

## IMPACT OF LEADERSHIP STYLES OVER THE PERFORMANCE OF EMPLOYEES

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### ABSTRACT

*Over the years the philosophical terminology of "management" and "leadership" have, in the organizational context, been used both as synonyms and with clearly differentiated meanings. Leaders who demonstrate persistence, tenacity, determination, and synergistic communication skills will bring out the same qualities in their groups. Good leaders use their own inner mentors to energize their team and organizations and lead a team to achieve success and for this leaders have to adopt proper leadership style and try to keep employees at ease. The use of the correct and appropriate leadership style in all fields has long been a topic of discussion and debate by both scholars as well as practitioners. "The desire to develop better leadership styles is becoming a matter of increasing importance in the organisations". The need to develop better leadership styles is becoming increasingly important in all organizations. The purpose of this paper is to ascertain if there is a correlation between the supervisor's leadership style and the employees' performance. This paper aims to show how leadership style effects the organization commitment of the employees, when the organization culture is reflecting the employee's values in the organization. This paper is a conceptual based paper which gives theoretical evidence to support the idea. The results of the paper suggest that the leadership style is a strong dimension of organization commitment when organization culture of the organization represents the employees' values in the organization. Employees are more satisfied if the organization will meet their expectations which are the part of that organization culture, so they are more committed with the organization and they will be able to give their best*

**Keywords:** Leadership Style, Management, Employee's Performance, Organisation Culture.

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## INTRODUCTION:

Leadership can be defined as “**The position or function of a leader**” and leader can be defined as “**Someone who has followers.**” **To gain followers requires influence but doesn't exclude the lack of integrity in achieving this**”.

### Who is a Leader?

Leader is the one who do not command excellence, he build excellence. Excellence is “being all you can be” within the bounds of doing what is right for your organization. To reach excellence one must first be a leader of good character. One must do everything he is supposed to do. Organizations will not achieve excellence by figuring out where it wants to go, then having leaders do whatever they have to in order to get the job done, and then hope their leaders acted with good character. Pursuing excellence should not be confused with accomplishing a job or task. Excellence starts with leaders of good and strong character who engage in the entire process of leadership. And the first process is being a person of honorable character. In any organization, a leader's actions set the pace. This behavior wins trust, loyalty, and ensures the organization's continued vitality. One of the ways to build trust is to display a good sense of character composed of beliefs, values, skills, and traits

**Beliefs** are what we hold dear to us and are rooted deeply within us. They could be assumptions or convictions that you hold true regarding people, concepts, or things. They could be the beliefs about life, death, religion, what is good, what is bad, what is human nature, etc.

**Values** are attitudes about the worth of people, concepts, or things. For example, you might value a good car, home, friendship, personal comfort, or relatives. Values are important as they influence a person's behavior to weigh the importance of alternatives. For example, you might value friends more than privacy, while others might be the opposite.

**Skills** are the knowledge and abilities that a person gains throughout life. The ability to learn a new skill varies with each individual. Some skills come almost naturally, while others come only by complete devotion to study and practice.

**Traits** are distinguishing qualities or characteristics of a person, while character is the sum total of these traits. There are hundreds of personality traits, far too many to be discussed here. Instead, we will focus on a few that are crucial for a leader. The more of these you display as a leader, the more your followers will believe and trust in you.

## Traits of a Good Leader

Compiled by the Santa Clara University and the Tom Peters Group:

- **Honest** — Display sincerity, integrity, and candor in all your actions. Deceptive behavior will not inspire trust.
- **Competent** — Base your actions on reason and moral principles. Do not make decisions based on childlike emotional desires or feelings.
- **Forward-looking** — Set goals and have a vision of the future. The vision must be owned throughout the organization. Effective leaders envision what they want and how to get it. They habitually pick priorities stemming from their basic values.
- **Inspiring** — Display confidence in all that you do. By showing endurance in mental, physical, and spiritual stamina, you will inspire others to reach for new heights. Take charge when necessary.
- **Intelligent** — Read, study, and seek challenging assignments.
- **Fair-minded** — Show fair treatment to all people. Prejudice is the enemy of justice. Display empathy by being sensitive to the feelings, values, interests, and well-being of others.
- **Broad-minded** — Seek out diversity.
- **Courageous** — Have the perseverance to accomplish a goal, regardless of the seemingly insurmountable obstacles. Display a confident calmness when under stress.
- **Straightforward** — Use sound judgment to make a good decisions at the right time.
- **Imaginative** — Make timely and appropriate changes in your thinking, plans, and methods. Show creativity by thinking of new and better goals, ideas, and solutions to problems. Be innovative!

