

The Effect of Leadership and Motivation on Employees Satisfaction: Evidence from Mirpur Division AJ & K in Restaurant Sector

Haroon Shakil¹

Green Hills College, Rawalakot, Pakistan

Abstract

Governance mechanism has received high attention in previous year and has been a developing for research. This is mainly because of failure of number of firms in different regions. Good governance mechanisms are considered important in aspect of motivation, leadership and independent audit committee to increase the performance with the satisfaction of customers. These factors effect differently in developing and developed countries due to cultural, economic, social issues. The main objective of our research is to understand and determine the effect of governance mechanism on customer satisfaction in Mirpur division AJ&K. Despite the significance of our subject matter no prior research has focus on governance mechanisms in Mirpur division AJ & K. To accomplish the research objectives a quantities method (question was adopted). The questionnaire survey was used to seek the response of governance mechanism in aspect of motivation, leadership and independent audit committee from top level management and response of satisfaction received from customers. The data were analyzed using the statistical package for the social sciences (SPSS) to obtain quantities measure we use Pearson correlation, Mean, Standard deviation and regression. The finding of results shows that the customer satisfaction has positive relationship with motivation, leadership and independent audit committee. This study's findings will also be beneficial to firms; government and policy maker as their political, social and economic environment are same.

Keywords: Motivation, Leadership Style, Employees Satisfaction.

Cite this article: Shakil, H. (2020). The Effect of Leadership and Motivation on Employees Satisfaction: Evidence from Mirpur Division AJ & K in Restaurant Sector. *International Journal of Management, Accounting and Economics*, 7(8), 435-447.

¹ Corresponding author's email: haroonshakil1@gmail.com

Introduction

There are many researches which seek the prior trend on employee's satisfaction and motivation as well as leadership around the world but there was lack of this work in the local environment. Many researchers established on their results that employees satisfaction were depend on motivation and leadership. In the prior papers many researcher have declared both variables have relationship with employee's satisfaction. The big challenge for the organizations is to build and enhance the best human resource management practices to boost the employee's performance by adopting different plans and strategies. These strategies are training, promotions, employee's motivation, compensation, salary, bonuses and effective leadership style.

Employee's satisfaction develops more attention of employee work and attention for the organizational goals. Employee's motivation is not a magic trick but few things in consideration to build motivation like spending good time with staff, advice employees what should to be done and works with their best effort and assist them to succeed.

Luthans (1998) states that motivation is the process that put forward, enhances, maintain behavior and performance. Motivation enhance people internally for their actions which assist them to attain a choose task employ effectiveness is a way arose people to their work and can bring more work motivation to their commitment of their jobs.

Leadership is a friendly determination process in which the leader explore voluntary contribution of coworkers in an effort to attain organization objectives, a process in which one person exercise friendly determination over the other members of the group, a process of effecting the traits of any one or group of any one is a try towards objectives attainment in a particular given situation, and a comparative concept including both the effecting agent and the person being affected.

Mostly organizations used democratic leadership style for satisfaction of their employees. In democratic leadership styles members of organization have authority to participate in the decision making process and leader will make the final decision. This not only increases employees satisfaction by participating employees or coworkers in what's going on, but it also assist to formulate employee's abilities. Coworkers and team managers find in assure of their own luck, such as the promotion and raises of their status they deserve and so employees are motivated to work hard more than just financial rewards. This approach can act things happening more slowly but the end result is better than others. This strategy can be most desirable where group work is necessary and quality is more essential than speed to market output (Hashmi & Shaikh et al, 2012).

From the prior researches it is conclude that independent variables such as motivation and leadership have a relation with employee's satisfaction. Prior researches concentrated on this topic in different countries but not focus in that particular region.

Problem Statement

Motivation and leadership are firm practices that are associated to employee's satisfaction because of the effect of these exercises on firm's output (Enz, Carnina, & Walsh, 2006; Mcmanus, 2005; Vora, 2004; Kundu & Vora, 2004) prior researches regarding motivation and leadership and employee's satisfaction has restrictions. The aim of research to examine a relation between motivation and leadership with employee's satisfaction in Mirpur division restaurants sector.

