ASSESSING EFFECT OF LEADERHIP STYLE ON ORGANIZATION PERFORMANCE

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ABSTRACT

Leadership is not exclusive to any one era or culture; rather, it permeates all times and places. This study set out to differentiate between the positive effects of having a transformational vs a transactional leader on productivity. A multifactor leadership questionnaire was used to conduct a study of managers working in the public sector in Tamil Nadu, India. The information comes from surveying 300 managers. In this analysis, we compare and contrast the impact of transactional and transformational CEOs in government agencies. This study investigates how various leadership styles impact the efficiency of small firms. Understanding the impact of various leadership styles on the growth of small enterprises was the major motivation for this study. Leadership styles like transformational and transactional were considered in this study. Results indicated that charisma, inciting motivation, intellectual stimulation/individual consideration, performance/outcome effectiveness, extra effort, and happiness were the most essential features of transformative leadership. Transactional leadership behaviours included constructive/contingent reward and corrective/management by exception, while performance/outcome variables included effort, productivity, and loyalty/commitment.

KEYWORDS: - Leadership, Organization, Performance, Behaviour, Employee

I.   INTRODUCTION

It is a perpetual challenge for modern CEOs to find and keep talented employees. A leader's ability to unite their people around a common goal is crucial to their success. Most traditional conceptions of leadership placed an emphasis on abstract thought. Charismatic and transformational theories of leadership, on the other hand, stress the need of fostering ethics and motivation in both the leader and the followers. Transformational leaders must have the ability to broaden and elevate their followers' interests if they are to inspire them to set aside personal gains and strive for the greater good of the group. Idealized influence and inspirational motivation are

hallmarks of transformational leadership, as are being a compelling role model and expressing a shared vision for the future. A leader that cares for each of their followers as an individual takes that person's differences into consideration. To provoke thinking, one must question one's own assumptions and the status quo.

People's definitions of leadership and the appropriate ways to demonstrate leadership will vary depending on the context in which they are being used. Numerous sectors of society, from politics to business to teaching to social work, have incorporated the idea of "leadership" into their practices. The common belief is that leaders are born and not developed. This study claims that a person's leadership qualities are shaped not only by his inherent qualities but also by the circumstances in which he finds himself. People join organizations for all sorts of reasons, and the extent to which they invest in them may be a good indicator of how confident they are that membership will aid them in achieving their aims.

II. LEADERSHIP STYLES

Leadership style is a reflection of how individuals are "acting" and "doing" in a certain situation. Different leadership styles, such as autocratic, bureaucratic, charismatic, and democratic, are only a few examples of the numerous facets of leadership. Figure 1 depicts the three maryleadershipypes identified by Bhargavi and Yaseen (2016).
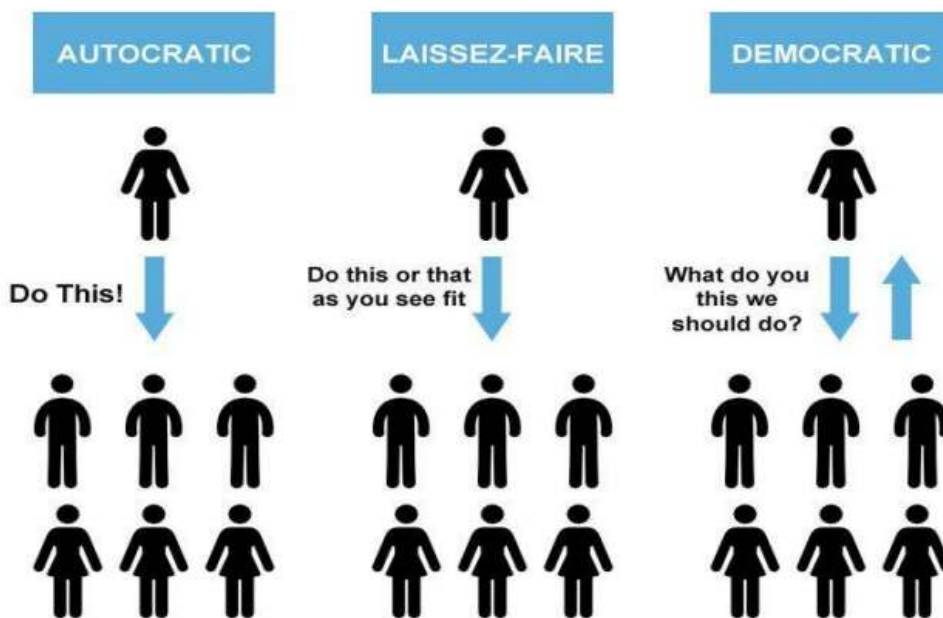

Figure 1: Types of Leadership Style

Autocratic Leadership

An autocratic leader is often portrayed as someone who knows his place and who does not put much stock in the opinions of those under him. Natural autocrats are timeless and authoritative. Those in charge rely on their followers to carry out their instructions. Decisions are often reserved for authoritarian dictators like them.

