

# The Impact of Self-Determination Theory Components, Leadership Style, and Contextual Variables on Employee Performance and Well-being: A Study of Commercial Banks in Karnataka

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## Abstract:

*This study examines the impact of Self-Determination Theory (SDT) components—autonomy, competence, and relatedness—along with leadership style and contextual variables on employee performance and well-being in the commercial banking sector in Karnataka. The research investigates how SDT elements and workplace motivation influence employee performance, and explores the mediating role of motivation in the relationship between SDT, leadership styles, and performance outcomes. Additionally, the study evaluates how contextual factors, such as organizational culture and work environment, affect employee well-being. Furthermore, it assesses the negative impact of burnout and job stress on performance, providing a comprehensive view of the factors that drive or hinder employee productivity in commercial banks. Finally, an integrated framework is proposed that highlights the interconnected role of SDT components, leadership style, and contextual variables in improving employee performance and well-being. The findings aim to offer valuable insights for banking managers and policymakers to enhance employee engagement, reduce stress, and improve overall organizational performance.*

**Keywords:** Self-Determination Theory (SDT), Employee Performance, Workplace Motivation, Leadership Style, Burnout and Job Stress

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## Introduction

The modern workplace, particularly in high-pressure environments like commercial banks, requires a deep understanding of the factors that drive employee performance and well-being. In recent years, organizational psychology theories have gained considerable attention for their potential to improve workforce productivity, and one such theory is Self-Determination Theory (SDT). SDT emphasizes three core components—autonomy, competence, and relatedness—that are fundamental to intrinsic motivation and, by extension, to employee performance.

Despite the growing interest in SDT, there remains a gap in understanding how these components interact with leadership style and contextual variables, such as

organizational culture and work environment, to influence employee performance and well-being. This research focuses on the commercial banking sector in Karnataka, where the dynamic interplay of these factors can provide valuable insights into the factors that determine employee engagement and output.

This study addresses this gap by exploring the combined impact of SDT components, workplace motivation, leadership style, and contextual variables on employee performance, while also considering the negative impacts of burnout and job stress. By providing a comprehensive analysis of these factors, the research aims to offer an integrated framework that can inform best practices for managing employee performance and well-being in commercial banks.

## Background of the Study

In today's highly competitive and dynamic work environment, especially in sectors like banking, employee performance is a critical determinant of organizational success. Commercial banks, with their intricate systems and customer-centric operations, require highly motivated and productive employees to maintain efficiency and competitiveness. As organizations strive to optimize their workforce, understanding the factors that drive employee performance becomes increasingly essential.

One of the most influential psychological theories to explain motivation and behavior in the workplace is Self-Determination Theory (SDT). SDT, developed by Deci and Ryan, focuses on the intrinsic motivation driven by three core components: autonomy, competence, and relatedness. These components are believed to be essential in fostering intrinsic motivation, which can lead to enhanced employee performance. However, there is limited research that explores how these SDT components work together in a real-world organizational setting, particularly in the context of commercial banks.

Furthermore, leadership style plays a pivotal role in shaping employees' motivation and performance. Leaders who exhibit transformational leadership behaviors can inspire employees, foster autonomy, and build trust, whereas transactional leadership may focus on rewards and punishments that influence employee behavior in different ways. Given the rapidly evolving banking sector in Karnataka, where commercial banks face increased competition and high-performance expectations, the role of leadership becomes particularly crucial in influencing employee engagement and performance.

Workplace motivation has also been widely studied as a significant factor influencing productivity. Motivated employees are more likely to display higher levels of performance, job satisfaction, and commitment to the organization. Understanding how motivation interacts with SDT components and leadership styles is crucial for creating an environment where employees feel empowered to perform at their best.

In addition to these positive factors, organizations also face challenges related to employee well-being. Contextual factors such as organizational culture, workload, and work environment can significantly impact an employee's physical and psychological health. Burnout and job stress are particularly prevalent in high-pressure sectors such as banking, where employees often face tight deadlines, customer demands, and long working hours. These negative factors can lead to decreased performance, disengagement, and high turnover rates.