Researcher have examined that there are many elements that can impact the employee's satisfaction; work motivation and leadership are both of the elements. Our research will address the effect of motivation and leadership on the employee's satisfaction. Motivation and leadership is effective tool of management in order to achieve better employee's satisfaction. These mechanisms are not properly executed in firms and create some problems. Mostly firms do not focus on motivation and leadership. The literature lacks such studies in this region. This research is specifically designed to fill this research gap and this research is designed to cover gap with recommendations. The study will deal why firms for employee's satisfaction do not follow effective leadership and motivation mechanisms?

Purpose of the Study

The aim of this study is to determine the relationship between motivation and leadership with employee's satisfaction in Mirpur division of AJ&K in restaurants sector.

Scope Statement

This study is useful for specific type of firms such as restaurants in Mirpur division AJ&K. It also provides a new area to researcher for further research and creates more improvements in these firms by adoption of effective use of motivation and leadership techniques.

Literature Review

Motivation

The organizations in Pakistan have been developing now days and try to achieve their target. They have plays an important part in generating national income and economy. The foundation of human resource management have poor in later days and now a day human resource management have been improved.

The level of motivation is not according to the human resource performance so this is a big hurdle in the way of employee's satisfaction. To compete in market competition and to hold talented and qualified employees they will adopt the better compensation management strategy that is beneficial for employee's satisfaction. On such behalf they should regulate suitable motivation and compensation packages to satisfy their employees that the employee's voluntary prepared for more work and take initiative in competitive

market on bases of more and more motivation and compensation for employee's satisfaction (Xinghua Su. 2014).

When preparing the motivation strategy, firms should not only considering the technical approaches but also considering the other tools and factors. Some time there is lack of complete planning of motivation structure. Corporate governance mechanism provide guide line for long term strategy of motivation and serve as a significant tool to compete in competitive market. Compensation and motivation management must be linked according with corporate governance strategy and human resource strategy (Xinghua Su. 2014).

It is a big challenge for organizations to formulate strategy in which firm retain their talented and qualified employees for proper working and to attract the more and more customers. Still the majority of organizations in Pakistan are not planning their better motivation and compensation packages which support the governance mechanisms. So the result creates the gap between motivation strategies and human resource strategies for achieving employee's satisfaction (Xinghua Su. 2014).

Now a day's organization wants to retain the balance between employee's commitment and engagement of organizations with employee's satisfaction by using better motivation. For enjoying the higher ratio of output there is need to employees are self motivated and this work is attain through giving the recognition and as well rewards. (Usman et al, 2010).

Money is considering the most important motivator as compared to other type of motivational tools such as power, security, praise, and giving greed to success in future (Sinclair et al, 2005). Examine that money has more powered to attract, retain and encourage the employees of firm toward higher performance. If other businesses offered employees for job and give more money as compared to current job then they will definitely leave the job and firms face problem of retaining talented and qualified employees.

Leadership

Once they are formed in structure form, the boss job is to support and assistance of employees, find the customers, give feedback on their scores and providing the upgrade status when they do a good job, and help resolve any problems that arise. The main purpose of demographic leader is to achieve both high productivity and morale through employee's satisfaction (d. d. Warrick, 1996).

In combined leader ship one person work as in form of chairperson of board as well as the chief executive officer of the organization so this situation may result cause of conflicting situation and hurdle in employee's satisfaction (Donaldson & Davis, 1991). Other writer have supported such as Jensen & Meckling (1976) argued that the responsibilities of chief executive officer and chairman should be different because this is the only reason to reduce the agency conflicts and satisfied the employees.

Now a day's leadership is one of the most important areas in business and still it has not exactly clear for inquiry (Phills, 2005). Leaders and their coworkers continuously

work for the customer satisfaction as well as for enhancing firm performance. It is a fact that leader have a large impact on employees satisfaction as well as all followers and their relation will be positive that are showing in prior researches. This impact can be positive, negative, or possibly neutral. While often coworker also permits the same impact as well as in leader.

In democratic leader, leaders can be followers and also follower can be a leader. Relationships and the lack of relationship have created a situation of failure and success for attaining the employee's satisfactions. Phills (2005) pondered the question of does leadership really matter. Phills said that for leadership to matter the leader must be able to influence the performance of an organization and also attaining the employee's satisfactions. The whole strategy creates social and public welfare and attaining more and more customer and output. This effect should be designed and rational instead of accidental (Bass, 1990; Dessler, 2001; Northouse, 2001).

