

## EXPLORING THE ROLE OF LEADERSHIP STYLE ON ORGANIZATIONAL PERFORMANCE

### A CONCEPTUAL FRAMEWORK

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#### Abstract

*The significance of leadership in guaranteeing high-performance organizations and employee engagement in the organization cannot be overstated. Due to the increasing complexity of the business environment, organizations can no longer ensure lifelong job security for employees, which amplify the significance of the commitment issue. The leadership style of supervisors or managers has been identified as a crucial determinant in an employee's choice to stay or depart from an organization. Given that dedicated employees are likely to exceed their expected responsibilities, managers should comprehend how their leadership style can impact employees' loyalty to the organization. The role of leadership and leadership style is significant in elucidating elements about organizational performance and employee behavior. The correlation between organizational performance and employee commitment is generally recognized. The Path-Goal Theory suggests that there are four fundamental leadership styles: directive, supportive, participative, and achievement-oriented. These styles aim to enhance employee performance and create a conducive work environment to achieve a certain goal. The suitability of leadership styles to be used in different situations is believed to be influenced by various elements, such as motivation and organizational citizenship conduct. This study aims to investigate the impact of leadership style on organizational performance. This study presents a conceptual framework that aims to elucidate the connection between servant leadership and employee organizational commitment.*

**Keywords:** - leadership, organization, performance

#### Introduction

Organizational scholars in the 21st century is dedicated to comprehending and enhancing leadership theories, as leadership has a significant role in determining the success or failure of organizations. Various leadership styles and theories have been formulated and put into practice in organizations, with Bass (2000), proposing that a leader's style plays a crucial role in attaining long-term objectives. In a global context, leadership assumes a crucial role, and organizations must prioritize the well-being of their employees to sustain their commitment. The significant expenses linked to staff



turnover require the establishment of a robust connection between employees and the organization. The importance of leaders in guaranteeing organizational effectiveness and fostering staff commitment is widely recognized. The concepts of leadership, leadership style, and leader behavior have undergone changes over time, giving rise to several theories such as transactional, transformational, and situational leadership. These theories will be further explored in this thesis. This research focuses on examining the correlation between a leader and a follower, as well as exploring the various methods through which collaboration and involvement might take place. Hence, the influence of leadership and leadership style on organizational performance and employee behavior can be elucidated (Bhargavi and Yaseen 2016). The leadership style within an organization is a crucial component that greatly influences the level of interest and commitment exhibited by personnel inside the organization (C. et al. 2012). However, the level of contribution from organization members in utilizing the organization's resources depends on the managers' understanding and implementation of an effective leadership style in their responsibilities as managers and leaders.

A leader serves as a prominent figure who is seen as a symbol, model, and catalyst of motivation for subordinates/employees. The leader ensures the convergence of efforts and unifies the components into a cohesive whole through efficient teamwork, serving as a proficient team leader (Khan and Adnan 2014). The team leader assumes full accountabilities for all failures and attributes all achievements to the entire team. In the present day, the corporate landscape is characterized by intense rivalry, and companies lacking a competitive edge and effective leadership will fall behind in the battle. Thus, Leadership plays a crucial role in enhancing the productivity and profitability of organizations. However, the level of success is contingent upon the leader's style and the subsequent work environment established to facilitate optimal staff performance. Leadership style has a direct influence on how individuals interact with each other, as well as how they are rewarded or punished. This, in turn, changes the behavior, motivation, and attitude of employees, ultimately affecting the overall success of the organization.

Moreover, the leadership style implemented in the workplace can have a significant impact on an employee's self-perception, either positively or negatively. Specifically, it can influence the employee's overall health and energy levels by establishing either a motivating and invigorating work environment or one characterized by stress and anxiety (Uchenwamgbe 2013). Thus, the effectiveness of gathering, distributing, utilizing, and improving organizational resources heavily relies on leadership style, among various other criteria (Bass 2000; Khan and Adnan 2014). The impact of leadership styles on organizational success is a topic of great interest among scholars and specialists in the field of leadership. The primary objective of this matter is the

pervasive notion that leadership has an impact on organizational performance, either favorably or negatively.

The leadership style significantly influences the behavior and attitude of organization members. The study of leadership has garnered increased interest in recent years, mostly due to its significant impact on the success or failure of an organization. Throughout time, scientists and researchers have not reached a consensus on the best suitable style of leadership in organizations. This has resulted in the development of several theories aimed at enhancing organizational efficiency and effectiveness. The purpose of this study was to explain the correlation between different leadership styles and the overall success of an organization.