This study seeks to address these gaps in the literature by examining the combined impact of SDT components, leadership styles, and contextual variables on employee performance in the commercial banking sector in Karnataka. Additionally, the study will explore how workplace motivation mediates the relationship between SDT components, leadership styles, and employee performance. By doing so, it aims to provide a comprehensive understanding of the factors influencing employee performance and well-being, which can guide organizational interventions to enhance employee satisfaction and productivity.

In light of the challenges posed by burnout and stress, the research also seeks to evaluate the negative effects of these factors on performance, with a focus on how they undermine the positive effects of SDT components and leadership. Ultimately, the study will propose an integrated framework that outlines how SDT components, leadership styles, and contextual variables collectively drive employee performance, offering practical insights for managers and policymakers in Karnataka's commercial banks.

## Literature Review

The literature underscores the importance of Self-Determination Theory (SDT) components—autonomy, competence, and relatedness—in fostering workplace motivation and enhancing employee performance (Deci & Ryan, 1985; Gagné & Deci, 2005). Leadership styles, particularly transformational leadership, have been shown to significantly influence employee motivation and performance (Bass, 1985; Judge & Piccolo, 2004). However, the mediating role

of workplace motivation in linking SDT components, leadership styles, and employee performance is underexplored, particularly in high-pressure industries like banking (Kovjanic et al., 2012). Research also highlights the negative impact of burnout and job stress on employee well-being and performance (Maslach & Jackson, 1981; Jaramillo et al., 2011). Although contextual variables, such as workload and organizational culture, are recognized as critical to employee outcomes (Demerouti et al., 2001), there is a lack of sector-specific studies and an integrated framework combining SDT, leadership, and contextual factors, especially in the Indian banking context (Sharma et al., 2020; Yousaf et al., 2015).

## Research Gap

Most existing research is fragmented, focusing on either motivation, leadership, or burnout in isolation. Limited sector-specific studies in the Indian banking industry, particularly in Karnataka, where cultural, economic, and organizational factors can significantly influence outcomes. A need for an integrated approach combining psychological theories, leadership insights, and contextual variables to provide actionable strategies for improving employee performance and well-being.

## Research Methodology

This study adopts a secondary data methodology to analyze the relationship between Self-Determination Theory (SDT) components, leadership style, workplace motivation, contextual variables, and employee performance in selected commercial banks in Karnataka. The data is taken from the research article which are published nationally and internationally.

## Objectives

1. To assess the combined impact of Self Determination theory (SDT) Components- Autonomy, Competence, and Relatedness and workplace motivation on employee Performance
2. To examine the mediating role of workplace motivation in the relationship between SDT

components, leadership style, and employee performance.

3. To investigate the influence of contextual variables on employee well-being and employee performance
4. To evaluate the negative effects of burnout and job stress on employee performance
5. To propose an integrated framework that explain how SDT components, leadership style, and contextual variable collectively drive employee performance outcomes in selected commercial banks in karnataka

1. To assess the combined impact of Self-Determination Theory (SDT) components—Autonomy, Competence, and Relatedness—and workplace motivation on employee performance:

This objective focuses on understanding how the three core components of SDT—autonomy (freedom in decision-making), competence (feeling capable and effective), and relatedness (a sense of connection with others)—along with workplace motivation, work together to influence employees' productivity, quality of work, and overall performance and the interplay between intrinsic needs and workplace dynamics in shaping employee outcomes.

2. To examine the mediating role of workplace motivation in the relationship between SDT components, leadership style, and employee performance:

This examines how workplace motivation acts as a bridge between: SDT components (autonomy, competence, relatedness), Leadership styles (e.g., transformational, transactional, or laissez-faire), and Employee performance (productivity, engagement, etc.).It explores whether motivated employees are more likely to translate positive leadership and satisfaction of SDT needs into higher performance levels and The indirect effects of motivation as a linking mechanism.