According to McLean (2005), leadership and management near to similar who will satisfy the employee's expectations. Yukl (2006) stated leadership is the process of effects one another to knowing and agree about what needs to be fulfilled and how to encourage and facilitating individual and groups to achieve the desired goals. Northouse (2001) further expanded definition of leadership by defining that leadership is a process, involves influence, in a groups or an individual's, and involves for achieving the goal. Leadership is the process of influencing, directing, guiding the employees to attain their goals. Above theoretical frame work conclude that leadership has significant and positive relation with employee's satisfaction.

Employee's Satisfaction

Shahu & Gole (2008), in this study define effects of employees satisfaction on performance, they had add up their results on an element that work satisfaction should be counted by the organization as significant plan which assists to be extend in a way to improve employees performance and where employees can place their best performance. Performance level lowers with smaller level satisfaction points. There should be mindfulness program, be relevant to the stress and satisfaction level in the industries.

Kreitner & Kinicki (1998) discovered that lack of support of coworkers goes a long way to participate to stress in organization which could obstacle in the sense of belonging. Likewise, part of different groups who experiences hurt cannot feel a sense of lankness (Ottenberg, 1987). Young & Erickson (1988) observe that employees who experience separation at work are prone to increased vulnerability to traumatic stress disorders.

Frank & Enkawa (2007) argued that different organizations seek response of employee's satisfaction through different programs and conducting workshops. Gilbert & Veloutsou (2006) argued that different organization of the world set the level or scale of employee's satisfaction and continuously maximize their product and service quality to retain the employee's loyalty. Yang and Peterson (2004) argued that continuously improving in employee's satisfaction is directed toward customer's loyalty of their products and services.

Motivated employees determines the result of product and services from the particular features of goods and services if the product and services fulfill the expectation of customers this lead toward enhance in customer loyalty. Low quality product might have low employees satisfaction and final consumer shifts their choices towards other firms (Yang & Peterson, 2004). Generally in consumer notes the quality of service from their purchasing and qualified motivated employees can create best outcomes for organization (Chen, 2011). Simon & DeVaro (2006) argued that in developed countries investment in employee motivation is a tool to enhance the productivity of firms and gives advantage for long term period.

Chang (2011) now a day with the increase in competition among different organization employee's knowledge and awareness is also increase. More crucial for organizations to maintain and improve products quality or services by motivation of employees, and favorable leadership for achieving high level of organization performance. Employees motivation and has a strong relationship to employee satisfaction which direct towards better organizational output (Gittell et al, 2004). Simon & DeVaro (2006) also explore that employee motivation is positively associated with employee's satisfaction.

Hypotheses

H₁: There is significant positive relationship between leadership style and employees satisfaction.

H₂: There is significant positive relationship between motivation and employees satisfaction.

Research Methodology

To explore the relationship between leadership and employees satisfaction, and used to explore relationship between motivation and employees satisfaction. Research design, population and sample, instrumentation, data analysis procedure and methods associated with data analysis. The nature of the study is cross sectional targeted to measure the relationship between leadership and employee's satisfaction, and relationship between motivation and employee's satisfaction. The study is based on self-reported perception of employees and interviews According to their perception about the variables.

Research Design

It includes study type, settings, time horizon and unit of analysis which are discussed as: Employees of restaurants in specific region of Mirpur AJK were contacted and questionnaires as well as interview were completed during work hours in their natural work environment so it's a field study. The data has been collected within one month (15July- 3August). As it was collected at one time so the design is cross sectional in nature. Unit of analysis is individual, employees from the restaurants (Nafees, Jabeer, Regency, Gulshan e Jabeer, and Rupyal). Employees were individually asked to fill the questionnaires and interviewed through self-administered survey.

Population

The population of the current study is all the employees of restaurants (Nafees, Jabeer, Regency, Gulshan e Jabeer, and Rupyal) in district of Mirpur AJK .Because of in these restaurants up to some context motivation and leadership practices are exist, and can be targeted for study purpose on this topic.

