



## Nepalese Journal of Management

### Influence of Leadership Style on Employee Motivation and Performance in Nepalese Commercial Banks

Pratima Sah\*

---

#### Abstract

This study examines the influence of leadership style on employee motivation and performance in Nepalese commercial banks. Employee motivation and employee performance are the dependent variables. The selected independent variables are transformational leadership style, transactional leadership style, laissez faire leadership style, autocratic leadership style, and democratic leadership style. The primary source of data is used to assess the opinions of respondents regarding transformational leadership style, transactional leadership style, laissez faire leadership style, autocratic leadership style, democratic leadership style, employee motivation, and employee performance. The study is based on primary data of 109 respondents. To achieve the purpose of the study, structured questionnaire is prepared. The correlation and multiple regression models are estimated to test the significance and importance of the influence of leadership style on employee motivation and employee performance.

The study showed a positive impact of transformational leadership style on employee motivation and employee performance. It indicates that transactional leadership focuses more on extrinsic motivation that leads to increase in employee motivation and employee performance. Similarly, the study showed a positive impact of transactional leadership style on employee motivation and employee performance. It indicates that transactional leadership utilizes rewards and punishments to motivate the employees that leads to increase in employee motivation and employee performance. Likewise, the study also revealed a positive impact of laissez-faire leadership style on employee motivation and employee performance. It indicates that letting employees do as they choose leads to increase in employee motivation and employee performance. Further, the study observed a negative impact of autocratic leadership style on employee motivation and employee performance. It indicates that individual control over all decisions and little input from group members lead to decrease on employee motivation and employee performance. In addition, the study showed a positive impact of democratic leadership style on employee motivation and employee performance. It indicates that letting multiple employees participate in the decision-making process leads to increase in employee motivation and employee performance.

*Keywords:* transformational leadership style, transactional leadership style, laissez faire leadership style, autocratic leadership style, democratic leadership style, employee motivation, employee performance

---

#### 1. Introduction

Leadership style in a commercial bank is crucial for fostering a productive and motivated workforce, directly influencing the bank's operational efficiency and customer satisfaction. Effective leaders cultivate a positive organizational culture, drive strategic initiatives, and manage risks adeptly. Effective leaders inspire employee engagement and innovation, which are vital in a highly competitive and regulated financial environment. Moreover, adaptable leadership can navigate the bank through economic fluctuations and regulatory changes, ensuring sustained growth and stability. Leadership is an important element of the directing function of management. Whenever there is an organized group of people working towards a common goal, some type of leadership becomes essential. The

---

\* Ms. Sah is a Freelance Researcher, Kathmandu, Nepal.

power of leadership is the power of integrating. The leader stimulates what is best in us, he unites and concentrates what we feel only gropingly and shatteringly. Leadership Style can be defined as the pattern of behavior that a leader applies to get the work done through his/her followers or it can be said that a leadership style is a method through which a leader puts his/her leadership practices in place to interact with his/her subordinates. Motivation refers to the internal and external factors that stimulate individuals to take actions that lead to achieving a goal. It encompasses the desires, needs, and drives that propel someone to engage behaviors. Motivation can be intrinsic, driven by personal satisfaction and interest, or extrinsic, influenced by external rewards and recognition. It plays a crucial role in determining the direction, intensity, and persistence of an individual's efforts in various activities. Performance is the execution of tasks or activities and the quality and effectiveness with which they are carried out. It measures how well an individual, team, or organization accomplishes its goals and objectives. Performance can be assessed through various metrics such as efficiency, productivity, accuracy, and outcomes. High performance often results from a combination of skills, effort, and the appropriate application of resources. Leadership is a process by which a person can become a leader through continuous activities to influence followers to achieve the organizations or company's goals. In the turn, Leaders have unique characteristics, methods, and leadership styles, reflecting characteristics that differentiate them from others (Rahman and Esterina, 2018). Leadership is a process by which an individual motivates or influence others to achieve organization goals (Kesting *et al.*, 2016).

Razak *et al* (2018) examined the effect of leadership style, motivation and work discipline on employee performance in PT. ABC Makassar. The study found that the leadership style, motivation, work discipline and employee performance of PT. ABC Makassar is in a pretty good category, so it still needs attention, improvement and improvement. Similarly, Asrar-ul-Haq *et al.* (2016) investigated the impact of leadership styles on employees' attitude towards their leader and performance: Empirical evidence from Pakistani banks. Findings of this study reveal that there exists a significant relationship between transformational leadership and employee performance outcomes. Likewise, Pawirosumarto *et al.* (2017) analyzed the actors affecting employee performance of PT. Kiyokuni Indonesia. The results also showed that there is a positive and significant influence partially between leadership style, employee motivation and discipline on employee performance. Further, Babalola (2016) examined the effect of leadership style, job satisfaction and employee-supervisor relationship on job performance and organizational commitment. The study found that the implications for employee retention, performance management and incentive strategy.

