



An Empirical Study on the Role of Leadership Style in Enhancing Employee Motivation in Service Sector Units in Nagpur

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Abstract

In this study an attempt is made to find how ideologies of leadership might raise motivation of employees in the service sector in Nagpur. A descriptive study technique and questionnaire approach were used to collect data from 200 respondents across a range of industries, including banking, healthcare, IT, and hospitality. When transformational leaders support, encourage, and intellectually challenge their employees, they have a greater chance of developing a motivated and productive workforce. The study concludes with recommendations for developing leadership programs that promote transformational leadership approaches in order to improve organisational performance in the service sector.

Keywords: Style of Leadership, motivation of employee, transformational leadership, service sector, Nagpur, engagement, organizational performance, etc.

Introduction

The service sector has become a major engine of economic growth in India in the current competitive business environment, making a substantial contribution to GDP, employment creation, and general economic development. Given that services in this industry are mostly based on people, the human aspect is crucial. For service-oriented businesses to succeed, staff productivity and efficiency are consequently essential. Motivation has long been acknowledged as a crucial driver among the many variables affecting employee performance. As a guiding force, leadership has a substantial impact on employees' motivation levels by influencing their attitudes, behaviours, and level of engagement at work. Particularly in urban industrial centres like Nagpur, which is quickly growing as a hub for various service sector units including banking, insurance, hospitality, healthcare, and IT-enabled services, the dynamic relationship between leadership style and employee motivation is becoming increasingly important.

Leaders with transformational capabilities are renowned for their skill to inspire and intellectually engage their followers, whereas transactional leaders focus on assigned tasks and rewards. Knowing which motivating techniques are most effective for service sector employees is essential for organisational success, especially in a city like Nagpur where service sector companies compete for both client satisfaction and employee retention in a highly competitive market.

Even though this link is important, there aren't many empirical studies that concentrate on the service industry in tier-II cities like Nagpur. This region's distinct demographic, cultural, and socioeconomic circumstances necessitate localised research that can guide leadership strategies catered to the particular motivating requirements of the workforce. In order to contribute to the larger conversation on organisational behaviour and human resource development in India's developing metropolitan centres, this study intends to empirically investigate the impact that leadership styles play in improving employee engagement in Nagpur's service sector units.

Literature Review

Positive motivational results have been widely associated with transformational leadership, which is marked by idealised influence, inspiring motivation, intellectual stimulation, and personal concern (Bass & Avolio, 1994). Research indicates that by providing workers with a feeling of direction and community, transformative leaders can boost intrinsic motivation (Judge & Piccolo, 2004). However, transactional leadership, which emphasises corrective measures and conditional incentives, may work well for providing external rewards to staff (Burns, 1978). Transactional leadership has been criticised for its inability to promote creativity and emotional connection, despite its efficacy in some situations (Northouse, 2018).

It has generally been determined that laissez-faire leadership, which is frequently linked to a hands-off attitude, is unsuccessful at inspiring workers and can result in uncertainty and



disengagement (Skogstad et al., 2007). Nonetheless, some contend that a certain amount of laissez-faire may foster innovation and self-motivation among highly competent and independent teams (Goodnight, 2011). Each leadership style's suitability is frequently influenced by contextual factors including employee traits, job design, and organisational culture.

Cultural factors including power distance, collectivism, and deference to authority further complicate the applicability of leadership styles in the Indian setting (Hofstede, 2001). According to studies, transformational leadership frequently elicits positive responses from Indian workers, particularly when combined with individualised attention and developmental assistance (Sivakumar & Nakata, 2001). Leadership is essential to maintaining staff engagement and service quality in service sector contexts, because interactions between employees and customers have a direct influence on company outcomes.

Although there is little research specifically focused on service sector units in tier-II cities like Nagpur, certain studies offer insightful information. For instance, transformational leadership dramatically improved motivation and performance, according to Sharma and Jain's (2019) analysis of the impact of leadership philosophies on worker performance in small and medium-sized businesses. In a similar vein, Bhagat and Patil's (2021) research of Maharashtra's hotel industry showed that staff engagement and morale were directly impacted by leadership behaviours.

All things considered, the research now in publication emphasises how crucial leadership is in influencing worker motivation across industries and regions. There is a research vacuum in our knowledge of the dynamics inside service sector units in towns like Nagpur, nevertheless, as the majority of empirical studies have concentrated on industrial sectors or metro areas. By using an empirical lens to examine how different leadership philosophies affect employee engagement, this study aims to close that gap and provide useful information for local human resource and leadership development initiatives.

Objectives:

In order to improve employee performance and organisational effectiveness, the study's goals are to investigate how various leadership philosophies affect employee motivation in Nagpur's service sector units, pinpoint the best leadership techniques, and assess the effects of these philosophies on motivation levels in diverse service industries.