## What Makes a Good Leader?

To be a good leader there are seven leadership skills that a person will need to possess. These seven leadership skills are

1. Thinking strategically
2. Creating passion for your vision
3. Being a good manager
4. Performance managing when required

5. Be in the business of employee service
6. Communication, communication, communication
7. Feedback, Feedback, Feedback

## **LEADERSHIP**

**Leadership** has been described as the “process of social influence in which one person can enlist the aid and support of others in the accomplishment of a common task”.<sup>[1]</sup> Other in-depth definitions of leadership have also emerged.

Leadership is "organizing a group of people to achieve a common goal". The leader may or may not have any formal authority.

## **STYLES**

**Leadership style refers to a leader's behavior. It is the result of the philosophy, personality, and experience of the leader.**

### **Autocratic or authoritarian style**

Under the autocratic leadership style, all decision-making powers are centralized in the leader, as with dictators.

Leaders do not entertain any suggestions or initiatives from subordinates. The autocratic management has been successful as it provides strong motivation to the manager. It permits quick decision-making, as only one person decides for the whole group and keeps each decision to him/herself until he/she feels it needs to be shared with the rest of the group.

### **Participative or democratic style**

The democratic leadership style favors decision-making by the group. Such a leader gives instructions after consulting the group.

They can win the cooperation of their group and can motivate them effectively and positively. The decisions of the democratic leader are not unilateral as with the autocrat because they arise from consultation with the group members and participation by them.

### **Laissez-faire or free rein style**

A free-rein leader does not lead, but leaves the group entirely to itself. Such a leader allows maximum freedom to subordinates; they are given a free hand in deciding their own policies and methods.

Different situations call for different leadership styles. In an emergency when there is little time to converge on an agreement and where a designated authority has significantly more experience or expertise than the rest of the team, an autocratic leadership style may be most effective; however, in a highly motivated and aligned team with a homogeneous level of expertise, a more democratic or laissez-faire style may be more effective. The style adopted should be the one that most effectively achieves the objectives of the group while balancing the interests of its individual members.

### **The Most Important Keys to Effective Leadership**

A study by the Hay Group, a global management consultancy, found these keys:

- Trust and confidence in top leadership was the single most reliable predictor of employee satisfaction in an organization.
- Effective communication by leadership in three critical areas was the key to winning organizational trust and confidence:
  1. Helping employees understand the company's overall business strategy.
  2. Helping employees understand how they contribute to achieving key business objectives.
  3. Sharing information with employees on both how the company is doing and how an employee's own division is doing — relative to strategic business objectives.

### **PRINCIPLES OF LEADERSHIP**

Important principles of leadership to be a effective leader are:

1. **Know yourself and seek self-improvement** - In order to know yourself, you have to understand your *be*, *know*, and *do*, attributes. Seeking self-improvement means continually strengthening your attributes. This can be accomplished through self-study, formal classes, reflection, and interacting with others.
2. **Be technically proficient** - As a leader, you must know your job and have a solid familiarity with your employees' tasks.
3. **Seek responsibility and take responsibility for your actions** - Search for ways to guide your organization to new heights. And when things go wrong, they always do sooner or later — do not blame others. Analyze the situation, take corrective action, and move on to the next challenge.

4. **Make sound and timely decisions** - Use good problem solving, decision making, and planning tools.
5. **Set the example** - Be a good role model for your employees. They must not only hear what they are expected to do, but also see. *We must become the change we want to see* - Mahatma Gandhi
6. **Know your people and look out for their well-being** - Know human nature and the importance of sincerely caring for your workers.
7. **Keep your workers informed** - Know how to communicate with not only them, but also seniors and other key people.
8. **Develop a sense of responsibility in your workers** - Help to develop good character traits that will help them carry out their professional responsibilities.
9. **Ensure that tasks are understood, supervised, and accomplished** - Communication is the key to this responsibility.
10. **Train as a team** - Although many so called leaders call their organization, department, section, etc. a team; they are not really teams...they are just a group of people doing their jobs.
11. **Use the full capabilities of your organization** - By developing a team spirit, you will be able to employ your organization, department, section, etc. to its fullest capabilities.

**Various factors that affects Leadership :**

Every organization has a particular work environment, which dictates to a considerable degree how the leaders respond to problems and opportunities and how they makes their subordinates work . This is brought about by the heritage of past experience and current opportunities.

# Factors of Leadership



## ROLES AND RELATIONSHIPS

Roles are the positions that are defined by a set of expectations about behavior of any job incumbent. Each role has a set of tasks and responsibilities that may or may not be spelled out. Roles have a powerful effect on behavior for several reasons, to include money being paid for the performance of the role, there is prestige attached to a role, and a sense of accomplishment or challenge.