Atmojo (2015) the influence of transformational leadership on job satisfaction, organizational commitment, and employee performance. The study found that the positive transformational leadership significantly influences job satisfaction, transformational leadership significantly influences the organization commitment. Similarly, Pawirosumarto *et al.* (2017) examined the effect of work environment, leadership style. The results show that work environment, leadership style and organizational culture have a positive and significant impact on employee motivation. Likewise, Ibrahim and Daniel (2019) investigate the impact of leadership on organizational performance. The study concluded that achievement of organizational goal and objective depends solely on the leadership style an organization adopted. Further, Sofi and Devanadhen (2015). Examined the impact of Leadership Styles on Organizational Performance. The study found that the reveal has only transformational leadership style has a significant direct impact on organizational performance while other

leadership styles showed insignificant impact.

Kuswati (2020) analyzed the effect of motivation on employee performance. The study found that the effect of motivation on employee performance is quite good. Similarly, Eliyana and Ma'arif (2019) examined the job satisfaction and organizational commitment effect in the transformational leadership towards employee performance. The study found that transformational leadership has direct significant effect on job satisfaction and organizational commitment. Likewise, Arifuddin *et al.* (2023) investigated the influence of leadership style and work motivation on employee performance. The results of hypothesis testing have proven that there is an influence between leadership style and employee performance. Further, Putri and Hartono (2023) found that the leadership style training and the work environment have a positive effect on work motivation. Baig *et al.* (2021) analyzed the impact of leadership styles on employees' performance with moderating role of positive psychological capital. The study found that there is a positive relationship between leadership style and employees' performance. Similarly, Iriani *et al.* (2023) analyzed the leadership style, compensation and competence influence on employee performance through job satisfaction. The study found that leadership style, compensation and competence have no effect on employee performance through job satisfaction. Further, Hidayat *et al.* (2023) investigated the Influence of motivation, work discipline, and leadership on employee performance. The study found that have the influence of leadership style positively effects on employee performance.

Iqbal *et al.* (2015) examined effect of leadership style on employee performance. The study found that participation leadership style is most useful in long term and effect on employees is positive. Similarly, Fiaz *et al.* (2017) investigated on leadership styles and employees' motivation: perspective from an emerging economy. The study found that all three leadership styles (autocratic, democratic and laissez faire) have their own importance with regard to enhancing employees' motivation and performance. Likewise, Basit *et al.* (2017) analyzed the impact of leadership style on employee performance: A Case study on a private organization in Malaysia. The study also concluded that democratic leadership style has a significant positive impact on employee performance. Further, Al Khajeh (2018) investigated on impact of leadership styles on organizational performance. The study found that transformational, autocratic and democratic leadership styles have a positive influence on organizational performance.

Paais and Pattiruhu (2020) analyzed the effect of motivation, leadership, and organizational culture on satisfaction and employee performance. The study found that work motivation and organizational culture have a positive and significant effect on performance. Similarly, Rodriguez-Clar and Dingel (2021) investigated on the effect of compensation, leadership style and work discipline on the performance of hospital employee in United States. . The study found that leadership style and work discipline have positive effect on hospital employee performance in United States. Likewise, Baig *et al.* (2021) analyzed the impact of leadership styles on employees' performance with moderating role of positive psychological capital. The study concluded that leadership styles have a strong positive association with the employee's performance through the moderating role of psychological capital. Moreover, Hajiali *et al.* (2022) analyzed the determination of work motivation, leadership style, and employee competence on job satisfaction and employee performance. . The study found that there is a positive relationship between work competence and employee performance.

Jamali *et al.* (2022) analyzed the impact of leadership styles on faculty performance:

Moderating role of organizational culture in higher education. The study found that transformational leadership and laissez-faire have positive impact on faculty performance in MUET. Similarly, Wahyudi *et al.* (2023) investigated on leadership Style, motivation, and work environment on Job Satisfaction and Employee Performance at the Environment and Hygiene Department of Pekanbaru City. The study found that motivation and job satisfaction have a positive and significant effect on employee performance. Likewise, Ahmadlyah *et al.* (2024) the influence of leadership style on employee performance through work motivation at the secretariat of Simeulue Regency. The study found that Leadership style influences employee performance through work motivation at the Simeulue Regency Regional Secretariat. Babalola (2016) examined the effect of leadership style, job satisfaction and employee-supervisor relationship on job performance and organizational commitment. The study found that job satisfaction and work experience are the most common explanatory variable for organizational commitment and job performance.

