

## **Impact Assessment of Leadership Style on Job Satisfaction of NGO Employees in Uttarakhand-India**

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**ABSTRACT**

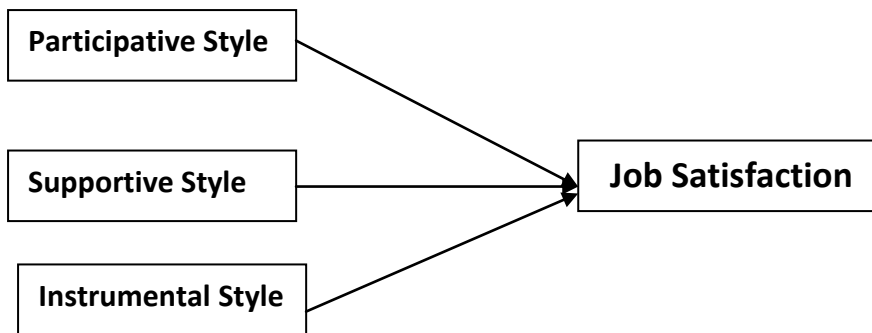
*Leadership styles in recent studies have been debated significantly but their role in contributing job satisfaction of employees have not been addressed by the researchers. Therefore, a study was conducted to assess the impact of leadership styles on job satisfaction of employees in the two NGO's (Non Government Organisations) HIFEED and HESCO from Uttarakhand through an empirical study. NGO's in India involve diverse activities ranging from training facilities and independent trainers providing non-formal education, grant-making organizations, community development organizations, microfinance associations, self-help groups, and organization addressing public health. In the study, leadership styles were studied as participative, supportive and instrumental. Results show that supportive style of leadership was predominantly followed by managers. Participative leadership style positively impacts job satisfaction followed by supportive style of leadership. But instrumental leadership style was found to have a negative impact on the job satisfaction of employees.*

**Key Words:** Co-operation, Decentralisation, Inertia, Job satisfaction, Synergy

**Introduction**

The role and importance of Non-Government Organisations in the development of any country are now days are clearly significant. The NGO's now undertake a wide and diverse range of activities in region. It is beyond any doubt that leaders play a vital role in the successful functioning of an organisation. Successful leaders are not only those who have a great experience or huge masses behind them, but successful leaders are those which have the qualities like initiative, cultural sensitivity and readiness to see the world as an opportunity to explore. Leaders often work as rudders to help the organisation sail through rough and harsh climates of business. Leadership holds its importance not only in the business world, but also has equal importance in the Non profit organisations like NGO's which work for the welfare and betterment and inclusive growth of the people of the region in which they operate. The purpose of the paper is to study the leadership styles and their impact on the satisfaction employees of NGO's, HIFEED and HESCO operating in Uttarakhand.

A general fact is that leadership of a business highly motivates the employees working within an organisation and consistently force them to engage in a coercive bonding among them (Shamir et al., 1993). Recent studies have also shown that different leadership styles have dissimilar impacts on the working and organisation in terms of its rewards, clarity, responsibility and environment (Golman, 2000). Therefore, for this study, we have searched a lot of literature and finally came up with the three types of leadership styles to be studied relevant to the organisations under study. These three leadership styles considered in this study are-participative, instrumental and supportive. Job satisfaction on the other hand is equally important for the effective working of an organisation. It is clearly found out through researches that satisfied employees are an asset of a company that works like a team to fulfil the goals framed within because of self-motivation whereas an unsatisfied employee not only decrease the productivity of an organisation but also impact others with the negative mind-set. Therefore, it is dire need to study the relationship between different leadership styles an NGO can possess and the maximum amount of satisfaction an employee can have over a course of time. There are certain research question that need to find the quick answers to like- Does type of leadership styles have an impact on job satisfaction of employees?, Which leadership style would work best for a non-profit organisation? To find out the answers of all above mentioned questions, this study was conducted on two NGO's. The conceptual framework formed for this study is given below:



**Figure 1: Conceptual Framework: Leadership Styles and Job Satisfaction**

**Review of Literature**

Progress of an organisation is determined by people working in it as “No train can run faster than its engine”. It means that the pace of train can only be decided by the speed of its engine. Similarly effective leadership is of utmost importance for any organisation to attain its goal. Effective Leadership in NGO’s is required to carry out its activities in the communities in which it operates. There are some excellent researches on NGO’s working in India but, empirical data and studies on leadership practices adopted by the NGO’s are limited. Most of what has been written has come from consulting firms and those practicing in the field of management (Saks,2006). The present literature review will discuss the studies already available on NGO’s, their Leadership styles and its impact on satisfaction of employees with a focus on the environment in which they operate. Hailey (2006) concluded that leaders working in Non Government Organisations face challenges at both personal and organisational level. Charlotte (2006) explored the four key themes of leadership, spirituality, ethics and values and their relationship between and with employers and employees in human service charitable NGOs . Monang, (2006) found the effect of NGO leadership based on the model developed by Fiedler (1976). Mahalinga and Roy (2008) presented a model of transformational leadership and organisational culture in NGO’s operating in India. The study proposed a conceptual model that tries to potray the relationships among the concepts of transformational leadership, organisational culture, and organisational effectiveness in the context of NGO’s working in India. Acharya & Shrestha (2013) tried to find correlations between leadership styles and employee satisfaction. The study found that transformational leadership generates increased level of satisfaction among employees. Shahab & Nisa (2014) highlighted that Leadership plays a positive role in employee satisfaction but it doesn’t create a significant influence over it. Olesia et.al (2013) explored the role of servant leadership on organizational commitment in Kenya and found that tried to develop a conceptual framework in order to explain the relationship between servant leadership and organizational commitment of employee. Arzi & Farahbod (2014) found that supportive leadership had the most significant impact on job satisfaction of employees. Apostu (2013) examined the role of leaders in developing an organisation with reference to NGO’s. The study was attempted to understand the elements of successful leadership and competencies needed to develop an organisation. Naile & Selesho (2014) tried to identify the role of leadership style in motivating the employees to remain committed to their work The study results highlighted that aspects of motivation like relationship trust, inspiring a shared vision, encouraging creativity and emphasising development act as positive aspects that help motivate employees towards their work. Mc Cann et.al (2014) found a significant correlation between leadership and employee satisfaction. Pandey, Soodan & Jamwal (2014) found in their study on rural development organisations of uttarakhand that recognition of employees and their acclaim are important constituents of employee satisfaction. Khan et.al (2014) found that transformational leadership plays a vital role and has a significant impact on job satisfaction and helps to improve firm financial performance as compared to transactional leadership. The study results suggested that choosing the appropriate leadership style for an organisation leads to increased profitability. Voon et.al (2011) found transformational leadership style having a stronger relationship with job satisfaction and suggested transformational leadership suitable for managing government organizations. Lok & Crawford (2004) found that the styles and behaviours exhibited by

leaders contribute significantly in the success and failure of an organization. Bass et al. (2003) found that contingent reward and transformational leadership can be used to predict performance. Adams and Gamage (2008) worked on organisational stability and found that effective leadership style in business is complementary to the transformational leadership styles and helps to attain organizational stability.

**Objectives of the study**

The study involved the following broad objectives

1. To gain insights into the Leadership styles in the NGOs under study.
2. To analyse the impact of leadership styles on job satisfaction of employees in an organisation.
3. To make recommendations for the NGOs regarding the leadership owned by the management.

**Hypothesis**

To measure the impact and above mentioned objectives of the study, the following hypothesis were framed and tested.

1. There is no significant relationship between the participative leadership style of management and job satisfaction of employees.
2. There is no significant relationship between the supportive leadership style of management and job satisfaction of employees.
3. There is no significant relationship between the instrumental leadership style of management and job satisfaction of employees.

**Materials and Methods**

**Sample Design**

The study is descriptive in nature and survey method was adopted. A structured questionnaire was used to collect the required information from the respondents. The study was conducted by selecting the workers of the two NGOs (HESCO & HIFEED) operating in Uttarakhand. Efforts were made to collect all the information through available reference materials.

**Sample Size**

Each organisation was administered 45 questionnaires totalling the number the questionnaires to 90. Out of 90 administered questionnaires, the response for HESCO was 41 and HIFEED was found out to be 42 generating a response rate of 92.22% for the study. The samples were selected through proportionate random sampling procedure.

**Collection and Analysis of Data**

The Primary data was collected using Questionnaires. The Leadership Styles in the NGOs was measured in terms of the management style of the policy makers and the people who are responsible for the decision making in the organization. The questionnaire was framed and standardised by identifying the style of management in NGOs. Statistical tools Chi- square test was used to analyze the data with the help of SPSS software.

**Descriptive Statistics**

*Reliability Analysis:*

The questionnaire was tested using the reliability statistic known as Cronbach’s Alpha and the reliability quotient was found significantly greater than 0.50 for studies variables that means the instrument can be further used for analysis (Nunally, 1978). The values for Cronbach’s Alpha are shown in the following table:

Table 1: Reliability Statistics

Variables	N of Items	Cronbach's Alpha
Participative Leadership	6	0.74
Supportive Leadership	4	0.68
Instrumental Leadership	5	0.71
Job Satisfaction	5	0.72

**Results and Discussions**

The data is analysed by means of various statistical tools. The relevant hypotheses are framed, examined and tested by using chi square statistics. It was done to check the impact of leadership styles on the job satisfaction of the employees working in an organisation.

