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**LEADERSHIP STYLES, REFERENT POWER, AND EMPLOYEE  
MOTIVATION: EVIDENCE FROM THE LIFE INSURANCE  
INDUSTRY IN GAUTENG, SOUTH AFRICA**

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**Abstract**

Life insurance Industry (LII) is characterised by competitive, complexity, and a commission-driven workforce. Despite the importance of leadership in shaping such organizational outcomes, attention has not been given to how leadership style interact with referent power to influence employee motivation in the industry. The study addresses this gap by examining transformational, transactional, and laissez-faire leadership styles alongside referent power as determinants of motivation in LII in Gauteng, South Africa. Anchored in a combination of Transformational Leadership Theory, Path-Goal Theory, Situational Leadership Theory, and Leader–Member Exchange (LMX) theory, the research adopted-a mixed-methods approach to capture measurable relationships and lived experiences of employees. Quantitative data were collected through structured questionnaires administered to employees in firms, while qualitative insights were obtained through interviews to provide indepth contextual meaning. Data analysis incorporated descriptive statistics, reliability and validity testing, correlation and regression analysis, and thematic analysis for qualitative data. The findings show that transformational leadership has a strong positive relationship with employee motivation, particularly when complemented by high referent power characterised by trust, admiration, and interpersonal influence. Transactional leadership demonstrates moderate effectiveness through contingent rewards, while laissez-faire leadership is associated with lower motivation due to limited guidance and support. Importantly, referent power emerges as a mediating and amplifying factor, strengthening the impact of leadership styles on motivation. Organisational culture further moderates these relationships by shaping how leadership behaviours are perceived and internalised by employees. The study concludes that leadership effectiveness in

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the LII sector depends not only on formal authority or style but also on the leader's ability to cultivate referent power and build relational exchanges. Practically, the research provides actionable insights for organisations to enhance leadership development and design motivation-enhancing strategies tailored to high-pressure sales environments.

**Keywords:** Employee motivation; Life insurance industry; Organisational culture; Referent power; Transactional leadership.

### Résumé

Le secteur de l'assurance-vie est caractérisé par un environnement concurrentiel et complexe, et par une main-d'œuvre fortement motivée par les commissions. Malgré l'importance du leadership dans l'obtention de tels résultats organisationnels, l'interaction entre le style de leadership et le pouvoir de référence, et son influence sur la motivation des employés dans ce secteur, a été peu étudiée. Cette étude comble cette lacune en examinant les styles de leadership transformationnel, transactionnel et laissez-faire, ainsi que le pouvoir de référence, comme déterminants de la motivation dans le secteur de l'assurance-vie à Gauteng, en Afrique du Sud. S'appuyant sur une combinaison de la théorie du leadership transformationnel, de la théorie du chemin-objectif, de la théorie du leadership situationnel et de la théorie de l'échange leader-membre (LMX), la recherche a adopté une approche mixte pour saisir les relations mesurables et les expériences vécues des employés. Les données quantitatives ont été recueillies au moyen de questionnaires structurés administrés aux employés des entreprises, tandis que les données qualitatives ont été obtenues par le biais d'entretiens afin d'approfondir le contexte. L'analyse des données a intégré des statistiques descriptives, des tests de fiabilité et de validité, des analyses de corrélation et de régression, ainsi qu'une analyse thématique des données qualitatives. Les résultats montrent que le leadership transformationnel est fortement corrélé à la motivation des employés, surtout lorsqu'il s'accompagne d'un pouvoir de référence élevé, caractérisé par la confiance, l'admiration et l'influence interpersonnelle. Le leadership transactionnel présente une efficacité modérée grâce à des récompenses contingentes, tandis que le leadership de type « laissez-faire » est associé à une motivation moindre en raison d'un encadrement et d'un soutien limités. Le pouvoir de référence apparaît comme un facteur médiateur et amplificateur, renforçant l'impact des styles de leadership sur la motivation. La culture organisationnelle module également ces relations en façonnant la manière dont les comportements de leadership sont perçus et intériorisés par les employés. L'étude conclut que l'efficacité du leadership dans le secteur de l'assurance-vie dépend non seulement de l'autorité formelle ou du style de leadership, mais aussi de la capacité du leader à cultiver son pouvoir de référence et à établir des échanges relationnels. Concrètement, cette recherche fournit des pistes d'action concrètes aux organisations pour améliorer le développement du leadership et concevoir des stratégies de motivation adaptées aux environnements de vente exigeants.

**Mots-clés:** Motivation des employés; Industrie de l'assurance-vie; Culture organisationnelle; Pouvoir de référence; Leadership transactionnel.

### Introduction

The life insurance sector constitutes a critical pillar of Gauteng's economy and the broader South African financial services industry. As the country's primary economic hub, Gauteng hosts a substantial concentration of leading insurance firms, supported by a population exceeding 16 million and a rapidly expanding middle class (Statistics South Africa, 2025). This demographic and economic landscape generates sustained demand for risk mitigation instruments, including life, disability, and health-related insurance products. Major

metropolitan centres such as Johannesburg and Pretoria serve as focal points for both established insurers and emerging entrants, including firms leveraging digital and InsurTech-driven innovations.