In the context of Nepal, Lama (2022) analyzed the human resource practices and employee satisfaction in Nepalese commercial banks. The study shows that recruitment and selection, training and development, compensation policy, and performance appraisal found a positive correlation with employee motivation. Similarly, Adhikari (2019) analyzed the determinants of Job Satisfaction and Its Impact on Employee Performance in Nepalese Commercial Banks. The study found that employee empowerment, job loyalty and workplace environment are positively correlated with job satisfaction and employee performance. Likewise, Hakuduwal (2019) examined the human resource development and employee engagement in Nepalese commercial banks. The study found that are implacable for the human resource managers of Nepalese commercial banks in formulating the policies and programmers related with the development of their employees for effective engagement in the job. Further, Rajendra *et al.* (2020) examined exploring the status of employee empowerment in the commercial banking sectors in Nepal. The study found that the implications on enhancing the capacity and skills of the employees working in the Nepalese commercial banking sector for promoting their knowledge, attitude, and performances. In addition, Chalise and Paudel (2023) examined cultivating job satisfaction: Influence of transactional leadership in Nepali commercial banks. The study found that there is a significant relationship between dimensions of transactional leadership style and job satisfaction in Nepali commercial banks.

The above discussion shows that empirical evidences vary greatly across the studies on the influence of leadership style on employee motivation and performance in commercial banks. Though there are above mentioned empirical evidences in the context of other countries and in Nepal, no such findings using more recent data exist in the context of Nepal. Therefore, in order to support one view or the other, this study has been conducted.

The major objective of the study is to examine the influence of leadership style on employee motivation and performance in Nepalese commercial banks. Specifically, it examines the relationship of transformational leadership style, transactional leadership style, laissez faire leadership style, autocratic leadership style, and democratic leadership style with employee motivation and performance in Nepalese commercial banks.

The remainder of this study is organized as follows: section two describes the sample, data, and methodology. Section three presents the empirical results and final section draws the conclusion.

## 2. Methodological aspects

The study is based on the primary data which were collected from 109 respondents through questionnaire. The study employed convenience sampling method. The respondents' views were collected on transformational leadership style, transactional leadership style, laissez faire leadership style, autocratic leadership style, democratic leadership style, employee motivation, and employee performance. This study is based on descriptive as well as causal comparative research designs.

### *The model*

The model used in this study assumes that employee motivation and employee performance depend upon influence of leadership style. The dependent variable selected for the study are employee motivation and employee performance. Similarly, the selected independent variables are transformational leadership style, transactional leadership style, laissez faire leadership style, autocratic leadership style, and democratic leadership style. Therefore, the model takes the following form:

Employee Motivation and performance =  $f$  (transformational leadership style, transactional leadership style, laissez-faire leadership style, autocratic leadership style, and democratic leadership style)

Employee performance =  $f$  (transformational leadership style, transactional leadership style, laissez-faire leadership style, autocratic leadership style, and democratic leadership style)

More specifically,

$$EM = \beta_0 + \beta_1 TFL + \beta_2 TLS + \beta_3 LFS + \beta_4 ALS + \beta_5 DLS + e$$

$$EP = \beta_0 + \beta_1 TFL + \beta_2 TLS + \beta_3 LFS + \beta_4 ALS + \beta_5 DLS + e$$

Where,

EM = Employee Motivation

EP= Employee Performance

TFL = Transformational leadership style

TLS = Transactional leadership style

LFS = Laissez-faire leadership style

ALS = Autocratic leadership style

DLS = Democratic leadership style

Employee motivation was measured using a 5-point Likert scale where there respondents were asked to indicate the responses using 5 strongly disagree for and 1 for strongly agree. There are 5 items and sample items include "The employee motivation transformational leadership style is conducive to maintaining high motivation levels", "Transactional leadership style affects the employees motivation" and so on. The reliability of the items was measured by computing the Cronbach's alpha ( $\alpha = 0.825$ ).

Employee performance was measured using a 5-point Likert scale where there respondents were asked to indicate the responses using 5 strongly disagree for and 1 for

strongly agree. There are 5 items and sample items include “The motivation and performance depend on the transformational leadership style”, “Transactional leadership style affects the employees’ motivation” and so on. The reliability of the items was measured by computing the Cronbach’s alpha ( $\alpha = 0.785$ ).

Transformational leadership style was measured using a 5-point Likert scale where the respondents were asked to indicate the responses using 5 for strongly disagree and 1 for strongly agree. There are 5 items and sample items include “Leader sets specific goals and expectation for the motivation and performance of employees”, “It is important to access effective transformational leadership style for better motivation and performance” and so on. The reliability of the items was measured by computing the Cronbach’s alpha ( $\alpha = 0.829$ ).

Transactional leadership style was measured using a 5-point Likert scale where the respondents were asked to indicate the responses using 5 for strongly disagree and 1 for strongly agree. There are 5 items and sample items include “Transactional leadership emphasizes the importance of meeting motivation and performance”. The reliability of the items was measured by computing the Cronbach’s alpha ( $\alpha = 0.798$ ).

Laissez-faire leadership style was measured using a 5-point Likert scale where the respondents were asked to indicate the responses using 5 for strongly disagree and 1 for strongly agree. There are 5 items and sample items include “The leader rarely intervenes in the processes of the team”. The reliability of the items was measured by computing the Cronbach’s alpha ( $\alpha = 0.762$ ).

