

**USE OF LEADERSHIP STYLES & THEIR INFLUENCE ON
EMPLOYEES' PERFORMANCE IN A SMALL COMPANY**



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ABSTRACT

To manage employees with appropriate leadership styles in the car maintenance business in order to enhance their performance is one of the tasks that every owner of a car maintenance company has to do. It also is what this paper is focusing on. In this research, the actual situation in the three car maintenance companies is discussed to see what the common pattern form of relationship styles the bosses commonly use to manage their employees and to see how their leadership styles effect the employees' performance in their perception, and how employees perceive the way their bosses use the leadership styles. The case was analyzed by adopting Hsin-Kuang, Hsien-Pei and Pi-Fen's framework of leadership style in relation to employees' performance. The research methodology was in-depth interviews with open-ended questions. The finding shows that transformational leadership style is more acceptable and frequently used than transactional leadership style here because it has a strong positive effect on employees' performance.

KEY WORDS: LEADERSHIP STYLE/TRANSACTIONAL

**LEADERSHIP/TRANSFORMATOANL LEADERSHIP/
EMPLOYEES' PERFORMANCE**

31 Pages

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CHAPTER I

INTRODUCTION

There are many kinds of company in the world today. Each company struggles to find any way to keep it alive and grow because they are under the unpredictable business environment and intensive competition. In a small company, a group of people, who come from different places and different backgrounds with different thoughts, is hired to serve as “Employees” and accomplish the given task together under the management of a boss in order to reach the company’s set goal. How to lead the employees to reach the company’s goal becomes a critical issue for bosses, particularly in small companies because they face more challenges in keeping alive than middle and large companies. To lead the employees to achieve the desired goals of the company, leadership style is a key factor to direct the employees to accomplish the company’s goal effectively and efficiently.

Use of different leadership style in controlling or directing the employees can produce different results for the company. If the boss uses the appropriate leadership style at the right time and the right situation, it will encourage the employee to perform a task in the right way and perform it well. If the boss uses an inappropriate leadership style to manage the company, it will cause an unpleasant result. I would like to study the use of leadership styles which depend on the leadership theories: *transactional leadership style, transformational leadership style* (Kedsuda & Stephen, 2008, p.32).

In this research, I will focus the companies in the car maintenance industry. I want to know what kind of leadership style the bosses in this industry normally use toward his/her employees and their influences on the employees’ performances.

1.1 Problem Statement

Each leadership style and behavior can motivate or encourage the employees to perform differently because they perceive it differently. This study also intends to disclose the deep reason behind using the various leadership styles of the bosses and their influence on employees' performance. The study results may help researchers to understand the impact of leadership styles in the small car maintenance companies very well.

1.2 Research Objectives

- To understand the concept of leadership styles.
- To understand the common pattern of leadership styles used in car maintenance companies.
- To understand the relationship between different kind of leadership style and employees' performances in small car maintenance companies.

1.3 Research Question

Which leadership style is more commonly used in car maintenance companies? How do the different leadership styles impact the employees' performance?

1.4 Research Scope

The company **A**, **B** and **C** which provide car maintenance services, were selected as the case study to look at the leadership styles the bosses in this industry normally uses toward their employees and their influences on employees' performances. Exploratory research was a selected research method to apply in this case study. It used Pilot studies to interview a limited number of bosses and employees in order to collect the related supportive information and clarify the research problem. It also reviewed the past related academic journals in order to find out the main points

to support the finding. Problems and limitations from this framework will be discussed after the application.

1.5 Benefit

This research topic will help the owners of car maintenance companies or other fields use appropriate leadership styles to manage their employees. The appropriate leadership styles can influence employees' performance positively, and there is no doubt that the effective employees' performance can increase productivity, market share and profit.



CHAPTER II

LITERATURE REVIEW

2.1 The Definition of Leadership Style

Firstly, it is necessary to clarify the definition of *leadership* and *leadership style*. One definition in the *Oxford Advanced learner's Dictionary [OALD]*, which defines leadership as “the ability to be a leader or the qualities a good leader should have” (“leadership, noun”, 2010). There seems no doubt about the definition of *leadership*. As in term of use of leadership style study, the definition of *leadership* has been defined as “individual behavior to guide a group to achieve the common target” (Timothy, Andy, Victory & Idowu, 2011, p.101). The definition of *leadership style* in this term has been defined as “The relatively consistent pattern of behavior that characterizes a leader” (Kittipong, 2005, p.4) or “Leadership style is a key factor related to organizational learning, accomplished by building a sense of commitment based on the shared vision among members of the organization” (Vissanu, 2014, p.432).

According to Bennett and Anderson (2003) quoted in Sahfie, Baghersalimi & Barghi (2013, p.22), in terms of organization, leadership has been one of the pillars of organizational societies. When leadership is considered as a function, it is an important component of management. And his presence and existence in the organization is considered as a means or styles of leadership to achieve certain goals.

2.2 Leadership Style & Employees' Performance

Obviously, every manager in a company uses a particular leadership style through the behavioral pattern to manage employees during the constant work. The leadership style has a significant impact on staff moral and that morale will affect their performance. (Shafie, Baghersalimi & Barghi, 2013, p.22)

According to Liliana, Emilio, Milagros and Juan (2006, p.161), in small firm, decisions are generally taken by one person, normally the owner, whereas in larger companies decisions are taken by a management team. Furthermore, management styles and relations with employees are more informal in small organization than in bigger ones. From this content, it is obvious that the leadership style of small company's bosses have stronger effects on their employees, this study will help us understand the relationship styles in small car maintenance companies very well.