Relationships are determined by a role's tasks. While some tasks are performed alone, most are carried out in relationship with others. The tasks will determine who the role-holder is required to interact with, how often, and towards what end. Also, normally the greater the interaction, the greater the liking. This in turn leads to more frequent interaction. In human behavior, its hard to like someone whom we have no contact with, and we tend to seek out those we like. People tend

to do what they are rewarded for, and friendship is a powerful reward. Many tasks and behaviors that are associated with a role are brought about by these relationships. That is, new task and behaviors are expected of the present role-holder because a strong relationship was developed in the past, either by that role-holder or a prior role-holder.

### **Culture and Climate**

There are two distinct forces that dictate how to act within an organization: **culture** and **climate**. Each organization has its own distinctive culture. It is a combination of the founders, past leadership, current leadership, crises, events, history, and size (Newstrom, Davis, 1993). This results in *rites*: the routines, rituals, and the “way we do things.” These rites impact individual behavior on what it takes to be in good standing (the norm) and directs the appropriate behavior for each circumstance.

The climate is the feel of the organization, the individual and shared perceptions and attitudes of the organization's members (Ivancevich, Konopaske, Matteson, 2007). While the culture is the deeply rooted nature of the organization that is a result of long-held formal and informal systems, rules, traditions, and customs; climate is a short-term phenomenon created by the current leadership. Climate represents the beliefs about the “feel of the organization” by its members. This individual perception of the “feel of the organization” comes from what the people believe about the activities that occur in the organization. These activities influence both individual and team motivation and satisfaction, such as:

- How well does the leader clarify the priorities and goals of the organization? What is expected of us?
- What is the system of recognition, rewards, and punishments in the organization?
- How competent are the leaders?
- Are leaders free to make decisions?

Organizational climate is directly related to the leadership and management style of the leader, based on the values, attributes, skills, and actions, as well as the priorities of the leader. Compare this to “ethical climate” — the feel of the organization about the activities that have ethical content or those aspects of the work environment that constitute ethical behavior. The ethical climate is the feel about whether we do things right; or the feel of whether we behave the way we

ought to behave. The behavior (character) of the leader is the most important factor that impacts the climate.

On the other hand, culture is a long-term, complex phenomenon. Culture represents the shared expectations and self-image of the organization. The mature values that create tradition or the “way we do things here.” Things are done differently in every organization. The collective vision and common folklore that define the institution are a reflection of culture. Individual leaders, cannot easily create or change culture because culture is a part of the organization. Culture influences the characteristics of the climate by its effect on the actions and thought processes of the leader. But, everything you do as a leader will affect the climate of the organization.

### **How Leader can exert influence?**

Leaders exert influence on the factors mentioned above via three types of actions ie. Goals, Values, and Concepts:

1. The goals and performance standards they establish.
2. The values they establish for the organization.
3. The business and people concepts they establish.

Successful organizations have leaders who set high standards and goals across the entire spectrum, such as strategies, market leadership, plans, meetings and presentations, productivity, quality, and reliability.

Values reflect the concern the organization has for its employees, customers, investors, vendors, and surrounding community. These values define the manner in how business will be conducted.

Concepts define what products or services the organization will offer and the methods and processes for conducting business.

These goals, values, and concepts make up the organization's *personality* or how the organization is observed by both outsiders and insiders. This personality defines the roles, relationships, rewards, and rites that take place.

### **Impact of Leadership Styles and various factors on Employee's Performance:**

Effective leadership skills are very important. Without them, a leader cannot build support for achieving the goal. Supporters also suffer from the lack of good leadership skills. With no clear vision, they can easily lose interest in the goal. And without guidance, supporters may simply pursue personal goals and agendas.

Leadership is an important function in business. Leadership and management represent two completely different business concepts. Leadership is commonly defined as establishing a clear vision, communicating the vision with others and resolving the conflicts between various individuals who are responsible for completing the company's vision. Management is the organization and coordination of various economic resources in a business. Leadership can have a significant impact on the performance of employees and that would affect the over all performance of the organization.

Business owners usually set the leadership tone for their organization. Owners accomplish this by developing a mission or set of values by which they operate their company. This creates a minimum level of acceptance for employee behavior. Business owners often create company policies or guidelines from the company's mission or values. Policies and guidelines also give business owners the ability to remove under-performing employees from the company.

Three types of leadership are common in business: authoritarian, democratic and laissez-faire. Each type of leadership impacts organizational performance differently. Authoritarian leadership is commanding and sets clear expectations for employees in the organizational.

**The Authoritative style is appropriate:**

- When new hires are unfamiliar with their jobs
- If there is constant misuse of authority
- When company rules are broken
- When you are the sole person responsible for a decision

Democratic leadership encourages feedback and input from managers or employees regarding organizational performance.

