The Impact of Different Leadership Styles on Employees' Motivation and Workplace Satisfaction in the Financial Sector

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Submitted to Mr. Davis Gibbs

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Affidavit

I hereby affirm that this Bachelor Thesis represents my own written work and that I have used no sources and aids other than those indicated. All passages quoted from publications or paraphrased from these sources are properly cited and attributed.

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Abstract

The difference in leadership theories and styles is still an important factor to consider as it has a direct impact on the human capital and the accomplishments of an organization. This research aimed to investigate the differences in particular leadership theories as well as leadership styles in the financial sector in order to gain insights in the motivational aspects of each one. Specific methods which might enhance the human's motivation and satisfaction have been explored and analysed. The psychological aspect of this study focused on leaders' characteristics and their influence to change the subordinate's values and perceptions. In order to acquire more knowledge, it is essential to point out different approaches of leaders and to compare diverse publications. The thesis occupied a mixed methods research approach and utilized a survey for employees in the financial sector. For the analysis part of the thesis, a non-parametric Kruskal Wallis test was performed. Prior to that, the data was cleaned, and the Cronbach's alpha as well as the normal distribution of the data was evaluated. The output gives more information based on the extrinsic as well as intrinsic motivation and workplace satisfaction of employees and whether the investigated leadership styles are recommendable or not in terms of a firm's success. It can be seen that extrinsic workplace satisfaction needs improvement, whereas other variables are constant. Limitations were the selection of the financial sector as well as the language of the survey as it decreased the number of participates.

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List of Abbreviations

IN MOT =   Intrinsic motivation

EX MOT =   Extrinsic motivation

IN SAT =   Intrinsic satisfaction

EX SAT =   Extrinsic satisfaction

1   Introduction

Nowadays, the role of leadership is becoming increasingly important as it has a major impact on companies as well as on its employees. There is a distinction between different leadership theories and their outcomes which needs to be addressed as it will help to analyse certain patterns and describe particular reactions of employees (Dansereau et al., 2013).

1.1   Relevance

In the last decades, the analyzation of leadership approaches became gradually more important and the theories tend to adapt accordingly. This is supported by the findings of diverse studies which show that perceptions have altered tremendously over the years (Anderson et al., 2017). The role of the right leadership approach progressively increases in its importance and managers need to be aware of the detrimental influence that they possess on employees. As time changes, the required skills as well as knowledge of specific approaches alters. Moreover, a new revolution of intrinsic motivation based on a shift in the mindset of employees can be observed. The andragogical and pedagogical mindsets of human beings have an implicit impact when it comes down to leadership development and these terms should be considered with reference to employees' motivation and educational aspects (Jeanes, 2021). Studies show that the mindset is the foundation of human's functioning and processing style. This is of relevance as people tend to neglect and oversee personal development with regard to leadership approaches and educational methods (Gottfredson & Reina, 2021).

1.1.1   Financial sector

The paper is designed to investigate employees of the financial sector as this division is known for having strict regulations in the workplace. However, it could be argued that employees might benefit more from less autocratic demands. In order to further examine this matter, the study will place emphasis on the financial sector in Austria. The sector delivers financial services to companies as well as to individual people. For the purpose of this study and to clarify the term, the financial industry includes the banking sector, insurance companies, investment firms and real estate corporates. In order to avoid cultural bias, the study will only focus on Austrian companies.

1.2 Knowledge gap

Current findings show that there has been a lot of research conducted in the field of leadership and workplace satisfaction. A few studies even highlighted some particular leadership theories and examined their impact, whereas others focused on just one approach. This is useful when it comes to determining certain outcomes, but most of the studies did not incorporate the significance of the human mind with reference to leadership, motivation and workplace satisfaction. Self-motivation and confidence in employees can be a key feature when it comes to new performance goals (Gottfredson & Reina, 2021). Additionally, most studies do not include the integration of leadership theories in their research which certainly would be important (Dansereau et al., 2013). Managers need to evaluate their employees' characteristics in order to develop a strategy based on each individual so as to enhance general performance. Despite of the huge value of adapted leadership styles and the role of mindset training, academic papers dealing with this correlation are still scarce. There are some papers which look into the importance of the mindset as a factor for success, but there needs to be further research and investigations which determine the relationship of psychology and success and its usefulness for business strategies. Until one can comprehend the relevance of leadership styles and understand the intrinsic and extrinsic motivation factors for employees and its effects for the business, the impact and association will remain undiscovered.

1.3 Aim of the study

To close the knowledge gap, this thesis will examine the main leadership styles and their effects on employees' intrinsic and extrinsic motivation and workplace satisfaction. Moreover, it will give information about mindset theories and talk about the psychological side of the topic and its relevance for employees as well as for leaders. There will be a deeper understanding of different leadership approaches and their benefits as well as disadvantages over a certain target group and how to be emotionally aware of certain attitudes and transform the way of thinking in order to be more productive. The findings will open up to new ways of thinking and they will be a contribution to existing literature in the following ways. First, it will give the reader a deeper understanding of leadership styles and their objectives and outcomes. Secondly, there will be an evaluation of the intrinsic and extrinsic motivation as well as workplace satisfaction drivers for employees and under which

circumstance which leadership style provides the better alternative. Lastly, it examines the characteristics of employees and their mindset with reference to understanding if a leader can possibly transform a negative mindset into a positive one to enhance a firm's success.

1.4   Claim position

The present research proposes that each individual or target group needs a different leadership style in order to meet the company's goals. A transformative leadership style deals with the visions and attitudes of people and this approach seems to encourage a lot of employees to improve their work engagement. Nevertheless, there are people who can only be motivated through an autocratic, delegative, transactional or laissez-faire leadership approach. In fact, different leadership styles generate altering consequences, especially, when selecting the wrong approach for the wrong target group (Asrar-ul-Haq & Kuschinke 2016). In conclusion, it can be mentioned that the objective of this research paper is to analyse the impact of different leadership styles and their outcomes, which is also the foundation of the research question:

1.5   Research questions

The primary research question is "How do different leadership approaches influence the workplace satisfaction of employees in the financial industry?" The secondary research question that will be answered as part of the thesis is "How can a leader impact the workplace environment?"

2 Literature Review

2.1 Definitions

2.1.1 Leader

The term "leader" is equivalent with the term "manager", "supervisor" or "executive" in this thesis and refers to the person who gives guidance and instructions at the workplace. A leader is a person who influences employees for the purpose of a better organizational outcome (Dansereau et al., 2013).

2.1.2 Follower

In this paper a synonym for the expression "follower" is "subordinate" or "employee", which is the person who is obeying orders from the leader in order to contribute positively to the firm's success (Gobble, 2017).

2.2 Leadership theories

There exist diverse approaches of leadership which are taken on by managers or supervisors. First of all, leadership theories were the basis of leadership styles and need to be considered in this thesis. The variables of leadership theories can be categorized in those of the leader, follower and situation. Prior to the establishment of proper leadership styles, theories were the main sources of acquiring a basic knowledge about the issue. In order to understand certain leadership styles, it will be necessary to evaluate specific leadership theories at first. This thesis will present diverse views, for instance, the trait approach, the behavioral approach, the power-influence approach, the situational approach and the integrative approach. Trust seems to have a high value among all leadership approaches which needs to be highlighted (Dansereau et al., 2013).

2.2.1 Trait approach theory

The trait approach theory examines certain qualities of leaders in order to distinguish the leader with the follower and to identify possible leaders based on certain traits or characteristics. Researchers and psychologists would like to understand the characteristics and the cognitive aspects of human beings in order to evaluate their personality (Greenleaf, 2018). Traits influence the behavior and determine specific

patterns. The psychologist Ralph Melvin Stogdill argued that traits are not the effect of leadership, but rather the consequence of the interaction between human beings and the circumstances. In the 1980s, psychologists like Barry Z. Posner and James M. Kouzes suggested that characteristics are valuable factors to determine leadership qualities such as flexibility, courage, eagerness or credibility. Conversely, the difference between supervisor and subordinate might not be tremendously big and specific traits are not suitable for every situation (Rettenwender, 2016).

2.2.2 Behavioral approach theory

Before the term "behavioral approach" is explained, the path goal theory needs to be analysed. This path goal approach states that the manager's objective is to lead the subordinates onto the right path in order to meet their personal goals as well as collective goals within an organization. To get a deeper insight, the path goal theory is based on Vroom's expectancy theory from 1964, which is about an individual's expectation of the outcome after the fulfillment of a specific task (Estes, 2012). Later on, in 1970, Martin Evans established the path goal theory which is about the selection of a certain behavior for an employee in a specific situation in order to meet everyone's needs. The behavioral approach focuses on conditioning which happens through interaction with the environment. Followers try to observe certain patterns from their leaders which evokes the followers' action. Generally, leaders also give cues having an effect on the employee's action. However, the involvement of environmental cues can also lead to decisions and actions of followers which are not directly communicated with the leader. In these cases, it is important to pre-define rules like standard operating procedures in case of emergency responses as the continuous presence of leaders cannot be guaranteed (Greenleaf, 2018).

2.2.3 Power influence approach theory

As the term "power influence theory" already describes, it highlights the motivational aspects that leaders can make use of by means of their influence. Power and influence are two main categories which determine the society. A common example would be if a supervisor asks the employee to take on additional work or a night shift and the employee changes his personal agenda for the requested tasks. In this case, executives make use of their power and might incentivize subordinates with work-related promises such as promotions. This can either happen as an unspoken demand or as a threat (Willer et al., 1997). Power underlies many negative aspects in the

public, but with reference to the economic expert and psychologist Christine Jelinek-Bauer it can be said that power also has some positive implications. The psychologist said that one can only achieve his or her goals with the usage of power and if one understands the principle of power, it is possible to use power instruments in a proper way without any misconduct or the violation of personal ethical norms (Rettenwender, 2016). The acquaintance of power is derived from uncertainty or rather the handling of doubt implying that a leader can diminish uncertainty and hence, gains more power through his or her followers. Power is dependent on attitudes and values such as loyalty or work qualities. However, the status, the privilege to have access to rare information or the knowhow of certain skills can influence followers and make them obey. The personal expert power is a term which is derived from the repeated evidences of expertise from a leader, whereas the personal referent power can be seen as the power gained through the devotion of the firms' employees. Position power or personal power can easily be obtained by a manager and can lead to the desired result without any interferences or the allocation of work (Greenleaf, 2018).

There are existing different approaches when it comes down to influencing. The first one is called "Instrumental Compliance" and focuses on a reward-punishment system where employees are required to perform certain tasks in a specific manner with the goal to receive a treat rather than a punishment. The second one is called "internalization", which highlights the value of knowhow with reference to the leaders and firms' objectives. Further, it is required to study certain issues, skills and beliefs. The third approach is named as "Personal Identification", which states that the subordinate needs to replicate the characteristics of the leader in order to be familiar with the firms' goals (Davenport & Early, 2010). Additionally, this approach is beneficial to improve the turnover within the firm and subordinates can strengthen their relationship to the leader as well as to themselves.