Democratic Leadership

Leadership in which subordinates have a larger voice in making decisions is called democratic leadership or participatory leadership. This kind of leadership focuses on results and followers. Employees are more likely to contribute to organizational decisions when their bosses adopt a more democratic style. The democratic leader facilitates decision making between the leader and the team. Both arguments and complements are given careful consideration, and a shared feeling of duty to the group grows.

Laissez Faire

It's called "hands off style" or the "let it be" mentality since the French phrase laissez faire means "let it be." It entails redistributing coworkers as one sees fit, rather than according to established procedures for completing tasks. According to P, the laissez-faire boss doesn't bother to manage his employees and instead relies on the dedication of the small number of people who really work for him.

III.   LEADERSHIP STYLE AND ORGANIZATIONAL PERFORMANCE

Leadership has a crucial role in the success of an organization and the morale and productivity of its workers. Effective leaders, according to the research, inspire and enable their staff to realize their ambitions. To encourage employees to develop their abilities and rise in the company, leaders must use effective leadership strategies. Leadership styles are highly correlated with the success of an organization. A company's leadership is mostly responsible for its major competitive advantage and its competent management of development. Leadership style contributes to the accomplishment of organizational goals by creating an incentive structure based on worker performance and ensuring that those working in the company have access to the tools they need to do their tasks effectively. Without direction, there is more room for error, and less opportunities to succeed.

Scholars in the field of organizational behaviour have identified leadership as an important phenomenon to investigate. Leadership is the most important determinant of the results of individual and group interactions. Management's "collaborative effort" capability is contingent on the caliber of its leadership. Give an example of a time when your leader went above and beyond to meet your needs while still achieving the goals set forth for the group as a whole. Inspiring and encouraging other people to work together toward a common goal is a hallmark of effective leadership. Leadership is the intentional use of guidance to inspire one's team members to achieve

their full potential. Multiple pieces of evidence point to a correlation between leadership style and organizational achievement. The first is that today's markets are fierce and constantly changing, with competitiveness focusing on innovation, price/performance rivalry, decreasing returns, and creative destruction of old capabilities. When businesses face these novel challenges, studies suggest that effective leadership practices may boost performance.

As opposed to this, organizational performance is defined as the degree to which an organization achieves its stated objectives within a certain time period using an adequate plan of action. Earnings, market share, and product quality may all be evaluated in relation to the company's rivals. Employees' contributions to a company's bottom line are reflected in metrics like revenue, profit, growth, development, and expansion.

IV.   METHODOLOGY

This study used a survey methodology, with main data collected from respondents using a pre-tested, self-administered questionnaire. Bass's (1985) "Leadership and Performance beyond Expectations" contains the Multifactor Leadership Questionnaire (MLQ), a survey tool used to generate data. The Leadership Practices Inventory (LPI) is the gold standard for evaluating leadership effectiveness. There are several variants available. The widely-used MLQ Form 5x-Short was employed for this analysis. Extra effort, effectiveness, and satisfaction (as disaggregate performance measures of transformational leadership behaviour), and effort, productivity, and loyalty (as disaggregate performance measures of transactional leadership behaviour) in selected small scale enterprises are the dependent variables, while the transformational and transactional leadership styles are the independent variables. Therefore, the questionnaire contains questions about leadership styles and behaviours, as well as measures of performance such as discretionary effort, effectiveness, contentment, productivity, and loyalty/commitment. Both Bass (1990) and House et al. (1997) advocate the usage of the aforementioned variables. In order to assess how leadership style or behaviour influences the success of small scale firms in the survey region, this research operationalizes these characteristics. Each independent variable is assigned the same importance in the MLQ. Five-point scales from "not at all" to "all the times" are provided for each study statement.