## 2. Concept of leadership

Leadership is an idea that encompasses dimensions of guiding and influencing individuals or groups, towards shared objectives. It involves the skill to inspire, motivate and guide others while offering a vision and purpose. Therefore, providing a comprehensive definition that encompasses all leadership attributes is a challenging task (Bass, 1985). However, the fundamental principles of leadership revolve around influencing the relationships between leaders and followers to foster effective behavior in achieving specific organizational goals and objectives (Bhargavi and Yaseen 2016; Fernandes and Awamleh 2016). According to Yukl (2010), leadership is the act of influencing people and ensuring that they comprehend and agree on the tasks and methods required to reach the desired goals. It also involves facilitating the efforts of individuals and groups towards these objectives. Historically, the examination of leadership has been intricately linked to the examination of the leader and their interactions with their followers. However, there is a mounting body of evidence indicating that the way followers perceive a leader plays a crucial role in influencing the consequences of leadership (Andrews and Field 1998; Chen and Meindl 1991). Khan & Adnan (2014), asserts that leadership is a purposeful process that involves inspiring to boost the employee's capacity for growth and development. The terms "leadership" and "management" are sometimes used interchangeably, despite significant distinctions between them. Leaders serve to inspire their followers, while managers aim to motivate their workers. In summary, inspired individuals are intrinsically motivated individuals who derive satisfaction from their work, leading to enhanced outcomes and increased productivity in the fulfillment of their duties and obligations.

Multiple factors suggest a correlation between leadership style and organizational performance. One key aspect is that modern markets are characterized by intense and



dynamic competition driven by innovation, rivalry based on price and performance, diminishing returns, and the replacement of current competencies through creative destruction (C. et al. 2012; Danis,man, Tosuntas, and Karada 2016; Longe 2014). Research has indicated that the adoption of good leadership behaviors can enhance performance in the face of new problems for organizations (Fernandes and Awamleh 2016; Khan and Adnan 2014; Olesia, Namusonge, and Iravo 2013). Here are some key components of the concept of leadership:

**Vision and Direction:** Leaders have a clear vision of the future or a goal they want to achieve. They communicate this vision to their team, providing direction and purpose.

**Influence and Inspiration:** Leadership involves the ability to influence and inspire others to act. Effective leaders motivate their team members, fostering a sense of commitment and enthusiasm.

**Decision-Making:** Leaders are responsible for making decisions that impact the team or organization. They must weigh options, consider information, and make informed choices.

**Communication:** Effective communication is crucial for leadership. Leaders must articulate their vision, expectations, and goals. They also need to listen actively to feedback and concerns from their team.

**Integrity and Trust:** Trust is a foundation of leadership. Leaders must act with integrity, honesty, and consistency. When team members trust their leader, they are more likely to be engaged and committed.

**Adaptability:** Leadership involves adapting to change and being flexible in the face of challenges. Leaders must be open to new ideas and be willing to adjust their strategies when necessary.

**Empowerment:** Empowering others is a key aspect of leadership. Leaders delegate responsibilities and provide opportunities for growth. Empowered individuals are more likely to be motivated and take ownership of their work.

**Team Building:** Leaders must build and nurture effective teams. This includes understanding team dynamics, fostering collaboration, and resolving conflicts. A cohesive team is often more productive and innovative.

**Accountability:** Leaders are accountable for their decisions and actions. They must also hold team members accountable for their responsibilities, fostering a culture of responsibility and ownership.



**Continuous Learning:** Leadership involves a commitment to personal and professional development. Leaders should be open to learning, adapting to new information, and staying current in their field.

Leadership is a fluid and developing notion that can be demonstrated through a range of approaches, spanning from autocratic to democratic. Varying circumstances may necessitate distinct leadership methodologies, and proficient leaders frequently exhibit a blend of styles contingent upon the setting. Leadership transcends specific roles or positions; individuals at any level of an organization have the potential to demonstrate leadership skills.

