

INFLUENCE OF LEADERSHIP STYLE ON EMPLOYEE MOTIVATION AND PERFORMANCE

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ABSTRACT

Leaders have always existed and the act of leading is as old as humanity. The present study aimed to investigate and evaluate the relationship between leadership style and employees motivation in an organization. It went ahead in ascertaining the impact of leadership on employees' performance and productivity, which is the hallmark of the organization goals and objectives. The paper intends to establish the role of leadership style in motivating the employees to be committed to their work. The study draws understanding on the underlying mechanisms that enable leaders to affect employee motivation, and consequently, their organizational oriented ventures. The study revealed that there is significance relationship between leadership style and employees' performance in the attainment of organization goals and objectives. The effects of leadership on employees' motivation and performance have a great impact on the overall wellbeing of the attitude of workers. It is recommended to have a balanced leadership style to equally reflect much interest in people to enhance employee performance for a competitive advantage.

Keywords: Leadership, Motivation, Performance, Style.

INTRODUCTION

Today's world is dynamic and ever-changing. In today's globalized world, organizations are facing changes generated by increased competition, mergers and acquisitions, shifting markets and changing employee demographics. Although many factors may influence the performance of an organization, there can be little doubt that the quality of leadership available to it will be one of the most critical determinants of ultimate success. Leadership behaviour plays a very important role in enhancing employee job satisfaction, work motivation and work performance. Good leadership behaviour accelerates the development of organizations. For any organization to achieve its set objectives and goals there must be a high relationship between the (management) leaders and employees. Many employees in the workplace today seek a better understanding of the mind of a leader in an organization. In today's competitive workplace, managers should equip themselves with leadership orientation and employee behaviors knowledge as motivating employees have been found to be a catalyst for employees performance and therefore for organization success.

Every organization, like every team requires leadership. Leadership allows managers to affect employee behaviour in the organization. Thus, motivated employees are one of the most important results of effective leadership. The literature on leadership is vast and a great deal has been written on this subject in the last so many years. Many definitions, explanations, and proposals on styles and models, have been presented by academicians,

authors, and institutions. The necessity of leaders and the concept of leadership are receiving special emphasis in this business world. Leadership is a process by which an executive can direct, guide and influence the behavior and work of others toward the accomplishment of specific goals in a given situation. It is an ability of a manager to induce the subordinates to work with confidence and zeal. "Leadership is a reciprocal relationship between those who choose to lead and those who decide to follow". Carter (2008) defined leadership as the ability to employ managerial competencies to organized performance processes by inspiring, igniting and motivating teams to meet set organizational goals. Leadership is not something you do to people. It's something you do with people". According to Abbas & Asgar (2010) successful managers are also successful leaders because they influence employees to help accomplish organizational goals. Leadership and motivation are interactive. Leadership effectiveness is critically contingent on, and often defined in terms of leaders' ability to motivate followers toward collective goals or a collective mission or vision (Shamir, Zakay, Breinin, & Popper 1998). The more motivated the supporters, the more effective the leader; the more effective the leader, the more motivated the followers.

Leadership has become very important in every organization and the quest of management to achieve the very best of investments, there is the need to pay attention to how effective leadership can be practiced in their organizations. In the recent past years, leadership has engaged as a new effective approach for managing the employees and organization at large. This give importance to the strategic integration of new leadership styles into effective management of employees and to improve the employee performance.

LEADERSHIP STYLES

The important issues in the employees' encouragement and motivation which lead them to do well are the management approaches or the leadership styles. Different leadership styles are used that fit to employees on the basis of amount of directions, empowerment, and decision making power. Kenneth and Heresy assert that the effective leader must be a good diagnostician and adopt style to meet the demands of the situation in which he operates. Many leadership theories have been proposed in the last fifty years, which are claimed to have influenced the overall effectiveness of the organizations where they have been employed. In the competitive world with technological changes within the business environment, it is vital that organizations employ leadership styles that enable organizations to survive in a dynamic environment (Maritz, 1995; Bass, 1997). In order to assess the effect of leadership styles and employee performance, which is the focus of this study, it is logical to examine various leadership styles.

(a) Transformational Leadership

Burns (1978) was the first to put forward the concept of "transforming leadership". According to him, "Transforming leadership occurs when one or more persons engage with others in such a way that leaders and followers raise one another to higher levels of motivation and morality..." Burns stated that the transforming leader shapes, alters, and elevates the motives, values and goals of followers achieving significant change in the process. Transformational leadership is a process in which the leaders take actions to try to increase their associates' awareness of what is right and important, to raise their associates motivational maturity and to move their associates to go beyond the associates' own self-interests for the good of the group, the organization, or society. Such leaders provide their associates with a sense of purpose that goes beyond a simple exchange of rewards for effort provided. The transformational leaders are proactive in many different and unique ways.

