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# Leadership Styles & Its Impact On Performance

## Introduction

In last two decades, the importance of team effectiveness is considered as an important objective for many papers. The procedure of leading teams and assuring their effectiveness calls for a leader who can motivate & guide their subordinates for the desired organizational goal. Leaders create vision for the organization and empowers their subordinates to achieve those goals. Leadership is important in every organization for creating a vision, mission, determination and establishment of objectives, designing strategies, policies & methods to achieve objectives efficiently & effectively along with directing & coordinating efforts & activities of organization (Xu & Wang, 2008). Leaders play a crucial role in formulating strategies & encourages subordinates to resolve challenges which arises in organizational environment. Good leadership helps business & non-profit organization grow successful. Without leadership, organization moves at slower pace, stagnate & lose its aim (Northouse, 2007). There are different managing styles available from theories & application of those by leaders is crucial for success of teamwork. Many times leaders who are best in their class lack the thought of what the subordinates want or fail to understand them completely. When this issue is not identified, miscommunication occurs & there is decline in productivity of the team.

Leaders are the pillars of the organization which can help their subordinates in achieving their organizational goals. Leaders could help following various approach for example transformational leadership or guiding subordinates through leadership behaviors. For leadership behaviors there are difference between task-oriented leadership & relationship oriented. Task oriented leaders focus on getting things done or take necessary steps in order to achieve a goal. While relationship oriented leaders focused on supporting, motivating the subordinates within team & the relationship within.

To help leaders claim their goals, Deloitte created a system called business chemistry that identifies four primary work styles and related strategies for accomplishing shared goals. As deloitte suggests different styles should be used by leader to ensure efficiency of team. The first style is pioneers. Pioneers believes in taking risks, they inspire imagination on their teams. They look at big picture. Pioneers tries to find best alternative solutions to existing problems. Next is guardians, they value stability & bring order to the system. They hesitate in taking risks. Works on facts & data available from past. 3

Third style is called drivers. Drivers are fast and are willing to face challenge. Getting the result & winning only counts for them. Drivers are armed with logic to counter emerging problems. Integrators is last among this style. Integrators value connection & work in teams. Relationships & responsibility to the group are paramount. Following all of this type can help teams to achieve innovation, great communication & instant decision making, etc. This research aims on finding the influence of the factors which can motivate the teams in the organization.

## Concept of Leadership

The ancient idea of leadership focused on 'great men' born with qualities of leadership. The

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idea of leadership based on heredity is explained by Great Man theory (Wiki/google). The foundational concept of theory is that leaders are specially gifted with leadership qualities which set them apart from the rest of people. In beginning of twentieth century, Galton's study motivated leadership theorist that great men are born through hereditary genes. Great leaders take over the abilities to lead from their descendants through genes. Later, the concept was focused on the traits of leaders which set them apart from followers. The trait theory was based on assumptions that people are born with leadership qualities & special characteristic like intelligence, perseverance, adaptability, dependability, competitiveness, etc. The presence of these traits or characteristics enables people to attain higher leading positions. After trait approach, behavioral approach came in existence. The search started for leadership behavior by the researchers. It was known as behavioral leadership theory.

## **Role of Leadership**

The leadership should define a set of principles within which the subordinate should work. Leader should give them specified task, so subordinate should have clear vision of the task to follow. Different leadership style should be followed by leaders in different situations. Leaders have the ability to influence their subordinates. This should be used positively as leaders can impact on the efficiency of organization. Hence, it is important to understand the leadership styles like transactional, transformational, laissez-faire, participative, etc. and their impacts in solving organizational difficulty. Current trend is focusing on improving the efficiency of organization through teamwork. A team can perform better with specified vision and if the team members are heard & responded well.

Transactional leadership is style of leadership in which leader assesses the work of employees and could either award them or punish them as per their performance. If the employees have worked exceptionally well they would be rewarded. However, this style has a flaw as this won't last long. Now to transformational, this style focuses more on change & motivate employees to have a common vision & goal for the organization. It helps in mentoring employees to develop leadership capabilities by providing challenge & support. [9]. Laissez-faire leadership also known as delegative leadership is a style in which leaders allow employees to make their own decisions or empowers them to take decisions. So employees have full authority on making decisions.