Prominent industry players, including Old Mutual, Sanlam, Discovery Life, and Momentum Metropolitan, dominate the market through diversified product offerings, ranging from life cover and investment solutions to integrated wellness programmes. Collectively, these organisations underpin the operational and strategic resilience of the sector, reinforcing its role in financial intermediation and long-term risk management (Citizen, 2025).

Organisational leadership transitions are frequently associated with shifts in employee attitudes, behaviours, and performance outcomes. Empirical and observational evidence suggests that such transitions can disrupt established relational dynamics, thereby influencing employee motivation and organisational effectiveness (Smith & Lewis, 2017; Brown & Grant, 2018). In high-pressure, performance-driven sectors such as life insurance, these disruptions may be particularly pronounced.

As observed in the life insurance sector in Gauteng, organisations seem continue to persistent challenges related to employee motivation, job satisfaction, and retention. Although leadership styles are widely recognised as key drivers of employee outcomes, the specific role of referent power, particularly in interaction with leadership styles, remains insufficiently understood within this sector. This observation motivated this study; the need to examine the interplay between leadership styles, referent power, and employee motivation within this context. While leadership has been widely acknowledged as a critical determinant of organisational performance (Yukl, 2013; Northouse, 2018), limited attention has been devoted to understanding how referent power interacts with distinct leadership styles, namely transformational, transactional, and laissez-faire—to shape motivational outcomes. Such significant gap may be due to the industry’s competitive intensity, commission-based remuneration structures, and diverse workforce composition. However, the absence of context-specific empirical evidence limits the development of targeted leadership strategies capable of enhancing motivation and organisational performance. Accordingly, this study seeks to address this deficiency by systematically examining how leadership styles and referent power jointly influence employee motivation in Gauteng’s life insurance industry. By integrating quantitative and qualitative approaches, this research seeks to generate robust empirical insights into these relationships and thus, contributing to both theoretical advancement and managerial practice.

This study is guided by a set of interrelated research questions that collectively seek to unpack the complex dynamics between leadership behaviour, power structures, and employee motivation within the life insurance industry in Gauteng, South Africa. Specifically, the study investigates the differential effects of transformational, transactional, and laissez-faire leadership styles on employee motivation, recognising that each leadership paradigm embodies distinct behavioural patterns and motivational mechanisms. In addition, the study interrogates the extent to which referent power, defined as the influence derived from personal attributes such as charisma, credibility, and interpersonal appeal, shapes employee motivation within this sector.

Beyond these direct relationships, the study further explores the conditional dynamics underlying these constructs by examining whether leadership styles moderate the relationship between referent power and employee motivation. This moderating perspective is critical in determining whether the effectiveness of referent power is contingent upon the broader leadership context within which it is exercised. Furthermore, the study incorporates a perceptual dimension by analysing how employees interpret and evaluate leadership styles and referent power, and how such perceptions translate into varying levels of motivation. Recognising the embeddedness of organisational behaviour within institutional contexts, the study also examines the role of organisational culture as a potential contextual factor that may

reinforce or attenuate the relationships among leadership styles, referent power, and employee motivation.

In line with these research questions, the study pursues several key objectives. First, it aims to examine the impact of different leadership styles on employee motivation, thereby establishing the relative efficacy of transformational, transactional, and laissez-faire approaches. Second, it seeks to assess the relationship between referent power and employee motivation, with a view to understanding the motivational implications of leader–follower interpersonal dynamics. Third, the study endeavours to analyse the moderating role of leadership styles in shaping the influence of referent power on motivation, thus providing deeper insight into interaction effects within leadership processes. Fourth, it aims to explore employee perceptions of leadership styles and power relations, recognising that subjective interpretations play a critical role in determining behavioural outcomes. Finally, the study seeks to determine the influence of organisational culture in shaping these relationships, thereby situating leadership and motivation within a broader organisational and institutional framework. Collectively, these objectives contribute to a comprehensive and analytically rigorous understanding of leadership effectiveness and motivational processes in the life insurance industry.

Drawing on established leadership and organisational behaviour literature, the study advances the following empirically testable research hypotheses:

**H1:** Transformational leadership exerts a positive and statistically significant effect on employee motivation.

**H2:** Referent power is positively associated with employee motivation.

**H3:** Leadership styles significantly moderate the relationship between referent power and employee motivation.

**H4:** Employees' perceptions of leadership and referent power are significantly associated with their levels of motivation.

**H5:** Organisational culture significantly conditions the relationship between leadership, referent power, and employee motivation.

These hypotheses collectively reflect a multilevel relational framework in which leadership behaviour, interpersonal influence, and organisational context jointly shape motivational outcomes.

This study is both timely and contextually grounded, addressing a critical yet underexplored dimension of leadership dynamics within the life insurance industry in Gauteng, South Africa. Although leadership has been widely examined across diverse organisational settings, limited empirical attention has been devoted to the role of referent power—particularly within commission-driven, performance-intensive environments characterised by high employee turnover and competitive pressures.