2.3 Transactional leadership & Transformational leadership

Among the various theories of leadership style that influence the employee performance, there are two most significant theories which are *transactional* and *transformational leadership* theories. (Saowalux P. and Chang P., 2007, p.2)

2.3.1 Transactional leadership

Transactional leadership involved as exchanges and transactions process between leaders and employees. This kind of leadership focus on controlling and directing employees by giving them the various benefits such as promotion, bonuses to make them compliant with leaders' requests in order to achieve the company's goals. This leadership style doesn't generate the enthusiasm and commitment to the task objective (Timothy C., Andy T., Victoria O. and Idowu A. 2011,p.104).

According to Saowalux and Chang, P. (2007), transactional leadership is identified as constructive and corrective aspects. The constructive behavior style is labeled "contingent reward" and the corrective style is labeled "management-by-exception". Management-by-exception includes active and passive aspects. They also explain each of them in details as below:

- **Contingent reward** refers to that the leader clarifies the task, company's goal and objective in order that the employees perform in a right direction. The leader will offer recognition and give incentives or contingent rewards to employees if they accomplish the task and reach the

goal of the company. This type of leadership style is perceived as bargaining exchange.

- ***Active management-by-exception*** refers to the leader setting the standards for compliance, and he/she will punish employees if they don't comply with the standards. The leader, who uses this leadership style, monitors employees' performance closely for finding out the mistakes and errors and takes corrective action immediately when mistakes and errors occur.

- ***Passive management-by-exception*** refers to the leader intervening and taking action only when there are evidences obviously showing that the problem occurred. This leadership style doesn't react to situations and problems systematically. Passive leaders avoid specifying agreement, clarifying expectations, and providing goals and standards to be achieved by employees. The employees under this leadership are likely to avoid changing and taking risk. They prefer to maintain the status quo. (Kedzuda and Stephen O., 2008, p.7)

2.3.2 Transformational leadership

According to Saowalux and Chang, P. (2007), transformational leadership behavior is from the leader's value and belief and motivates employees to do more than the leader originally expected them to do. The employees under transformational leadership feel trust, admiration, loyalty and respect toward the leader. The transformational leader motivates employees to perceive the importance of task outcomes, focuses on the interests of the group or company instead of just their own self-interest. It also motivates employees to reach their high order needs. The transformational leader encourages employees to think critically and find out new ways to approach their jobs, and it is a useful way to enhance their performances in work, satisfaction and commitments to the company's goal. A leader with high transformational behavior can inspire employees to raise their criteria for success and develop their problem solving skills. The transformational leadership is considered to be effective in any situation or culture that has deeply held personal value systems that include things like justice and integrity.

According to Bass and Avolio (2002; 1998; 1994; 1991; 1985) quoted in Kensuda L. and Stephen O. (2008), transformational leadership includes four factors as below:

- ***Idealized influence charisma*** – this factor consists of idealized influence attributes and behavioral. The leaders in this type become a role model who are admired, trusted and emulated by their employees. They create an attractive vision for the company. They continuously spend most efforts in pursuing the goal without giving up although they face huge challenges. The leaders behave in moral, ethical and principled ways and consider employees' needs over their own needs. They also share the successes and risks with their employees.
- ***Inspirational motivation*** – Leaders communicate high expectation, use symbols to focus efforts and express purpose in simple ways because employees respect the leaders who provide emotional appeal for employees to increase the awareness and understanding of mutually desirable goals. The leaders express the company's future optimistically and explain company's vision clearly. Providing meaning and challenge to employees' works generate the motivation such as the spirit of the individual or team arise, enthusiasm and optimism are displayed. The leaders encourage employees to imagine an attractive future of the company and themselves.
- ***Intellectual stimulation*** – Leaders provides employees with new challenging ideas and encourages them to give up the old way of thinking. The leaders, who use this type of leadership, are promoting logical, intelligent thinking, and careful problem solving. They suggest and encourage employees to rethink and solve old problems in new and innovative ways. It is useful to develop the capabilities of employees in solving problems effectively.
- ***Individual consideration*** – This type of leadership is “individual consideration” which is concerned with developing followers by coaching and mentoring. The leader focuses on the difference between each individual's ability and goal among employees and pays close attention to

listening attentively to each individual's needs, concerns in order to act as mentor to treat employees individually in term of raising their levels of mutuality and enhancing their abilities to address the challenges and reach the goal.

From the above mentioned leadership theories we can conclude that, the difference between transactional leadership and transformational leadership lies in the way of motivating employees (Timothy C., Andy T., Victoria O. and Idowu A. 2011. 2011, p.103)

2.4 The criterion of leadership existence

One question may appears in this study, it is that how can we know that the companies, which we will go to interview, are managed by leaderships or not? According to Duckett and Macfarlane (2003) quoted in Shafie B., Baghersalimi S. and Barghi V. (2013), As leadership is a determinant to improve the performance of a company, the success or failure of a company depends on the effectiveness of various leadership styles. According to Koontz and Donnell (1993) quoted in Timothy C., Andy T., Victoria O. and Idowu A. (2011), Organizational performance refers to the ability of a company to achieve such objectives as high profit, quality product, large market share, good financial results.

