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Gargi Sabharwal
Research Scholar,
Madhyanchal Professional
University, Bhopal,
Madhya Pradesh, India

Dr. Preeti Naik
Professor, Madhyanchal
Professional University,
Bhopal, Madhya Pradesh,
India

Corresponding Author:
Gargi Sabharwal
Research Scholar,
Madhyanchal Professional
University, Bhopal,
Madhya Pradesh, India

Mediating role of change management for the relationship between leadership style on organizational performance

Gargi Sabharwal and Dr. Preeti Naik

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Abstract

The research work has assessed the impact of leadership styles on change management and organizational performance. Participants included middle-level managers, workers, and trades people from a variety of businesses in the service, manufacturing, and trading sectors in Haryana and the National Capital Region (NCR). Hence, more research should be carried out, which involves a comparative study with an equal sample size of Indian and international organisations.

Keywords: Leadership styles, management, performance, change and members

Introductions

Leadership in today's highly competitive corporate environment has evolved to include the new responsibilities of inspiring and guiding employees to achieve growth through synergy, increased operational efficiency, and resource optimization. Therefore, in today's corporate environment, leadership has become the central concept in discussions about efficiency and productivity. The leader sees the significance of the technology revolution in the context of maintaining a competitive edge and adapting to the ever-shifting gears of the macroenvironment. His disciples benefit from his unmatched practices in a variety of technical settings because they teach them the values, skills, and mental discipline that allow them to perform to their full potential.

A modern leader's job is to make sure that all of the company's material and human resources are working together in harmony in order for them to provide products and services more efficiently and effectively, that subsequently helps everyone do their best work and the company thrive. Leadership has evolved into a method for impacting the performance of people in every given firm. In order for workers to reach their maximum potential in fulfilling shared objectives with enthusiasm and honesty, the role of leadership is crucial role.

A leader is someone who can inspire their followers move forward in a way that accomplishes predetermined goals. Leadership entails persuading subordinates to carry out an organization's mission. Given its pervasive impact on all employees, leadership is crucial to every successful business. A leader oversees its operations. Max Weber was an early thinker who focused on the concept of leadership. Leaders are essential in every group or institution because they guide followers in a methodical pursuit of a shared objective. Many theories have been developed through the study of leadership, including those pertaining to characteristics, actions, styles, principles, roles, power, and more. Having outstanding moral fiber is a prerequisite for effective leadership. Leadership is accountable for maintaining a competitive climate inside the company. A leader's ability to build and keep trust is critical for guaranteeing that the whole group continue to work together.

Literature Review

Hakala (2018) ^[1] conducted an investigation into multiple facets of performance so as to assess the performance of their employees. His perspective the fact that it would be more appropriate for organisations to conduct annual performance evaluations of their staff as opposed to doing so continuously. The researcher has provided sixteen performance indicators for employees.

Absenteeism, Quality, Timeliness, Absenteeism, Creativity, Policy Adherence, Personal Appearance, Gossiping, Self-Advised Evaluation, Peer-Evaluated Performance, Team-Evaluated Performance, Assessment Centre, 360-Degree Appraisal, and Management by Objectives comprise these sixteen indicators.

Elenkov (2022) [2] innovation acts as a moderator in leadership styles, namely transformational and transactional styles and organizational performance in Russian companies, according to research. Additionally, he examined the connection between cohesive groups and the actions of transformative leaders. The study's sample comprised 258 administrators and 498 of their immediate subordinates. For measuring leadership behaviour, the OPQ scale was utilised to acquire data, while the leadership multifactor questionnaire by Bass and Avalorio (1990) was employed to assess organizational performance. According to the results of the study, corporate performance is more accurately and positively predicted by transformational leadership than by transactional leadership behaviours. The effect of innovation funding on the correlation between transformational leadership and business results has been considerably mitigated. Additionally, a favorable relationship was seen between evaluations of transformational leadership behaviour and group cohesiveness.