Moreover, there are existing diverse influencing tactics, for instance, influence can happen due to impression management which indicates that through the use of communication, behavior or related tasks regardless whether they are conscious or subconscious, a leader or follower can encourage a specific goal to happen. The leader can also use the technique of punishments and influence the follower accordingly (Harrell & Simpson, 2016). Additionally, the compliance tactic will become valid if the

subordinate does not align with the firm's objectives and is rather unmotivated. As a result, the follower will need rules and guidance. However, a follower might also influence leaders with resistance in terms of specific tasks. This is characterized by the baseless withdrawal of particular activities on the employee's side.

There are several ways in which a leader can influence his subordinates. Rational persuasion is a common term which makes use of explanation or logical arguments in order to encourage subordinates. Consultation is about integrating the employee and asking for his or her advice. Another tactic would be collaboration which is based on the exchange of particular things like time and help. Furthermore, it is possible to make use of inspirational appeals which correspond to the emotions of employees with, for example a speech at the end of each quarter (Greenleaf, 2018).

2.2.4 Situational approach theory

Situational leadership theories indicate that the approach should be altered with reference to the situation. The consideration of maturity or rather competence and the commitment of the subordinates are crucial and decide upon the approach. The leader helps the follower to reach his or her goals and gives guidance so that the follower can develop new skills (Dansereau et al., 2013). Research shows that the founder of "Apple", Steve Jobs, adopted the situational leadership approach. Before Steve Jobs had left "Apple", he was a leader who practiced the laissez-faire style which will be discussed later on. To add, Steve Jobs had also made usage of the trait approach theory and after the rejoining to "Apple", he followed the autocratic style of leadership. As a result, there was a time where Steve Jobs was mainly focused on the environment and the employees which was at the early stage of "Apple". Later on, his strategy was a more demanding leadership approach resulting in a higher focus on the production and effectiveness of his company. This indicates that the leader's goal is the fulfillment of the given task and the approach will be aligned to the characteristics of the subordinates (Greenleaf, 2018).

2.2.5 Integrative approach theory

An integrative approach can best be described as the usage of different theories and combining them as preferred. There is the possibility to combine either two or more theories such as the trait theory with the power-influence theory in order to select certain advantages and make use of them. However, researchers define the

integrative approach differently which makes it hard to explain. There are suggestions that the integrative approach is associated with the physical as well as mental well-being of the leader which corresponds to the success of any business. This approach focuses on the self-care and work life balance of human beings as human capital is of high value. Other publications talk about cultural values and the integrative process combining organization and culture. As a result, one can say that the integrative approach is about combining different aspects of life in order to generate a common ground for further decisions (Greenleaf, 2018).

2.2.6 Theory used in the paper

It is of importance to give the reader an overview of diverse approaches so that one has a more general picture of the investigated topic. Nevertheless, the chosen theory for this paper is the situational approach as it best fits to the paper. This is because human beings act differently every day and therefore leaders need to adapt the leading approach accordingly to the situation, environment, attitude and economy.

2.3 Leadership Styles

The term leadership describes the perception of a leadership style from an employee's perspective (Greenleaf, 2018). Generally, leaders or managers obtain their leading style based on past experiences or values that shaped their life. Additionally, education and training are two huge concepts, which influence the approach a leader is using (Allafchi, 2017). Leadership is essential and an important factor in an organization as it is a core function which can enhance the overall structure of a company, but also be a cause of hardships. The development of some leadership approaches was the work of the psychologists Lewin, White and Lippitt in the year 1939. The identification of different strategies is crucial when it comes to analyzing the success and productivity of a company or employee with reference to the leadership style (Fiaz et al., 2017). There are certain difficulties that companies have to overcome in the present decade which cannot be fully compared to previous decades. As people are getting more innovative, new directions are being established and new obstacles arise. The atmosphere and the work enthusiasm to master these issues is depending on the managers and how they motivate their subordinates (Alghazo & Al-Anazi, 2016). The dynamic business environment calls for an emergence of the awareness of leadership theories and their impact on employees as well as on

their surroundings. Organizations need to be aware that leaders influence employee turnover, customer satisfaction, absenteeism and the productivity of a firm. To add, the characteristics of employees can be shaped through effective leadership as it regulates incentives, punishments or interpersonal relations. The attitude as well as the values and norms of an employee will be affected through any kind of leadership and determine further decisions and perspectives. This is crucial to understand as it either may result in unmotivated employees consequently leading to a loss of productivity or it will enhance the motivation of employees and be a driver of the company's success (Fiaz et al., 2017). This thesis will enlighten the reader in diverse leadership styles and will focus on the main approaches and test the selected ones for relevance. In order to get a better understanding of the scope, a table (table 1) has been created which contains a summary of the three main leadership styles.

Main Leadership styles	Characteristics
Authoritarian / Autocratic leadership style	- Gives orders and assignments - Leader has full responsibility and authority - Opinion of others are not important - Close supervision and fast decisions are of high value - Punishments for not fulfilled duties
Participative / Democratic leadership style / Theory Y	- Less autocratic - Consultation with subordinates - Participation in decision making process is welcomed - Leading through being an example and being persuasive
The Laissez-faire / Free-rein leadership style	- Leader does not want to have responsibility or power - No direction is given, and the teams can make decisions by themselves - Loyalty is important

Table 1: Overview of autocratic, democratic and free-rein leadership style

Source: own representation based on Alghazo & Al-Anazi, 2016.

Table 1 compares three different leadership styles which are most common across the world. The table illustrates the difference between the autocratic, democratic and free-rein leadership style and gives a brief overview on the main characteristics of the diverse approaches. Still, there are several other approaches existing, which will be discussed later.

2.3.1 Autocratic leadership style

The autocratic leadership style is characterized by its high focus on the performance rather than the employees. It can be said that the leader determines certain rules and predefines the way of working. Additionally, subordinates have no decision-making authority and need to obey as every task is continually being controlled by the leader (Alghazo & Al-Anazi, 2016). The foundation of this leadership style is the basic assumption that workers are unmotivated, untrustworthy and unreliable. This implies that when giving the employee more control, it would result in less accomplishments or bad choices which reflect back to the firm.

Moreover, the demands come from the top positions down to the employees which indicates that there is a non-existent communication base, and the term "teamwork" has no value for these leaders. The work is being commanded and subordinates are not entitled to give recommendations or advice (Fiaz et al., 2017). This means that one person tries to control the organization or exercises control over his or her subordinates. One has to be aware of the fact that autocratic leaders mainly use their power with the goal to improve the company's overall accomplishments. Criticism is referring to misconduct of that power which might lead to oppression; however, this does not align with the wishes of an autocratic leader in terms of guiding his employees. In addition, the opinion from stakeholders is not a necessity since this type of leadership requires a fast-decision-making process enhancing the overall efficiency of the business. The idea behind this way of leading people is that through the development of well-known rules and the awareness of the company's structure, subordinates should be able to work sufficiently and minimize the amount of time which might have been spent unproductively otherwise. However, workers who experience this type of leadership might have anxiety as the only motivational factor might be the fulfillment of their tasks. Additionally, factors like creativity might contribute to a positive outcome, but are not taken under consideration. The percentage of people who describe an autocratic leadership style as not motivational is increasing and people tend to develop a low morale for the job. With reference to that leadership style, workplace satisfaction is decreased, and employees perceive more stress (Lindner et al., 2016). Nevertheless, there are some people who feel the need for guidance and welcome an autocratic leader. Additionally, certain decision demand an autocratic approach as it is less time consuming. If one refers back to the

situational approach theory, it can be seen that the style should be adapted based on the situation and needs. Therefore, some employees might need an autocratic leader even though literature suggests that this style might be associated with distress.

2.3.2 Democratic leadership style

The democratic leadership approach is also known as participative leadership style encouraging people's creativity with diverse tactics. The term democracy means "run by people" indicating the importance placed on human beings. Leaders who practice this kind of managing, understand the value of teamwork and subordinates are required to accomplish certain tasks by themselves (Alghazo & Al-Anazi, 2016). Members of a group are allowed to contribute and participate in the decision-making part of their work. Furthermore, workers need to develop certain solution approaches and present their outcomes to the leader. However, the superior keeps the guidance over every work and proposes the final decision.

This approach is common among leaders, as it enhances the relationship of employees with managers. Additionally, it generates a more productive environment as problem thinking skills are more in demand (Lindner et al., 2016). Research shows that the leader is more integrated into the team and has a better overview of internal as well as external matters related to the employees. During the work, leadership duties are shared within the respective group. The belief that human beings are enthusiastic about new projects, responsible for their actions, like opportunities, enjoy teamwork as well as embrace the obligations which come with work, is derived from a philosophical approach to democratic leadership (Rettenwender, 2016). It is necessary to have a positive relationship with co-workers at the workplace in order to make this leadership approach work. As a result, employees can adopt the values of the organization and integrate themselves better into the firm. A democratic leader is perceived to be understandable and has to take on the role as a model. To add, he or she needs to manage hardships and misunderstandings between colleagues and find proper solutions where all parties are satisfied (Hornáčková et al., 2015). Managers put a high emphasis on group discussions and group decisions. White and Lippitt (1960) stated that a democratic leader has to introduce its subordinates to participations, discussions and proper work-related communications. This leads to more workplace satisfaction and encourages subordinates to behave appropriately during their work time. The strong spirit, which is communicated during this kind of

supervision is beneficial for the company and its goals. Democratic leaders earned their status, because the majority were in favor of them being chosen as leaders, especially in the political sector (Allafchi, 2017).

2.3.3   Free-rein leadership style

Laissez-faire, also known as delegative or free-rein leadership can be best described as the opposite of the autocratic approach. Therefore, subordinates get a high degree of freedom and can decide certain decisions by themselves. However, managers will provide their team with resources and help them when needed. There is no daily supervision and people should get encouraged to act by themselves in order to generate more creativity. Some articles state that leaders actively avoid responsibilities and make use of the laissez-faire leadership approach when their well-being suffers or when they acknowledge a lack of self-control (Breevaart & Zacher, 2019). This leadership style is often appreciated in creative atmospheres and businesses like advertisement firms. Leaders face the challenge to firstly recruit diligent team members who enjoy this type of leadership and secondly to set up a smooth working team that does not need any guidance through the whole process. Managers as well as subordinates need to be in accordance and comfortable with this approach, as the duties have to be clear communicated and the oversight should be to a minimum. Good examples of delegative leaders would be Warren Buffet or Paul Allen. The goal of this leadership is not the analysis of people or performance values, because human beings are seen as impulsive and unpredictable. This makes it hard to comprehend and investigate and it would take a tremendous amount of time. To add, this kind of leadership does not require any goals or objectives, only if necessary. Natural habits like communicating with the employees is not common as the subordinates should be familiar with their duties (Fiaz et al., 2017). For that reason, leaders avoid influencing subordinates so that the employees can select by themselves how they manage their schedule by themselves. It can be seen that this approach helps followers to expand their effectiveness in terms of personal accomplishments (Dansereau et al., 2013).

