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A study of leadership styles and its impact on employees

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Abstract

The aim of this study is to examine or evaluate the effect of leadership style on employee performance in Information Technology sector with special reference to in techno-park. It is a known fact, that effective leadership style in an organisation as a whole depend on the leadership style employed by the organization. The objective of the study is to determine the concept, contribution and understand what kind of leadership style is appropriate in an organization and also to know if leadership in an organization have effect on employee performance in Information Technology sector. Based on research findings: it is suggested that it is necessary to have effective leadership style towards achievement of organizational goals and to increase relationship between management and workers.

Keywords: Transformational leadership, transactional leadership, democratic leadership

Introduction

In this competitive era where world has become a global village, firms are considered to be competitive on the basis of competence of their human resources. For every organisation to run effortlessly, effectively and efficiently, the most important and valued factor in the organization is considered to be its Human resources. There is a growing need for diligent, loyal and concerned managers and employees in the organisation and more in IT industry. However organisations are facing challenges in retaining the human capital. For this purpose Leadership is required in every organization at every level. Management of employees mostly depends on the quality of an efficient leader.

Leaders are facilitators of success. They ensure that their subordinates have everything they need to be productive and successful. They do so by approaching their subordinates with a style which have a mutual benefit. The way in which the leaders interact with their followers, they employ a combination of traits, skills and behaviour are called leadership styles.

No doubt, we want effective leaders in huge numbers at all strata in all organizations, rather than only a small number of great leaders. This change from great leaders into great leadership is in reaction to the rapid changing environment. These changes in the organization needs high quality and quicker decision making which is possible only when there are proficient, effective and competent people, who are able of taking such decisions at all levels. Faster and worth decision making will direct to de-hierarchization, decentralization and de-bureaucratization, which will result in empowerment at all levels. There are countless definitions of leadership and there are a number of researchers who have made an attempt to explore this concept. Although numerous specific definitions may well be cited, most of them would depend on the theoretical orientation taken. Motivating employees lies in the hands of an effective leader and this is not possible if leader himself is not motivated. Their style inculcates organisational citizenship behaviour in the employees. Besides influence and motivation, leadership has been defined in terms of group processes, personality, compliance, persuasion, power, goal achievement, role differentiation, interaction and combination of two or more of these. All these can help make the job interesting and employees will have a sense of purpose.

Thus, an effective leadership style can lead an organisation to success and outperform its competitors.

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Statement of the Problem

Leadership style is the manner and approach of providing directions, implementing plans and motivating people. It is the ability that affects the performance of the employees in an organisation. It has a great impact on the employees and keeps them going in their work-life. An effective leadership style is of great importance for an organisation and will lead to the overall benefit of the organisation by increasing productivity, efficiency, satisfaction, timely accomplishment of task and so on among employees. Leader is the important element in an organisation. His leadership styles are his personal philosophy. He may exhibit different styles when he is dealing with subordinates and this might in turn affect them in a positive or a negative way and even may have no significant effect on their work-life. The present study is to analyse the different qualities of leadership styles exhibited by the leaders and further make a study on its impact on them. In the backdrop of the above, the Statement of the problem is "A Study of Leadership Styles and its impact on employees with special reference to IT sectors in techno-park".

Review of Literature

1. Elance & Aggarwal (1975), investigated the leadership behaviour taking different variables affecting the leadership style along with delegation of authority of 123 executives from public and private sector. They found that 67% executives in private sector and 57% in public sector units have employed democratic decision style or leadership.
2. Burns (1978) was one of the first to provide an explicit definition of Transformational Leadership. He proposed that the leadership process occurs in one of two ways, either transactional or transformational. Transactional Leadership is based on bureaucratic authority and legitimacy within the organization. Transactional leaders emphasize work standards, Assignments, and task-oriented goals. They also tend to focus on task completion and employee compliance and rely quite heavily on organizational rewards and punishments to influence employee performance.
3. Noel. M Tichy, David.O. Ulrich (1984), authors purport that a new brand of leadership-transformational leadership is the key to revitalizing large U.S corporations such as general motors, AT&T, general electric etc. Based on the premise that the pressure for basic organizational change will intensify, not diminish, over the years, they argue that transformational leaders must develop a new vision for the organization.
4. Alvesson (1992) believes this view allows a combination of the two elements, which can be found in the activities of many managers. Leadership is therefore not seen as standing above or being able to change culture, but rather as trying to influence people's minds. While there are many leadership theories, two that have dominated the literature since the 1980s are Transformational Leadership and Transactional Leadership.
5. Alpana Priyabhashini, Venkat R. Krishnan (2005), studied the relationship between transformational leadership, leader's expectation from follower (Pygmalion effect) and follower's readiness for

promotion using a sample of 101 managers from two organizations in India. Respondents answered questions on their readiness for promotions and on their superior's transformational leadership and expectations.