2.5 Hypotheses Development

From the many studies, they prove that the relationship between independent variable of leadership style and dependent variable of employees' performance is positive. It means that transformational leadership and transactional leadership correlate positively with the employee's performance. (Hsin-Kuang, Hsien-Pei and Pi-Fen, 2007, p.208,209).

Many studies conclude that the transformational leadership has significant correlation with employees' performance outcome such as effectiveness in work, extra work than transactional leadership. (Durga Devi P. and Prabhu, 2011, p.206). It

means that transformational leadership influences employees' performance effectively more than transactional leadership in a small company (Tunkay and Zeki, 2014, p.150).

But some studies provide different conclusion such as the study of Timothy, C. Andy, T. and Victoria, O. (2011) summarize that transformational leadership affects employees insignificantly, but transactional leadership affects employees positively and significantly in small scale enterprises. But in the final conclusion, they have recommended that small enterprises should use transactional leadership style for management and transit gradually and strategically to be transformational leadership in the long term in order to develop and grow the businesses. This recommendation supports indirectly the point that transformational leadership is more appropriate than transactional leadership for companies grow in the long term.

On the other hand, some studies suggest that companies should use both transactional leadership and transformational leadership in enhancing employees' performances, and the use of leadership style depends on the situation and the complexity of tasks (Umer Paracha, Adnan Qamar, Anam Mirza, Inam-ul-Hassan and Hamid Waqas, 2012, p.61)

According to various studies, they show that small companies use both leadership style in influencing employees' performances, and the transformational leadership style is normally used because it has more effective than transactional leadership in inducing employees' performance. Based on these points, the hypothesis is formed as transformational leadership is frequently used in small companies.

2.6 Research Framework

According to Hsin-Kuang, Hsien-Pei and Pi-Fen (2007), I would like to use the framework of leadership in their research study to find out about the use of leadership styles and the relationship that leads to employees' performance in these car maintenance companies.

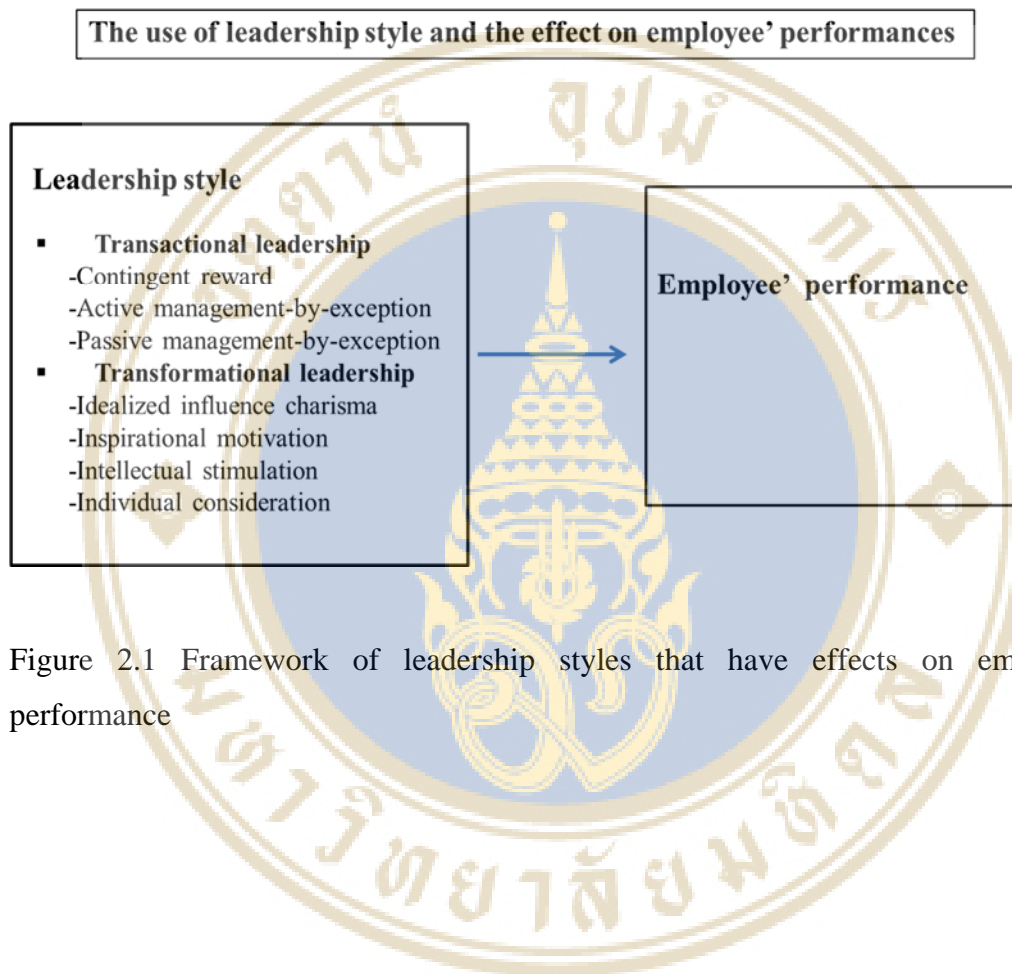


Figure 2.1 Framework of leadership styles that have effects on employees' performance