This kind of leadership style is referred as passive and people might perceive it as ineffective as there is a lack of communication. To add, interaction is being avoided and leaders provide no productive feedback to their subordinates which is the result of the more or less unguided work structure. Critics refer to the creation of higher

stress levels, particularly distress due to the missing supervision and the atmosphere at the workplace is being affected negatively. The rise of conflicts with work relationships is distracting the organization from their mission. However, sometimes it is appropriate to use this leadership style in order to foster the subordinates' creativity. This needs to be decided according to the employees' attitude and the respective situation (Breevaart & Zacher, 2019).

2.4 Combined Leadership Styles

Leadership concepts are common and human beings try to research and develop as many accurate versions as possible. The thesis focuses on the three main leadership styles, but in terms of understanding, other approaches will be briefly outlined.

Goleman (2000) stated that there are six different leadership styles which are: authoritative, affiliative, democratic, pacesetting, coercive and coaching. These styles are tied to emotional intelligence and the usage of it. However, some authors just refer to two different leadership styles in order to get a better understanding since there are a lot of different approaches. These are mainly the transactional as well as transformational leadership styles. The paragraph underneath describes these two concepts to get a better overview of them and to fully grasp the whole concept. Transformational and transactional leadership have a different effect on employees' motivation and stimulate diverse outcomes (Kanat-Maymon et al., 2020). Research shows that both concepts are successful with reference to the job performance, satisfaction, motivation and creativity (Abbas & Ali, 2021).

2.4.1 Transactional approach

The transactional approach has its roots in the laissez-faire leadership style but is rather a combination of the free-rein, the management by exception and contingent reward approach. Laissez-faire leadership is considered to be ineffective in most institutions and managers try to find a way to better guide their subordinates. The establishment of the transactional approach is a solution for some managers. The foundation of management-by-exception is found in contingent reinforcement theories. These theories indicate that employees are being punished or rewarded with reference to their work and the extent of satisfaction (Barbuto, 2005). The relationship is mainly transactional with the followers, which enhances the job satisfaction and motivation (Abbas & Ali, 2021). Transactional leadership is

characterized by cost-benefit exchanges (Kanat-Maymon et al., 2020). This implies that extraordinary good work is rewarded with incentives and the employees experience external motivation, which will be discussed later on in this paper.

However, with reference to unsatisfactory work accomplishments, subordinates will receive diverse punishments. The manager "tells" the employee what he or she expects and sets up certain guidelines and structures (Lindner et al., 2016). The goal is to expend a minimum of energy, while having successful achievements in the firm. Therefore, the saved time can be used for other things not related to work. The leader wants to give the employee all resources necessary (Dansereau et al., 2013). However, the leader is not concerned with motivating employees continuously or showing them potential promotions (Alghazo & Al-Anazi, 2016). Nevertheless, other research shows that transactional leadership is linked with controlled or extrinsic motivation (Kanat-Maymon et al., 2020). Famous examples of who practiced that leadership style are Bill Gates and Norman Schwarzkopf as the goal was to be task focused (Abbas & Ali, 2021).

2.4.2 Transformational approach

The trustworthiness and loyalty of employees to the leader plays a major role when it comes down to the transformational approach. Leaders give their subordinates a purpose which focuses on long term goals and intrinsic wants (Kanat-Maymon et al., 2020). One key element that these leaders use is group identification (Abbas & Ali, 2021). It is mainly used to develop admiration, respect and trust with regard to the leader. The leader serves as inspiration and mentor for the subordinates. Further, the relationship between leader and follower is considered to be strong and loyal (Lindner et al., 2016).

There are three specific criteria for that relationship. Firstly, individualized consideration, which mainly describes the mentorship. Secondly, intellectual stimulation, which is about combating personal hardships and thirdly, inspirational motivation, which is about shared goals and future perceptions (Barbuto, 2005). The leader gives the follower all needed assets for the task and a vision to motivate them in achieving a collective goal. The followers will evolve as human beings as certain opportunities will have an impact on their future behavior and will help them to expand even further (Dansereau et al., 2013).

This can be linked to the situational theory as the transformational approach is a combination of prior discussed leadership styles and the manager can select an approach accordingly to the situation. The transformational approach is associated with success in achieving desired outcomes as the employees are being taught to have a goal and a vision. Research shows that transformational leadership is linked with employees' autonomous or intrinsic motivation (Kanat-Maymon et al., 2020). This stimulates the outcome of the work and increases the employee's engagement (Alghazo & Al-Anazi, 2016). Examples of this leadership style are Jeff Bezos and Steve Jobs as the objective is to be more people-oriented (Abbas & Ali, 2021).

2.5 Motivation

The term "motivation" describes a process where certain stimuli affect the behavior of people. Productivity is a measurement which can determine the level of motivation a person has (Estes, 2012). Research suggests that motivation has a positive effect on an employee's productivity (Alghazo & Al-Anazi, 2016).

People respond differently to certain incentives and they differ in how much time or effort they are prepared to give. The goal is to get a particular outcome. The issue behind this subject is, that the stimuli system has to be discovered first in order to make proper use of it. This implies that the needs and wants of employees are crucial with reference to motivational theories. If the needs and motives of employees are known, managers are able to lead their subordinates accordingly to that knowledge. The fundament of motivational theories is established in the simple answer of the "why" of diverse behaviors and experiences of humans. The reasons lie within human beings and therefore also within the desire to conduct certain things. Needs are always ranked prior to motives. A need could be hunger whereas the wish of having a special chocolate is considered as a motive (Thommen et al., 2017). Figure 1 on page 25 depicts a stimuli-based motivation model in order to give a better understanding:
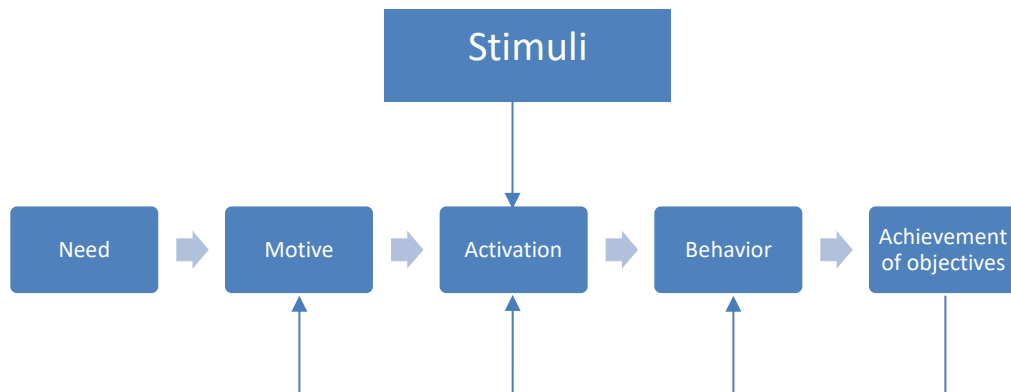
Figure 1: Stimuli-based motivation model

Source: own representation based on Staehle, 1999, p. 167.

Researchers think that human beings are born with specific needs or they obtained them through childhood experiences as well as environmental influences. However, motives are values which are created through the entire life of humans and they are relatively consistent. As a result, if a person would want to change the motives, he or she needs motivation. Before that, the activation of that motivation has to be considered as it is the fundament. The activation can be from within the person, for example physical stimuli or it can also be from the surroundings, for instance, from social contacts. If the stimuli and the tension are high enough, a certain behavior is the outcome. As a result, the objective can be reached and after analyzing the process, people will either correct their motives or maintain them (Thommen et al., 2017).

Managers simultaneously try to find an explanation for factors of motivation and how to incorporate them. On the one hand, people seem to have more success in a firm when being familiar with the firm's objective and sharing the same values. On the other hand, some people seem to be more interactive when there are piece rates (Frey & Osterloh, 2002). With reference to the situational approach theory, this might strongly depend on the individual's daily behavior.

There needs to be a distinction between two forms of general motivation, which are the intrinsic and the extrinsic approach. However, not all stimuli are either intrinsic or extrinsic, for instance, a promotion is generally an intrinsic motivation, but it can also be an extrinsic motivation due to the higher salary (Thommen et al., 2017). The investigation whether extrinsic or intrinsic motivation leads to a better outcome is controversial and opinions as well as theories alter around that topic. The correlation between these two options is unclear as is the role and outcome. Some studies found out that both approaches might contribute positively towards motivational aspects and can also be combined (Kuvaas et al., 2017). Figure 2 underneath is going to provide a simple overview of the extrinsic as well as intrinsic motivation:

Extrinsic Motivation

- Salary/Money
- Awards
- Rewards
- Fear
- Scores/Grades

Academic Success

Career Success

Relationships

Intrinsic Motivation

- Happiness
- Creativity
- Interest/Passion
- Excitement
- Pleasure
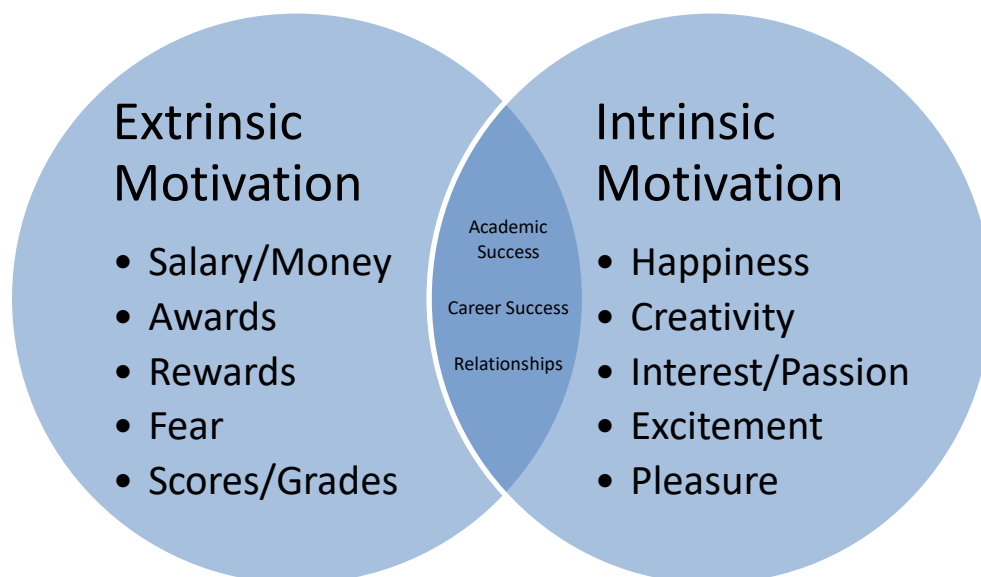
Figure 2: Differentiation between extrinsic and intrinsic motivation

Source: own representation based on Lindner, 2016.

