with the growth of a unit in the transactional leadership, the motivation will increase by .290 units.

Model:

$$\boldsymbol{y = \beta_0 + \beta_1 * x_1 + \beta_2 * x_2 + \varepsilon}$$

y - Motivation x_1 *– Transformational leadership*
x_2 *– Transactional leadership*

$$\boldsymbol{y_{(Motivation)} = .857 + .659 * x_1\,(Transformational\ leadership) + .290 * x_2\,(Transactional\ leadership)}$$

According to the analysis of simple linear and multiple linear regression, we conclude the style of leadership has a significant predictive influence on motivation of employees.

CONCLUSIONS AND RECOMMENDATIONS

According to descriptive analysis, we conclude that the most applied leadership style is transactional leadership, the second applied style turned out to be transformational leadership style and the least applied by leaders is laissez-faire leadership style. But there

is a gap between the applied leadership styles and those preferred by workers, as workers prefer the transformational leadership style, then the transactional leadership style and the less preferred leadership style is laissez-faire.

From the correlation analysis, based on the Pearson coefficient, we conclude that between transformational leadership and motivation there is a higher uphill (positive) relationship. With the applied of transformational leadership, the internal motivation of employees of public utilities companies in Kosovo will increase. So, the conclusion is that transformational leadership and motivation are in direct proportion with each other. Also, between transactional leadership and motivation there is a moderate uphill (positive) relationship, while between laissez-faire leadership and motivation there is a moderate uphill (negative) relationship. So laissez-faire leadership has a negative correlation with motivation, which means that applying this style of leadership negatively affects employee motivation.

Based on multiple linear regression, 64% of motivation is described by the leadership style used, while according to simple linear regression, 63.5% of motivation is described by transformational leadership and 39.3% is described by transactional leadership. Laissez-faire leadership was not significant and was therefore excluded from the model. So, leadership style influences employee motivation, where the most influential style turned out to be transformational leadership.

Since there is a gap between the applied and preferred leadership style, we recommend that this gap be filled by applying the leaders the preferred style of employees, ie the transformational leadership style.

This recommendation does not only come from employees' preferences, but this leadership style has been shown to be more influential in motivating employees, so to increase employee motivation we recommend leaders to use transformational leadership style.

REFERENCES

[1] Lope Pihie, Z., Sadeghi, A., & Elias, H. (2011). Analysis of Head of Departments Leadership Styles: Implication for Improving Research University Management Practices. International Conference on Education and Educational Psychology (pp. 1081 – 1090). Elsevier. doi:doi:10.1016/j.sbspro.2011.11.341

[2] Gemeda, H. K., & Lee, J. (2020). Leadership styles, work engagement and outcomes among information and communications technology professionals: A cross-national study. *Heliyon*. doi:https://doi.org/10.1016/j.heliyon.2020.e03699

[3] Kara, D., Uysal, M., Sirgy, J. M., & Lee, G. (2013, September). The effects of leadership style on employee well-being in hospitality. *International Journal of Hospitality Management*, 9-28. doi:https://doi.org/10.1016/j.ijhm.2013.02.001

[4] Santoso, M. (2015, March 31). Applying Interactive Planning on Public Service Leadership in The. *Procedia - Social and Behavioral Sciences, 169*, 400-410. doi:https://doi.org/10.1016/j.sbspro.2015.01.326

[5] Borisov, P., Qerimi, F., & Behluli, A. (2020). Diagnostics of Marketing Concepts of Commercial Banks in Providing Loans to Agricultural Sector of Kosovo. *Journal of Bio-based Marketing, 1*, 32 - 48. doi:http://doi.org/10.5281/zenodo.3711913

[6] Shafi, M., Zoya, Lie, Z., Song, X., & Sarker, M. I. (2020, February 26). The effects of transformational leadership on employee creativity: Moderating role of intrinsic motivation. *Asia Pacific Management Review*. doi:https://doi.org/10.1016/j.apmrv.2019.12.002

[7] Shao, Z., Feng, Y., & Hu, Q. (2017, November). Impact of top management leadership styles on ERP assimilation and the role of organizational learning. *Information & Management, 54*(7), 902-919. doi:https://doi.org/10.1016/j.im.2017.01.005

[8] Yaniv, K.-M., Elimelech, M., & Roth, G. (2020). Work motivations as antecedents and outcomes of leadership: Integrating self-determination theory and the full range leadership theory. *European Management Journal*. doi:https://doi.org/10.1016/j.emj.2020.01.003

[9] Agaa, D. A. (2016). Transactional leadership and project success: the moderating role of goal clarity. Conference on ENTERprise Information Systems / International Conference on Project MANagement / Conference on Health and Social Care Information Systems and Technologies, CENTERIS / ProjMAN / HCist 2016 (pp. 517 – 525). Elsevier. doi:doi: 10.1016/j.procs.2016.09.190

View publication stats