CHAPTER III

RESEARCH METHODOLOGY

3.1 Research Setting & Data Collection

Qualitative research is used in this thematic paper because it helps us to gather in-depth understanding of the use of leadership styles of bosses in car maintenance companies and their influences on employees' performance. The in-depth interview, a qualitative research technique in conducting individual interviews in order to collect information from individual's thoughts, attitudes, opinions and behavior toward something, and this kind of interview is adopted in this case. It can provide a more relaxed atmosphere for interviewees to let them feel more comfortable answering questions without any pressure from internal and external factors (Boyce, C. and Neale, P., 2006, p.3). The interviewer can get more exact and deep information by asking interviewees questions so deeply and in detail in order to encourage them to explain more. Sometimes interviewers can increase or reduce questions according to the interview situation. It is a very useful way to make the interview more effective and efficient. The open-ended questions below can meet the interview's requirements.

During the interview, voice recording and note taking were conducted in order to collect the information of interview for analysis after. Each boss was interviewed for around 50 minutes and for each employee about 10 minutes.

The chosen type of company is a car maintenance company because it is the small company and its boss's leadership styles have stronger effects to its employees (Liliana, Emilio, Milagros and Juan, 2006). There are three companies were selected for research. The criteria for selecting them is that they have good organizational performance such as a large market share and high profit after their bosses have managed them, and there is no doubt that the success of a company depends on the effectiveness of various leadership styles (Duckett & Macfarlane, 2003). The detail of each company's organizational performance is showed as below :

The chosen companies are **A**, **B** and **C**. These companies provide various car maintenance services, and they are managed very successful in term of organizational performance by their bosses.

Company **A** which is managed by Mr. **A** is located in Donmueang district. There are 13 mechanics, 1 financial and admin staff working full time in the car repair garage. The average age among them is 46 years old. 90% of overall employees have been working in this company at least 6 years. After Mr. **A** got the business, the company net income per year has increased 12%-15% per year, and the market share has reached around 28-30% in the Donmueang and Rangsit district.

Company **B** is located in Bang Sue district. It is managed by Mr. **B** who is a 45 years old. There are 9 mechanics and 2 financial staff. Mr. **B** has moved his company from the other district to Bang Sue district 2 years ago. His employees have worked with him for around 8 years. The company's market share reached around 45% in Bang Sue district within 2 years.

Company **C** is located in Bang Yai district. It is managed by Mr. **C** who is 45 years old. There are 8 mechanics and 1 financial staff. Mr. **C** has run the business for 8 years, and his company has the market share of around 20% in Bang Yai district.

3.2 Interview Objective

The objectives of the interview with bosses as below:

- Leadership styles that bosses normally use in their companies.
- The hidden reasons for the use of the different kind of leadership.
- The reaction to each leadership style in terms of employees' performances.

The objectives of the interview with employees as below:

- The feeling for the leadership styles of their bosses.
- Their reaction to the leadership styles.
- To use their answers to probe the viewpoints of bosses.

3.3 Respondents

This research was conducted with the above three companies. These companies were selected as case studies in order to study the uses of relationship styles in car maintenance companies and their influence in companies in term of employees' performance. For this study, theories of transformational and transactional leadership were applied to form the questions. The interview sessions were conducted with three bosses and six mechanics from three companies, or it means that one interview with one boss and two mechanics from the company. The average ages of bosses and mechanics are above 44 and 30 respectively. Mechanics represent employees, and the bosses represent the boss in the general meaning in this case. The mechanics were selected randomly. The list of name of interviewees was kept secret in order to protect their identities.

Interview:

The list of interviewees which are bosses as below:

Mr. A, a 46 years old man, is the boss of the company A. He got the business from his father in 2008. Before 2008, he worked as a technician in Toyota Thailand. He has 22 years working experience in the car maintenance industry.

Mr. B, a 45 years old man, is the boss of the company B. He has 22 years working experience in the car maintenance industry.

Mr. C, a 45 years old man, is the boss of the company C. He set up the company 8 years ago. He worked as a mechanic in Honda Thailand. He has 20 years working experience in the car maintenance industry.

Their main responsibilities are managing car maintenance garages, monitoring the mechanics' performance in order to lead them to reach the company's goals, making sure that their providing service can satisfy customers. Before I interviewed them, I explained the definition of each leadership style to them in order to let them form the idea and understand leadership clearly. The ultimate goals of bosses are maximizing profits as much as possible.

The list of interviewees which are mechanics as below:

For the mechanic's interviewees, I interviewed a total of six mechanics for three companies or two mechanics for each company. Four of them are aged older than 40 and two older than 25. They have worked in their companies for 6 years or

more. They know their companies very well and are assigned tasks from their respective bosses. They take responsibilities in repairing car engines, air conditioners or other parts of car, reporting the work progresses and problems to their bosses. They need to work with their bosses closely in order to make the work progress run effectively. Before interviewing them, I explained the definition of each leadership style to them in order to let them understand the knowledge about leadership style.