As discussed previously, extrinsic motivation focusses more on rewards whereas intrinsic motivation refers to the internal feelings within a human being. However, certain overlaps like academic success, career success or relationships can be related to both. This should not be underestimated as it might be helpful to determine certain reactions. Based on the situational theory, the leader can stimulate a person's motivation with selecting the right motivation tool in the right time. If the employee

is doing a good job and the manager wants to enhance his or her performance even more, the leader could have a meeting with the subordinate to talk about potential career prospects. This can then be an intrinsic as well as an extrinsic motivation driver. However, prior to this it would also be beneficial to know whether the respective employee needs an external stimulus or if he or she already possesses an intrinsic need. This would make the whole process easier as the manager can then select an appropriate motivation tool.

In addition, demographics and general differences need to be accounted for as they contribute to the level of motivation. Determinants like gender, age or level of education are potentially changing the value, wants and needs of human beings which is one of the reasons for their attitude when it comes to specific obstacles (Oshagbemi, 2008).

2.5.1 Extrinsic motivation

Instrumental motivation or noninherent motivation are related to extrinsic motivation (Kuvaas et al., 2017). Extrinsic motivation is separable between the action and the outcome, which means it is mainly performed in order to achieve a predefined outcome. An example would be a child who eats the main course in order to get some dessert afterwards or a teenager who brings out the garbage in return for some pocket money (Legault, 2016). People require tangible incentives when it comes down to extrinsic motivation. This implies that employees have a high focus on specific outcomes and try to avoid mistakes as they want to meet the firm's objectives as well as their own goals. However, studies show that people tend to suffer more from anxiety and burnout syndromes when speaking about extrinsic motivation factors (Kuvaas et al., 2017). Research found out that the supervision style is not correlated with extrinsic motivation, but further investigation in this field needs to be conducted (Richer & Vallerand, 1995). Furthermore, it is of interest that women want to have high achievements and personal recognition early in their lifetime, but as life passes on these factors loose importance. This implies that the older the generation is, the more emphasis is placed on enjoyment during the work. In this case, intrinsic motivation is a key term, which will be discussed later on (Oshagbemi, 2008). People who are extrinsically motivated search for their life satisfaction beyond their workplace. Therefore, the work itself is more or less expedient rather than joyful (Frey & Osterloh, 2002).

The extrinsically motivated employees would rather benefit from the autocratic leadership style and to some extinct to the democratic, or transactional approach. However, that strongly depends on the characteristics of the individuals and the situation.

2.5.2 Intrinsic motivation

The term "intrinsic motivation" states that the motivation comes from within a person, so the human is not in need of external stimuli like money in order to obtain a certain level of engagement. Intrinsic motivation is correlated to happiness, creativity, passion, excitement or pleasure when conducting specific tasks. It is linked to task identification or work engagement which is beneficial for various reasons. People who are motivated intrinsically are performing duties based on their own will and happiness. Managers can raise the intrinsic motivation of employees when concentrating on the establishment of job autonomy, constructive feedback or by simply pointing out the firm's objectives (Kuvaas et al., 2017). Managers need to be aware of the fact that some employees might enjoy mandatory duties and are not in need of extrinsic motivation. An example can be a person who likes to write books, because it enhances the person's creativity, and it may be satisfying (Legault, 2016). The main contrast to extrinsic motivation is, that intrinsically motivated employees get an ultimate satisfaction of their needs when conducting their work. There are three diverse sections of intrinsic motivation which include the enjoyment of work, the adherence of norms which are important to oneself and the achievement of self-imposed goals (Frey & Osterloh, 2002).

A long time ago, it was not common to combine both types of motivation and managers tried to choose either the intrinsic or the extrinsic motivation approach. The reason for that is the so-called "displacement effect". It basically describes the phenomenon that when people are intrinsically motivated but receive a reward after the fulfillment of the joyful task, they will be more likely to lose interest and always claim for more rewards (Frey & Osterloh, 2002).

However, some researchers suggest that both forms can be combined in order to achieve the maximum positive outcome. As discussed in the expectancy theory, Vroom also mentioned that intrinsic and extrinsic motivation can stimulate the work performance and employees' well-being when combined rightfully (Kuvaas et al.,

Additionally, research refers to the so called "flow-experience", which is a phenomenon of intrinsic motivation. It describes the process when people are completely fulfilled with their task and have a sense of pleasure. The psychology professor Mihaly Csikszentmihalyi states that the concentration on this individual task is in the foreground and all the surroundings and other needs are blended out. The process is almost automated (Rettenwender, 2016).

With reference to the leadership styles, it can be said that the free-rein leadership style, the transformational and democratic leadership style would be suitable for intrinsically motivated employees.

2.5.3 Maslow's theory

Maslow's hierarchy of needs is a motivational model in form of a pyramid describing the human needs in five hierarchies. The pyramid is shaped with consideration of the urge of those needs. The need which has to be satisfied in order to survive is more important than for example the need for love. Because of the precedence of certain needs, it is possible to rank them in a hierarchy. There is a distinction between primary and secondary needs, whereas the first one is mainly about needs that are vital for life and the second one is more about the psychological level and a learning process (Thommen et al., 2017).
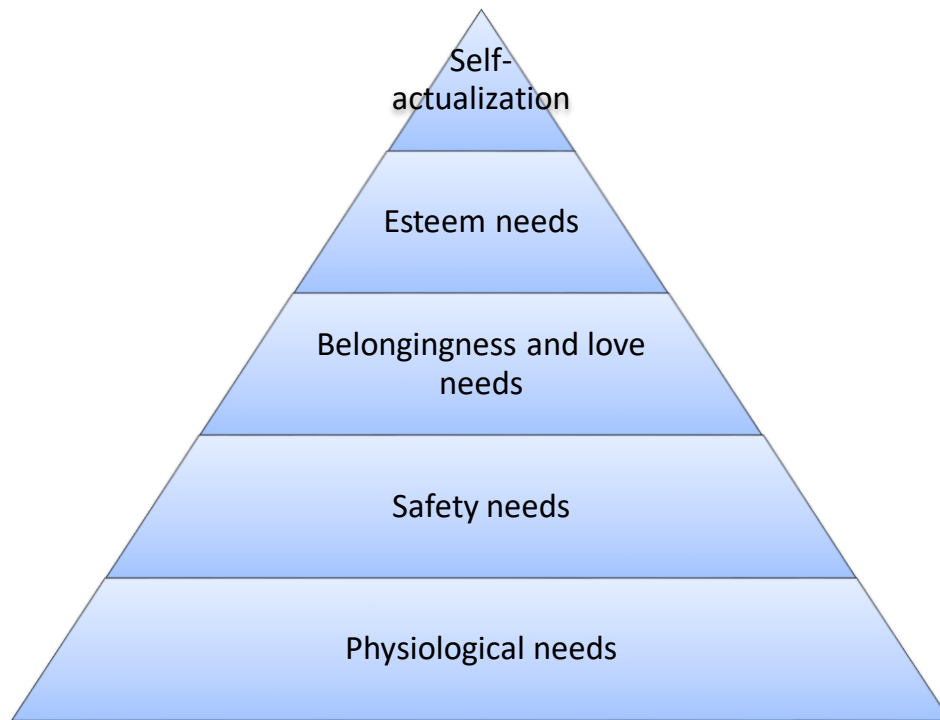
Figure 3: Hierarchy of Maslow

Source: own representation based on Lindner, 2016.

Figure 3 describes the needs that have to be satisfied prior in order to obtain a particular fulfillment. The physiological needs are referring to food, sleep, warmness and water and are primary needs. The need for safety is about the protection from danger or hazards, but also about the safety of having a regular salary or insurances in the workplace. The satisfaction of love needs is crucial as people need to have social connections as a part of their life. Power and social status is the next segment which corresponds to esteem needs. After the fulfillment of that, human beings long for self-actualization which means that people want to do whatever they wish to without a time period. Hidden opportunities should be discovered, and the conduct of these opportunities has a priority (Thommen et al., 2017).

However, the order of the pyramid also evokes criticism due to some economic researchers. Their argument is that perceptions are different, and one cannot and should not generalize that. Regardless of some negative arguments, Maslow's pyramid won on popularity and can give managers a basic guideline. Leaders can use

this hierarchy to get a basic understanding and evolve during their time as a manager. (Lindner et al., 2016).

2.5.4 Herzberg's theory

Friedrich Herzberg took advantage of the developments from Abraham Maslow and created the so called "Two-factor-theory", which is a model that gives information about motivators and demotivators. He discovered that there are diverse factors which can enhance the motivation of employees when they are available and certain features that do not enrich the experience of employees but are in the position to demotivate employees when they are not available. Latter ones are called hygiene factors (Thommen et al., 2017).

Motivators are characterized by the engagement of the employees and they are satisfied when certain factors are available. This is individual from person to person, but in general motivation can be caused by success, appreciation, the content of the work, promotions, and diversity at the workplace. As a result, employees will be satisfied and have a high work commitment. However, hygiene factors are characterized by, for instance, having a heater and not appreciating it, similarly with a fair wage, normal working conditions or insurance at the workplace. The problem is that if these features are missing employees are dissatisfied, even though their presence was not a motivator. As a result, the outcome is no engagement from the employee's side and dismissal. It is essential to be aware of that as it also has a direct impact on the workplace satisfaction of employees.

Criticism is based on the fact that Herzberg did not investigate productivity, which might have been useful. Despite that, one can obtain valuable information for abrupt dismissals and check certain standards in the business (Lindner et al., 2016).