Sampling

It is method or process of selecting representative part of population for the study. Sample random sample technique has been used for the distribution of questionnaire as well as interview conducted. 150 respondents from above mention restaurants were selected.

Instrumentation

To assess motivation eight items were used. Which were adopted from Salanova & Kirmanen (2010).the response for item was measured by using 5 point likert scale ranging from 1to 5.1(strongly disagree),2(disagree),3(neutral),4(agree),and 5 (strongly agree).

To determine leadership style 6 items were used. Which were adopted from Bhatti et al (2012). The response for item was measured by using 5 point likert scale ranging from 1to 5.1(strongly disagree), 2(disagree),3(neutral),4(agree),and 5 (strongly agree) and on interviewed based.

Employee's satisfaction has been verified by using 12 items. Which were adopted from the study of Saleem et al. (2010);the response for item was measured by using 5 point likert scale ranging from 1 to 5.1(strongly disagree),2(disagree),3(neutral),4(agree),and 5(strongly agree).

Data Collection

Data for all three constructs has been through structured questionnaire as well as interviewed methods used .5 points likert scale has been selected to rate response so questionnaire was close ended. SPSS will be used for analysis of data.

Data Analysis

Total 150 questionnaires were distributed out of which 118 were received back. The response rate recorded 78.67%. Out of the total collected surveys, 38 were excluded due to wide none responding and missing data. Only 80 responses were founded accurate to use.

Reliability Analysis

To measure internal reliability and consistency Cronbach's alpha value has been used. Cronbach's alpha value is widely used test to measure items reliability and consistency. Cronbach's alpha value should exceed than 0.70 to provide good estimate to retain the items. Following table indicates the value for all three constructs. Cronbach's Alpha

value for motivation is 0.709, cronebach's Alpha for leadership is 0.707, and Cronbach's Alpha value for employees satisfaction is 0.748, values indicate that all the items for all constructs are internal reliable and consistent.

Table 1. Reliability measurement

Variables	No. of Items	Cronbach's alpha (α)
Motivation	08	0.709
Leadership	06	0.707
Employees satisfaction	12	0.748

Descriptive Analysis

Table 2 shows the result of descriptive statistics consists all three variables namely motivation, leadership style, and employees satisfaction, mean value, standard deviation and no of responses are shown below. A mean value of 1 is considered to be highly negative feedback. While a mean of 5 would be considered as highly positive response from the respondents. Value around 2.5 is considered neutral feedback from respondents.

Further the table shows the minimum and maximum average values for each variable, and the mean and standard deviation. The first column shows variables, the second the sample size, the third and fourth columns show minimum and maximum mean values for the data collected. Mean and standard deviation for the variables under study are also shown. Table shows that sample size for all three variables was 80 which indicate that data was collected from 80 respondents. The mean value for motivation with governance mechanisms is (4.2188) and standard deviation is (.32651). The mean value for leadership style is (4.2104) and standard deviation was (.35255). Finally the mean value for employee's satisfaction is seen as (4.1823) and standard deviation is (.30528).

Table 2. Descriptive statistics

	N	Minimum	Maximum	Mean	Std. Deviation
M	80	1.00	5.00	4.2188	.32651
L	80	1.00	5.00	4.2104	.35255
S	80	1.00	5.00	4.1823	.30528
Valid N (list wise)	80				

Correlation Analysis

Correlation analysis will be also used in present study in order to check whether two variables under study vary together or not. The Pearson Correlation tells us about the linear relationship between any two variables. Variables are said to be correlated if they tend to vary in the same or an opposite direction.

Motivation

In the table 3 of Correlation coefficient matrix, correlation among motivation and employees satisfaction is .235* for ($p < 0.05$). This justifies that the correlation among motivation with Governance mechanisms and employees satisfaction is weak as this value is below .3 but the correlation is positive and statically significant.

Leadership Style and Employees Satisfaction

In the table 3 of Correlation coefficient matrix, correlation among leadership style and employees satisfaction is .436** for ($p < 0.01$). This justifies that the correlation among Performance leadership style and employees satisfaction is relatively high that this value is more than .3 but less than .5 as well as correlation is positive and statically significant.

Motivation and Satisfaction

In the table 3 of Correlation coefficient matrix, correlation among Motivation and Satisfaction is .236* for ($p < 0.05$). This justifies that the correlation among Motivation and Satisfaction is positive but weak as this value is less than .3 but correlation is positive and statically significant.