6. Rezvan Mirsafaei Rizi, Aida Azadi, Maryam Eslami Farsani, Shahram Aroufzad (2013), relationship between leadership styles and job satisfaction among physical education organization employees in Isfahan. Results showed that the positive correlation between overall leadership styles and job satisfaction was significant at the level of $P < 0.05$.

Objective of the study

- To find out the different styles exhibited by the leaders and its impact on the employees of an organisation.
- To critically evaluate the best suited style for an organisation.

Need and significance of the study

The study focuses on the different qualities in leadership styles of the leader as perceived by the subordinates and its impact on the employees. The study observes the style of the leaders and provides a scope for improvement. It tries to provide a way for the leaders to understand such qualities which will increase the performance of the employees. It covers those areas, where the leaders lag behind and can train them to become more efficient and effective in the same.

Scope of the study

The study tries to observe the different qualities of leadership styles and the impact of the same on the employees. For this purpose the study was limited and conducted selecting different IT sectors in Techno Park. Although there exist several leadership styles, the never changing broad classification of leadership styles are transactional and transformational type of leadership style. Based on this the leadership styles of the leaders were assessed by asking the employees to judge the qualities exhibited by their managers based on how they fit in the statements of questionnaire.

Research Methodology

Data Collection and Sample

Data for this paper was collected using questionnaires. The population of the study was all individual investors. The target population was employees from IT sector in techno-park, Trivandrum, Kerala. Random sampling technique was used in the study and 100 employees responded.

Period of Study

The research is carried between January 2016 to June 2016

Data Analysis Technique

Data collected for this study was analyzed by using descriptive statistics and Arithmetic mean, Percentage analysis are used to analyse the result.

Data source

The major sources of data are primary and secondary data. Primary data has been collected with the help of questionnaire. Secondary data is the data which have

already been collected by someone else and which have already been passed through the statistical process. It was gathered through literature and journals published.

Leadership

Leadership is a special type of influential activity. It maybe seen in effect in all kinds of social situations, and it is especially apparent Where the situation demands that people work together toward common goals. In Organizations, leadership is a managerial activity the purpose of which is to direct the employees in one immediate chain of command toward the accomplishment of work goals. Leadership represents a combination of behaviors exhibited by one who occupies an elected, appointed, or designated position of influence in a social system. Leadership behaviour is therefore officially sanctioned either formally or informally and the leader is looked to for guidance and direction by those who recognize in his or her power.

The term leadership therefore can be defined as the exercise of influence in a social situation in which the followers' (influences) attribute leadership qualities to the leader (influencer). Leaders are leaders because other people view them as such. It must be noted that not all leaders are effective managers and not all managers are effective leaders.

Leadership has been described as a process of persuasion where the leader (or team of leaders) act as an example for a group in order to motivate and induce the group to pursue the objectives of the leader and the organization. In this regard, it is important to realize the culture of their working environment. They are integral parts of the system in which they arise yet dependent upon two-way communication with constituent and the forces that create the circumstances in which they emerge. In addition, leaders are accountable for the performance of their organization or the success of the government, which is dependent on employee's productivity. The role of leadership in management is largely determined by organizational culture of the company. It has been argued that manager's beliefs, values and assumptions are of critical importance to the overall style of leadership they adopt. Their job is to find people with talent and skill, and help them work together towards common goals. Leadership is influential processes which distinguish a leader by their actions, and also encourage a group of people to more towards a common or shared goal.

A leader is an individual, while leadership is the function that the individual performs. Besides, an individual within an organization who have authority are often referred to as a leader, regardless of how they act in their job. But just because someone is supposed to be a formal leader in an Organization, him or her or not exercise leadership. In fact, informal or emergent leader can exhibit leadership even though they do not hold formal leadership positions that could distinguish them. Therefore, leadership effectiveness is important in the attainment of organizational goals and objectives.