Nuku (2020) [3] conducted a study in order to investigate the impact of leadership styles implemented by the Kampala city council on the performance of its employees. The study set out to investigate the consequences of authoritative and laissez-faire leadership styles, the impact of different types of corporate leadership on employee output and influence over work. A combination of qualitative and quantitative research survey designs was chosen. A primary population of 280 permanent employees was utilised for the purpose of conducting this investigation. The technique of basic random sampling was implemented. In analysing the data, Pearson's correlation coefficient was utilised. According to the study's findings, employees preferred to carry out their responsibilities in corporate environments as opposed to under the current leadership styles. Additionally, it was disclosed that authoritative leadership fostered a negative attitude towards the work and diminished the intrinsic drive to operate autonomously within the organisation. Additionally, the researchers reached the conclusion that laissez-faire leadership is generally most effective when implemented with entry-level staff, whose responsibilities involve less formal work.

Pradeep and Prabhu (2021) [4] The relationship between leadership effectiveness and employee performance has been the subject of research. The research cohort was comprised of organisations from both the public and private sectors. There were 156 subordinates and 43 middle-level administrators in the study's sample. Using correlation and regression analysis, the connection between financial, transformational, and laissez-faire leadership and employee performance was examined. Garrett's score was employed to ascertain the leadership style preferences of middle-level managers and subordinates. According to the study, there are noteworthy connections between transformational leadership and reliability, contentment, extra effort, and productivity on the job. Leadership, including transactional contingent reward and transformational approaches, was

also shown to positively correlate with employee performance, according to the study.

Belonio (2013) [5] conducted a study to investigate correlation between leadership styles and employee job satisfaction, that include the subsequent impact on employee performance. The research was carried out within the banking industry of Bangkok. The study utilised a sample size of 400 respondents. The information was gathered via questionnaires. The study's results showed that the majority of female employees, aged 29 to 30, expressed neither satisfaction nor dissatisfaction. Additionally, it has been determined that transformational leadership positively influences various dimensions of employee job satisfaction, just as transactional leadership itself has been found to positively affect employee job satisfaction. Additionally, laissez-faire leadership has produced desirable results on all aspects of job satisfaction. In addition, the study reveals that various aspects of employee performance are enhanced when employment satisfaction is high. The optimal performance was achieved through the collaboration of managers and employees, who utilised their respective leadership styles.

Research Methodology

Dependent upon on survey data. Potential research participants included middle-level managers and other workers in a variety of management roles inside the companies. Sample size is typically restricted by the researchers as a result of financial and schedule limitations. A convenience sample of 409 respondents was selected from diverse regions of Haryana and the National Capital Region in respect to this research. 430 completed questionnaires out of a total of 500 were returned. Every effort was made to identify missing values, duplicates, and outliers in the questionnaires. In conclusion, 409 responses for evaluation to have been considered. The current investigation has been constructed using primary sources of data. To determine how reliable the survey and its results were, we used Cronbach's alpha reliability test.

Data Analysis

A statistical analysis of the leadership style data

Leaders' styles as seen by respondents: Personalised attention aspect of leaders who inspire change

From the data that was collected, 214 people (or 52% of the total) comprehended that the transformative leadership approach used by personalised consideration inspired them, while 15 people (or 4% of the total) disagreed. Just sixty-one people, or 15% of the total, were unwilling to answer a question about how the approach to leadership that emphasises change personalised attention may be improved.

Table 1: Customized attention

Statements	Frequency	Percent
Strongly Disagree	11	03
Disagree	15	04
Neutral	61	15
Agree	214	52
Strongly Agree	108	26
Total	409	100

Members' opinions on the management style of their bosses: A facet of transformative leadership that inspires and motivates

According to the findings, the company's efficiency remained unchanged after implementing the transformational leadership style of inspiring motivation (IM), although 220 people (or 54% of the total) said that it inspired them. The percentage of those who were undecided about responding to the question about inspiring motivational transformational leadership was just 47, or 11% of the total.

Table 2: Motivating inspiration

Statements	Frequency	Percent
Strongly Disagree	2	.48
Disagree	18	04
Neutral	47	11
Agree	220	54
Strongly Agree	122	30
Total	409	100

Members' opinions on the management style of their bosses: The conduct of an idealised influencer a facet of inspiring leadership

A total of 240 individuals (or 59% of the total) agreed that transformational leaders' idealised influence conduct inspired them, whereas 14 individuals (or 3% of the total) disagreed and suggested that the method of leadership did not result in any changes inside the company. The effects of a more idealistic approach to transformative leadership were discussed when on organizational performance, only 53 people (13% of the total) said they were too busy to reply.