Table 3. Correlation Analysis

	Motivation	leadership	satisfaction
Motivation Sig. (2-tailed)	1		
Leadership Sig. (2-tailed)	0.235* 0.05	1	
Satisfaction Sig. (2-tailed)	0.236* 0.05	0.436** 0.000	1

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

Regression Analysis

Table 4 shows the results of regression analysis for results. In step 1 Demographic variable such as Gender, Age, Qualification and Experience were taken as control variables.

Motivation and Employees Satisfaction

In step 2 we test our first hypothesis regarding the positive relationship between motivation and satisfaction. Motivation is taken as independent variable and satisfaction is taken as dependent variable. The value of F ratio is (3.406) which is significant at ($p < 0.05$) which indicate that our regression model result in significantly better prediction of satisfaction. The value of R is (.344) since there is only one predictor this value represent the simple correlation between motivation with governance mechanism and

satisfaction. This values shows that these variables are positively correlated with each other. The value of coefficient β for satisfaction is (.215 and $p < .05$) which indicate that one unit increase in motivation will increase 21 unit in increase in satisfaction. The value of R^2 is (.119) which indicates that motivation can account for 11% of variation in satisfaction and rest of 89% variation in satisfaction cannot be explained by motivation alone. Therefore there must be other variables that have influence on satisfaction.

Leadership and Employees Satisfaction

In step 3 we test our 2nd hypothesis regarding the positive relationship between leadership style and employees satisfaction. Leadership style is taken as independent variable and satisfaction is taken as dependent variable. The value of F ratio is (6.881) which is significant at ($p < .001$) which indicate that our regression model result in significantly better prediction of satisfaction. The value of R is (.462) since there is only one predictor this value represent the simple correlation between performance appraisal and motivation. This values shows that these variables are positively correlated with each other. The value of coefficient β for satisfaction is (.357 and $p < .001$) which indicate that one unit increase in leadership style will increase 35 unit in increase in satisfaction. The value of R^2 is (.214) which indicates that leadership style can account for 21% of variation in satisfaction and rest of 79% variation in satisfaction cannot be explained by Leadership style alone. Therefore there must be other variables that have influence on satisfaction.

Table 4. Regression Analysis for outcomes

	β	R	R^2	F	Sig.
Step 1					
Control Variables					
(Gender, Age, Qualification, Experience)	3.266	0.261	0.068	2.808	0.66
Step 2					
Motivation with governance mechanism					
Employee Satisfaction	0.215	0.508	0.258	3.406	0.022
Step 3					
Leadership style					
Employee satisfaction	0.357	0.462	0.214	6.881	0.000

Note: N=80 * $p < 0.05$, ** $p < 0.01$, *** $p < 0.001$

Conclusion

Overall this study describes that if strategy of motivation and leadership is properly implemented organized and managed by top level executives it has so many positive consequences. This study proves that employees' satisfaction in accordance with effective leadership style and motivation such as democratic leadership style, in which all employees from middle and low level can take part in decision making process, decisions

are made through brain storming, has positive relationship with employee's satisfaction. Study also indicates that motivation and leadership mechanisms are not only a tool to satisfy employees but all other systems operating in organization are major contributor to employee's satisfaction. Meanwhile motivation and leadership mechanisms along with all other strategies can be effective tool to achieve the desired goals in efficient manner. Motivation and leadership mechanisms are a key to solve conflicts among top level executives and employees of low level. It will increase satisfaction of employees. Furthermore these mechanisms facilitate in a way to implement informal work practices into official manners to achieve desirable goals. In restaurant if motivation and leadership mechanisms are implemented effectively it will attract of peoples. Moreover effective motivation and leadership will motivate employees exert high level of efforts for goal attainment. It increases sense of belongingness which ultimately enhances employee's satisfaction so he will say in good about their job. It increased individual as well as overall organization productivity.

The strength of research on motivation and leadership mechanisms with employee's satisfaction in AJ&K is really bounded and researchers have lot of knowledge in other countries which are available to make the theoretical base for their research work. This study helps to solve the problems which effect on employees satisfaction in AJ&K Mirpur division. The finding or conclusion of this study might not be in depth and further researcher can concentrate on this topic and finds results in depth.