## 2.2 leadership style

The key to effective management in any organization is in the development of a robust plan, the creation of a suitable organizational structure, the execution of the plans, and the diligent monitoring of performance. Thus, efficient completion of these activities necessitates competent leadership. suggested that the leadership style adopted and promoted within an organization is a key component of a leader's ability to be successful in achieving long-term goals. The leadership style is a significant factor that directly impacts and contributes to the entire effectiveness of a business. Additionally, it plays a pivotal function in stimulating and improving both individual and organizational performance(Khan and Adnan 2014). Sherbeny et al., (2019), stressed the importance for a leader to comprehend the situation, recognize the needs, and adopt an appropriate leadership style. Leadership style pertains to the method and way a leader offers guidance, makes choices, and engages with their team or followers. Leadership style refers to a collection of behaviors' and characteristics that define how a leader guides and impacts others. Leaders may employ several styles, influenced by their personality, the situational environment, and the requirements of the person or group they are leading (Basit 2020). Exceptional leaders possess the authority and expertise to motivate political endeavors, influence organizational transformation, and stimulate societal transformation. Competent leaders possess the ability to inspire and motivate individuals to act, excel in their performance, demonstrate initiative, generate new ideas, and foster innovation. Some of the major leadership style includes -

### **Autocratic Leadership:**

The leader makes decisions unilaterally without much input from the team. This style involves a high level of control and authority. Leaders in this manner provide unambiguous guidelines regarding the tasks, deadlines, and

methodologies. This leadership style emphasizes the leader's authoritative directives and the follower's strict adherence to control (Basit 2020). Autocratic can be seen as a traditional approach to management and leadership. The fundamental focus of this revolves around the management and leader. The leader assumes the role of the main decision-maker and possesses the highest level of authority (Gordon, 2013). It is founded on the conventional belief that leaders are proficient managers who oversee and regulate their subordinates. Furthermore, it adheres to the assumption that employees are dutiful subordinates who comply with instructions. Additionally, it assumes that employees are dutiful subordinates who comply with instructions (Joyce Chua, Basit, and Hassan 2018). The autocratic leadership style is founded on the belief that individuals are inherently indolent, unreliable, and untrustworthy. Consequently, the leader assumes that delegating tasks such as planning, organizing, and controlling to subordinates would be unproductive. Therefore, the leader takes on these responsibilities without involving others (Puni, Ofei, and Okoe 2014). According to McGregor (1961) the autocratic leader can be characterized as a Theory X manager who shares the same theoretical assumptions as Taylor's scientific management and Schein's (1988) rational-economic model. Likert's (1961) four management systems classify the autocratic leadership style as an exploitative-authoritative system. In this system, power and direction originate from the top and flow downwards. It involves the use of threats and punishments, and communication is inadequate while teamwork is absent (Cole 2004). Nevertheless, this approach also fosters individuals who conform unquestioningly, lacking originality and inventiveness. Their expertise is solely in according to established rules, procedures, bureaucratic processes, and the pursuit of symbols of status. Moreover, they typically shy away from assuming responsibility due to the potential consequences of making punishable errors, which could result in demotion.

### **Democratic Leadership:**

The leader actively engages team members in the process of making decisions. This approach fosters cooperation, effective exchange of information, and a collective sense of accountability. The democratic leadership style is based on the philosophical belief that all individuals possess inherent trustworthiness, self-motivation, and a preference for responsibility and hard tasks. As a result, this leadership style promotes organizational settings that cultivate teamwork, high performance, and satisfaction (Khan and Adnan 2014). Therefore, this leadership style places importance on both achieving results and managing individuals.

According to the theoretical explanation of the democratic leadership style, the researchers discovered that planning in a democratic leadership system involves significant employee participation (Puni et al. 2014). The objectives are created openly and explicitly, along with their corresponding performance targets. In a democratic system, decision-making is characterized by decentralization and flexibility, where duties are clearly defined and there is an open and participative work atmosphere. Punishments are employed as a final recourse for reprimanding individuals, whereas exceptional achievement is duly acknowledged and incentivized (C. et al. 2012). The subordinates and employees under this type of leadership have a sense of worth and derive satisfaction from a feeling of inclusion. Sharing duties, empowering others, and fostering independence instill self-assurance in those who follow (Saeidi et al. 2021). Conflicts are effectively resolved by directly addressing the underlying causes rather than focusing on the individuals involved. Accordingly, This leadership style can potentially create significant difficulties, particularly in situations where clear guidance is required that could impact the successful execution of the task (Basit 2020). Managers with this approach empower employees to provide input and advice on significant matters, granting subordinates complete authority and accountability for these responsibilities. They also foster subordinates' growth as effective leaders and their active participation in leadership and employee growth (Iqbal, Anwar, and N 2015). This leadership style instills confidence in employees, enabling them to meet deadlines and achieve departmental goals by contributing effectively as a team.