2.5.5 Job Characteristics Model

The Job Characteristics Model was introduced by Hackman and Oldham. The model states that there are five dimensions relevant for motivation, performance and satisfaction. These dimensions are skill diversity, task identity, autonomy, feedback and task importance (Ali et al., 2014). The idea behind the model is that work motivation, job performance and job satisfaction will all be enhanced if the five core values are being maximized. This is of high value as it will give managers ideas on how

to enrich the workplace and to better their understanding of employees' motivation. Figure 4 will give the reader a detailed overview (Ugale, 2009).
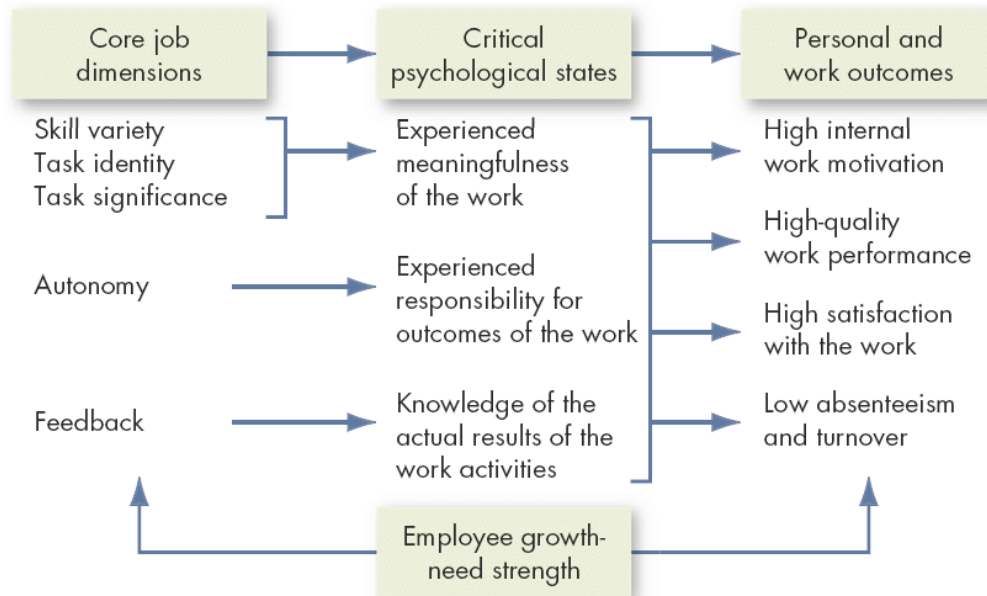
Figure 4: Job Characteristics Model, Hackman, Oldham (1980)

Source: Robbins et al., 2009.

2.5.6   Motivation in organizations

There are diverse methods in order to enhance the employee's motivation. Research shows that the right communication within a business is detrimental for workplace motivation as these variables correlate positively with each other (MacDonald et al., 2019). Furthermore, the working atmosphere determined by relationships between colleagues, recognition and communication is important. There are also systems of rewards which can motivate employees. These can be a variable salary component, incentive bonus for special accomplishments, additional salary components like a firm car, profit-sharing or tributes. Furthermore, the possibility of designing the workplace or having flexible work times are motivating. This can also be in form of job rotation, job enlargement, job enrichment or home office possibility. The management methods are essential and should be adapted to the employees' needs. However, the chosen leadership style should be respected and well communicated with the employees. Objectives from both sides need to be pointed out and made visually in order to deepen the understanding. Lastly, career opportunities can influence

subordinates to level up and be motivated. Seminars and further trainings are recommended for employees. The career planning should be well communicated from both sides and regularly discussed. All of that enhances the motivation and trust (Lindner et al., 2016).

2.6 Workplace Satisfaction

Herzberg's theory describes important factors for workplace satisfaction. However, there are more factors which have to be considered in order to gather sufficient outcomes. A person is satisfied with a corresponding workplace if he or she can identify himself or herself with the work. This means that the work has to suit the employee's perceptions as this might lead to a better work commitment. Therefore, every skill set of an employee should be assessed carefully in order to find the adequate position for him or her. Additionally, team colleagues have a detrimental impact on work satisfaction, especially when doing group projects together. This should be considered when selecting new candidates and integrating them into the firm. The manager is the only one in the position to communicate the formality as he or she is the supervisor. Employees need solidarity, trust and openness as it evokes the feeling of being understood. Because of the power differences between managers and subordinates, the manager needs to place a high emphasize on building that solidarity (MacDonald et al., 2019).

Moreover, aspects like salary are also important, but workplace satisfaction goes beyond this topic as it is more complex to determine what satisfaction actually is. Despite the complexity, research found out that workers who have more control over their schedule can be seen as more positive towards their work (Erro-Garcés & Ferreira, 2019). Organizational teams who share the same responsibilities as their team members have higher solidarity and feel more integrated into the firm (MacDonald et al., 2019).

Job satisfaction is determined by factors like individual characteristics, job and organizational characteristics, contract conditions, workplace environmental conditions and macroeconomic factors (Erro-Garcés & Ferreira, 2019). This implies that all these factors have to be taken under consideration in the furtherance of satisfaction improvement. If one component is not pleased, it might affect other components in the surrounding. Well-being is another important example in this

study. With an eye toward the well-being of a person, it is of importance to reflect the physical, the financial, the mental and the social components in life as they also affect the satisfaction at the workplace. Job satisfaction is not positively correlated to health problems or stress, but positively related to life satisfaction and job security. With references to Maslow's theory, research also highlights the importance of self-actualization in this manner as people like to make their own decisions to a certain extent (MacDonald et al., 2019).

Moreover, the whole atmosphere in the firm is significant as employees seek the feeling of friendliness. This can be achieved through proper communication, right decoration, good working condition and the fact that the firm's goals match the aims of the employees (Lindner et al., 2016). There is also a distinction between extrinsic as well as intrinsic workplace satisfaction, where intrinsic is more about the advancement opportunities or the fulfilment of the job and extrinsic is rather about the communication or the salary for the work that the employee is doing.

2.6.1 Dispositional model of workplace satisfaction

The dispositional model of workplace satisfaction is linked with the overall well-being of an employee and investigates more the personality of people. The model tries to examine certain personality traits and link them to workplace satisfaction. The theory states that people who are positive minded are generally happier and can convert this energy to productivity in the job. Subordinates with such an attitude do not have to be supervised strictly and are still able to have high achievements. That implies that a free-rein leadership style would align with this theory. Self-efficacy, self-esteem, locus of control and neuroticism are essential for the model. People need to believe in themselves and their capabilities and hence, this will automatically increase the job satisfaction (Judge & Larsen, 2001).

2.6.2 Comparison models, leadership styles and motivation

Maslow's theory is the fundament on which many other models build on, hence it is of importance to be familiar with it. However, in this thesis for workplace satisfaction and motivation, models like Herzberg's theory, Dispositional theory or the Job Characteristics model are going to be more relevant. The models should not be viewed separately, but rather as one entity. As leadership approaches also vary, it is useful to combine different aspects from each theory with reference to the situation.

	Transformational Leadership	Transactional Leadership
leaders gain compliance by	inspiring, empowering and coaching	exchange of rewards
appeals stimulate	intrinsic motivation	extrinsic motivation
appeals focus on	organizational and "common good" interests	self-interest
type of planned change	major organizational changes	routine changes

Figure 5: Leadership and motivation

Source: Kurt et al., 2008.

Figure 5 gives an overview of the transformational leadership in comparison with the transactional leadership. The crucial fact is that intrinsic motivation is mainly used with the transformational leadership style, whereas the transactional leadership style is more useful for extrinsically motivated individuals.

This is then useful for the situational theory, because if the organization is in need of major changes, it needs to have a transformational leader and intrinsically motivated people. People are intrinsically motivated when they are happy and satisfied and aligned with the firm values. In addition, the dispositional model for workplace satisfaction is relevant. Further, the core values have to be identified and applied in order to stimulate more intrinsic motivation with regard to the Job Characteristics Model.

Hence, if the company wants to have routine changes, it will be more beneficial to have a transactional leader who possesses the ability to motivate the employees extrinsically with techniques like rewards. Therefore, Herzberg's theory is more relevant to setting objective goals for the employees. Nevertheless, also the Job Characteristics model is useful in this context (Kanat-Maymon et al., 2020).

Furthermore, it is possible that transformational leadership is more effective for change oriented projects or firms and transactional leadership for routine work or projects which do not involve regular inventions. Additionally, there is a chance that transformational leadership is more relevant for collectivistic cultures in contrast to

individualistic cultures. This may be due to the team values, self-sacrifice and individualized thoughtfulness. In fact, many studies have found a positive correlation between transformational leadership and project outcomes. By definition, autocratic leaders are not concerned about the needs of its employees and do not respect Maslow's hierarchy. They rather focus on the success of the company and therefore the intrinsic as well as extrinsic workplace satisfaction and motivation go missing. However, democratic leaders value collective goals and this strengthens the workplace satisfaction as communication is increased. According to the dispositional model of workplace satisfaction, employees who are creative and positive minded like to achieve certain goals by themselves which means that the free-rein approach would be beneficial for these people. Nevertheless, also democratic leaders benefit from that knowledge and can try to increase the overall well-being of their employees in order to enhance the motivation and satisfaction (Abbas & Ali, 2021).

Research suggests that leadership styles can be combined and altered in diverse situations and one does not need to specialize in one which is then again referring to the situational theory (Breevaart & Zacher, 2019).

2.7   The psychological aspect behind motivation and leadership

The consideration of the psychological factors is crucial when motivation and leadership are being discussed. People differ based on their experiences and behavior, which is the reason why most human beings perceive themselves as unique and special. There are factors like motives or self-image where there is no substantial difference between people, however, considering the personality there are alterations. The differential psychology as well as the personality psychology is investigating these variances (Nolting & Paulus, 2016).

Important to understand are the "five big dimensions of personality", as they are associated with wok performance. One is agreeableness, measuring the likelihood of employees to agree on something. Another one is extraversion as it gives an overview on how much one enjoys the company of others. Thirdly, the dimension neuroticism is referring to the perception of unpleasant coincidences. Openness to experience as another dimension is about whether people like to experience new situations or not. Last but not least, there is the conscientiousness which is correlated to self-discipline and the thrive to achieve something. These dimensions can be measured through a

questionnaire in order to see which category aligns with the employees. Research shows that the factor conscientiousness has the highest influence on task performance. Another connection is emotional stability, which indicates that the more stable human beings are, the better is their job performance and satisfaction (Greenberg, 2011).

Furthermore, the French psychologist Gustave Le Bon described the psychology of mass, yet another interesting concept for leaders. He discovered that the mass can be led by a strong personality who appeals to the hopes and emotions of people. The leader has to stand behind his or her idea and needs to reintroduce it to his or her followers every time. Leaders can make use of a mission repetition system in order to evoke the feelings and alignments of their followers and keep them on their side (Rettenwender, 2016).