Leadership Styles

1. Transformational leadership is a style of leadership where the leader is charged with identifying the needed change, creating a vision to guide the change through inspiration, and executing the change in

tandem with committed members of the group. It also serves to enhance the motivation, morale, and job performance of followers through a variety of mechanisms; these include connecting the follower's sense of identity and self to the project and the collective identity of the organization; being a role model for followers in order to inspire them and raise their interest in the project; challenging followers to take greater ownership for their work, and understanding the strengths and weaknesses of followers, allowing the leader to align followers with tasks that enhance their performance. The different factors of transformational leadership style are as follows: Scope for new opportunities, Optimism, Consideration of opinions, Experiencing new way in solving a problem, Creativity, Open communication, Inspiration, Teamwork and Interesting job assignments

2. Transactional Leadership, also known as managerial leadership, focuses on the role of supervision, organization, and group performance; transactional leadership is a style of leadership in which the leader promotes compliance of his/her followers through both rewards and punishments. Unlike Transformational leadership, leaders using the transactional approach are not looking to change the future, they are looking to merely keep things the same. Leaders using transactional leadership as a model pay attention to followers' work in order to find faults and deviations. This type of leadership is effective in crisis and emergency situations, as well as for projects that need to be carried out in a specific way. The factors of transactional leadership style are as: Motivation through reward and punishment, Clarification of roles and expectations, Clear chain of command/ formal communication, Shows authority, Avoids new solutions for solving a problem, No creativity, Keeps track of mistakes, Sets standards and Ensures work is done
3. Democratic leadership, also known as participative leadership, is a type of leadership style in which members of the group take a more participative role in the decision-making process. Researchers have found that this learning style is usually one of the most effective and lead to higher productivity, better contributions from group members, and increased group morale. Group members are encouraged to share ideas and opinions, even though the leader retains the final say over decisions. Members of the group feel more engaged in the process. Creativity is encouraged and rewarded. The factors of democratic leadership style are as: Involvement, Commitment, Less competitive, More collaborative, Teamwork, Achievement of general goals and Cooperation and Team spirit.

Analysis and Interpretation

Part-1 Find out the different styles exhibited by the leaders

Although there exist several leadership styles, the never changing broad classification of leadership styles are transactional and transformational type of leadership style. Transactional involves exchange of labour for rewards and transformational which is based on concern for employees, intellectual stimulation, and providing a group vision.

Transformational Leadership Qualities

The transformational leadership qualities taken for the study and the result were as follows:

Table 1: Transformational leadership qualities

Qualities	Mean
Enthusiastic and inspiration	3.89
Considers suggestions and opinions	3.27
Provides new opportunities	3.58
Insists on morals and ethics	4.29
Gives interesting assignments	3.50
Clarity in visions and goals	3.63
Encourages creativity and new way of solving problems	3.17
Emphasis on team work and team building	4.25

Source: Primary data

The analysis was made by assigning weights (strongly agree - 5, agree - 4, neutral - 3, disagree - 2, strongly disagree - 1). Further the weighted mean was computed for finding the most exhibited quality and the least exhibited one. This table shows that the respondents agree that their leaders show all the transformational leadership qualities. The leadership quality “insist on morals and ethics” and followed by “emphasis on teamwork” The quality exhibited comparatively lesser by their managers were “encouraging creativity and new way of solving problems”.

Transactional Leadership Qualities

The transactional leadership qualities taken for the study and the result were as follows:

Table 2: Transactional leadership qualities

Qualities	Mean
Shows authority	2.96
Constant monitoring	4.01
Gives rewards	3.91
Tracks mistakes	3.06
Takes corrective actions	3.97
Strict Disciplinary action	2.92
Provides necessary resources	3.65
Clarifies expectations	3.08

Source: Primary data

This table shows that the employees agree that their managers exhibit majority of the transactional leadership qualities. However the respondents disagreed with certain qualities like “strict disciplinary actions”. The major quality identified were “constant monitoring” followed by “taking corrective actions”.

Result

Based on the above study, it was observed that the leaders showed a combination of both transformational as well as transactional styles. But some of the qualities of transactional leadership styles and transformational were disagreed by the employees too.

Part 2. Impact on the employees in an organisation

Further the study intended to observe the impact of these qualities on the employees as perceived by them. The qualities included are those, which was seen in majority in the previous study that is, the combination of both transformational as well as transactional styles. The result were as follows:

Transformational Qualities Ethics and morals

Table 3

Impact	No. of respondents	percentage
Task accomplishment with utmost good faith.	24	24%
Has no significant effect on work	57	57%
Deviation from the main goal	19	19%

Source: Primary data

The inclusion of ethics and morals while leading the employees have impacted 24% of the respondents in a positive way that is it has enabled them to accomplish their task with utmost good faith. 57% of the respondents have felt that it has not impacted them in any way that is it had no significant effect on their work.