From [10] one can categorize leaders behavior in task-focused & person focused. Task focused behavior is completely focusing on the fulfilment of task. While, person focused behavior focuses on the development of individuals of the teams. [8] Jeffery Gandz (2005), states that to be an effective leader you need four things: understand & interpret the environment of work, develop winning strategies, execute them well, measure the impact of your strategies, adjust them as per requirement & develop organizational capabilities.

## **Leadership traits**

In 20th century, most theories argued that leaders are born & cannot be created. So a number of its characteristic were taken into consideration to understand a leader. Years of study concluded that one such trait or a set of traits does not make an extraordinary leader. Determination & drive include traits such as initiative, perseverance, assertiveness, energy & dominance. People with this traits tend to pursue their goals, work longer hours are ambitious &

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competitive in nature.

Leaders should not take safe decisions to safeguard himself. Leaders should have charismatic behavior in influencing their subordinates. Leaders should show confidence in their subordinates to encourage them in achieving task. Gaining the trust of subordinates shows the commitment of a leaders toward achieving the goal. Motivating the subordinates is also equally important for the leader. As each employee is different, leaders should be able to multitask between different needs of employees.

The analysis concluded from Big five shows the leadership traits which can be used. Those traits could be extroverted, conscientious, emotionally stable, open to experiences & agreeableness. However, agreeableness does not seems to show much impact in leadership

Al Dawood Ahmed, Claims that honest & integrity, drive (achievement, ambition, energy, tenacity, and motivation), self-confidence & vision & cognitive abilities are essential traits of leadership. This qualities will help a leader acquire necessary skills & techniques to help formulate vision for organization & a successful plan for turning that vision into reality. Leaders can be found anywhere not just in organizations or politics. Leaders do not have to be men & women who have high intellectual but could be anyone with right set of traits found within them.

With all the traits described above there are still some more traits, one of them is intellectual stimulation. Leaders should question each and everything from beginning of goal to its status. Finding an innovative solution to the problem is considered as leader's intellectual behavior. Leaders setup up goals for subordinates to achieve & should reward them once they accomplish it. Leaders should actively engage with subordinates, guide them, resolve conflict & control information flow control.

## **Leadership styles**

Theoretically, there are different styles of leaders. So, different leadership styles yield different results. They may be desirable or undesirable. It is difficult to choose specific type of leadership. The effective style is the one which produces desirable results for employees & organization. Hence, the selection of leadership style depends on situations & followers. Currently, there is ongoing research to find leadership styles which can influence workers behavior & organizational goals. This literature shows two categories, which are autocratic leaders & direct leaders. Autocratic leaders make final decisions without consent of team members. While, direct leadership consists of allocation of task within team, focusing on achieving them & effective communications within.

### **Reference from [10 & 11] Person focused Leadership**

There are several categories in person focused leadership. To become an outstanding leaders, one requires learning & time, developing practical skills, developing character & must also have skills like emotional intelligence, vision, influencing, communication, motivating, empowering.

### **Reference from [12] Boundary spanning**

Boundary spanning is more focused on establish direction for team members & collecting

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information which can assist team members in accomplishing objectives. The interaction can be within and across individuals, teams & organizational systems to collect the required information.

#### Reference from [13] **Directive leadership**

Directive leadership is an instructional type of leadership where leaders tell subordinate what they are expected & how to accomplish that task. The leaders set deadlines, task, rules & boundaries so there is very less possibility of innovation by employees. It restricts creativity. Employees are not required to offer suggestion & feedback to the leader. This style is only useful when there is high amount of ambiguity among employees.

#### Reference from [14] **Participative leadership**

In participative leadership style inputs by employees are taken into consideration which could help in decision making process. Opinions & ideas are collected from the employees by the participative leader who then sorts them & evaluate them before making final decision. This type is used by setting higher goals for employees which empowers them for continuous improvement. This style is appropriate when leaders want to motivate top performers or when leaders want innovation or creative work from employees.