Leaders need to know that employees' beliefs about themselves matter. It is crucial to evaluate the perceptions of the subordinates with reference to their level of self-evaluation. The emphasize lies on self-esteem, generalized self-efficacy indicating the belief of a person regarding his or her capability to perform a task effectively, emotional stability and locus of control which states that if a person is capable to control certain things. Each one of them is correlated with advantageous organizational results. Self-esteem is valuable as the openness to new challenges can be helpful. Generalized self-efficacy is considered to be essential as people are confident to handle almost every situation in an adequate manner. The belief in static success is beneficial for oneself as well as for the company's success. Satisfaction at the job and task performance are correlated with locus of control as people belief they can change any situation into a positive outcome and control them. As mentioned before, having emotional stability is a contribution factor for happiness and satisfaction in life. These values are even more effective when combined (Greenberg, 2011).

Furthermore, as mentioned in the introduction, the words "andragogical" and "pedagogical" should be understood by the manager in terms of educational aspects. Andragogy, also called the Adult Learning Theory, refers to the principles of how to teach adult human beings properly and efficiently, whereas pedagogy is important with reference to the right techniques used in child education. Both terms emphasize the individual approaches where adults and children best learn new topics, which is

fundamental for individual development processes of the subordinates within the firm (Rettenwender, 2016).

2.7.1 The role of personal development and success

Human beings are species who are formed through personal experiences. Managers need to be aware of the fact that the human mind plays an even deeper role in the success of a firm than anticipated by most people. This is due to the fact that a creative, positive mind is capable of extraordinary things, whereas negative thinking contributes to illnesses like depression or burnouts. Life satisfaction is related to positive thinking as mentioned in many studies. This implies that people who acquire these soft skills or mentality are happier in life and therefore more useful for a firm. Nevertheless, managers possess the capability to teach and educate their subordinates. Educational books, employee trainings or mental coaches are ways to enhance the perspective of employees (Wong, 2012).

Today firms aim to change the behavior of subordinates as well as managers in all departments through various trainings. This is important as employees are one of the biggest assets of a firm. Some organizations favor the idea of training managers with the usage of case studies, but it was proven not to be sufficient enough. In other scenarios, the knowledge of diverse attributes and manners which successful managers possess have been communicated. This method had positive outcomes, but too little data is available to confirm its beneficial effect. Research suggests that there is a need for completely new management development strategies which should be in the position to change the attitude, behavior and personality. Current strategies might work on some individuals to stimulate their way of thinking, but it is not enough given the evidence (Wohlking, 1970).

For that reason, it is important that people acquire certain attributes by themselves like punctuality, openness or reliability. It is more powerful if it comes from within oneself given the vast power of intrinsic motivation. For managers it will be of need to have certain values which help you to transform your subordinates into better ones. One example would be Vince Lombardi who transformed unmotivated players into champions within three years in the 1960s. Values like being a good communicator, having a vision, taking on responsibility, knowing the subjects, staying focused, having a good team, staying positive, learning form mistakes and

appreciating the own legacy can be significant when developing into a more efficient human being (Weingardt, 2000).

Feelings and emotions affect the work and the surroundings of people. People's affective states are their feelings at the moment and these feelings are created through temporary circumstances and stable alterations. These differences explain the diverse reactions of human beings to certain situations. People either have a positive affectivity and are considered to be energetic and happy or have a tendency to a negative affectivity and can be seen to be more nervous or anxious. It is important to distinguish these two dimensions and filter them as people who are more positive minded, are generally more engaged with the work. This refers to decision making, team performance and aggressive behavior control. When being more positive minded, superior decisions can be made, teamwork functions more efficiently, and aggression is not a topic. If team members change their mind from a once positive one into a negative one, it is essential that he or she receives more attention from the managers in order to restore his or her creative thinking. Managers need to take on this responsibility as it will change the firm's success. Employees are the biggest asset of a firm and leaders need to find a way to maintain their engagement through for example proper coaching. As discussed previously, solidarity and continuous communication between the superior and the subordinate stimulates the workplace satisfaction and hence, the motivation increases again. The dispositional model of workplace satisfaction also states that well-being is the first priority, and the manager should put an emphasize on it with the help of for example diverse training techniques (Greenberg, 2011).

In order to test the assumptions in the literature review and to investigate the topic even further, two one-tailed hypotheses have been formed for this paper. Figure 6 describes the research model, where leadership style is the independent variable and employees' motivation, and job satisfaction are the dependent variables. With regard to leadership style, the autocratic, delegative and free-rein leadership styles are being emphasized on.

H1: Leadership style has an influence on intrinsic motivation

H2: Leadership style has an influence on extrinsic motivation

H3: Leadership style has an influence on intrinsic job satisfaction.

H4: Leadership style has an influence on extrinsic job satisfaction.

Figure 6: Research model

Source: own representation.
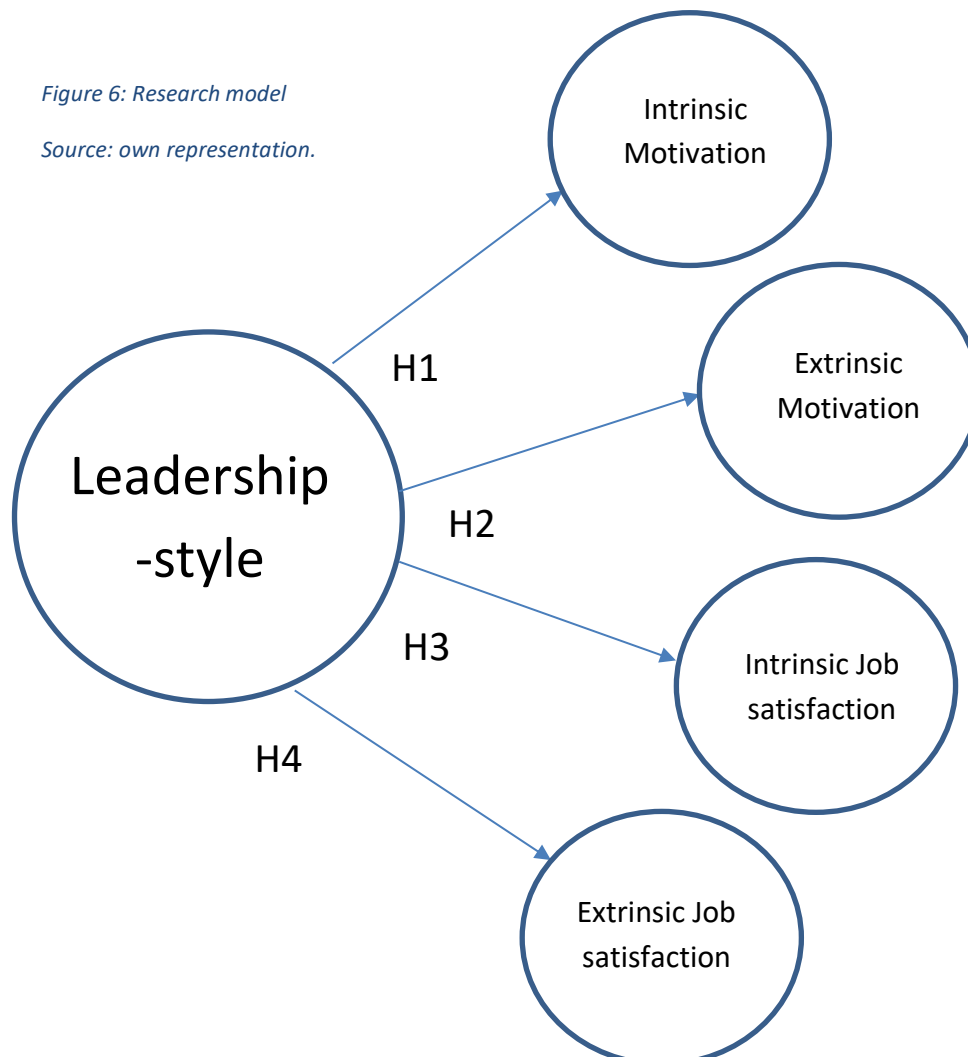
3 Methodology

Primary data collection is essential in order to gather the required information. There is a distinction between the different types of research designs which can be used for the thesis. The research method can either be qualitative, quantitative or a mixed method approach.

To clarify the terms, when applying a qualitative researcher design, the researcher seeks to understand rather personal and open-ended inputs with the usage of ethnographies, case studies, focus groups or narrative research. A quantitative approach is used when the researcher wants to compare measurable variables in order to test for diverse hypothesis, for instance, with the help of experiments or surveys. Thirdly, there is the option to use the mixed methods research combining the elements of a qualitative as well as of a quantitative research method. Therefore, numerical data and statistical outputs can be described in combination with open-ended data to advance the reader's understanding and to get a better sense of the scope. Moreover, a postpositivist worldview can be experienced when using a quantitative approach that analyses the information prior to the experiment and afterwards. A qualitative research design can either have a transformative worldview, for instance, in open ended interviews or a constructivist worldview such as in ethnographies. Another worldview can be the pragmatic one which is commonly used in a mixed method study as the obtainment of diverse data is essential to get a better understanding of the topic (Creswell, 2014).

3.1 Research Method

The chosen research methodology for the current thesis is the mixed methods approach. Therefore, the worldview is pragmatic, and the method was chosen to combine the benefits of the quantitative analysis and the advantages of the qualitative approach to examine the data even more in depth. Additionally, leadership styles can be better compared, potential patterns can be analysed, and predictions can be made in terms of their influence on motivation and workplace satisfaction. For the named reasons, an in-depth literature review has been conducted and a qualitative online survey accompanied the findings. The survey as primary data is then strengthened by the secondary data being the literature review. For this purpose, diverse institutions in the financial industry in Austria have received a link via E-mail.

Additionally, the link was posted on the Social Media platform "Instagram". The data was then analysed and interpreted. This can be seen as an exploratory design, as background information has been conducted and the issue is studied in a new manner.

It can be said that by studying a sample of the population, surveys give numeric descriptions about certain tendencies or interests. The sample results will lead the researcher to a conclusion which accounts then for the whole population. The data was primarily not available, and the researcher is able to compare meaningful inputs and draw interferences. Additionally, online surveys are low in cost, have a high flexibility, do not take much time, are confidential and have a good response rate. The survey will be cross-sectional and is therefore conducted at one point in time. The right selection of the data collection form is important in order to gather efficient information. Methods can be the internet, the phone or personal interviews (Creswell, 2014).

3.2   Data Collection

The format is a descriptive case study analysis with the utilization of a survey. The online survey was utilized with the web tool "Google Forms" and the selected language is English. In order to get a reliable outcome, the target audience were employees from the financial sector, where it was of importance that they have a superior above them in the hierarchy. Age, gender or nationality do not matter in that context as long as the participant had contact to the world of work and is an employee in the selected industry located in Austria. Moreover, the link of the survey was forwarded to selected Austrian banks, investments firms, real estate companies and insurance enterprises in order to receive a valid number of responses. Some of the firms that participated were: Raiffeisenbank Austria, Erste Bank, Ergo Insurance Group, Unicredit Group, Generali, Tax accountant Taferner, VKB Bank, GHW Group, INFINA.