Enthusiastic and inspiration

Table 4

Impact	No. of respondents	percentage
More contribution	92	92%
Has no significant effect on work	8	8%
Over confidence	0	0%

Source: Primary data

By providing constant inspiration to the employees it has impacted 92% of them in a positive way that is it has led to more contribution on their part.

Clarity in visions and goals

Table 5

Impact	No. of respondents	percentage
Lesser confusion	73	73%
Has no significant effect on work	4	4%
Stressed due to higher expectations	23	23%

Source: Primary data

By communicating the visions and goals to the employees it has impacted 73% of them in a positive way that is it has led to lesser confusion. 4% of the respondents have felt that it has not impacted them in any way that is it had no significant effect on their work.

Provides opportunities

Table 6

Impact	No. of respondents	percentage
Professional advancement	69	69%
Has no significant effect on work	6	6%
Inability to focus	25	25%

Source: Primary data

By providing new opportunities to the employees it has impacted 69% of them in a positive way that is it has led to professional advancement and 25% of the respondents have felt that it has impacted in a negative way that is it has made them unable to focus.

Transactional Qualities
Constant monitoring

Table7

Impact	No. of respondents	percentage
Timely accomplishment of task	32	32%
Has no significant effect on work	6	6%
Stressful worklife	62	62%

Source: Primary data

By being constantly monitored, 32% of the employees felt that it has impacted them in a positive way that is it has led to timely accomplishment of tasks whereas 62% of the respondents have felt that it has impacted in a negative way that is it has made their work-life stressful.

2.2 Take corrective action and Provides Guidance

Table8

Impact	No. of respondents	percentage
More contribution	82	82%
Has no significant effect on work	7	7%
Over dependency hampering professional growth	11	11%

Source: Primary data

By providing guidance and corrective actions, 82% of the employees felt that it has impacted them in a positive way that is it has enabled them to contribute more. Only 7% of the respondents have felt that it has not impacted them in any way that is it had no significant effect on their work.

Gives rewarded for performance

Table9

Impact	No. of respondents	percentage
Gets motivated	73	73%
Has no significant effect on work	7	7%
Leads to unhealthy competition	20	20%

Source: Primary data

By providing constant rewards, 73% of the employees felt that it has impacted them in a positive way that is it provides more motivation. Only 7% of the respondents have felt that it has not impacted them in any way that is it had no significant effect on their work.

Provides necessary resources

Table10

Impact	No. of respondents	percentage
Timely accomplishment of task	81	81%
Has no significant effect on work	5	5%
Lacks experience to tackle crisis	14	14%

Source: Primary data

By providing resources on time, 81% of the employees felt that it has impacted them in a positive way that is it has led to timely accomplishment of tasks.

Recommendations

In light of the Ending and conclusion, for effective employee performance, organization should make use of these recommendations:

- Adopt effective leadership style. This is a style based upon a caring and nurturing approach, which will work in conjunction with authoritative style. Democratic and pacesetting leadership style should be adopted as the democratic-style give room for employee participation in decision-making while pacesetting in situational leadership style.
- Organization should also formulate polices, which will encourage leaders to empower employees to be part owner of the organization.
- Leadership that encourages quality principle should be put in place of authority.
- Visionary leaders who can delegate authority with trust to employees are an answer to productivity problems.
- It should be known that achievement of leadership goal is dependent on employees' satisfaction.
- A leader should perform in the frame of an environment and historical context.
- A leadership system that create complete functioning process, which depends upon many pants to create results.

Conclusion

Effective leadership and management are widely heralded as key priority for national and regional development, yet the process by which they are enhanced by training and development and how they impact upon performance remain poorly understood. There is lack of reliable data to link management and leadership development with leadership capability and individual and organizational performance and the evidence 'suggest a more complex relationship between them' than often assumed. Leadership exists on many levels; throughout all aspects of the society. The common purpose that motivates leaders is the overall accomplishment of the organization or the system. After recognizing leadership as a system, it becomes clear that an understanding of the relationship between leaders and their constituents is essential. In addition, developing and maintaining successful organizations require leaders to understand the culture of the organization to adapt to the challenges of the environment and to respect the constituents that make up the organization. The responsibility of leadership extends from the executive officers and beyond "the -local levels of the public. The possibilities and limitations of leaders must be understood so that the workers can intelligently strengthen and support "good" leadership. Many have described the skills and the tasks necessary to be a leader and it is likely that these skills are widely distributed throughout the society. An important question is how this reservoir can be tapped.

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