3. To investigate the influence of contextual variables on employee well-being and employee performance:

This objective looks at how factors such as organizational culture, work environment, industry-specific challenges, or socio-economic conditions (contextual variables) shape both: Employee well-being: Their physical and mental health. Employee performance: Their ability to meet work-related goals and expectations and Identifying external influences on employee outcomes.

4. To evaluate the negative effects of burnout and job stress on employee performance

This focuses on understanding how stressors like high workloads, lack of resources, or work-life imbalance lead to burnout (emotional exhaustion, depersonalization) and negatively impact employees' performance and Quantifying the detrimental effects of workplace stress on productivity and engagement.

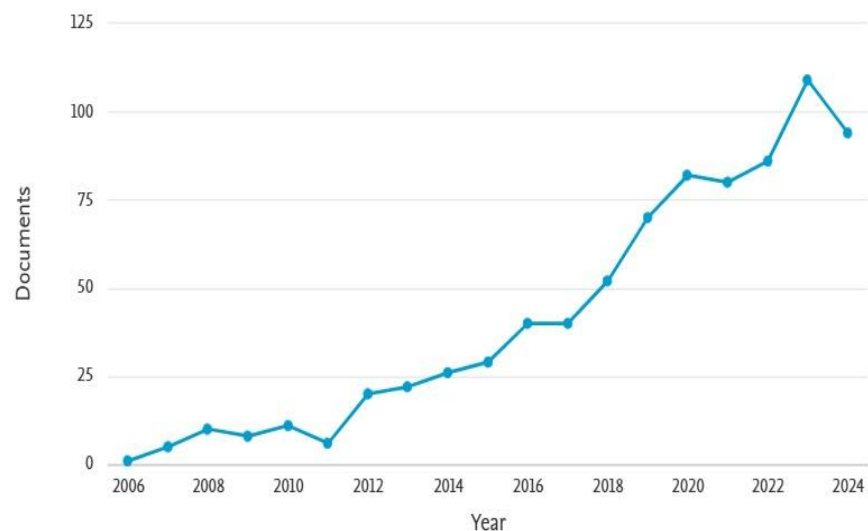
5. To propose an integrated framework that explains how SDT components, leadership style, and

contextual variables collectively drive employee performance outcomes in selected commercial banks in Karnataka:

The aim is to develop a comprehensive model combining: SDT components: The intrinsic motivators of employees. Leadership style: How leaders influence workplace dynamics. Contextual variables: External factors that shape experiences. This framework will explain how these elements interact to enhance or hinder employee performance. It will provide actionable insights for improving performance in the banking sector in Karnataka. And developing a holistic understanding and actionable solutions.

**This chart represents the number of documents published by year over the period from 2006 to 2024. Here's a detailed explanation of the trend:**