3.4 Interview Questions

I interviewed bosses with open-ended questions as below:

- Normally, how do you manage mechanics in regular working?
- What are their reactions to your management in term of work performance?
- What do you do if your mechanics face problems in working? And why?
- If you have to ask your mechanics to do a tough task, how do you do this? And why?
- How do you do in getting your mechanics to work for you? And why?
- How do you motivate mechanics to do more than you originally expected and why?
- How can you make your mechanics perceive the company's goals as their goals?
- How do you monitor your mechanics' performances and work process?

I interviewed mechanics with open-ended questions as below:

- Please explain the management style of your boss. How do you feel and react to that?
- Does your boss help you when you face some problems in work? And how does he/she help you resolve that problems?
- What particular style of the boss makes you happy to work with?
- What style makes you unhappy or frustrated?
- What do you want to get from your boss except salary?

CHAPTER IV

RESEARCH FINDINGS

In this part, there is the interviewing result of 3 bosses and 6 mechanics as below. It shows the findings that were from interviewees during the interview, which will be used for analysis later. The answers of each boss represent their use of leadership styles and mechanics' performance which were influenced by their leadership styles. The answers of each mechanic can be used to prove the answers of each boss.

The findings of interview from the company A

Firstly, I focus on the first company named as **A**. The answers of the boss were separated into two dimensions of leadership style as below:

- **Transactional leadership style**

The boss explained that *“I usually tell my mechanics how long they should finish tasks in order to meet the requirements of customers. I usually watch their working process closely but it doesn't mean that I stand closely beside them. I don't want to make them under pressure. I walk in and correct their mistake when I feel the problems will occur. If the problem occurs that caused by the fail of mechanics, I will cut their bonus. Actually I don't want to do that.”* There is no doubt at all that the boss uses **Active management-by-exception** leadership here. When he was asked about how his mechanics react to this type, he said that *“The majority reacts in positive ways. They do the tasks that are within in the scope because they know that the boss is monitoring them”*.

When he was asked about how he gets mechanics to work for him, he explained *“the incentive is motivated factor here. I focus on individual performance. I usually measure their performance per jobs or one mechanic performance per one job and often give incentive to them individually if there are no cars to be returned.*

Additionally, I have set the goal, it is a percentage of car returned doesn't exceed 5% per month. I will give them bonus if they can reach the goal. These are quite useful methods to increase mechanics' productivities and qualities in fixing cars." From his expression, it is clear that the boss uses **Contingent reward** leadership in order to encourage his mechanics to reach the company's goal.

- **Transformational leadership style**

The boss explained that *"when I face the difficult and complicated case such as the vehicle which couldn't be fixed by many other car maintenance companies and ultimately, it is taken to me, I look for the mechanic, who has the ability and prefers to do the challenging task, and assign this task to him. I know that it is the tough job, and I motivate and encourage him to analyze the problem first and think the new effective solution. I usually give him suggestion and new idea about how to solve the problem."* It is clear that the boss uses **Intellectual stimulation** leadership here. The boss continued to say that *"If there are no these characteristic mechanics in that time, I will assign this task to mechanic who is not good at this kind of job. I will motive him by tell him that if you can finish this case under my suggestion, the customer will appreciate our company and promote our service among his/her friends. It can help us to increase the company's reputation, and the company and we may be accepted by many customers because we are the team and the part of the company. Your ability also to be enhanced to the higher level, and I will be assigned the next challenging work to you."* It is obvious that the boss uses both **Idealized influence charisma** and **Inspirational motivation** leadership styles here in order to encourage mechanics to envision attractive future states for the organization and themselves (Bass et al, 1997). When he was asked about how mechanics react to these styles, he said that *"The reaction is good and close to one hundred percent good but sometime I have to combine the factor of incentive to motivate them."*

When he was asked about how he motivates mechanics to do more than his expectation, he elaborated on this: *"I have to set myself as a model for them such as I must learn related new technologies every time, should get know the condition of each car in the garage and relevant effective solution very well, try every way to control the working process in order to finish jobs that meet the customers'*

requirements without giving up. I have showed the high effort, confident and responsibility in the work to them, and it can make them respect me and want to copy my characteristic. It is very useful to enhance their performance. I may not have to manage in the garage all the times, and my mechanics can work by themselves consciously without my control.” It is very obvious that the boss uses **Idealized influence charisma** leadership style to increase his mechanics’ performance because the boss has set up the value or principle of company through his individual performance. It has strong effect on mechanics.

Finally, the boss concluded that *“motivating mechanics by external reward such as incentive and bonus are necessary but motivating them by make your influence on their minds or intrinsic motivation in order to let them have company commitment and focus on company’s goal is more important than others. On the issue of external reward, mechanics may perceive that they deserve the external reward because they pay more effort to exchange that rewards. On the issue of mind, they may perceive that they are willing to do or are happy to do more works, it has strong and long term effect for them.”*

After I interviewed the boss, I started interviewing his mechanics. There were two mechanics I interviewed.

The first mechanic explained that *“the boss watches our working performances closely, and he doesn’t allow problems to occur without control. I try to do work effectively and without mistake because I know the boss is monitoring my performance closely.”* This explanation proves that the boss uses **Active management-by-exception** and it affects the mechanic work performance positively. The mechanic continued, *“My boss is hard working and good discipline for working. He is good at fixing cars. He can fix different kinds of car. I want to be like him. When I face some technical problem and can’t resolve it, my boss usually comes to help. He gives me useful suggestion or the guideline to solve the problem. I can overcome the obstacle by applying his suggestion”* From his last content, it proves that the boss uses both **Intellectual stimulation** and **Idealized influence charisma** leadership styles.