**The Democratic style is appropriate:**

- When you have a competent team
- In company or department planning meetings
- During company evaluation sessions
- When motivating top-performers
- Any time you need innovative work
- When you need creativity

Laissez-faire is a hands-off approach, where managers and employees work according to their own preference and schedule. This leadership style can lead to poor motivation and work practices, in other words:

**The Laissez-faire style is appropriate:**

- When the team is highly motivated and aligned

**Features**

Successful organizational performance relies on the proper behavior from managers and employees. Leadership can be an evolutionary process in companies. Business owners who provide leadership can transform an employee from a worker completing tasks to a valuable team member. Leadership skills can help change an employee's mentality by instilling an ownership mindset. Employees who believe they have a direct owner-style relationship with the organization often find ways to improve their attitude and productivity.

**Function**

Leadership can help a business maintain singular focus on its operations. Larger business organizations can suffer from too many individuals attempting to make business decisions. Business owners can use leadership skills to get managers and employees on the same page and refocus on the original goal. Leadership skills can also help correct poor business practices or internal conflicts between employees and can help employees in giving better performance and this can be explained by these two points:

- **Performance**

Job performance generally refers to behavior that is expected to contribute to organizational success. Out of number of performance dimensions, leadership is one of the dimension. leadership performance may be used to refer to the career success of the individual leader, performance of the group or organization, or even leader emergence. Each of these measures can be considered conceptually distinct. While these aspects may be related, they are different outcomes and their inclusion should depend on the applied or research focus.

An organization that is established as an instrument or means for achieving defined objectives has been referred to as a *formal organization*. Its design specifies how goals are subdivided and reflected in subdivisions of the organization. Divisions, departments,

sections, positions, jobs, and tasks make up this work structure. Thus, the formal organization is expected to behave impersonally in regard to relationships with clients or with its members.

In contrast to the appointed head or chief of an administrative unit, a leader emerges within the context of the *informal organization* that underlies the formal structure. The informal organization expresses the personal objectives and goals of the individual membership. Their objectives and goals may or may not coincide with those of the formal organization. The informal organization represents an extension of the social structures that generally characterize human life — the spontaneous emergence of groups and organizations as ends in themselves

Leaders emerge from within the structure of the informal organization. Their personal qualities, the demands of the situation, or a combination of these and other factors attract followers who accept their leadership within one or several overlay structures. A leader is a person who influences a group of people towards a specific result. It is not dependent on title or formal authority.

- **Management**

Over the years the philosophical terminology of "management" and "leadership" have, in the organizational context, been used both as synonyms and with clearly differentiated meanings. Debate is fairly common about whether the use of these terms should be restricted, and generally reflects an awareness of the distinction made by Burns (1978) between "transactional" leadership (characterized by e.g. emphasis on procedures, contingent reward, management by exception) and "transformational" leadership (characterized by e.g. charisma, personal relationships, creativity).

In some situations, organizations adopts group leadership, in this situation, more than one person provides direction to the group as a whole. Organizations adopt this to increase creativity, to reduce cost and to improve the performance the team members best able to handle any given phase of the project become the temporary leaders. Additionally, as each team member has the opportunity to experience the elevated level of empowerment, it energizes staff and feeds the cycle of success.

Leaders who demonstrate persistence, tenacity, determination, and synergistic communication skills will bring out the same qualities in their groups. Good leaders use their own inner mentors to energize their team and organizations and lead a team to achieve success.

### **How Leadership Styles Affect Productivity**

Each of the leadership styles have impact on reforming and/or creating company culture. There are short and long-term affects of each style. For instance, the authoritative style may produce great results in a short amount of time. However, excessive use of authority will decrease productivity in the long-term. People either get fed up and leave or fall into a malaise of hum-drum repetitive tasks without creativity and innovation.

All the while, a participative style will be unproductive in the short-term. But, the longer this style of leading, the more productive a company can become.

Many leaders never make it to a point of high productivity. They give up before the participative style kicks in and the company starts to escalate. They see the initial drop in production and cannot wait long enough for the true results.

### **CONCLUSION:**

This aim of this paper has been to show that to role of a leader and to show the linkage of good leadership to increased employee well-being. Workers with good leadership were more likely to be in the highest category of job well-being (ie, with low rates of symptoms like anxiety, depression, and job stress). There was also moderate evidence linking good leadership with reduced sick days and disability. There are a number of qualities that are important in being a good leader. Overall, a good leader must have integrity, enjoy working with people and have basic communication skills because this can lead to job satisfaction form both the sides i.e from the side of leader as well as employee's side. Leadership is one of several positions, within a group of people focused on achieving a specific goal. Some of the duties and responsibilities of a leadership position are to clearly outline a vision for a specific goal, and provide a general plan for achieving the goal. A leader is also responsible for group moral (sustained excitement about the goal) and cohesiveness in this paper it has been found that good leadership was associated with increased job satisfaction. Several characteristics of work can affect employee health. Studies have shown that factors like job control and support influence measurable health outcomes, such as sick leave. Leadership is thought to be one of the most important factors mediating the relationship between work and health.

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