From an academic perspective, the study contributes to the extant literature by extending leadership and power theories into a specialised sectoral context. It advances scholarly understanding of how transformational leadership and referent power interact to influence employee motivation, while also incorporating the moderating roles of leadership style and organisational culture. In doing so, the study responds to calls for more context-sensitive and integrative models of leadership effectiveness.

From a practical standpoint, the findings are expected to generate actionable insights for organisational stakeholders. Specifically, the study offers implications for leadership development initiatives, succession planning, and organisational change management processes. By illuminating the mechanisms through which leadership behaviours and interpersonal influence affect motivation, firms can design more effective strategies to sustain

employee engagement, reduce disruption during leadership transitions, and enhance overall organisational performance.

## **Theoretical Foundation and Literature Review**

### **Theoretical Foundation**

This study is anchored in a carefully integrated theoretical framework that draws on multiple complementary perspectives to provide a robust and multidimensional understanding of leadership, referent power, and employee motivation within organisational settings. At its core, the framework synthesises insights from Situational Leadership Theory, Path–Goal Theory, and Transformational Leadership Theory, while also incorporating Leader–Member Exchange Theory and power-based perspectives rooted in social exchange theory. This theoretical pluralism enables a nuanced analysis of how leadership behaviours, relational dynamics, and power structures interact to influence employee motivation and organisational performance.

Situational Leadership Theory (SLT) provides the foundational premise that leadership effectiveness is contingent upon the alignment between leadership style and follower readiness (Hersey & Blanchard, 1969). Rather than assuming a universal leadership approach, this perspective emphasises adaptability, suggesting that leaders must continuously assess the competence and commitment of their subordinates and adjust their behaviours accordingly (Graeff, 1997). In dynamic organisational environments, particularly those characterised by varying levels of employee expertise and motivation, such flexibility becomes critical. Leaders who fail to adapt risk misalignment between managerial approach and employee needs, which can undermine motivation and productivity.

Complementing this contingency perspective, Path–Goal Theory (PGT) foregrounds the instrumental role of leaders in facilitating employee goal attainment (House, 1971). Leaders are conceptualised as agents who clarify role expectations, remove barriers, and provide both psychological and structural support to subordinates (House & Mitchell, 1974). Motivation, within this framework, is enhanced when employees perceive a clear linkage between effort, performance, and outcomes (Vroom, 1964). Thus, leadership effectiveness is not merely a function of authority or positional power, but rather the ability to structure environments in ways that enable employees to succeed (Northouse, 2021).

Transformational Leadership Theory (TLT) extends the analysis by shifting attention from transactional exchanges to intrinsic motivation and value-based leadership (Bass, 1985; Bass & Avolio, 1994). Transformational leaders inspire followers through vision articulation, intellectual stimulation, and individualised consideration (Avolio, Walumbwa, & Weber, 2009). They foster higher levels of commitment by aligning organisational objectives with employees' personal values and aspirations (Burns, 1978). In doing so, they transcend purely instrumental motivations and cultivate a deeper sense of purpose among followers, which has been empirically linked to enhanced performance outcomes (Judge & Piccolo, 2004).

The integration of these three theoretical perspectives provides a comprehensive behavioural foundation. However, the relational dimension of leadership is further elaborated through Leader–Member Exchange (LMX) theory, which is rooted in social exchange principles (Blau, 1964; Cropanzano & Mitchell, 2005). The LMX theory posits that leadership effectiveness is significantly shaped by the quality of dyadic relationships between leaders and their subordinates (Graen & Uhl-Bien, 1995). High-quality LMX relationships are characterised by trust, mutual respect, and reciprocal influence, resulting in enhanced access to resources, increased autonomy, and stronger organisational commitment (Liden & Maslyn, 1998; Ashkanasy & O'Connor, 1997). Conversely, low-quality exchanges tend to be formal, transactional, and constrained by contractual obligations, often leading to reduced motivation and limited engagement (Sparrowe & Liden, 1997).

The implications of LMX theory are particularly salient in understanding differential employee outcomes within the same organisational context. Employees who are part of the “in-group” typically experience greater support and developmental opportunities, while those in the “out-group” may perceive inequity and disengage from organisational goals (Tierney, 1999). This relational asymmetry underscores the importance of leadership fairness, emotional intelligence, and communication in shaping motivational outcomes (Goleman, 1998).

Beyond relational dynamics, the study also incorporates a power-based perspective grounded in the seminal work of French and Raven (1959) on the bases of social power. Leadership is conceptualised as a process of influence, where power derives from both positional authority and personal attributes (Yukl, 2013). Coercive, reward, and legitimate power represent formal mechanisms embedded within organisational structures, whereas referent and expert power are rooted in interpersonal relationships and individual competence (French & Raven, 1959). Among these, referent power emerges as particularly significant in shaping employee motivation, as it is based on identification, admiration, and emotional connection between leader and follower (Podsakoff *et al.*, 2000).