The answer of second mechanic was similar to the first mechanic but he added one point as: *“My boss always say if we put more effort on works, the company*

will be successful, and we will be successful too because we are the team.” This point shows that the boss uses *Inspirational motivation* leadership here.

The findings of interview from the company B

Now, I focus on the second company named as **B**. The answers of the boss were separated into two dimensions of leadership style as below:

- **Transactional leadership style**

The boss explained that: *“I usually watch my mechanics working closely. I will walk in and give him a suggestion if I think the problem will occur.”* There is no doubt that the boss uses **Active management-by-exception** leadership style here. When he was asked about how mechanics react to this style, he said *“Normally if there are routine works, they follow my suggestion, and they works without mistake.”*

The boss continued: *“offering reward can be effective for mechanics’ performance in some situation. I can give you the example, installing the external gas tank is the routine work for my car maintenance garage. I can use method of incentive to motivate my mechanics. It is that I set the goal, if they can reach the goal or do more than what I want, I will offer incentive to them. The method of offering incentive can be effective in a certain extent. It is that one mechanic normally installs one gas tank per day, if I motive him by incentive, he can install 3 gas tanks by two days or his performance increases 20-30 percent. I don’t use this method frequently because it would cause the problem if I offered incentive to them frequently. The problem would be that they try to finish more cases because they want to get more incentive. There is no doubt that they would lack carefulness in work. We should, therefore, offer incentive sometimes. If it is the work about fixing a car, I will offer the reward in other form. I will offer the mechanics incentive monthly if there are no cars to be returned within that month. I think that this method can increase mechanics’ performance in a certain extent but I still perceive that it is not the best motivated method.”* According to his explanation, the boss uses **Contingent reward** leadership but he uses it only sometimes.

- **Transformational leadership style**

The boss explained that: *“When we face the problem, I usually let them stop doing the work, and I motivate them to think why they can’t solve the problem by existing method. If they still can’t solve the problem, I will walk in and give them suggestion to find out the new solution.”* It is clear that the boss uses **Intellectual stimulation** leadership which provides mechanics new ideas and encourages them to form new ways of thinking (Bass, 1985). The boss continued, *“their react positively because it can enhance their skills.”* From his answer, we can know that **Intellectual stimulation** leadership affects mechanics’ performances positively.

When he was asked about how he motivates mechanics to do a tough task, he elaborated on this: *“When we get the tough case from a customer, I don’t pressure my mechanics. I usually try to motivate them perceive it is challenging work for them, and there are few mechanics can do this kind of work, I assign this work for them because I believe that they can do it. I try to make them feel confident and tell them that if you can do it, the customers will be satisfy our service, and they will introduce our garage to their friends, it means that we will get more potential customers in the near future, and the company will be successful. The company’s success equals to our success. It also enhances your skills, and you will be proud of yourselves because you can finish tough cases by yourselves. The vision setting and motivation is very useful to increase their confidence and enthusiasm for overcome obstacles in work. It also hugely enhances their skills for the long term.”* It is obvious that the boss uses **Inspirational motivation** leadership, and the mechanics react positive strongly.

When he was asked about how he motivates mechanics to do more than he originally expected, he elaborated on this: *“I try to tell my mechanics that the majority of car maintenance company’s owners had ever been mechanics before but it doesn’t mean every mechanics can be owners in the future. I try to let them perceive that why some mechanics can set up their own car maintenance companies but why some mechanics can’t do that. I explain that the mechanic, who can set up own business, has characteristic like this and perform in that way. The mechanics, who want own the business, have put more effort in work, and sometime they do more I expected because I motivate them by telling them that if you want to be owner in the future, you should perform well in work today in order to reach your goal in the future. It is very*

useful way to motivate them to do more than I expected. It works on around 80 percent of mechanics because they want to have own business. They have come to be employees because they want to learn more work experiences from the company in order to set up own business in the future.” It is obvious that the boss uses **Inspirational motivation** leadership, and it also has a strong effect on mechanics.

Finally, the boss concluded that *“the motivation such as providing them desired vision, enhancing their skills has more effect than motivation with incentive to mechanics’ performance because their desires for incentive increase gradually, I have to increase the amount of incentive to satisfy their desires. If I motivate them by the desired vision, it is like I form the dream for them, and they try to get reach the dream by enhance their own performance such as their productivities, their skills. I think that it has the long-term effect than other factors.”*

After I interviewed the boss, I started interviewing his mechanics. There were two mechanics I interviewed.

The first mechanic explained that *“the boss usually watch me doing work closely, he gives suggest when I work in wrong way. I think his suggestion is very useful for me. I can learn from it, and it shortens my working process time.”* This explanation proves that the boss uses **Active management-by-exception** leadership and it affects the mechanic work performance positively. He continued, *“He walks in and teaches me to resolve the problem which I can’t do by myself. My boss’ guideline can help me form the new idea and enhance my skill and ability. He usually says that how to satisfy customers is important issue for us. If customers satisfy our services, the company can grow, and there is no doubt that we can grow together with the company.”* From his last content, it proves that the boss uses both **Intellectual stimulation** and **Inspirational motivation** leadership styles.