Methodology:

To investigate how leadership styles can improve employee motivation in Nagpur's service sector units, the study uses a descriptive research approach. Employees from a variety of service industries were given a standardised questionnaire to complete in order to gather data. In order to guarantee representation from a variety of service industries, including banking, hotel, healthcare, and IT services, a sample size of 200 respondents was chosen by stratified random selection.

Data Analysis:

Data from 200 respondents working in different service sector units in Nagpur was gathered in order to comprehend the effect of leadership styles on employee motivation. The replies were divided into three categories: laissez-faire, transactional, and transformational. A 5-point Likert scale was used to gauge employee motivation (1 being very low and 5 being very high). The results are summarised in the analysis that follows:

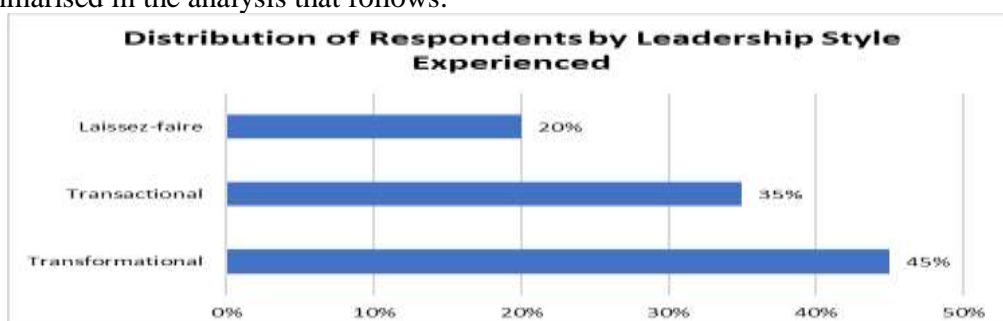


Fig. 1



According to the statistics in Figure 1, transformational leadership was experienced by the majority of employees (45%), followed by transactional leadership (35%), and laissez-faire leadership (20%).



Fig. 2

The highest average motivation score of 4.3 was reported by employees of transformational leaders, as shown in Fig. 2, suggesting a substantial positive correlation between motivation and this leadership style. The lowest motivation levels (2.8) were obtained under laissez-faire leadership, whereas transactional leadership demonstrated moderate motivation (3.5).

Table 1 Leadership Style vs. Motivation Level

Leadership Style	Low (1–2)	Moderate (3)	High (4–5)	Total
Transformational	2	18	70	90
Transactional	6	40	24	70
Laissez-faire	20	15	5	40
Total	28	73	99	200

According to Table 1, just 5 out of 40 respondents under laissez-faire leadership indicated great motivation, compared to 70 out of 90 respondents under transformational leadership. According to 40 respondents, transactional leadership produced largely moderate motivation. The data unequivocally shows that transformational leadership works best to increase employee motivation in Nagpur's service sector units. High levels of motivation were demonstrated by a significant percentage of responders who were led by transformative leaders. The inspiring and individualised components that propel high motivation are absent from transactional leadership, notwithstanding its effectiveness in upholding structure and moderate motivation. Because of its passive style, laissez-faire leadership is associated with poor motivation and may not be appropriate for service-oriented businesses where employee involvement is essential. These results imply that transformational leadership techniques should be encouraged by companies looking to boost worker enthusiasm and output.

Conclusion:

The findings of the study clearly shows that employee motivation is high in Nagpur service sector units strongly affected by leadership styles. Of the three leadership philosophies studied — transformational, transactional and laissez-faire — transformational leadership emerged as the most effective strategy by which to increase employee engagement. Those who had been exposed to transformative leadership reported greater engagement, job satisfaction and excitement about their work. On the other hand, transactional leadership produced moderate levels of motivation, primarily of the influence of supervision and premeditated rewards. The least effective leadership style is Laissez-faire leadership, which is typically characterized by low motivation as there is a lack of support and direction. These findings highlight how vital proactive, supportive, and creative leadership is for service-oriented companies where



sustaining employee morale is an essential ingredient in reaching goals and providing top-notch customer service.

Recommendation:

It is advised that Nagpur's service sector companies concentrate on helping their management staff members acquire and foster transformational leadership skills in light of the findings. Programs for mentoring, leadership development, and ongoing performance evaluations can all help achieve this. Managers ought to get training on how to motivate, encourage, and treat each team member with respect. In order to match management positions with suitable leadership abilities, HR departments should also include leadership style evaluations in the hiring and advancement procedures. Finally, to maintain motivation and productivity over time, a culture of open communication, acknowledgement, and employee empowerment should be promoted.

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