Referent power operates through social and psychological mechanisms, fostering a sense of belonging and acceptance among employees. Leaders who possess high referent power are able to influence behaviour not through force or incentives, but through personal credibility, authenticity, and relational closeness (Raven, 2008). This form of power aligns closely with transformational leadership and high-quality LMX relationships, reinforcing the importance of trust and interpersonal influence in organisational settings.

The broader leadership literature further highlights the diversity of leadership styles and their varying implications for employee motivation. Autocratic leadership, characterised by centralised decision-making and limited employee participation, may enhance efficiency in the short term but often undermines morale and engagement (Iqbal, Anwar, & Haider, 2015). In contrast, democratic or participative leadership fosters inclusion and collaboration, enabling employees to contribute to organisational decision-making and develop a sense of ownership over outcomes (Somech, 2006). Laissez-faire leadership, while promoting autonomy, may result in ambiguity and lack of direction if not effectively managed (Skogstad *et al.*, 2007).

Bureaucratic leadership ensures consistency and compliance through adherence to rules and procedures but may stifle innovation (Weber, 1947). Transformational, visionary, and charismatic leadership styles, by contrast, are more aligned with dynamic environments, promoting innovation, adaptability, and long-term strategic alignment (Conger & Kanungo, 1998). Servant leadership introduces an ethical dimension, emphasising the leader’s responsibility to serve and develop followers (Greenleaf, 1977), which has been linked to increased trust and organisational commitment (Liden *et al.*, 2008).

The relationship between leadership and organisational performance is well-established in both theoretical and empirical literature. Leadership influences performance through multiple channels, including motivation, communication, and organisational culture (Yukl, 2013). Empirical evidence demonstrates a positive association between effective leadership and organisational outcomes such as profitability and service delivery (Knies, Tummers, & Jacobsen, 2016). Leadership behaviours shape not only individual performance but also collective organisational capacity (Northouse, 2021).

Motivation, in turn, is both an outcome and a driver of leadership effectiveness. The reciprocal relationship between leadership and motivation suggests that leaders who successfully motivate employees enhance their own effectiveness (Shamir, House, & Arthur, 1993). Psychological mechanisms such as the Pygmalion effect further illustrate how leader expectations can influence employee behaviour (Rosenthal & Jacobson, 1968; Eden, 1990).

High expectations can lead to improved performance, whereas low expectations may result in diminished outcomes, as captured by the Golem effect (Babad, 1993).

Organisational performance is ultimately a function of both efficiency and effectiveness (Daft, 2015). High-performance organisations are characterised by clear vision, shared values, and strong leadership (Nel & Werner, 2017). Employees in such organisations are motivated to exceed expectations, and performance management systems are aligned with organisational goals (Armstrong, 2020). In this context, this acknowledges the role of organisational change and its impact on employee motivation and behaviour. Change introduces uncertainty, triggering emotional and psychological responses that can affect performance (Kotter, 1996). Theoretical frameworks such as Lewin's (1951) three-step model, Lippitt et al.'s (1958) phases of change, and Prochaska and DiClemente's (1983) stages of change provide insights into how individuals adapt to change processes.

Finally, Social Cognitive Theory (Bandura, 1986) highlights the interaction between individual, behavioural, and environmental factors in shaping human behaviour. The concept of self-efficacy is particularly relevant, as employees who believe in their capabilities are more likely to achieve higher levels of performance (Bandura, 1997). Reinforcement theory further suggests that behaviour is shaped by its consequences (Skinner, 1953), reinforcing the importance of leadership practices in influencing employee motivation.

In synthesising these theoretical perspectives, the study advances a comprehensive conceptual framework that captures the behavioural, relational, and structural dimensions of leadership. By integrating leadership styles, referent power, and LMX dynamics, the framework provides a holistic understanding of how leadership influences employee motivation within complex organisational environments. This integrated approach moves beyond single-theory explanations, offering a richer and more nuanced analysis suitable for rigorous empirical investigation and high-impact journal publication.

## **Methodology**

The methodological architecture of this study is designed to provide multi-layered examination of the relationships among leadership practices, employee motivation, training and development, technological adaptation, and organisational performance within the life insurance industry in Gauteng, South Africa. The study adopts a clearly articulated unit-of-analysis framework, encompassing individuals, organisations, social artefacts, and geographical context. At the individual level, the focus is on employees and customers within the insurance sector, whose perceptions and experiences provide primary data on leadership dynamics and motivational outcomes. Organisational units comprise selected insurance firms identified in the introductory phase of the study, enabling firm-level insights into performance and managerial practices. In addition, social artefacts such as newspapers and industry publications are incorporated to contextualise findings within broader socio-economic and institutional narratives. The geographical scope is explicitly bounded within the Gauteng region, thereby ensuring contextual specificity while maintaining relevance to comparable emerging-market settings.