The answer of the second mechanic was similar to the first mechanic but he added one point as: *“I think that the knowledge I get from my boss is more important than incentive because if one day I leave the company, I can use the knowledge to set up my own car maintenance company in my hometown.”*

The findings of interview from the company C

Finally, I focus on the last company named as C. The answers of the boss were separated into two dimensions of leadership style as below:

- **Transactional leadership style**

The boss explained that: *“I sometimes give them incentive to motivate them to do more works. Raises and bonus are other factors to motivate them to do work actively. In the end of every year, I have assessed each mechanic’s performance. I will raise the salary and bonus for the mechanic who has good performance in work and has never absented during the year. I think that incentive, raises and bonus can increase their performance.”* According to his explanation, the boss uses **Contingent reward** leadership.

He continued, *“Firstly, I do the work as an example for my mechanics because they can’t analyze each case deeply. They don’t have related knowledge about theory because some of them haven’t graduated from related subject, and some have just graduated from high school. After that, I let them do it by themselves. I watch and check their work closely because I don’t want any mistake occur.”* There is no doubt that the boss uses **Active management-by-exception** leadership style here.

- **Transformational leadership style**

When he was asked about how he motivates mechanics to do tough tasks, he elaborated on this: *“It is like what I said, each mechanic has different background, and their abilities and interest are different. I assign a different task to different mechanic because I think that each mechanic is appropriate or interested in different task, and it is easy for me to train them individually. Firstly, I give them suggestion and ideas first in order to encourage them to do it by themselves. If they can’t do it, I will teach them individually in order to let them do it by themselves next time or next step.”* It is obvious that the boss uses both **Individual consideration** and **Intellectual stimulation** leadership styles.

Finally, the boss concluded that *“I think that the factors of reward, monitoring, coaching and stimulating them are the same important to enhance mechanics’ performance.”*

After I interviewed the boss, I started interviewing his mechanics. There were two mechanics I interviewed.

The first mechanic explained that *“My boss has a good stock of knowledge. He usually does the case as example for us first and let us to do it by ourselves. He monitors our work closely. If who still can’t do it, he will ask that mechanic about what’s wrong and give him suggestion or idea, encourage him to do it. If he still can’t do it, the boss teaches him individually because he knows each mechanic has different background of the knowledge and ability. I think his style is good for us and it is the reason that I have worked with him for 10 years.”* This explanation proves that the boss uses **Active management-by-exception**, **Individual consideration** and **Intellectual stimulation** leadership styles here, and they affect the mechanic work performance positively.

He continued, *“An incentive is necessary for me because I must need extra money to treat my family. I think that both an incentive and given knowledge are necessary for me.”* From his final explanation, it proves that the boss uses **contingent reward** leadership style, and he thinks both **contingent reward** and **individual consideration** leadership styles are the same important for him.

The answer of the second mechanic was similar to the first mechanic.

To summarize the frequency of using leadership styles of the bosses, and their influences on mechanics’ performance are showed as the table below:

Table 4.1 Overall result of leadership utilization, mechanic' performance

	Company <i>A</i>		Company <i>B</i>		Company <i>C</i>	
Type of leadership	Boss use Frequency	Mechanics' performance	Boss use Frequency	Mechanics' performance	Boss use Frequency	Mechanics' performance
Transactional leadership						
Contingent reward	Often	Positive effect	Sometimes	Positive effect	Someti mes	Positive effect
Active management-by-exception	Usually	Positive effect	Usually	Positive effect	Usually	Positive effect
Passive management-by-exception	-	-	-	-	-	-
Transformational leadership						
Idealized Influence charisma	Usually	Strong positive effect	Usually	Strong positive effect	Not Obvious	-
Individual consideration	Not Obvious	-	Not Obvious	-	Usually	Positive effect
Inspirational motivation	Usually	Strong Positive effect	Usually	Strong Positive effect	Not Obvious	-
Intellectual stimulation	Usually	Strong Positive effect	Usually	Strong Positive effect	Usually	Positive effect

CHAPTER V

RESEARCH DISCUSSION

According to the transcription and the table 4.1 in previous chapter, I can analyze each company's interview as below:

The use of leadership style & influence on mechanics' performance in the company A

Based on the interview with the boss, Mr. A, I have observed that the boss uses both transactional (*contingent reward, Active management-by-exception*) and transformational (*Idealized influence charisma, Inspirational motivation, Intellectual stimulation*) leadership styles that depends on the situation and the kind of task. In the table 4.1, the boss usually uses 3 component behaviors of transformational leadership and all of them have strong positive effects on mechanics' performance. For transactional leadership, the boss usually uses transactional *Active management-by-exception* and often uses transactional *contingent reward* behavior. They have positive effect on mechanics' performance. From the previous analysis, the transformational style is behaved more frequently than transactional leadership style because he thinks that the transformational leadership style is more important than transactional leadership style. His reason to support this point is that motivating them by make the influence on mechanics' mind in order to make them do work for you willingly and consciously is more effective than motivating them by external reward in the long term. This is similar to Umer Paracha, Adnan Qamar, Anam Mirza, Inam-ul-Hassan and Hamid Waqas's (2012) research because they also agree that the companies should use both transactional leadership and transformational leadership in enhancing employees' performances, and the use of leadership style depends on the situation and the complexity of tasks. It also similar to Tunkay and Zeki's (2014) research, they agree that transformational leadership influences employee's performance effectively more than transactional leadership in a small company.