## **Leadership types**

### **Transformational leadership**

The benefit of using transformational leadership is it assist employees in solving challenging tasks. Leaders tend to mentor their employees to solve challenges if they ever arise. Theorist believes that this type pumps motivation in their employees & encourages them to use their potential. There are several characteristic which can be found in such type of leaders like idealize, influence, motivate, intellectual stimulation, and charisma. Transformational type of leadership acts as a catalyst for employees to help them in achieving organizational goals. Hence, it is widely used in organizations. This type of leadership has open communication within the employees, unlike other types. Because of this many benefits employee experiences job satisfaction, motivation, trust whose output can be seen through increase in productivity. Transformational leaders enhance the self-concept of followers and encourage followers personal & collective identification with the goals and objectives of both the leaders and the organizations (House et'al. 2004)

### **Transactional leadership**

Transactional leadership focuses on supervising the work of employee, organization & performance. It is a part of Full Range Leadership Model. According to research, there is exchange of reward between leader & employee for the performance which employee delivers. Leaders try to motivate employees through rewards. However, there is more importance given to leader's need then to employees. So, eventually at a certain point the motivation of reward stops and this types of leadership becomes useless.

[16] says that transactional leadership is viewed as a type of reward base leadership in which

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there is positive exchange of rewards & recognition between leaders & followers. For accomplishing the objective leader might give incentive, breaks, bonuses, praise or promote the follower. The follower might be punished for not accomplishing the goal or making a mistake. Thus follower might come under pressure of making mistake & eventually make it. This depresses the follower & might not push himself further due to this.

## **Laissez faire leadership**

Laissez faire leadership also known as delegative leadership, is a type of leadership in which leaders allows group members to make their own decisions. Theorist & researchers believe this style generally leads to lowest productivity among team members. However, it does have certain benefits and drawbacks. Considering the place it is used it can be advantageous in certain situations. It is helpful in encouraging team members to understand their strengths & weaknesses. The biggest advantage it can give is that it can produce higher quality of product or service. It gives creative control to team member over their own area of expertise. In return it allows them to use their knowledge & passion to produce work that is more innovative than anyone could suggest.

## **Effects of Role Stressors on performance**

There are several types of role stressors of which two will be discussed in this literature review. As per analysis of role theory the main reasons which can result in work conflict is role ambiguity. The main reason for high level of stress is role ambiguity. Since the employee/individual has to do undesirable work (or) work in an unfavorable environment stress will arise. From several studies it is found that role conflicts are difficult to resolve where role stressors are acting strong. There are several theories of conflicts of which the traditional view of conflict is regarded as process in which situations are dealt & resolved as per the requirements. If the situations are mishandled the tensions will increase among the employees affecting the level of job satisfaction. (reference -17 website)

Other is human relation view of conflict which contradicts from traditional theory. It suggests that conflicts are inevitable. This is why conflicts exists and it can't be eliminated from any organization. Human relation view of conflict believes that conflict play an important role in encouraging the employee, leading him to create more innovative ideas.

A lack of understanding about job responsibilities & not knowing what is expected in terms of one's job performance is identified as role ambiguity or lack of clarity (reference 3 – links bottom)

When this situations are not dealt accordingly its negative effects can be seen in the performance of workers. Eventually, organization's performance will be affected downward.

When employee have the clear understanding of their responsibility, it can help them to achieve desired results for the organization.

## **Leadership and organization performance**

Leaders play a vital role in influencing the employees of the organization to accomplish its goal.

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This influence can come through various means. It could be through different leadership styles, role behavior, job satisfaction, etc. There is a massive impact of different leadership styles on organizational performances. This styles influences culture within the organization which, in turn influences the performance of organizations. Intellectual stimulation and inspirational motivation were found to improve the organization performance (Hancott, 2005).

Several studies are focused on the importance of role behavior. This studies have mainly focused on type of behavior as the job performance is essential in smooth functioning of organization. Role requirements is essential to measure performance. Also, role behavior is an important factor to measure job performance.

[A4]The job performance was improved significantly by resolving role ambiguity. The author suggests that there is negative relationship between role ambiguity and the performance of individual. As per goal setting theory, employees shows more sincerity & commitment when they are told about their goal and how they have to achieve. It evades the sense of confusion from their minds. The goal setting theory is often being used in context with role ambiguity to evaluate the performance of an individual. However many scholars have not confirmed this.