These leaders attempt to optimize development, not just performance. Development encompasses the maturation of ability, motivation, attitudes, and values. Such leaders want to elevate the maturity level of the needs of their associates. They convince their associates to strive for a higher level of achievement as well as higher levels of moral and ethical standards. Through the development of their associates, they optimize the development of their organizations as well. High performing associates build high performing organizations.

(b) Transactional Leadership

Bass and Avolio (1987) describe the transactional leadership style as based on traditional bureaucratic authority and legitimacy. Transactional leaders are able to entice subordinates to perform and thereby achieve desired outcomes by promising those rewards and benefits for the accomplishment of tasks (Bass, 1990). Transactional leaders are those leaders who implement structure and are understanding towards their employees (Senior, 1997). Transactional leaders focus their energies on task completion and compliance and rely on organizational rewards and punishments to influence employee performance, with reward being contingent on the followers carrying out the roles and assignments as defined by the leader (Bass and Avolio, 2000; Mester, et al 2003). In other words, the leader rewards or disciplines the followers depending on the adequacy of the follower's performance (Senior, 1997). The focal point of transactional leadership is on role elucidation. The leader assists the follower in understanding precisely what needs to be achieved in order to meet the organization's objectives (Bass, 1985). Leaders who display a transactional leadership style define and communicate the work that must be done by their followers, how it will be done, and the rewards their followers will receive for completing the stated objectives (Burns, 1978, et al).

(c) Democratic Leadership

Democratic leadership style is exhibited where the focus of power is more towards the group as a whole, and where there is greater interaction within the group (Mullins, 2002). The manager shares the leadership functions with members of the group where he or she takes part as a team member. The manager allows the decision to emerge out of the process of the group discussion, instead of imposing it on the group as a boss. This leadership style is appropriate only in instances where the nature of the responsibility associated with the decision is such that group members are willing to share with their manager, or alternatively the manager is willing to accept responsibility for decisions, which he or she has not made personally. This leadership is viewed as an important aspect of empowerment, teamwork and collaboration. It has been observed that an organization is more effective when those who will be affected by the organization's decisions are fully involved in the decision-making process. It is believed that subordinates share a sense of responsibility for the organization when they are allowed to participate actively in the decision-making (Prerez, Milstein, Wood and Jacquez 1999).

(d) Autocratic Leadership

Autocratic leadership is demonstrated as a controlling, directive, or coercive leader, who seldom takes decisions basing on input from their subordinates (Bass & Stogdill's, 1990). Similarly, McClelland (1975) described autocratic leadership, "which is based on personal dominance and authoritarian behavior that serves the self-interest of the leader, is self-aggrandizing and exploitative of others". Autocratic leaders are domineering, controlling, and revengeful (House & Howell, 1992). An autocratic leader takes over the control in

his/her office by dominating all the decisions and actions, giving clear/detail instruction and direction to the followers, force them what to do and how to carry out a task; all those mentioned actions will prevent employees from creativity and innovativeness. With subordinates, the leader communicates formally and in written form. The autocratic leadership style can be considered as a structure of pyramid in which a leader possesses the highest position on the top and the lowest position is for employees.

LEADERSHIP AND MOTIVATION

Human resources are one of the key factors in organizational management; therefore, work force motivation is highly important in achieving the organizational goals. The success of every organization depends on its employees' drive to thrive through their efforts, commitment, engagement, practice and persistence. Employee motivation is considered as one of the most vital parts in reaching the success and prosperity of business in today's dynamic and fierce market competition. According to Lussier (2010) employee motivation is important because leadership competencies include the ability to motivate employees as one of the crucial duties or jobs. The quality of a manager's relationship with an employee is the most powerful element of employee motivation. Nevertheless, within all the functions a leader performs, motivating employees is assumed as the most complex task. This is because in the workplace what motivates employees, changes constantly (Bowen & Radhakrishna, 1991). According to Ramlall (2004), key factors contributing to employee motivation are employees' needs, working environment, responsibilities, supervision, fairness and equity, effort, employee's development and feedback and rewarding. Luomanpaa (2012) stated that encouraging employees for achieving their goals is important in creating an enjoyable work environment. Motivation can be through incentives, rewards, and positions, all aimed at motivating people and obtaining their commitment and engagement (Amstrong, 2008). Maintaining highly motivated employees is therefore a strategic move to keep employees committed to working hard and ultimately contributing their optimal capability towards achieving the organization's goals (Frey and Osterloh, 2002). It is clear that the management and leadership styles that are adopted by a business and its management have a determining effect on the motivation level, the morale and the job satisfaction of the employees.

LEADERSHIP AND PERFORMANCE

The success of an organization is reliant on the leader's ability to optimize human resources. A good leader understands the importance of employees in achieving the goals of the organization and that motivating these employees is of paramount importance in achieving these goals. To have an effective organization the people within the organization need to be inspired to invest themselves in the organization's mission: the employees need to be stimulated so that they can be effective; hence effective organizations require effective leadership (Wall, Solum and Sobol, et al, 1996). Fiedler and House (1988) indicated that organizational performance will suffer in direct proportion to the neglect of this.