Base on the interview with the mechanics, I have observed that their interview proves the leadership styles which used by their boss very well.

The use of leadership style & influence on mechanics' performance in the company B

Base on the interview with the boss, Mr. B, I have observed that the boss uses both transactional (*contingent reward, Active management-by-exception*) and transformational (*Idealized influence charisma, Inspirational motivation, Intellectual stimulation*) leadership styles in the company. In the table 4.1, the boss usually uses 3 component behaviors of transformational leadership and they have strong positive effect on mechanics' performance. For transactional leadership, the boss usually uses one behavior and sometimes uses another behavior. They have positive effect on mechanics' performance. From the previous analysis, the transformational style is used more frequently than transactional leadership style because he thinks that the transformational leadership style is more important than transactional leadership style. His reason to support this point is that setting the vision or direction to motivate mechanics is more effective than given incentives because it is hard to satisfy their need by fixed amount of incentives, it has to increase the amount of incentive gradually. If I motivate them by sharing them the common goal, it has the long term effect for their performance.

Base on the interview with the mechanics, I have observed that their interview proves the leadership styles which used by their boss very well.

The use of leadership style & influence on mechanics' performance in the company C

Base on the interview with the boss, Mr. C, I have observed that the boss uses both transactional (*contingent reward, Active management-by-exception*) and transformational (*Individual consideration, Intellectual stimulation*) leadership styles in the company. In the table 4.1, the boss usually uses 2 component behaviors of transformational leadership and they have positive effect on mechanics' performance. For transactional leadership, the boss usually behaves one behavior and sometimes behaves another behavior. They have positive effect on mechanics' performance.

From the previous analysis, and he thinks that both leadership styles have the same importance.

Based on the interview with the mechanics, I have observed that their opinions prove their boss viewpoint very well.

From the above analysis and their responses in interviews, it is clear that the majority of bosses of car maintenance companies prefer using transformational leadership style more than transactional leadership style in their companies except the boss, Mr. C who weigh the same degree of both leadership styles because they think that the transformational leadership style effects mechanics' performance significantly for the long term, and there is no doubt that the effective performance can drive company performance obviously. This is a very important finding from this research, and this finding supports the recommendation of Timothy C., Andy T., Victoria O. and Idowu A. (2011) as small enterprises should use transactional leadership style for management and transit gradually and strategically to be transformational leadership in the long term in order to develop and grow the businesses.

In my opinion, I definitely agree the use of leadership style of the above three companies, particularly the company A and B because transformational leadership style focuses on intrinsic motivation, and is more effective than external motivation which is focused by transactional leadership. The more frequently use of transformational leadership matches the results and recommendation of many researches.

CHAPTER VI

CONCLUSIONS AND RECOMMENDATIONS

From all the results and analysis, it can be concluded in the table 6.1 about the common pattern form of leadership style and its influence on mechanics' performance.

Table 6.1 Summary of common pattern form of the use of leadership style

Leadership Style	Frequently behaves	Mechanics' Performance
<i>Transactional leadership</i>		
Contingent reward	Sometimes	Positive effect
Active management-by-exception	Usually	Positive effect
<i>Transformational leadership</i>		
Idealized influence charisma	Usually	Strong positive effect
Intellectual stimulation	Usually	Strong positive effect
Inspirational motivation	Usually	Strong Positive effect

According to table 6.1, bosses of car maintenance companies use 5 behaviors of leadership styles as common pattern in car maintenance companies, there are *contingent reward*, *active management-by-exception*, *Idealized influence charisma*, *intellectual stimulation* and *inspirational motivation*. It means that they use both transactional leadership style and transformational leadership style simultaneously. They use transformational leadership style more frequently than transactional leadership style because the transformational leadership is more effective than transactional leadership in influencing on mechanics' performance.

6.1 Recommendation

According to the result of this research, the bosses usually use transactional *active management-by-exception* leadership style in order to monitor the mechanics' works closely, and it may let the mechanics feel that the bosses don't trust them because they may perceive that the most of time the boss try to follow closely their mistakes. I recommend that the bosses don't have to monitor mechanics in that way, just monitoring sometimes is enough because they have worked with their mechanics for a long time, and the mechanics know the pattern of work very well. It can keep a good relationship between them for a long time.

6.2 Limitations and Future Research

Time constraint is a major limitation for this research because the researcher didn't have enough time to conduct the research deeply and completely.

The number of companies selected and interviewee for interview were too small, just as 9 interviewees in total 3 car maintenance companies it didn't cover the whole industries, and the result may not be completely accurate.

The language skill of each interviewee is quite different because of their different educational background. Some interviewees wanted to give more opinions but they didn't know how to express it, it caused them shortening of their answers.

Future studies should interview more companies in order to make sure that the research can cover more views of all bosses and employees. Finally, as leadership styles and employees' performance are the highlights in this research, they should be studied more in order to know what are the best leadership style to generate the strong positive performance in the car maintenance industry.

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