In order to get different opinions and eliminate bias, a diverse approach was chosen. The aim was to get a minimum of 100 responses, which was reached, and the survey was available around three weeks, starting in March. In addition, this survey used a non-probability sampling method meaning that not every human being was able to

participate as the link was only shared with specific institutions or people. The participants were informed of their rights and the survey was held discreetly.

3.3 Survey Design

The survey has the aim to a determine personal workplace related motivation factors and the work drivers of each participant. It is of importance to get a deeper understanding on the influence of leadership styles on motivational and satisfaction related aspects. Therefore, the conduction of an online survey helps to test for the hypothesis and whether the theory can be accepted or rejected. The researcher aims to test the dependent variables which are motivation and workplace satisfaction and the independent variable, being the leadership style, namely the autocratic, democratic and laissez-faire one.

The research focuses on the main leadership styles and in what way they possibly influence employees. The survey consisted of 19 questions. At first, the participant was informed about the whole procedure as well as of his or her rights and had to give his or her consensus. Additionally, three paragraphs were visible, where the autocratic, democratic and free-rein leadership styles were described. This had the function that everybody has the same understanding in order to eliminate wrongful answers. The researcher used a five-point Likert-Scale, ranging from strongly agree to strongly disagree, based on the fact that it is easily understandable for the participant. The survey consisted of qualitative questions and the participant had to answer with reference to his or her preexisting knowledge as well as experience in terms of leadership, motivation and workplace satisfaction, which was then followed by demographic questions.

3.4 Limitation of chosen method

When using the mixed method approach it can be a hardship to combine the qualitative and the quantitative approach in an appropriate way without generating confusion. The data has to support the existing literature review to generate an outcome which can be stated as valid and direct. The usage of one methodological paradigm, like quantitative or qualitative, might be less complex and more straight forward in terms of understanding the outcomes. This implies, that a greater attention is needed from the researcher when using the mixed method methodology. Additionally, the time amount and needed resources are more extensive.

Furthermore, the possible implications for the usage of online surveys can be, in general, a wrong sample size, non-responded bias, or people who do not have the means to access an online survey. Bias can also happen when utilizing surveys as people might not answer the questions in an appropriate way. Moreover, sampling issues, the wrong research design and implementation might contribute to invalid data (Creswell, 2014).

3.5 Research Ethics

The association for consumer research by Sudman (1998), has developed a specific code of ethics which needs to be accounted for. Therefore, the survey is structured in a way to fulfill the guidelines including ethical data collections. This means, participants are not being exploited or maltreated and were priorly informed about survey's purpose, its objectives, the timeframe as well as of their rights. The survey was anonymous, and the data will not be misused.

3.6 Validity and Reliability

In general, validity refers to the impact that the study has in terms of reality. This means that the researcher seeks to have a valid outcome, so that the results are informative and can be used for further investigations. The phenomena which is investigated can be invalidated by disruptions in the progress of the data obtainment and analysis or simply wrong answers from the target group.

There are two important terms, which are reliability and validity. Reliability is mainly about the consistency of the measure and validity describes the rightfulness of the measure.

Internal validity is important as it describes the amount to which the independent variable can create the perceived effect. It measures to what extent the variables are trustworthy and it can be internally valid if one does not come over alternative enlightenments for the findings. The chosen variables for the study, namely the intrinsic motivation and workplace satisfaction and the extrinsic motivation and workplace satisfaction are suitable in order to know which leadership style has which outcome.

External validity refers to the results capability to be generalizable to the real world. This is crucial to know, as one wants to acquire results which can explain settings in other contexts in the world. As the researcher has chosen a survey which was answered by 102 people from the financial industry, the outcome should be adaptable to the real world.

Construct validity is concerned about the design and how logical the pathway and chain of evidence is. Data consistency is important, and everything needs to align with each other to guarantee that. The researcher made sure that the consistency is appropriate, and everything is provided in an easy as well as clear way. The construct is suitable, and the data was cleaned and pre-tested before the actual hypothesis testing.

Conclusion validity is about the rightfulness of the statements that have been made in the thesis. It refers to the trustworthiness of the generalized assumptions which also bring the main ideas together. In the thesis, the assumptions are based on the literature review as well as on the results on the survey and were carefully analysed.

4 Results

The data was analysed with the statistical software Jamovi with the aim to investigate the impact of the leadership styles on motivation and workplace satisfaction. Furthermore, it will enlighten the reader if the chosen theory, namely the situational theory, is used by managers in the financial industry.

Firstly, the analysis of the descriptive data tells us that the sample size contained 102 respondents where 49 percent were female, and 51 percent were male. Additionally, the most represented age group was the one between 20 and 30 years with a total of 50 respondents. The age group 51 or above contained 28 people and the individuals between the age of 31 and 50 were 24. The numbers can be obtained from figure 7.

Contingency Tables

Gender		Age			Total
		31 - 50	51 or above	under 20 - 30	
Female	Observed	9	14	27	50
	% of total	8.8%	13.7%	26.5%	49.0%
Male	Observed	15	14	23	52
	% of total	14.7%	13.7%	22.5%	51.0%
Total	Observed	24	28	50	102
	% of total	23.5%	27.5%	49.0%	100.0%

Figure 7: Contingency table

Secondly, the Cronbach's alpha was calculated in order to test for the variables' reliability. The Cronbach's alpha for intrinsic motivation was 0.834 and for extrinsic motivation 0.737, respectively. For intrinsic workplace satisfaction, Cronbach's alpha was 0.884 and for extrinsic workplace satisfaction 0.793. This indicates that the questionnaire contained appropriate questions for each variable in order to measure these factors.

Afterwards, the composite variable was created for intrinsic as well as extrinsic motivation and intrinsic as well as extrinsic workplace satisfaction for the hypothesis testing. Beforehand, the Shapiro-Wilk test was made for each variable in order to test

for normality. The variables IN MOT (intrinsic motivation), EX MOT (extrinsic motivation), IN SAT (intrinsic workplace satisfaction) and EX SAT (extrinsic workplace satisfaction) have all a p-value of <0.001 which indicates that all variables are not normally distributed as the p-value is below 0.05 (see figure 8).

Descriptives

	IN MOT	EX MOT	IN SAT	EX SAT
N	102	102	102	102
Missing	0	0	0	0
Mean	2.29	2.45	2.23	2.36
Median	2.33	2.33	2.00	2.25
Standard deviation	0.978	0.961	0.982	0.906
Minimum	1.00	1.00	1.00	1.00
Maximum	5.00	5.00	5.00	5.00
Shapiro-Wilk W	0.936	0.953	0.928	0.946
Shapiro-Wilk p	<.001	0.001	<.001	<.001

Figure 8: Test for Normality

For the reasons above, the non-parametric Kruskal-Wallis test has been conducted for each variable. The p-value of 0.696, 0.993, 0.102 were not significant for EX MOT, IN SAT and IN MOT, respectively. However, EX SAT has a p-value of 0.020 which is below 0.05 and can therefore be seen as significant (see figure 9).

As a result of this, the researcher rejects H1: Leadership style has an influence on intrinsic motivation and maintains the null-hypothesis which states that leadership style has no significant influence on intrinsic motivation. Additionally, H2: Leadership style has an influence on extrinsic motivation is also rejected and the null hypothesis remains that leadership style has no influence on extrinsic motivation. Lastly, H3: Leadership style has an influence on intrinsic job satisfaction is rejected and the null-hypothesis, which is leadership style has no influence on intrinsic job satisfaction is being kept. The statistical tests showed that hypothesis H4: Leadership style has an influence on extrinsic job satisfaction is significant and therefore H4 is maintained and the null hypothesis is rejected.

Kruskal-Wallis

	χ^2	df	p
EX MOT	0.7241	2	0.696
IN SAT	0.0146	2	0.993
EX SAT	7.8578	2	0.020
IN MOT	4.5663	2	0.102

Figure 9: Hypothesis testing, Kruskal-Wallis

The researcher wants to get a better insight in the exact differences of the variable EX SAT and therefore, a pairwise comparison analysis has been made for all variables. Based on the results, one can obtain that the autocratic and the democratic leadership style have another outcome on the extrinsic job satisfaction of employees as the p-value of 0.043 indicates a significant result (see figure 10).

Pairwise comparisons - EX SAT

		W	p
Autocratic	Democratic	−3.401	0.043
Autocratic	Free-rein	0.293	0.977
Democratic	Free-rein	2.751	0.126

Figure 10: Pairwise comparison analysis

Based on the situational theory, most people said that their leader changes his or her leadership style based on the situation and some of them were unsure. 11,5 percent said they strongly agree, 34,6 percent said they agree, and 24 percent were unsure or neutral about that question.

5 Discussion

This chapter will give the reader the answers to the research questions which were as following: "How do different leadership approaches influence the workplace satisfaction of employees in the financial industry?" and "How can a leader impact the workplace environment?".

Additionally, further suggestions will be made in order to get a better sense of the issue. Overall, the objective of this thesis is to contribute to existing literature with the utilization of a survey to investigate the impact of leadership styles. Findings will demonstrate new directions in the leadership section and enlighten the reader on the concerning subject.

The literature suggests that leadership has an influence on workplace satisfaction, employees' drive and success, as the observation of diverse leadership articles leads to the outcome that different approaches have dissimilar perceptions on human beings. It is of importance that the leader knows the drivers of his or her employees in order to use the right leadership approach. The paper suggest that the manager should be familiar with the situational theory as every person has diverse life stages or moods during the day which need to be accounted for. This is why practicing just one leadership style is not enough and would affect the business negatively.

Leaders who use the autocratic leadership approach need to have employees who like to have a structure and who do not want to be involved with the decision-making process. Despite that, literature suggests that employees tend to lose interest in the job when having an autocratic manager. This is important to highlight, because as discussed in the workplace satisfaction chapter, it is of high value that the employees have a good mental well-being and are overall satisfied with their life in order to be motivated for their job. As a result, if literature suggests that with an autocratic leadership style employees are rather unhappy, it would mean that the motivation and workplace satisfaction would also rather decrease. For that matter, people who do not like having a structure and an autocratic leader, need to either be intrinsically motivated or receive rewards from the manager in terms of extrinsic motivation. However, this is also dependable on the situation, because if the person is a goal-driven human being and is only working for the salary and the career component, he or she might be extrinsically motivated and be satisfied with an autocratic manager.

On the other hand, if the person is intrinsically motivated and the manager does hand out rewards, he or she might perceive the so called "displacement effect" and loose interest.