From a total of 18 subjectively determined small scale firms in the region, three were first picked using a stratified random sample approach. Companies were categorized based on whether they dealt in wood finish manufacture, water packaging, or restaurant/food canteen services. Fifteen (15) respondents were picked at random from these three businesses, with five respondents drawn at random from each. Two of the businesses in the pilot study had CEOs with transactional styles, while the third had a leader with a transformational approach. Since no leaders in the study used a hands-off approach, the sample size was limited to 10, and the research focused on only two types of management.

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The primary data for this research came from a pre-tested, self-administered questionnaire given to respondents who participated in the survey. Included in Bass's (1985) "Leadership and Performance beyond Expectations" is the Multifactor Leadership Questionnaire (MLQ), a survey instrument designed to gather information. When it comes to measuring how successful a leader is, the Leadership Practices Inventory (LPI) is unrivalled. Several alternatives are accessible. This study made use of the standard MLQ Form 5x-Short. The transformational and transactional leadership styles are the independent variables, and the dependent variables are the extra effort, effectiveness, and satisfaction (as disaggregate performance measures of transformational leadership behaviour) and the effort, productivity, and loyalty (as disaggregate performance measures of transactional leadership behaviour) in selected small scale enterprises. As a result, the survey includes sections dedicated to leadership traits and practices, as well as metrics for gauging outcomes like extra work, satisfaction at work, efficiency, and dedication. Bass (1990) and House et al. (1997) both recommend using these factors. This study operationalizes leadership attributes in order to evaluate their impact on the growth of small businesses in the study area. In the MLQ, equal weight is given to each independent variable. For each research statement, a 5-point scale ranging from "not at all" to "all the times" is supplied.

Using a stratified random sampling method, we first selected three of the eighteen small scale businesses in the area based on our subjective evaluations of their viability.

Company types included those involved in the production of wood finishes, the packaging of water, and the provision of restaurant and canteen services. Five respondents were selected at random from each of these three companies, for a total of fifteen (15) respondents. There were two companies in the pilot research led by CEOs with transactional styles, and one led by a CEO with a transformational style. The sample size was small (n=10) and the emphasis was narrow (just two forms of management were examined) since none of the leaders in the study took a passive role.

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Transactional leadership performance indicators) in the sampled micro- and small-scale businesses. Therefore, the questionnaire contains questions about leadership styles and behaviour's, as well as measures of performance such as discretionary effort, effectiveness, contentment, productivity, and loyalty/commitment. Both Bass (1990) and House et al. (1997) advocate the usage of the aforementioned variables.

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V.   DATA ANALYSIS AND DISCUSSION OF RESULTS

Table 1: Responses on Leadership Behaviours - Transformational Leadership Style

R/S	Charisma						Inspirational Motivation						Intellectual Stimulation/Individual Consideration						
	S1	S2	S3	S4	S5	AV	S6	S7	S8	S9	S10	AV	S11	S12	S13	S14	S15	AV	IAV
R1	4	3	4	4	3	3.6	4	4	3	4	3	3.6	3	3	3	4	4	3.4	3.5
R2	3	3	4	4	4	3.6	3	3	3	4	4	3.4	2	2	3	2	4	2.6	3.2
R3	3	4	4	3	3	3.4	4	4	2	4	3	3.4	3	4	3	3	4	3.4	3.4
R4	3	4	4	4	3	3.6	2	2	3	4	4	3.0	3	4	3	4	3	3.4	3.3
R5	3	4	4	4	4	3.8	4	4	4	4	4	4.0	4	4	3	4	3	3.6	3.8
R6	4	4	4	3	3	3.6	4	3	2	4	3	3.2	4	3	3	3	4	3.4	3.4
R7	4	4	3	3	4	3.6	4	4	4	3	3	3.6	4	2	4	4	4	3.6	3.6
R8	4	4	4	3	3	3.6	3	4	4	2	2	3.0	4	4	4	4	3	3.8	3.5
R9	4	4	4	3	3	3.6	3	4	3	3	2	3.0	4	4	4	4	3	3.8	3.5
R10	4	4	4	4	4	4.0	4	3	3	4	4	3.6	3	3	3	4	2	3.0	3.5
	Average of Averages					3.6	Average of Averages					3.4	Average of Averages					3.4	3.5*

Note: Ri = Respondent i (i = 1,2,3, - - - 10); Si = Statement i (I = 1, 2, 3, - - -, 15); AV = Average response on charismatic, inspirational and intellectual behaviours, respectively; IAV = Individual respondents" average response on transformational leadership style traits. * Overall Average response on the traits; IAV = Individual Average

Source: Computed from Code Manuel

According to Table1, all respondents believe that leaders often exhibit charismatic and inspiring motivational styles. While most of the other respondents believe that good leaders intellectually excite their followers and take them into account on an individual basis, respondent number two (R2) said this was only the case sometimes. However, on average, all respondents agreed that charm, inspiring motivation, and intellectual stimulation/individual consideration were present in their company's leadership style. These results demonstrate the presence of transformational leadership practices inside the company.