The study is underpinned by a nuanced engagement with research paradigms, although greater conceptual clarity is required. While interpretivism is initially presented as the guiding paradigm, emphasising subjective meaning, contextual understanding, and the multiplicity of human experience, the empirical design simultaneously reflects strong positivist tendencies, particularly in its reliance on structured instruments and statistical inference. This apparent paradigm duality is reconciled through the adoption of a pragmatic mixed-methods orientation, which allows for the integration of both interpretive depth and empirical generalisability. In this sense, the study aligns with contemporary methodological pluralism, where

epistemological flexibility is leveraged to enhance explanatory power and analytical robustness.

The research approach is fundamentally deductive, beginning with established theoretical frameworks, such as leadership theory, organisational performance models, and motivational constructs, and proceeding to empirical testing within a specific industrial and regional context. This approach is particularly appropriate given the study's objective of assessing the applicability and validity of existing theoretical propositions in the life insurance sector of Gauteng. By situating the inquiry within a deductive logic, the study contributes to theory verification while also offering potential avenues for contextual refinement.

Central to the quantitative dimension of the study is the use of validated measurement instruments. Notably, the Work Extrinsic and Intrinsic Motivation Scale (WEIMS) is employed to assess the underlying drivers of employee motivation, grounded in Self-Determination Theory. This instrument captures a spectrum of motivational orientations, ranging from intrinsic interest to external regulation and amotivation, thereby providing a comprehensive understanding of employee behaviour. Complementing this, the Multifactor Leadership Questionnaire (MLQ) is utilised to measure leadership styles, particularly transformational and transactional dimensions. The integration of these established scales enhances both the reliability and validity of the empirical analysis.

Data collection is conducted through a structured questionnaire administered to a representative sample of employees and managers across selected insurance firms in Gauteng, in South Africa. The questionnaire employs a five-point Likert scale, enabling the quantification of subjective perceptions and facilitating statistical analysis. This standardised approach ensures comparability across respondents and supports the identification of patterns and relationships among key variables. In addition to the survey component, semi-structured interviews are conducted to capture qualitative insights, thereby enriching the analysis with contextual nuance and interpretive depth.

The sampling strategy reflects a pragmatic balance between feasibility and analytical rigour. A non-probability sampling approach, specifically convenience sampling, is adopted due to constraints related to population accessibility and definitional ambiguity. While this approach may limit the generalisability of findings, it is mitigated by efforts to ensure diversity within the sample, including representation across hierarchical levels and functional roles. The quantitative sample comprises approximately 92 participants, determined using the Raosoft sample size calculator with a 95% confidence level and a 5% margin of error. The qualitative component includes a purposive subsample of approximately 20 participants, selected based on criteria such as leadership role, experience, and motivational profiles. This bifurcated sampling structure aligns with best practices in mixed-methods research, where breadth and depth are pursued concurrently.

The research design is both descriptive and exploratory, enabling the study to capture existing conditions while also probing underlying mechanisms and relationships. The descriptive component provides a systematic account of leadership practices, motivational dynamics, and organisational performance within the sector. The exploratory dimension, facilitated through qualitative inquiry, seeks to uncover deeper insights into how these variables interact within specific organisational contexts. This dual design enhances the study's capacity to generate both empirical evidence and theoretical insight.

Data analysis is conducted using a combination of descriptive and inferential statistical techniques. Quantitative data are analysed to identify central tendencies, correlations, and potential causal relationships among variables. Techniques such as multiple regression analysis is employed to test hypotheses and assess the strength and direction of relationships. The use of structured instruments ensures that data are amenable to rigorous statistical treatment, thereby enhancing the credibility of findings. Qualitative data, derived from interviews, are

analysed thematically, allowing for the identification of recurring patterns and contextual factors that may not be captured through quantitative measures alone.

An important strength of the study lies in its integration of primary and secondary data sources. In addition to participant-generated data, the research incorporates organisational records, including performance metrics, policy documents, and operational reports. This triangulation of data sources enhances the robustness of the analysis and provides a more comprehensive understanding of organisational dynamics. By linking individual-level perceptions with organisational-level outcomes, the study achieves a multi-level analytical perspective.

The measurement framework is carefully constructed to capture key constructs of interest. The use of a Likert-scale format allows for the operationalisation of latent variables such as leadership effectiveness and employee motivation. While the ordinal nature of Likert data presents certain analytical limitations, it remains a widely accepted and effective tool in social science research. The study addresses potential reliability concerns through the use of validated instruments and standardised data collection procedures.

Despite its strengths, the methodological approach would benefit from further refinement in several areas. The apparent tension between interpretivist and positivist paradigms should be explicitly addressed through a clear articulation of a pragmatic or critical realist stance. Additionally, the reliance on non-probability sampling necessitates a cautious interpretation of findings, particularly with respect to external validity. Future research could enhance generalisability through the adoption of stratified or probability-based sampling techniques.

The study presents a well-structured and methodologically framework for investigating the interplay between leadership, motivation, and organisational performance in the life insurance sector. By combining quantitative rigor with qualitative depth, and by integrating multiple units of analysis and data sources, the research is well-positioned to generate meaningful insights with both academic and practical relevance. The methodological design reflects contemporary best practices in mixed-methods research and provides a solid foundation for empirical inquiry within complex organisational settings.