Autocratic leadership style was measured using a 5-point Likert scale where the respondents were asked to indicate the responses using 5 for strongly disagree and 1 for strongly agree. There are 5 items and sample items include “Autocratic leadership style closely monitor all aspects of their work”, “The reliability of the items was measured by computing the Cronbach’s alpha ( $\alpha = 0.759$ ).

Democratic leadership style was measured using a 5-point Likert scale where the respondents were asked to indicate the responses using 5 for strongly disagree and 1 for strongly agree. There are 5 items and sample items include “Democratic leadership style foster open communication within the team”. The reliability of the items was measured by computing the Cronbach’s alpha ( $\alpha = 0.821$ ).

The following section describes the independent variables used in this study along with the hypothesis formulation.

#### *Transformational leadership style*

Transformational leadership is a leadership style that inspires and motivates employees to exceed expectations by transforming their attitudes, beliefs, and values. Meng and Berger (2019) stated that there is a strong relationship between roles of leadership on employee motivation. Similarly, Chiniara and Bentein (2016) argued that there is a positive relationship between leadership and individual performance. Likewise, Braun *et al.* (2013) concluded that there is a positive relationship between transformational leadership, and team performance. Further, Silla *et al.* (2017) revealed that there is a positive relationship between corporate reliability and culture organization on employee performance. Based on it, this study develops the following hypothesis:



H<sub>1</sub>: There is a positive relationship between transformational leadership style and employee motivation.

H<sub>2</sub>: There is a positive relationship between transformational leadership style and employee performance.

#### *Transactional leadership style*

Transactional leadership is a style where leaders promote compliance and task completion through rewards and punishments. Kelidbari *et al.* (2016) stated that there is a significant relationship between ethical leadership and motivation of employees. Similarly, Skeepers and Mbohwa (2015) revealed that there is a positive relationship between leadership visibility and performance of the employees. Likewise, Oluseyi and Hammed (2009) showed that there is a positive relationship between effective leadership moves and organizational goals. Based on it, this study develops the following hypothesis:

H<sub>3</sub>: There is a positive relationship between transactional leadership style and employee motivation.

H<sub>4</sub>: There is a positive relationship between transactional leadership style and employee performance.

#### *Laissez-faire leadership style*

Laissez-faire leadership is a hands-off approach where leaders provide minimal guidance and decision-making input, allowing employees to make their own decisions and manage their own tasks. Walumbwa *et al.* (2005) revealed that laissez-faire leadership has a strong and positive effect on organizational commitment employee motivation and performance. The study found that this leadership style can lead to enhanced motivation and performance, as employees feel more committed to the organization. Haryono and Sulisty (2020) found that leadership and work motivation have a positive and significant effect on employee performance. The study found that leaders provide clear direction and support, and when employees are motivated. Paais and Pattiruhu (2020) showed that work motivation and organizational culture had a positive and significant effect on performance. The study found that employees are motivated and operate within a supportive organizational culture, their performance levels significantly. Bhatti *et al.* (2012) effectiveness of a particular style is dependent on the employee motivation and performance. The study found that leadership effectiveness varies significantly based on with the motivational needs and performance levels of employees. Based on it, this study develops the following hypothesis:

H<sub>5</sub>: There is a positive relationship between laissez-faire leadership style and employee motivation.

H<sub>6</sub>: There is a positive relationship between laissez-faire leadership style and employee performance.

#### *Autocratic leadership style*

Autocratic leadership is a style where leaders make decisions independently with little or no input from others. Otieno and Njoroge (2019) concluded that there is a positive and significant relationship between autocratic leadership and employee performance. Similarly, Omonona *et al.* (2019) found that there is a positive relationship between autocratic leadership style and employee performance. Likewise, Jaafar *et al.* (2021) revealed that

there is a positive relationship between autocratic leadership style and work performance. Further, Dewi and Wibow (2020) showed that leadership style have a positive influence on the performance of employee. Based on it, this study develops the following hypothesis:

H<sub>7</sub>: There is a positive relationship between autocratic leadership style and employee motivation.

H<sub>8</sub>: There is a positive relationship between autocratic leadership style and employee performance.

### 3. Results and discussion

#### *Correlation analysis*

On analysis of data, correlation analysis has been undertaken first and for this purpose, Kendall's Tau correlation coefficients along with mean and standard deviation has been computed and the results are presented in Table 1.

Table 1

#### **Kendall's Tau correlation coefficients matrix**

This table presents Kendall's Tau coefficients between dependent variable and independent variables. The correlation coefficients are based on 109 observations. The dependent variables are EM (Employee motivation) and EP (Employee performance). The independent variables are TFL (Transformational leadership style), TLS (Transactional leadership style), LFS (Laissez-faire leadership style), ALS (Autocratic leadership style), and DLS (Democratic leadership style).