Democratic leaders seem to have more positive related components as employees like to have a good relationship to their superior based on the survey. Therefore, employees are more motivated, and the workplace satisfaction is more likely to increase. The factor communication is crucial and democratic leaders know how to use this to their benefit. The result is that employees feel more understood and valued. This increases the extrinsic workplace satisfaction. However, if the manager is also communicating the advancements to the employee, he or she will also be more likely to be intrinsically satisfied with the workplace. With democratic leaders, there is a focus on the intrinsic motivation of employees rather than the extrinsic motivation.

Leaders who use the free-rein approach need employees who are intrinsically motivated and do not need external stimuli. However, if the leader does not know the attributes of his or her followers, he or she will most likely fail when practicing this approach. This is because people who need guidance and structure will tend to be overworked and lose their work life balance. Furthermore, it will then again lead to an unhappy human being who loses motivation as well as workplace satisfaction. For that reason, the free-rein approach can only be used by the manager when he or she is sure that the employee likes to have no guidance and are intrinsically motivated enough. Otherwise, people would be unsatisfied based on having no communication with their supervisor, no aligned goals with the firm or no chances of advancement. This would then impact the extrinsic as well as intrinsic workplace satisfaction tremendously.

It is apparent in literature that a transformational leadership approach is positively correlated to variables like motivation and creativity, whereas a transactional leadership style is perceived to be beneficial for job satisfaction or the identification with the company (Asrar-ul-Haq & Kuchinke, 2016). Transformational leadership is rather a mixture between the situational approach theory, the change leadership and the democratic leadership style.

However, literature suggests that it can be difficult to use the transformational approach based on the wide use of diverse theories and concepts. Critics refers to the uncertainty about the effect of it, as people are only aware of the fact that this leadership style has a positive impact, but not if it is actually referring to the employees' change process. Transactional leadership is more derived from of the autocratic leadership style in combination with a rewarding system. This implies that people might feel happier when being rewarded, which will then increase the extrinsic motivation and workplace satisfaction.

Overall, the objective of this thesis is to contribute to existing literature with the utilization of a survey to investigate the impact of leadership styles. The statistical hypothesis showed that there were no significant differences between the leadership styles and motivation as well as workplace satisfaction except for extrinsic workplace satisfaction. One has to mention that it is sometimes hard to distinguish between intrinsic and extrinsic factors as they might come together in some tasks. The enjoyment as well as the payment factor of the work is perceived to be important by the respondents. The participants coming from the financial sector are intrinsically as well as extrinsically motivated. The recognition from others, as extrinsic motivation factor, is less important than the enjoyment, which is an intrinsic motivation factor, but still crucial. Based on the survey, one was able to ascertain that employees are working because of the money which accounts for the extrinsic motivation, but are not satisfied with their salary, which stands for extrinsic workplace satisfaction. This means the intrinsic motivation might be high as the employees are still willing to do the job. The majority has an intrinsic workplace satisfaction, but the extrinsic workplace satisfaction leaves room for improvement open. This means that the respondents were more satisfied with the fulfillment of the job or the chances of advancement in their job than with the working conditions or communication. Based on the situational theory, most people said that their leader changes his or her leadership style based on the situation and some of them were unsure.

Of course, all leadership styles may also raise certain concerns as every individual is different and it is a hardship to always use the right approach. However, a leader ought to develop his or her skills gradually and find a proper combination of the leadership styles and adapt them accordingly.

6 Conclusion

Firstly, a distinction has been made between the diverse leadership theories as it is crucial that the reader understands the foundation of the leadership styles. The paper mainly focused on the situational leadership theory as it is suggested that leaders adapt their leadership style according to the setting. This means that the leader has to transform his or her approach based on working, environmental, economic, personal, goal or attitude related factors within the firm. This approach suggests a better communication between the leader and the follower.

The literature review focused on the main leadership styles, the autocratic, democratic and free-rein leadership approaches. The autocratic leadership style emphasizes the work more than the well-being of the employees and the employees are not allowed to take part in the decision-making process. Democratic managers favor teamwork and highlight the creative aspects of work. Factors like teamwork and decision making are welcomed. Leaders who use the free rein approach want their employees to make decisions by themselves and to not supervise them. The transformational as well as transactional leadership styles were also pointed out, but only with reference to the situational theory as they are rather a combination of the three main leadership styles. For that reason, some leaders like to make use of them in order to be more diverse. Moreover, several motivations as well as workplace related models have been presented in order to be able to understand the variables around the topic. There has to be a distinction between intrinsic as well as extrinsic motivation, but the reader also needs to be aware of certain overlaps between these two, like academic or career success. In general, intrinsic motivation comes from the person itself whereas extrinsic motivation is a result of outside stimuli. Lastly, the writer wanted to give a deeper insight into the importance of personal development factors which are essential for leaders as well as followers. The mental health of employees is also crucial as it impacts the workplace satisfaction as well as motivation.

6.1 Future research implications

Based on the results and data, it can be stated that there is room for further research in the financial sector with reference to the most appropriate leadership style. The findings may show little significance, but this is always dependent on the sample and motivation of the employees to accurately fill out the survey. Additionally, some

people are simply not dependent on the leadership style of their leader, but this needs to be tested even further. The awareness of diverse leadership practices is crucial for managers as well as employees in order to use the right approach. Leaders need to know their followers and manage the emotions of them according to the situation. Literature suggests that the higher the personal well-being of an employee, the more motivated he or she will be. This is important to understand as every component is linked with each other. The advice is to find out what works best for diverse groups and what not as it will ultimately change the overall firm's performance.

An example would be to conduct more research in the area of transformational and transactional leadership styles as these are combined forms. The findings would also be interesting and valuable to compare. Additionally, it would also be of interest to study the psychological well-being and focus on the mindset of the employees rather than on limiting the study to motivation and workplace satisfaction. Moreover, future research could also put more emphasize on doing qualitative research, for instance conducting interviews in order to get more sensitive data. As a result, one can better understand the respondents' emotions.

6.2   Limitation of the whole study

There are several limitations to the whole study, starting with the selection of the sector. The financial industry was chosen for the thesis and this sets restraints as only people from this sector were allowed to answer the survey. This limits the number of participants. Additionally, the financial sector can have various definitions and for the purpose of this study, the real estate sector, insurance sector, bank sector as well as credit institutions were included. Nevertheless, the sectors were not equally represented as some firms had more capacity than others. Moreover, the respondents had to be within Austria in order to avoid cultural bias, but it is also a limitation in terms of sample respondents. The survey had 102 respondents and was online for 25 days. Therefore, the sample size is large enough, but it also can be said that the more answers one gets, the more accurate the data is. Another implication is that the survey was issued in English, although the main target group were German speakers. Therefore, a potential language barrier could be problematic when answering the survey. However, the researcher tried to use an easy understandable vocabulary in order to account for that. Another point is that the survey contained a brief explanation of the three major leadership styles to have everyone on the same

level of knowledge, but participants may have skipped that part and tried the answerer questions without having the background information. This can lead to misleading answers.

6.3   Recommendation

Recommendations would be to optimize the extrinsic workplace satisfaction of employees in the financial industry, which can be done with improving the communication between the supervisor as well as the employee. By knowing this fact, the employer can try to have meetings more frequently. It would also be beneficial in terms of getting to know the employees better and to assess which leadership style should be used. As discussed in the workplace satisfaction section, solidarity is of high value and should be approached by the manager at first. Despite the results of the survey, the superior needs to know the attributes of his or her followers as the managers has an obligation to know how he or she can best motivate the employees. Good communication with the supervisor counts towards the extrinsic workplace satisfaction, which can then increase after adaption.

Additionally, the employees would like to get more praise for doing a good job and need more acknowledgement of their work. Therefore, superiors in the financial industry should put that into consideration and tell their employees when they did a good job. This will increase their extrinsic workplace satisfaction and as a result their overall satisfaction with the job will be enhanced. Managers need to take time for their followers and praise their work. This will strengthen the confidence in their abilities, and they will tend to be happier when working. The dispositional model for workplace satisfaction also states that positive mined and healthy employees are performing better in work.

Moreover, the salary component is also important to optimize. People would like to feel a sense of fairness in terms of their monthly salary. If the wage is insufficient, there will be a lack of extrinsic workplace satisfaction that one can derive from the survey. In order to combat that, the manager needs to evaluate the work performance of every employee and adapt the salary accordingly. Additionally, the manager can also communicate this sensitive component with his or her employees and see what they would expect. Then they can possibly reach a common ground. Another way to increase this component would be to offer business trips, host events or hand out

some other incentives. Hard-working employees could also be awarded by giving them shares of the public company. This would be a benefit for both parties and keep the employee motivated and satisfied.

In the researcher's opinion, conducting a 360-degree feedback would also be beneficial for financial companies to get a better understanding of the employees' well-being. This from of feedback survey is used in companies in order to assess the effectiveness of the work dynamic and whether the superiors and the employees align with each other. Additionally, customers can also participate in this kind of tool as it is more or less an all-around feedback survey which targets almost every group externally or internally. It is crucial that employees keep a positive mindset towards their overall life as more stable human beings tend to be more motivated. Therefore, managers need to make sure that their employees are generally stable as it will have an effect on the workplace situation. Literature also suggests that offering additional coaching might be beneficial for some employees. However, employees or managers should also acquire certain soft skills by themselves. These or even new soft skills can then be enhanced with training programs, books or personal development events.

In the end, it has to be understood that leaders select people based on shared goals, as the main objective is to accomplish the company's aims. This implies that all leaders, no matter which style is preferred, have to have a vision prior to assessing potential employees. Based on the situational approach theory it is a necessity that leaders need to be able to adjust their approach based on the economic, social or environmental situation. As discussed in the paper, the more frequently leaders repeat the mission and vison to their employees, the better their alignment will be.

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7 Appendices

7.1 Appendix A – Measurement Item Table

Construct	Survey Question(s)	Citation
Leadership style	"Do you consider your leader to be a: Autocratic, Delegative or Free-rein leader?"	(Baumgartel, 1957)
Situational Theory	"My leader/manager changes his/her leadership style based on the situation"	
Intrinsic Motivation and Extrinsic Motivation	**Intrinsic**: "I would engage in work, because I enjoy it" "I would engage in work, because of the pleasure I get from doing it" "I would engage in work, because it is fun" **Extrinsic**: "I would engage in work because, I will be rewarded for doing it" "I would engage in work because, I am paid to do it" "I would engage in work because, I will get recognition from others"	(Graves & Sarkis, 2018)
Intrinsic and Extrinsic Workplace Satisfaction	**Intrinsic**: "I am proud of being an employee in my current company" "I find my job meaningful" "I have enough chances of advancement in my job" "I can derive a sense of fulfilment from my job" **Extrinsic:** "I am satisfied with the working conditions" "I am satisfied with the salary for the work I do" "I get praised for doing a good job" "Communication with my supervisor is adequate "	(Iyer, 2018)