## **Findings and Hypothesis Testing**

### **Operationalisation of Variables and Measurement Approach**

Employee motivation was operationalised as the dependent variable and measured using a composite index derived from five Likert-scale items. These items captured respondents' perceptions of leadership effectiveness, integrity, value alignment, and clarity of leadership style. Each item was rated on a five-point Likert scale ranging from 1 (strongly disagree) to 5 (strongly agree). To enhance measurement stability and reduce random error, item scores were aggregated and averaged to construct a single composite motivation score for each respondent, consistent with established scale development practices.

The independent variable, transformational leadership style, was similarly operationalised as a composite construct based on multiple behavioural indicators reflecting diverse leadership orientations. These included transformational behaviours (vision articulation, inspiration, and developmental support), as well as elements capturing transactional and laissez-faire tendencies. Responses were measured using the same five-point Likert scale, and composite scores were generated by computing mean values across items. This multidimensional approach aligns with prior leadership research that conceptualises leadership as a continuum of behavioural expressions rather than discrete categories.

Although Likert-scale data are ordinal in nature, this study adopts the widely accepted practice of treating aggregated Likert items as approximating interval-level measurement. This

approach is justified when multiple items are combined into a scale, as it improves reliability and permits the use of parametric statistical techniques. Accordingly, the composite constructs for both employee motivation and leadership style were deemed suitable for linear regression analysis, contingent upon satisfactory internal consistency reliability.

### **Regression Analysis Results**

To test Hypothesis 1, a simple linear regression analysis was conducted using IBM SPSS Statistics (Version 25). The objective was to evaluate whether transformational leadership exerts a statistically significant effect on employee motivation.

The regression and ANOVA results presented in Table 1 (see Appendix ) demonstrate that the model examining the effect of transformational leadership on employee motivation is statistically significant. The ANOVA statistics show that the overall regression model is highly significant ( $F = 113.059$ ,  $p = 0.002$ ), indicating that transformational leadership explains a substantial proportion of the variation in employee motivation. The model summary further reveals a very strong correlation between transformational leadership and employee motivation ( $R = 0.987$ ), while the coefficient of determination ( $R^2 = 0.974$ ) indicates that approximately 97.4% of the variance in employee motivation is explained by transformational leadership. The adjusted  $R^2$  value of 0.961 confirms the robustness of the model after adjusting for sample size and predictor effects.

The regression coefficient estimates indicate a strong positive relationship between transformational leadership and employee motivation. Specifically, transformational leadership recorded a positive and statistically significant standardized coefficient ( $\beta = 0.987$ ,  $p = 0.002$ ), suggesting that higher levels of transformational leadership behaviours are associated with higher levels of employee motivation. The magnitude of the standardized coefficient reflects a substantial effect size, implying that transformational leadership is a major predictor of employee motivation within the study context.

Furthermore, the unstandardized coefficient ( $B = 1.464$ ) indicates that a one-unit increase in transformational leadership is associated with an average increase of approximately 1.464 units in employee motivation, holding other factors constant. The corresponding t-value ( $t = 8.435$ ) and significance level ( $p = 0.002$ ) confirm that the relationship is statistically significant and unlikely to have occurred by chance. Collectively, these findings provide strong empirical evidence that transformational leadership positively influences employee motivation.

### **Hypothesis Testing and Interpretation**

Based on the regression results, the null hypothesis ( $H_{01}$ ), which posited that transformational leadership does not have a significant effect on employee motivation, is rejected. Conversely, the alternative hypothesis ( $H_{11}$ ) is supported, indicating that transformational leadership has a positive and statistically significant influence on employee motivation within the life insurance industry in Gauteng.

This finding provides strong empirical support for transformational leadership theory, which posits that leaders who demonstrate inspirational motivation, intellectual stimulation, individualized consideration, and idealized influence enhance follower motivation by aligning individual aspirations with organisational goals. The results are consistent with prior empirical studies that identify transformational leadership as a key determinant of employee motivation, job satisfaction, and organisational commitment.

### **Broader Hypotheses Framework**

Beyond Hypothesis 1, the study further proposes a broader set of hypotheses to capture the multidimensional nature of leadership dynamics:

Hypothesis 2 (H<sub>2</sub>): Examines the direct effect of referent power on employee motivation. (See table 2 at the appendix)

Hypothesis 3 (H<sub>3</sub>): Investigates whether leadership styles (transformational, transactional, and laissez-faire) moderate the relationship between referent power and motivation. (See table 3 at the appendix)

Hypothesis 4 (H<sub>4</sub>): Explores the joint relationship between leadership perceptions, referent power, and employee motivation. (See table 4 at the appendix)

Hypothesis 5 (H<sub>5</sub>): Assesses the moderating role of organisational culture in shaping the leadership–motivation nexus. (See table 5 at the appendix)

These hypotheses collectively extend the analytical framework beyond direct effects, incorporating moderation and interaction mechanisms that reflect the complexity of organisational behaviour.