Variables	Mean	S.D.	EM	EP	TFL	TLS	LFS	ALS	DLS
EM	2.027	0.721	1						
EP	1.954	0.664	0.681**	1					
TFL	1.978	0.753	0.567**	0.572**	1				
TLS	1.956	0.694	0.500**	0.477**	0.642**	1			
LFS	2.080	0.787	0.472**	0.490**	0.607**	0.542**	1		
ALS	2.214	0.891	-0.347**	-0.328**	0.456**	0.412**	0.531**	1	
DLS	1.866	0.682	0.534**	0.553**	0.575**	0.525**	0.520**	0.364**	1

Notes: The asterisk signs (\*\*) and (\*) indicate that the result are significant at one percent and five percent levels respectively.

Table 1 shows that transformational leadership style is positively correlated to employee motivation. It indicates that transactional leadership focuses more on extrinsic motivation. Similarly, transactional leadership style is positively correlated to employee motivation. It indicates that transactional leadership utilizes rewards and punishments to motivate the employees. Likewise, laissez-faire leadership style is positively correlated to employee motivation. It indicates that letting employees do as they choose leads to increase in employee motivation. Further, autocratic leadership style is negatively correlated to employee motivation. It indicates that individual control over all decisions and little input from group members lead to decrease on employee motivation. In addition, democratic leadership style is also positively correlated to employee motivation. It indicates that letting multiple people participate in the decision-making process leads to increase in employee motivation.

Similarly, the study also shows that transformational leadership style is positively correlated to employee performance. It indicates that transactional leadership focuses



more on extrinsic motivation that leads to increase in employee performance. Similarly, transactional leadership style is positively correlated to employee performance. It indicates that transactional leadership utilizes rewards and punishments to increase the employees' performance. Likewise, laissez-faire leadership style is positively correlated to employee performance. It indicates that letting employees do as they choose leads to increase in employee performance. Further, autocratic leadership style is negatively correlated to employee performance. It indicates that individual control over all decisions and little input from group members lead to decrease in employee performance. In addition, democratic leadership style is also positively correlated to employee performance. It indicates that letting multiple people participate in the decision-making process leads to increase in employee performance.

### Regression analysis

Having indicated the Kendall's Tau correlation coefficients, the regression analysis has been carried out and the results are presented in Table 2. More specifically, it shows the regression results of transformational leadership style, transactional leadership style, laissez-faire leadership style, autocratic leadership style, and democratic leadership style on employee motivation.

Table 2

### Estimated regression results of transformational leadership style, transactional leadership style, laissez- faire leadership style, autocratic leadership style, and democratic leadership style on employee motivation

The results are based on 109 observations using linear regression model. The model is  $EM = \beta_0 + \beta_1 TFL + \beta_2 TLS + \beta_3 LFS + \beta_4 ALS + \beta_5 DLS + e$  where the dependent variable is EM (Employee motivation). The independent variables are TFL (Transformational leadership style), TLS (Transactional leadership style), LFS (Laissez- faire leadership style), ALS (Autocratic leadership style), and DLS (Democratic leadership style).

Model	Intercept	Regression coefficients of					Adj. R_bar <sup>2</sup>	SEE	F-value
		TFL	TLS	LFS	ALS	DLS			
1	0.770 (5.261)**	0.635 (9.182)**					0.435	0.542	84.311
2	0.940 (5.344)**		0.556 (6.557)**				0.280	0.612	42.994
3	0.939 (5.810)**			0.523 (7.201)**			0.320	0.594	51.859
4	1.333 (7.747)**				-0.314 (4.349)**		0.142	0.668	18.915
5	0.807 (5.064)**					0.654 (8.154)**	0.377	0.569	66.488
6	0.716 (4.443)**	0.573 (5.479)**	0.091 (0.803)				0.434	0.543	42.338
7	0.665 (4.049)**	0.492 (4.208)**	0.035 (0.299)	0.153 (1.487)			0.440	0.539	29.286
8	0.693 (4.124)**	0.500 (4.253)**	0.049 (0.408)	0.190 (1.687)	-0.314 (4.349)**		0.438	0.541	22.061
9	0.570 (3.373)**	0.400 (3.339)**	0.013 (0.111)	0.123 (1.097)	-0.054 (0.692)	-0.054 (0.692)	0.471	0.524	20.266

Notes:

- Figures in parenthesis are t-values.
- The asterisk signs (\*\*) and (\*) indicate that the results are significant at one percent and five percent level respectively.
- Employee motivation is dependent variable.