*Leadership Styles:*

The descriptive statistics of the variables under study are shown in the table below. The means and standard deviations of the leadership styles possessed by managers of different levels have been tabulated. The degree of specific styles possessed by management of respective NGO’s under study has been also calculated through applying t-test. Result shows that participative style of leadership is preceded by supportive style of leadership having t-values (PLS, t-value=3.36 & SLS, t-value=14.26) followed by instrumental style of leadership (t-value= -6.70). The t-values clearly indicate that supportive style of leadership is most popular style of management dealing in their operations.

Table 2: Descriptive of variables under study

Variables	Mean	Standard Deviation	t-test
Participative Leadership	4.38	1.016	3.36
Supportive Leadership	5.12	0.943	14.26
Instrumental Leadership	3.12	1.145	-6.70

Source: Primary Data

*Impact of Leadership Styles on Job Satisfaction:*

Table 3: Pearson Correlation Results

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

		Correlations			
		Job Satisfaction	Participative Leadership	Supportive Leadership	Instrumental Leadership
Job Satisfaction	Pearson Correlation	1			
	Sig. (2-tailed)				
Participative Leadership	N	83			
	Pearson Correlation	.571*	1		
Supportive Leadership	Sig. (2-tailed)	.031*			
	N	83	83		
Instrumental Leadership	Pearson Correlation	0.768*	.76	1	
	Sig. (2-tailed)	.000	.000	.000	
Instrumental Leadership	N	83	83	83	
	Pearson Correlation	-.587**	-.671*	-.462**	1
	Sig. (2-tailed)	.013	.000	.000	
	N	83	83	83	83

Correlation analysis was applied to study the strength of relationship between the variables (different leadership styles and job satisfaction).The correlation values indicate that participative style of management has more strong relationship (r=.571\*) with the job satisfaction than the other two leadership styles. Having large managers in the under study organisations following supportive leadership style, the correlation values themselves giving strong values with the job satisfaction (r=0.768\*) followed by participative leadership style (r=.571\*) and instrumental leadership style (r= .587\*\*).

**Table 4 : Regression Model Results**

Dependent Variable (DV)	Independent Variable (IV)	Unstandardized Beta	Standard Error	Adjusted R <sup>2</sup>	t-value
Participative Leadership	Job Satisfaction	3.46	1.88	.529	2.96*
Supportive Leadership		2.66	1.25	.347	3.16*
Instrumental Leadership		-1.32	1.36	-1.30	-2.69*

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

Table 4 depicts the unstandardized regression coefficients (*beta*), t-value, standard error, coefficient of multiple determination (R<sup>2</sup>) and significance of the equations. The table represents the impact (direct and indirect) of the independent variables (leadership styles) on dependent variable (Job satisfaction) of an organization. Before going through regression analysis, tests for multi-collinearity, linearity, normality, and homoscedasticity were conducted and no problems found. Sequential beta weights were used to calculate the indirect effects in the relationship (Asher, 1976), while total effects were calculated from the sum of direct and indirect effects (Pendhazur, 1982).

The regression table suggests that all the three styles of leadership create an impact on job satisfaction in one way or other. Based on results table, the R square value for three different equations was found to be would be .529, .347 and -1.30 respectively for participative, supportive and instrumental styles of leadership. This clearly shows that 52.9% of job satisfaction variation will be explained by the components of participative leadership. Similarly Supportive style of leadership explained 34.7% of the job satisfaction variation. Moreover, 13% of variation in job satisfaction would be explained by instrumental style of leadership.

Results from the above table shows that participative leadership has a direct strong impact on job satisfaction as depicted by non-standardized beta of 3.46 thereby rejecting the H1 hypothesis. Similarly, supportive leadership too has positive relationship signifying by value 2.66 as unstandardized beta rejecting H2 hypothesis. Moreover, instrumental leadership displayed a value of -1.32 as unstandardized beta, thereby rejecting null hypothesis H3.

### Conclusion

NGO's are playing a significant role in developing the rural economy of the country. Because of their area specific development programmes and their reach within the far and untapped regions of the country, NGO's can be considered as the organisations working for the upliftment of the undeveloped areas and remote people. In order to conduct the operations of NGO in an effective way, the workforce should be highly motivated and satisfied. To meet this challenge, the leadership of an organisation plays a significant role that ultimately enhances the motivation and satisfaction of employees leading to the overall productivity of an organisation. As observed from the study, supportive style of leadership is predominantly been exhibited by the managers in the under studied NGO's. Since participative style of leadership involves decentralization, employee participation in decision making and from the study, it came out to be mostly impacted the job satisfaction in the organisation than the other leadership styles. Therefore, it is strongly recommended to follow the participative style of leadership in NGO's. Also, NGO's that are following supportive leadership style may shift to participative style whereas those following instrumental style has to adopt participative leadership style as it is negatively enhancing the satisfaction of employees.

### Limitations of the Study

Like other studies, this study is also having some limitations like only two NGO's were studied and their employees were interviewed. Moreover, the study was confined to Uttarakhand only and a relatively small sample size was used in the study.



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