### **Laissez-Faire Leadership**

Leaders employ a laissez-faire approach and entrust the team with decision-making responsibilities. This type of leadership is alternatively referred to as the delegating style. Laissez-faire originates from a French expression that translates to "let it be." (Bass 2000). characterizes these leaders as those who grant their subordinates complete autonomy and empower their employees to operate independently. This approach grants team members a significant level of independence and accountability. The laissez-faire leadership style involves minimal interference from the leader in the activities of subordinates to the degree of not providing unambiguous directives and instructions. In this style of leadership, the leader evades duties and fails to establish reciprocal communication with their subordinates (Khan and Adnan 2014). In this category, subordinate dissatisfaction with their boss is prevalent, leading to unmet output targets and subsequently, poor organizational performance (Bhargavi and Yaseen 2016).



In this approach, a leader refrains from exerting influence over their followers and neglects their supervisory duties and job responsibilities. Leaders or managers display minimal enthusiasm for their profession or task and actively avoid engaging in any situation that may challenge them. They assign greater responsibility to their subordinates without establishing clear or specific objectives, and they do not assist in decision-making. In this scenario, the leader's primary objective is to establish positive relationships with all those involved and navigate the issue smoothly until its maximum potential. Laissez-faire leaders abstain from using control mechanisms to facilitate the effective and efficient functioning of the system. Instead, group members are granted the freedom to make decisions based on their judgment and intuition. The laissez-faire leadership style, according to Kendra (2013), is one in which group members are granted autonomy in decision-making. This approach is based on the premise that employees consistently deliver exceptional and optimal performance when entrusted with responsibility and trusted. According to Lewis, groups that adhere to laissez-faire leadership tend to be aimless, with member attributing errors to one another, refusing to accept personal responsibility, and demonstrating a dearth of effort and progress.

It's important to note that effective leaders often use a combination of these styles depending on the situation. The most successful leaders are those who can adapt their leadership style to the needs of their team and the demands of the task at hand. A laissez-faire leader abstain from participation in crucial decision-making processes. Whenever an imperative response is required to address a critical issue or situation, he demonstrates a lack of concern and accountability. Alternatively, when confronted with a crisis or problem, employees are left to fend for themselves and seek aid from alternative sources. In crisis management, employees exercise autonomy in making decisions ((Bhargavi and Yaseen 2016). Under such leadership, the organization either fails to perform or experiences setbacks or if it does succeed, it does so inadequately.

### 2.3 organizational performances

With an ambiguous and loosely defined construct, organizational performance is regarded as one of the most significant dependent variables that has been recently applied and studied in organizations. The performance of an organization pertains to the degree to which it accomplishes its designated aims and objectives. It evaluates the efficacy and effectiveness with which a company utilizes its resources to achieve its objectives. Organizational performance is a multifaceted concept that is frequently evaluated using a blend of financial and non-financial metrics. As



noted by Saeidi et al. (2021) organizational performance is the capability of an organization to effectively achieve its aims, strategy, goals, and resources. Similarly, Lahiri, Kedia, and Mukherjee (2012) reported that the capability of the organization to accomplish its plan by utilizing its resources effectively and efficiently presents its performance. In their study, Richard et al. (2009) claimed that organizational success highly depends on its performance, while taking the focus of managers, researchers and practitioners on performance is a significant parameter. Saeidi et al. (2021) have highlighted the similarity between performance and two factors: financial (representing the economy) and non-financial (representing the efficacy and effectiveness of a specific activity or program. To ascertain the efficacy of an organization, it is necessary to consider both financial and non financial indicators. In a similar vein, Uchenwamgbe (2013) delineated two fundamental research factors that ascertain organizational performance. One of these factors is grounded in economic tradition and examines the external market, sector characteristics, market position, and resource quality. The other factor delves into behavioral and sociological patterns, encompassing organizational culture, motivation, human resource policies, job design, and leadership. Longe (2014) contends that an exclusive reliance on financial criteria fails to offer an accurate assessment of an organization's performance. They argue that financial measurements fail to capture the true nature of an organization's performance and fail to disclose its capacity to sustain profits in the long run. Therefore, the challenges associated with financial measurements are effectively addressed by non-financial metrics (Richard et al. 2009). Therefore, it was postulated that the effectiveness of organizations is correlated with the degree to which their resources and endeavors are coordinated in pursuit of a common objective of the organization.