The regression results show that the beta coefficients for transformational leadership style are positive with employee motivation. It indicates that transformational leadership style has a positive impact on employee motivation. This finding is consistent with the findings of Meng and Berger (2019). Similarly, the beta coefficients for transactional leadership style are positive with employee motivation. It indicates that transactional leadership style has a positive impact on employee motivation. This finding is consistent with the findings of Kelidbari *et al.* (2016). Likewise, the beta coefficients for laissez faire leadership style are positive with employee motivation. It indicates that laissez faire leadership style has a positive impact on employee motivation. This finding is consistent with the findings of Walumbwa *et al.* (2005). Further, the beta coefficients for autocratic leadership style are negative with employee motivation. It indicates that autocratic leadership style has a negative impact on employee motivation. This finding is consistent with the findings of Otieno and Njoroge (2019). In addition, the beta coefficients for democratic leadership style are positive with employee motivation. It indicates that democratic leadership style has a positive impact on employee motivation. This finding is similar to the findings of Dastane (2020)

Table 3 show the regression results of transformational leadership style, transactional leadership style, laissez-faire leadership style, autocratic leadership style, and democratic leadership style on employee performance.

Table 3

**Estimated regression results of transformational leadership style, transactional leadership style, laissez- faire leadership style, autocratic leadership style, and democratic leadership style on employee performance**

The results are based on 109 observations using linear regression model. The model is  $EM = \beta_0 + \beta_1 TFL + \beta_2 TLS + \beta_3 LFS + \beta_4 ALS + \beta_5 DLS + e$  where the dependent variable is EP (Employee performance). The independent variables are TFL (Transformational leadership style), TLS (Transactional leadership style), LFS (Laissez- faire leadership style), ALS (Autocratic leadership style), and DLS (Democratic leadership style).

Model	Intercept	Regression coefficients of					Adj. R <sup>2</sup>	SEE	F-value
		TFL	TLS	LFS	ALS	DLS			
1	0.773 (5.829)**	0.597 (9.518)**					0.453	0.491	90.600
2	0.883 (5.616)**		0.597 (9.518)**				0.322	0.547	52.235
3	0.968 (6.455)**			0.474 (7.028)**			0.309	0.552	49.398
4	1.362 (8.489)**				0.267 (3.978)**		0.121	0.623	15.825
5	0.812 (5.590)**					0.271 (2.772)**	0.390	0.519	70.112
6	0.689 (4.741)**	0.498 (5.290)**	0.143 (1.405)				0.458	0.489	31.342
7	0.660 (4.438)**	0.454 (4.281)**	0.113 (1.051)	0.084 (0.895)			0.457	0.489	58.421
8	0.706 (4.665)**	0.466 (4.406)**	0.135 (1.246)	0.142 (1.401)	0.105 (1.450)		0.463	0.487	24.278
9	0.594 (3.907)**	0.375 (3.484)**	0.078 (0.733)	0.081 (0.805)	0.105 (1.450)	0.271 (2.772)**	0.495	0.472	22.208

Notes:

- Figures in parenthesis are t-values.
- The asterisk signs (\*\*) and (\*) indicate that the results are significant at one percent and five percent level respectively.
- Employee performance is dependent variable.

The regression results show that the beta coefficients for transformational leadership style are positive with employee performance. It indicates that transformational leadership style has a positive impact on employee performance. This finding is consistent with the findings of Chiniara and Bentein (2016). Similarly, the beta coefficients for transactional leadership style are positive with employee performance. It indicates that transactional leadership style has a positive impact on employee performance. This finding is consistent with the findings of Skeepers and Mbohwa (2015). Likewise, the beta coefficients for laissez faire leadership style are positive with employee performance. It indicates that laissez faire leadership style has a positive impact on employee performance. This finding is consistent with the findings of Haryono and Sulisty (2020). Further, the beta coefficients for autocratic leadership style are negative with employee performance. It indicates that autocratic leadership style has a negative impact on employee performance. This finding is consistent with the findings of Jaafar *et al.* (2021). In addition, the beta coefficients for democratic leadership style are positive with employee performance. It indicates that democratic leadership style has a positive impact on employee performance. This finding is similar to the findings of Altheeb (2020).

#### 4. Summary and conclusion

Leadership style in a commercial bank is crucial for fostering a productive and motivated workforce, directly influencing the bank's operational efficiency and customer satisfaction. Effective leaders cultivate a positive organizational culture, drive strategic initiatives, and manage risks adeptly. They inspire employee engagement and innovation, which are vital in a highly competitive and regulated financial environment. Moreover, adaptable leadership can navigate the bank through economic fluctuations and regulatory changes, ensuring sustained growth and stability. Leadership is an important element of the directing function of management. Whenever there is an organized group of people working towards a common goal, some type of leadership becomes essential. The power of leadership is the power of integrating. The leader stimulates what is best in us, he unites and concentrates what we feel only gropingly and shatteringly. Leadership Style can be defined as the pattern of behavior that a leader apply to get the work done through his/her followers or it can be said that a leadership style is a method through which a leader puts his/her leadership practices in place to interact with his/her subordinates.