Table 2: Responses on Leadership Behaviours - Transactional Leadership Style

R/S	Constructive/Contingent Reward									Corrective/Management by Exception								IAV
	S1	S2	S3	S4	S5	S6	S7	S8	AV	S9	S10	S11	S12	S13	S14	S15	AV	
R1	4	4	2	3	4	4	3	4	3.5	4	4	4	4	4	3	4	3.9	3.7
R2	4	4	4	3	3	4	4	4	3.8	3	3	3	4	2	4	3	3.1	3.5
R3	4	3	4	3	4	4	3	4	3.6	4	3	4	4	3	4	4	3.7	3.7
R4	4	4	4	3	4	3	4	4	3.8	4	4	4	4	3	4	4	3.9	3.9
R5	4	4	3	4	4	4	4	4	3.9	4	4	3	4	4	4	4	3.9	3.9
R6	4	4	4	3	4	4	4	3	3.8	3	3	4	4	4	3	4	3.6	3.7
R7	4	4	4	3	3	4	4	3	3.6	3	4	4	4	3	3	4	3.6	3.6
R8	4	3	3	3	4	4	4	4	3.6	4	4	4	4	3	3	4	3.7	3.7
R9	4	4	4	3	4	4	3	4	3.8	4	4	4	4	4	4	4	4.0	3.9
R10	4	4	4	3	3	4	4	4	3.8	3	3	4	3	4	4	4	3.4	3.6
	Average of Averages								3.7	Average of Averages								3.7	3.7*

Note: Ri = Respondent i (i = 1, 2, 3, - - - 10); Si = Statement i (i = 1, 2, 3, - - -, 15); AV = Average response on constructive and corrective behaviours respectively; IAV = Individual respondents" average response on the behaviours; * Overall Average.

Source: Computed from Code Manual

According to Table 2, all respondents believe that the leadership displays positive or reward-contingent behaviour on average. Even while the majority of respondents (R2-R8) agree that the behaviour is neither primarily corrective nor mostly management by exception, one respondent (R9) disagrees and says that it is always one of these two. All respondents, however, believe that the leadership, on the whole, engages in behaviour that is either constructive or contingent and corrective, or management by exception. This indicates a transactional approach to leadership.

VI. CONCLUSION AND RECOMMENDATIONS

The impact of various leadership styles on the growth and prosperity of companies with less than 500 workers was investigated. From what we can determine, followers and performance benefit marginally from transformative leadership traits like charm and intellectual stimulation/individual consideration. The opposing quality—inspiring motivation—actually has a little negative effect on output. There is only so much that can be explained by characteristics when it comes to disparities in output. The transactional leadership characteristics considered in this study, including constructive/contingent reward and corrective and management by exception, were shown to have a favorable impact on followers and performance. According to the findings, transactional leadership is more effective than transformational leadership in increasing output in small enterprises. The study's findings suggest that transactional leadership is effective for new organizations, but that a shift to transformational leadership is required for sustained growth.

Leaders in the public sector in Tamil Nadu, India, were examined to discover if they were more transformative or transactional in their approach. The results of this research back up the claim that leaders are typically self-centred, and they also show a significant link between

transformational leadership and success. It is important to remember that the spectrum from transactional to transformational leadership is a continuum. When specific benchmarks are completed, leaders may use this scale to convey their gratitude for their followers' efforts. An inspired and motivated workforce works for less tangible goals that have more intrinsic value. Despite the fact that research has shown a connection between transformational leadership and productive organizations, it is still underutilized. However, both approaches are necessary. There are two types of leadership: transactional and transformative. Transactional leadership practices are essential for effective department management, such as evaluating employees' performance, establishing criteria for success, and classifying the many types of work that must be completed. Transformational leaders in this era of fast environmental and professional change set a vision for their followers and utilize it to excite and inspire them to action.

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