### 3. Conclusion

To summarize, there exists a clear correlation between the style of leadership and the performance of a business. Organizations should diligently recruit and employ individuals with suitable leadership qualities and assign them to positions that align with their performance. Additionally, the business should bolster its leaders by equipping them with enhanced capabilities, values, and competencies. Therefore, to guarantee the advancement of organizational performance as a measure of organizational success, it is imperative to assign significant significance to leadership abilities, considering the influential role that leadership plays in organizational performance. Therefore, leaders must cultivate organizational performance since it significantly contributes to the effectiveness and long-term viability of the firm.



However, a proficient leader is one who prioritizes self-leadership before leading others. The primary obstacle faced by the leader is maintaining responsibility for both individual and collective activities. Leaders must possess profound understanding and have a steadfast commitment to propel the team ahead and foster leadership within their ranks. Even if the organization offers comprehensive facilities and motivation systems, leaders must possess the personal will and perseverance to independently work towards achieving the desired outcomes. Self-leadership empowers the leader with unwavering confidence to guide others, as they test and validate their actions.

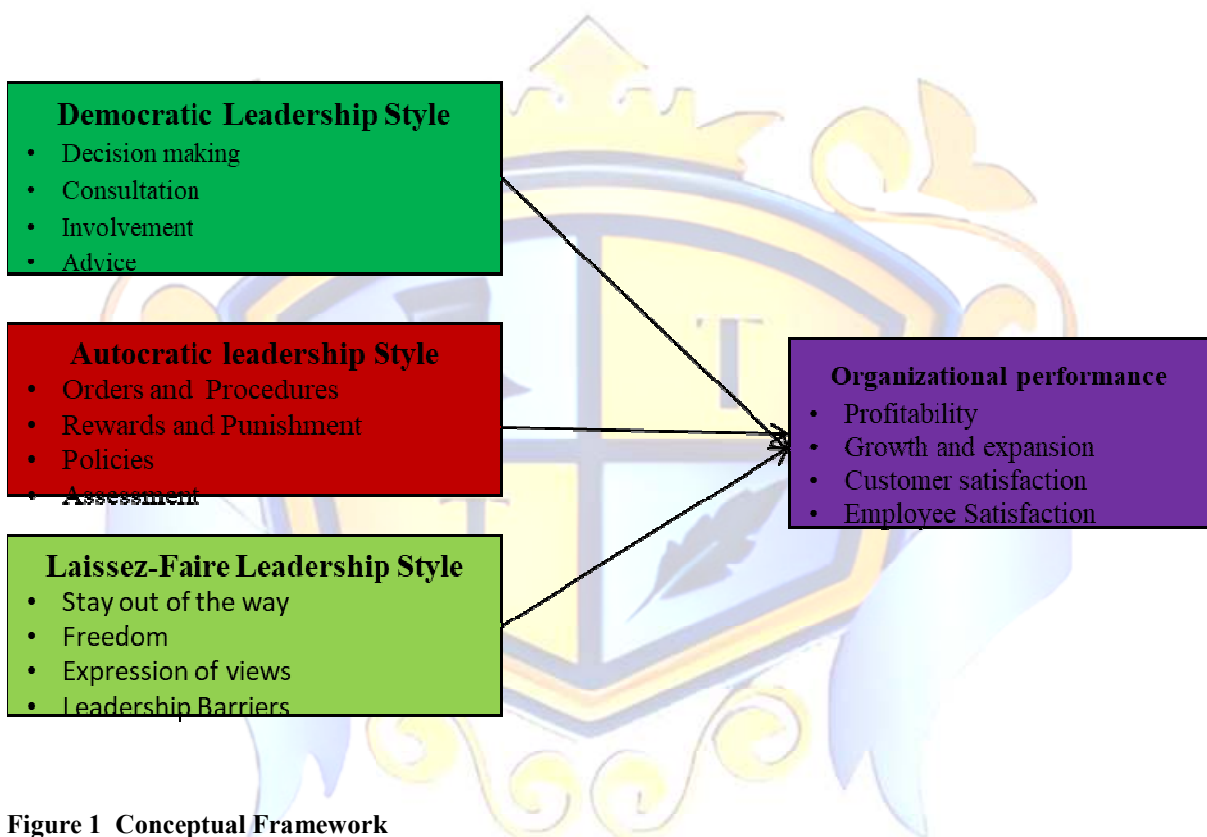


Figure 1 Conceptual Framework

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