This study finds that motivation and leadership mechanisms practices has positively related with employee's satisfaction. In this work we use one empirical model to determine the relationship between motivation and leadership mechanisms with employee's satisfaction in Mirpur division AJ&K in restaurant sector. The data collection technique such as questionnaire and interviews are used for collection of data from middle level management and employees as well. The questionnaire was designed in three sections one for demographic, second for middle level management and third for employee's response and data was analyzed in SPSS.

References

- Bass, B. M., & Stogdill, R. M. (1990). *Handbook of leadership* (Vol. 11). New York: Free Press.
- Bhatti, N., Maitlo, G. M., Shaikh, N., Hashmi, M. A., & Shaikh, F. M. (2012). The impact of autocratic and democratic leadership style on job satisfaction. *International Business Research*, 5(2), p192.
- Chang, C.C. (2011). Evaluating the quality of airport service using the fuzzy multi-criteria decision-making method: a case study of Taiwanese airports. *The Journal of Knowledge Engineering*, 01, 1-15.
- Danish, R. Q., & Usman, A. (2010). Impact of reward and recognition on job satisfaction and motivation: An empirical study from Pakistan. *International journal of business and management*, 5(2), p159.

- Dessler, G. (2001). *Management leading people in organizations in the 21st century* (2nd ed.). Upper Saddle River, NJ: Prentice Hall
- Donaldson, L & Davis, JH 1991, 'Stewardship theory or agency theory: CEO governance and shareholder returns', *Australian journal of management*, vol. 16, no. 1, pp. 49–64.
- Enz, C. A., Canina, L. & Walsh, K. (2006). Intellectual capital: A key driver of hotel performance. *Cornell Hotel and Restaurant Administration Quarterly*, 6(10), 4-18.
- Frank, B., & Enkawa, T., (2007). How Economic Growth Affects Customer Satisfaction: A Study from Germany. *Asia Pacific Management Conference*, 115-120.
- Gilbert, G. R., & Veloutsou, C. (2006). A Cross-Industry Comparison of Customer Satisfaction. *Journal of Services Marketing*, 20(5), 298–308.
- Gittell, J. H., Nordenflycht, A., & Kochan, T. A. (2004). Mutual Gains or Zero Sum? Labor Relations and Firm Performance in the Airline Industry. *Industrial & Labor Relations Review*, 57(2): 163-180.
- Kundu, S. C. & Vora, J. A. (2004). Creating a talented workforce for delivering service quality. *HR journal Resources Planning*, 27(2), 40-51.
- McLean, J. (2005, October/November). Management and leadership dispelling the myths. *The British Journal of Administrative Management*, 16.
- McManus, K. (2005) Ask and learn. *Industrial Engineer, IE*, 37(1), 18-18.
- Northouse, P. G. (2001). *Leadership: Theory and practice* (2nd ed.). Thousand Oaks, CA: Sage.
- Saleem, R., Mahmood, A., & Mahmood, A. (2010). Effect of work motivation on job satisfaction in mobile telecommunication service organizations of Pakistan. *International journal of business and management*, 5(11), p213.
- Sinclair, R.R., Tucker, J.S., Cullen, J.C., & Wright, C. (2005). Performance differences among four organizational commitment profiles. *Journal of Applied Psychology* 90 (6), pp.1280-1287.
- Su, X. (2014, January). Analysis on the measures to improve compensation management in SMEs in China. In *2014 International Conference on Global Economy, Commerce and Service Science (GECSS-14)*. Atlantis Press.
- Vora, Manu K. (2004). Creating employee value in a global economy through participation, motivation, and development. *Total Quality Management and Business Excellence*, 15(5/6), 793-806.
- Warrick, D. D. (1981). Leadership styles and their consequences. *Journal of Experiential Learning and Simulation*, 3(4), 155-172.

Yang, Z. & Peterson, R.T. (2004). Customer Perceived Value, Satisfaction, and Loyalty: The Role of Switching Costs. *Psychology & Marketing*, 21(10).799–822

Yukl, G. (2006). *Leadership in organizations* (6th ed.). Upper Saddle River, NJ: Prentice Education