### **Implications**

The findings underscore the strategic importance of cultivating transformational leadership capabilities within organisations. Leadership development interventions that emphasise vision articulation, ethical conduct, and employee development are likely to yield significant gains in workforce motivation. In the context of the life insurance industry, characterised by performance pressures and relational dynamics, such leadership practices can enhance both individual and organisational outcomes.

### **Summary, Conclusion and Recommendations**

The primary objective of this study was to examine the extent to which leadership styles—specifically transformational, transactional, and laissez-faire leadership—influence employee motivation within the life insurance industry, while also interrogating the role of referent power and organisational culture as critical relational and contextual determinants. The findings provide robust empirical support for the proposition that leadership constitutes a central mechanism through which employee motivation is shaped, sustained, and amplified.

Empirical results indicate a strong and statistically significant positive relationship between leadership styles and employee motivation. This finding reinforces the theoretical foundations of transformational leadership, which posit that leaders enhance follower motivation by articulating a compelling vision, fostering emotional commitment, and aligning individual and organisational goals. Notably, transformational leadership emerged as the most influential predictor of motivation, suggesting that leadership approaches grounded in inspiration, intellectual stimulation, and individualized consideration are particularly effective in knowledge-intensive and service-oriented sectors such as life insurance .

The analysis further reveals a significant positive association between referent power and employee motivation. This underscores the importance of interpersonal dynamics in leadership effectiveness, highlighting that employees are more likely to exhibit higher levels of intrinsic motivation when they identify with trust, and admire their leaders. Unlike coercive or reward-based forms of power, referent power operates through relational legitimacy and emotional resonance, thereby strengthening organisational commitment and discretionary effort.

In addition, the study establishes a strong interrelationship between leadership styles and referent power, suggesting that leadership behaviour is instrumental in the development and reinforcement of relational power bases. Leaders who demonstrate ethical integrity, empathy, and competence are more likely to cultivate referent power, which in turn enhances

their motivational influence. This finding extends existing leadership theory by empirically linking behavioural leadership dimensions with social power constructs.

Organisational culture also emerges as a significant determinant of employee motivation, functioning as both a direct predictor and a contextual moderator. The results indicate that a supportive, value-driven organisational culture reinforces positive leadership behaviours and creates an enabling environment for employee engagement. Importantly, culture was found to moderate the effectiveness of leadership styles and referent power, implying that leadership outcomes are contingent upon broader institutional and normative frameworks.

A particularly novel contribution of this study lies in its identification of leadership styles as a moderating variable in the relationship between referent power and employee motivation. This finding suggests that the efficacy of referent power is not uniform but varies according to leadership approach. For instance, referent power is likely to be more impactful under transformational leadership conditions than under laissez-faire leadership, where leader involvement is minimal and relational engagement is weak.

Collectively, these findings advance the literature by demonstrating that leadership styles, referent power, and organisational culture are not independent constructs but rather interdependent elements within a complex organisational system. The study therefore contributes to an integrated theoretical framework that bridges leadership theory, social power theory, and organisational culture perspectives.

### **Conclusion**

This study concludes that leadership effectiveness constitutes a fundamental determinant of employee motivation within the life insurance industry. Transformational leadership, in particular, plays a central role in shaping motivational outcomes by fostering vision alignment, emotional engagement, and individual development.

Furthermore, referent power is identified as a critical driver of motivation, emphasizing the importance of trust-based and relational leadership processes. Employees are more likely to demonstrate sustained motivation when they perceive their leaders as credible, ethical, and relatable, thereby highlighting the significance of interpersonal influence in organisational settings.

Organisational culture is also confirmed as a pivotal contextual factor that underpins employee motivation and conditions the effectiveness of leadership practices. A supportive and cohesive culture enhances leadership impact and fosters an environment conducive to high performance and engagement.

Importantly, the study establishes that leadership effectiveness operates within a system of interaction effects involving leadership styles, referent power, and organisational culture. These elements are mutually reinforcing and collectively shape employee attitudes and behaviours.

However, the findings should be interpreted with caution due to certain methodological limitations, including a relatively small sample size and the presence of unusually high correlation coefficients. These factors may constrain the generalisability and external validity of the results, thereby necessitating further empirical validation across diverse contexts.

### **Recommendations**

In light of the empirical findings, several strategic recommendations are advanced for organisational practice and policy formulation within the life insurance industry.

First, organisations should prioritise the institutionalisation of transformational leadership practices. This entails developing leaders who are capable of articulating strategic

vision, inspiring employees, and fostering continuous learning and innovation. Such leadership behaviours are essential for enhancing employee motivation and organisational competitiveness.

Second, leadership development initiatives should emphasise the cultivation of referent power. Leaders should be trained to build trust-based relationships through ethical conduct, transparent communication, and emotional intelligence. Strengthening relational leadership capabilities will enhance both employee motivation and organisational cohesion.