Documents by year

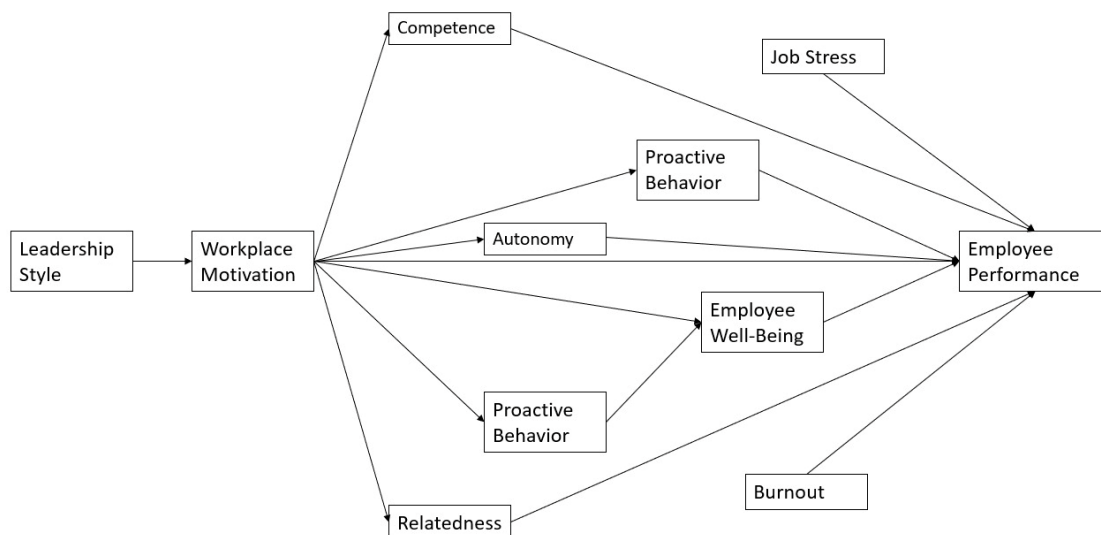


**2006–2012 (Slow Growth):** The number of documents per year starts very low and grows slowly during this period, reflecting limited interest or emerging research in the topic.  
**2013–2018 (Gradual Increase):** A steady increase in the number of documents suggests growing awareness and interest in the subject.  
**2019–2022 (Rapid Growth):** A sharp rise is observed, indicating a

surge in publications. This could be due to an increase in relevance or funding for research in this area.  
**2023 (Peak):** The year 2023 sees the highest number of publications, signaling the peak of research activity.  
**2024 (Slight Decline):** A slight drop in the number of documents is observed in 2024. This could be due to various factors, such as saturation of research, a shift in focus, or external influences like economic or global

events. Possible Interpretation This chart could represent research publications in a specific field, such as self-determination theory, motivation, or employee performance, reflecting the increasing importance of this area over time. The surge around 2019-2023 may correspond to global trends (e.g., shifts in workplace dynamics, remote work, or well-being during/post-pandemic).

**This diagram appears to outline a conceptual framework linking leadership style, workplace motivation, and various factors related to employee performance. Here's a brief explanation of the components and relationships:**



**Leadership Style:** Influences workplace motivation, which drives employees' attitudes and behaviors. **Workplace Motivation:** Acts as a central factor influenced by leadership style and directly affects: **Autonomy:** Employees' sense of control over their work. **Competence:** Employees' confidence in their abilities. **Relatedness:** The feeling of connection with colleagues and the organization. **Proactive Behavior:** Initiative-taking behavior in the workplace. **Employee Well-Being:** Employees' mental and physical health. **Autonomy, Competence, and Relatedness:** Derived from self-determination theory (SDT), these are key drivers of intrinsic motivation. They influence proactive behavior, employee well-being, and ultimately employee performance. **Employee Performance:** The ultimate outcome, influenced by:

Direct factors: Proactive Behavior and Employee Well-Being. Indirect factors: Job Stress and Burnout, which can negatively impact performance. Job Stress and Burnout: Negative outcomes that arise from workplace factors, affecting employee performance and well-being. This framework demonstrates the interconnectedness of motivation, workplace dynamics, and leadership influencing employee performance, while also acknowledging the potential challenges of stress and burnout.

## Conclusion

This study aims to explore the combined impact of Self-Determination Theory (SDT) components—autonomy, competence, and relatedness—along with workplace motivation, leadership styles, and contextual variables on employee performance in



commercial banks in Karnataka. By leveraging secondary data, the research identifies gaps in the existing literature, such as the limited integration of SDT, leadership, and contextual factors in sector-specific studies. It highlights the adverse effects of burnout and job stress on employee well-being and performance while emphasizing the need for an actionable, integrated framework tailored to the unique challenges of the banking sector. The findings will provide theoretical and practical insights to enhance employee motivation, mitigate stress, and improve overall performance, contributing significantly to organizational success in the banking industry.

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