Ultimately it is the individual employee who either performs, or fails to perform, a task. In order for an organization to perform, an individual must set aside his personal goals, at least in part, to strive for the collective goals of the organization (Cummings and Schwab, 1973). In an organizational context, the very nature of performance is defined by the organization itself (Cummings and Schwab, 1973). Employees are of paramount importance to the achievement of any organization. Thus, effective leadership enables greater participation of the entire workforce, and can also influence both individual and organizational performance (Bass, 1997; Mullins, 1999). Effective leader behaviour

facilitates the attainment of the follower's desires, which then results in effective performance (Fiedler and House, 1988; Maritz, 1995; Ristow, et al., 1999).

Leadership is perhaps the most thoroughly investigated organizational variable that has a potential impact on employee performance (Cummings and Schwab, 1973). Winning leaders understand what motivates employees and how the employee's strengths and weaknesses influence their decisions, actions, and relationships. Cummings and Schwab (1973) mention the connection between leadership traits or leadership behaviours and employee performance. There is agreement in the literature (Maritz, 1995; Bass, 1997) that leadership is a critical factor in the success or failure of an organization; excellent organizations begin with excellent leadership, and successful organizations therefore reflect their leadership. Leaders are effective when the influence they exert over their subordinates works towards achieving organizational performance (Jones and George, 2000). Furthermore, leadership is often regarded as the single most critical success factor in the success or failure of an institution (Bass, 1990). Dimma (1989) believes that leadership is undoubtedly the critical determinant of the success of an organization, and thus determines organizational performance in the competitive global market.

EFFECT OF LEADERSHIP STYLES ON EMPLOYEE MOTIVATION AND PERFORMANCE

There are at least two major influences that affect how individuals perform in their environment. These influences include: i) the type of leadership that exists, and ii) personal motivation. The success of an organization is reliant on the leader's ability to optimize human resources. A good leader understands the importance of employees in achieving the goals of the organization and that motivating these employees is of paramount importance in achieving these goals. To have an effective organization the people within the organization need to be inspired to invest themselves in the organization's mission: the employees need to be stimulated so that they can be effective; hence effective organizations require effective leadership (Wall, Solum and Sobol, et al, 1996).

The first key of leadership, application of leadership style, provides the foundation to leadership excellence. Leadership styles adopted by leaders helps to understand why some leaders perform successfully, why some encounter difficulties and still others struggle with low levels of support while displaying high technical abilities. Leaders are accountable for the performance of their organization which is dependent on employee's productivity. The leader's beliefs, values and assumptions are of critical importance to the overall style of leadership they adopt. Leaders use different styles of decision making in order to motivate followers to perform well. Winning leaders understand what motivates employees and how the employee's strengths and weaknesses influence their performance. Determining the managers' leadership style acts as a guideline for the managers to be aware of their own leadership style and choose the best leadership style to empower their employees and, at the same time, gain sufficient information about job motivational needs of the staff. After going through exhaustive literature, it is emphasized that characteristics/personalities of a leader is the most decisive factor that creates an effective motivational work environment for the staff, which leads to a positive job attitudes. According to Erthart and Klein (2001) significant correlation between followers' preferences for leadership styles can be predicted via values and personality of one leader. Moreover, when a leader attracts many followers attention, those people will have strong motivation in job, and they are able to perform well under the supervision of that leader, and have more positive work attitudes. Leadership can be used to raise organizational commitment and employees' performance. The leadership style that is accepted by employees motivates, inspire and influence them when decisions and problem

arise. Furthermore, these styles create positive organizational commitment and promote job performance. The manager, through his leadership style, can always increase organizational commitment by providing rewards to induce employees to work harder. The implication of this study is that managers who want to be more effective might need to be more inspirational, supportive, resourceful, and work to develop their subordinate's capabilities. Leadership behaviours have direct impact on productivity. It is found that leadership behaviour has direct relationship with employee output and that depending on the style exhibited by the leader in an organization, productivity is either enhanced or stalled.

CONCLUSION

Leaders play an important role in creating an atmosphere and culture of enthusiasm and productivity among the employees. For any organization to achieve its set objectives and goals there must be a high relationship between the (management) leaders and employees. However, for productivity to be reality in an organization there should be high employee's performance which solely depends on leadership style. The study revealed that there is significance relationship between leadership style and employees' performance in the attainment of organization goals and objectives. It was found that leadership styles have a strong influence in retaining and developing employee motivation. Leader must apply the appropriate style of leadership to communicate and obtain the desired results from employees. It is recommended to have a balanced leadership style to equally reflect much interest in people to enhance employee performance for a competitive advantage. We conclude that leadership plays a very important role in enhancing employee job satisfaction, work motivation and work performance.

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