The correlation of increased job cooperation with increased job satisfaction is also found in studies. There are certain findings of relation between job satisfaction and job performance. The cooperative employees often help and exchange knowledge among other team members leading it to a healthy atmosphere. With a healthy atmosphere around it rises up the feeling among employees to work & eventually the results are seen individually & in organizational performance

From the study, the author have claimed that roles stressors had very negative impact on job satisfaction. Among them, role ambiguity had the strongest negative relationship. Both role conflict & role ambiguity had negative impacts on performance of employees [A2]

## **Discussions**

For any organization to succeed it need proper planning. A leader plans the goal & makes it possible through leadership skills. Leadership provides the direction for that goal. For organization to succeed in this competitive market they need to focus on the role stressors which affect directly or indirectly to the organization. From the review of several papers on current topic there is no denial to the thought that role stressors like ambiguity & conflict does have impact on job satisfaction & performance. Resolving the issue of role stressors & how it came out in first place could help organizations in controlling role stressors.

[B1] Laissez-faire leadership is considered as the least effective types of style. Studies have mentioned that managers following laissez-faire leadership gave rise to role conflict. Since, laissez-faire leadership allows the employees to work on their own, the challenge of responsibility arises. As employee has the freedom to work on their own they may skip the undesirable tasks and stick to the one they are comfortable with. The proposed hypothesis by the author also suggests that this style gives rise to role ambiguity also. By lowering the rate of role ambiguity positively influences the co-operation among team members. So from this one can explain that positive relation between laissez-faire leadership & role ambiguity.

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[B2] The author's study has proposed that with increase in job performance there is positive influence on job cooperation. The data collected during their study revealed the positive relationship between performance & satisfaction. The findings of this current papers are consistent with their studies.

[B3] As some leaders follows matrix structure within organization this will increases the chances of role conflicts. Because of matrix structure employees faces difficulty in communication, may have to follow different bosses, politics among managers, etc. In this scenario transformational leaders can come handy as they provide mentorship to their subordinates in achieving their task. Thus, preventing the problem of role ambiguity. The leaders following transformational style, their subordinates don't have to suffer through role ambiguity which is explained through this current study.

[16] Transactional leaders follow a reward base system which is more concerned about meeting the task. The leader assigns the duties to the subordinate to accomplish it within certain specific time. So each subordinate has his specific role & responsibility to work with. As the role of subordinate is defined there are less chances of role conflict within teams (or) organization. This literature review shows that following transactional style has negative impact on role conflict. The consequences of role conflict can be seen through effects on job performance.

From the findings it is clear that job performance will surely increase if there are no role conflict or ambiguity. Increase in job performance could improve job cooperation positively. This literature review suggest that relationship between job performance & cooperation is still debatable. However, some studies suggests that there is relationship between two. The leadership style & the role which a leader follows are the key aspects in improving the productivity of workers. This findings also suggests that Laissez-faire leadership was least impactful in resolving role ambiguity & conflict as compared to transformational & transactional style.

## **Conclusion**

The present study was an attempt to explore different leadership styles & its impact on performance. The leadership style changes as per the demand of work. This literature review shows analysis of transformational, transactional, laissez-faire leadership & their impact on role stressors. The review helps us in giving an insight about different styles which can be used in resolving role ambiguity & conflict. Eventually, this will help in improving performance. It's important for leaders to understand the disturbing effects of role ambiguity & conflict which can later affect the productivity of employees. This literature review suggests that impacts of leadership should be followed for an organization to survive. When leadership is good, corporate behavior is seen in employees, goals will be met & there will be satisfaction on part of employee & employer.

From this study one can realize that when leaders knows the consequences of role ambiguity & conflicts, leaders will take preventive actions for it. If leader succeeds in that he can transform the organization. This preventive action by leader could give employees a healthy environment to work, which in return can give job satisfaction & performance. An intelligent decisive leadership can help in overcoming this type of role stressors.

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There are still many unexplored areas of leadership which are important to organizations success. The scope of leadership is wide & there are many other areas where leadership styles can bring improvements. One of those theories is transformational & transactional and its effects on organizational performance. The characteristics of a leader can also influence change. So the future scope of research is widely open to explore.

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