This study attempts to examine the influence of leadership style on employee motivation and performance on Nepalese commercial bank. The study is based on primary data of 109 respondents.

The major conclusion of the study is that transformational leadership style, transactional leadership style, laissez-faire leadership style, and democratic leadership style have positive impact on employee motivation and employee performance. However, autocratic leadership style has a negative impact on employee motivation and employee performance. The study also concludes that democratic leadership style is the most significant factor followed by transformational leadership style that determines the change in the employee motivation and employee performance in the context of Nepalese commercial bank.

#### References

- Adhikari, P. R., 2019. Determinants of job satisfaction and its impact on employee performance in Nepalese commercial banks. *The Journal of Economic Concerns* 10(1), 74-81.

- Ahmadyah, A., H. Hasyim, & L. Nadia, 2024. The influence of leadership style on employee performance through work motivation at the secretariat of Simeulue Regency. *Gema Wiralodra* 15(1), 181-193.
- Al Khajeh, E. H., 2018. Impact of leadership styles on organizational performance. *Journal of Human Resources Management Research* 8(2), 1-10.
- Altheeb, S. A., 2020. Leadership style and employee motivation: A study of Saudi Arabian work environment. *Journal of Educational Psychology-Propositions Representations* 8(2), 2307-7999.
- Arifuddin, A., W. Lita, S. Catherine, & S. Yingxiang, 2023. The influence of leadership style and work motivation on employee performance. *Journal Markcount Finance* 1(3), 206-215.
- Asrar-ul-Haq, M., & K. P. Kuchinke, 2016. Impact of leadership styles on employees' attitude towards their leader and performance: empirical evidence from Pakistani banks. *Future Business Journal* 2(1), 54-64.
- Atmojo, M., 2015. The influence of transformational leadership on job satisfaction, organizational commitment, and employee performance. *International Research Journal of Business Studies* 5(2), 113-128.
- Babalola, S. S., 2016. The effect of leadership style, job satisfaction and employee-supervisor relationship on job performance and organizational commitment. *Journal of Applied Business Research* 32(3), 935-947.
- Baig, S. A., S. Iqbal, M. Abrar, I. A. Baig, F. Amjad, M. Zia-ur-Rehman, & M. U. Awan, 2021. Impact of leadership styles on employees' performance with moderating role of positive psychological capital. *Total Quality Management & Business Excellence* 32(9-10), 1085-1105.
- Braun, S., C. Peus, S. Weisweiler, & D. Frey, 2013. Transformational leadership, job satisfaction, and team performance: A multilevel mediation model of trust. *Leadership Quarterly* 24(1), 270-283.
- Chalise, D. R., & V. Paudel, 2023. Cultivating job satisfaction: Influence of transactional leadership in Nepali commercial banks. *Management Dynamics* 26(1), 1-9.
- Dastane, D. O., 2020. Impact of leadership styles on employee performance: A moderating role of gender. *Australian Journal of Business and Management Research* 5(12), 27-52.
- Eliyana, A., & S. Ma'arif, 2019. Job satisfaction and organizational commitment effect in the transformational leadership towards employee performance. *European Research on Management and Business Economics* 25(3), 144-150.
- Fiaz, M., Q. Su, A. Ikram, & A. Saqib, 2017. Leadership styles and employees' motivation: perspective from an emerging economy. *The Journal of Developing Areas* 51(4), 143-156.
- Hajiali, I., Kessi, A. M. F., Budiandriani, B., Prihatin, E., & Sufri, M. M. 2022. Determination of work motivation, leadership style, employee competence on job satisfaction and employee performance. *Golden Ratio of Human Resource Management* 2(1), 57-69.
- Hakuduwal, K., 2019. Human resource development and employee engagement in Nepalese commercial banks. *Journal of Business and Social Sciences Research* 4(2), 21-34.
- Haryono, S., and B. A. Sulisty, 2020. Effects of work motivation and leadership toward work satisfaction and employee performance: Evidence from Indonesia. *The Journal of Asian Finance, Economics and Business* 7(6), 387-397.
- Hidayat, M. S., D. H. Perkasa, M. I. N. Susiang, & R. D. Parashakti, 2023. The influence of motivation, work discipline, and leadership on employee performance at pt. Kalimutu mitra perkasa. *Kne*

*Social Sciences* 2(1), 432-443.