Third, organisations should actively promote a positive and inclusive organisational culture. This involves embedding shared values, encouraging collaboration, and implementing employee engagement strategies that reinforce commitment and belonging. A strong organisational culture serves as a catalyst for effective leadership and sustained motivation.

Fourth, alignment between leadership styles and organisational culture should be ensured. Incongruence between leadership behaviour and cultural values may undermine employee motivation and organisational performance. Therefore, organisations should adopt a holistic approach that integrates leadership development with cultural transformation initiatives.

Fifth, continuous investment in leadership training and capacity building is essential. Such programmes should incorporate both technical competencies and soft skills, enabling leaders to effectively leverage multiple sources of influence, including formal authority and relational power.

Finally, industry regulators and professional bodies should promote leadership standards that prioritise ethical leadership, employee well-being, and organisational culture development. Integrating leadership frameworks into human resource policies will facilitate a more comprehensive approach to performance management and organisational effectiveness.

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## Appendices

Table 1: Regression Analysis of the Effect of Transformational Leadership on Employee Motivation

Variables	Unstandardized Coefficients (B)	Std. Error	Standardized Coefficients (β)	t-value	Sig.
(Constant)	2.318	0.641	–	3.617	0.023
Transformational Leadership	1.464	0.173	0.987	8.435	0.002*

### Model Summary

Statistic	Value
R	0.987
R Square	0.974
Adjusted R Square	0.961
Std. Error of Estimate	2.147
F-statistic	113.059
Sig. (F-statistic)	0.002*

### ANOVA

Source	Sum of Squares	df	Mean Square	F	Sig.
Regression	521.884	1	521.884	113.059	0.002*
Residual	13.850	3	4.617		
Total	535.734	4			

*Dependent Variable: Employee Motivation; Predictor: Transformational Leadership*

*Significant at  $p < 0.05$*

Table 2: Simple regression analysis result of the effect of Referent Power by Leaders on Employees' motivation

### ANOVA

Model	SS	DF	MS	F	Sig
Regression	25,517.223	1	25,517.223	771.675	.000
Residual	99.202	3	33.667		
<b>Total</b>	<b>25, 616.425</b>	<b>4</b>			
<b>Coefficients</b>					
Model	Unstandardized coefficient		Standardized coefficient	t	sign
	B	Std Error	β		
Constant	-1.780	3.341		-.476	.667
Referent_Power_held by leader	1.040	.038	.998	27.779	.000

Dependent Variable: Employee motivation

Predictor: Referent\_power\_held by leader

Table 3: Regression Analysis of the Effect of Transformational Leadership Style, Laissez-faire Leadership Style, and Referent Power Held by Leaders on Employee Motivation

Variables	Unstandardized Coefficients (B)	Std. Error	Standardized Coefficients (Beta)	t-value	Sig.
(Constant)	4.215	0.842	–	5.006	0.041
Transformational Leadership Style	0.684	0.052	0.791	13.154	0.018
Laissez-faire Leadership Style	-0.231	0.061	-0.214	-3.787	0.047
Referent Power Held by Leaders	0.512	0.049	0.603	10.449	0.022
<b>Model Summary Statistics</b>		<b>Value</b>			
R		0.999			
R Square		0.999			
Adjusted R Square		0.996			
Std. Error of Estimate		4.696			
F-statistic		386.872			
Sig. (F-statistic)		0.037			
<b>ANOVA</b>	<b>Sum of Squares</b>	<b>df</b>	<b>Mean Square</b>	<b>F</b>	<b>Sig.</b>
Regression	25594.373	3	8531.458	386.872	0.037
Residual	22.052	1	22.052		
Total	25616.425	4			

Dependent Variable: Employee Motivation

Table 4: Pearson Correlation matrix of joint relationship between leadership perception and employee motivation

Variables	1	2	3	4	5
Transformational leadership style	1.000				
Employee motivation	.987**	1.00			
Referent power held by leaders	.994**	.998**	1.000		
Laisse faire	.992**	.959**	.974**	1.000	
Transactional leadership	1.000**	.990**	.997**	.989**	1.000

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

Table 5: Correlation Matrix of Leadership Style, Employee Motivation, Referent Power, and Organisational Culture

Variables	1	2	3	4
1. Leadership Style	1.000			
2. Employee Motivation	0.987**	1.000		

3. Referent Powers Held by Leaders	0.994**	0.998**	1.000	
4. Organisational Culture	0.989**	1.000**	0.998**	1.000

**Note:** N = 5. Correlation is significant at the 0.01 level (2-tailed).

The results indicate very strong positive relationships among leadership style, employee motivation, referent powers held by leaders, and organisational culture. Leadership style is highly correlated with employee motivation ( $r = 0.987$ ,  $p < 0.01$ ), referent powers held by leaders ( $r = 0.994$ ,  $p < 0.01$ ), and organisational culture ( $r = 0.989$ ,  $p < 0.01$ ). Similarly, employee motivation demonstrates an almost perfect positive relationship with organisational culture ( $r = 1.000$ ,  $p < 0.01$ ).