- Ibrahim, A. U., & C. O. Daniel, 2019. Impact of leadership on organizational performance. *International Journal of Business, Management and Social Research* 6(2), 367-374.
- Iqbal, N., S. Anwar, & N. Haider, 2015. Effect of leadership style on employee performance. *Arabian Journal of Business and Management Review* 5(5), 1-6.
- Iriani, N. I., S. Suyitno, T. Sasongko, M. Rifai, P. Indrihastuti, & D. A. W. Yanti, 2023. Leadership style, compensation and competence influence on employee performance through job satisfaction. *Journal of Business and Management Studies* 5(1), 38-49.
- Jamali, A., A. Bhutto, M. Khaskhely, & W. Sethar, 2022. Impact of leadership styles on faculty performance: Moderating role of organizational culture in higher education. *Management Science Letters* 12(1), 1-20.
- Kelidbari, H. R. R., M. Fadaei, & P. Ebrahimi, 2016. The role of ethical leadership on employee performance in Guilan University of Medical Sciences. *Procedia - Social and Behavioral Sciences* 230(2016), 463-470.
- Kesting, P., J. P. Ulhøi, L. J. Song, and H. Niu, 2016. The impact of leadership styles on innovation-a review, *Journal of Innovation Management* 3(4), 22-41.
- Kuswati, Y., 2020. The effect of motivation on employee performance. *Budapest International Research and Critics Institute-Journal* 3(2), 995-1002.
- Lama, P. B., 2022. Human resource practices and employee satisfaction in Nepalese commercial banks. *Interdisciplinary journal of management and social sciences* 3(1), 120-134.
- Meng, J., & B. K. Berger, 2019. The impact of organizational culture and leadership performance on PR professionals' job satisfaction: Testing the joint mediating effects of engagement and trust. *Public Relations Review* 45(1), 64-75.
- Oluseyi, S. A., and A. T. Hammed, 2009. Influence of Work Motivation, Leadership Effectiveness, and Time Management on Employee's Performance in Some Selected Industries in Ibadan, State, Nigeria. *European Journal of Economics, Finance, and Administrative Sciences* 1(6), 8-14.
- Omonona, S., O. N. I. Olabanji, and J. Obamen, 2019. Effects of leadership style on employee performance of fast moving consumer goods (FMCGS) in South Africa. *Journal of Economics and Behavioral Studies* 11(1 (J)), 1-10.
- Otieno, B. N., and J. G. Njoroge, 2019. Effects of leadership styles on employee performance: Case of Technical University of Kenya. *International Journal of Education and Research* 7(6), 115-132.
- Paais, M., & J. R. Pattiruhu, 2020. Effect of motivation, leadership, and organizational culture on satisfaction and employee performance. *The Journal of Asian Finance, Economics and Business* 7(8), 577-588.
- Pawirosumarto, S., P. K. Sarjana, & R. Gunawan, 2017. The effect of work environment, leadership style, and organizational culture towards job satisfaction and its implication towards employee performance in Parador Hotels and Resorts, Indonesia. *International Journal of Law and Management* 59(6), 1337-1358.
- Pawirosumarto, S., P. K. Sarjana, & M. Muchtar, 2017. Factors affecting employee performance of PT. Kiyokuni Indonesia. *International Journal of Law and Management* 59(4), 602-614.
- Putri, D. K. A., & A. Hartono, 2023. Training, leadership style, and work environment on employee performance: the role of work motivation. *Jurnal Fokus Manajemen Bisnis* 13(2), 197-214.

- Rahman, A., and S. M. Esterina, 2018. Pengaruh Gaya Kepemimpinan Terhadap Kinerja Pegawai. *SNIT* 1(1), 28-34.
- Rajendra, K. C., & A. Neupane, 2020. Exploring the status of employee empowerment in the commercial banking sectors in Nepal. *International Journal of Scientific and Research Publications* 10(4), 340-349.
- Razak, A., S. Sarpan, & R. Ramlan, 2018. Effect of leadership style, motivation and work discipline on employee performance in pt. Abc makassar. *International Review of Management and Marketing* 8(6), 67.
- Rodriguez-Clare, A., & J. Dingel, 2021. The effect of compensation, leadership style and work discipline on the performance of hospital employee in United States. *Medical Research, Nursing, Health and Midwife Participation* 2(1), 33-47.
- Silla, I., J. Navajas, and G. K. Koves, 2017. Organizational culture and a safety-conscious work environment: The mediating role of employee communication satisfaction. *Journal of Safety Research* 61(6), 121-127.
- Skeepers, N. C., and C. Mbohwa, 2015. A study on the leadership behaviour, safety leadership and safety performance in the construction industry in South Africa. *Procedia Manufacturing* 4(2015), 10-16.
- Sofi, M. A., & K. Devanadhen, 2015. Impact of leadership styles on organizational performance: An empirical assessment of banking sector in Jammu and Kashmir (India). *Journal of Business and Management* 17(8), 31-45.
- Wahyudi, L., H. P. Panjaitan, & A. T. Junaedi, 2023. Leadership style, motivation, and work environment on job satisfaction and employee performance at the environment and hygiene department of Pekanbaru city. *Journal of Applied Business and Technology* 4(1), 55-66.
- Walumbwa, O. F., O. Bani, W. Peng, and L. J. John, 2005. Transformational leadership, organizational commitment, and job satisfaction: A comparative study of Kenyan and U.S. financial firms. *Human Resource Management Quarterly* 16(2), 235-256.