Table 3: Behaviour with an idealized influence

Statements	Frequency	Percent
Strongly Disagree	4	01
Disagree	14	03
Neutral	53	13
Agree	240	59
Strongly Agree	98	24
Total	409	100

Members' opinions on the management style of their bosses: The trait of idealized influence in transformative leadership

The data shows that 249 people (or 61% of the total) felt inspired by a transformational leader's idealized influence attribute, while 27 people (or 7% of the total) didn't think that the leader's style had any effect on the company's productivity. When talking about how a change in transformational leadership, on organizational performance, only 56 people (14% of the total) said they weren't interested in replying.

Table 4: A quality of idealized influence

Statements	Frequency	Percent
Strongly Disagree	1	.24
Disagree	27	07
Neutral	56	14
Agree	249	61
Strongly Agree	76	19
Total	409	100

Members' opinions on the management style of their bosses: The component of transformative leadership that involves stimulating the mind

Among the 201 respondents (or 49% of the total), 49 said that the data gathered showed that intellectual stimulation of a transformational leader inspired them, while 18 people (or 4% of the total) disagreed and said that the intellectual stimulation of a transformational leader did not affect corporate performance in any way. A few sixty-three people, or fifteen percent, of those who took the survey were uninterested in providing feedback on how the intellectual stimulation influenced by a transformative leadership style organizational performance.

Table 5: Mental challenge

Statements	Frequency	Percent
Strongly Disagree	6	01
Disagree	18	04
Neutral	63	15
Agree	201	49
Strongly Agree	121	30
Total	409	100

Survey results on transactional leadership as described statistically

Members' opinions on the management style of their bosses: Part of transactional leadership that is contingent upon rewards

Among those who participated in the survey, 213 (or 52% of the total) were in agreement that led by transactional (TR) and based on contingent reward (CR) improved the organization's performance, while 15 (4%) were in disagreement. The shift from a transactional to a contingent-reward leadership style only left 61 respondents (15%) unmotivated to comment on the impact on organizational performance.

Table 6: Deferred compensation

Statements	Frequency	Percent
Strongly Disagree	5	01
Disagree	15	04
Neutral	61	15
Agree	213	52
Strongly Agree	115	28
Total	409	100

Members' opinions on the management style of their bosses: An aspect of transactional leadership known as management by exception active (MBEA)

Findings show that 247 respondents (or 60%) felt motivated, whereas 18 respondents (or 4% of the total) disagreed that the transactional (TRN) style of management by exception (MBEA) improved organizational performance. When asked about the impact of the shift from transactional to exception-based leadership on organizational performance, only 53 people (13% of the total) said they weren't interested in participating.

Table 7: Dynamic management via exception

Statements	Frequency	Percent
Strongly Disagree	4	01
Disagree	18	04
Neutral	53	13
Agree	247	60
Strongly Agree	87	21
Total	409	100

Members' opinions on the management style of their bosses: Part of transactional leadership known as management by exception passive (MBEP)

In terms of organizational change and its performance, 207 respondents (or 51% of the total) agreed that transactional leadership (TRN) with an exception-passive (MBEP) style is the best approach, while 37 respondents (or 9% of the total) disagreed. The question of whether a shift to a more transactional style of leadership has affected organizational performance was left unanswered by 105 respondents, or 26% of the total.

Table 8: Administration via exception-passive

Statements	Frequency	Percent
Strongly Disagree	4	01
Disagree	37	09
Neutral	105	26
Agree	207	51
Strongly Agree	56	14
Total	409	100

Members' opinions on the management style of their bosses: Unstructured management approach

The research shows that 238 people (or 58% of the total) agreed that the Laissez-Faire leadership style inspired them, whereas 29 people (or 7% of the total) disagreed and said that the style would not bring any changes to the Organisation. Because of the shift to a more hands-off management style, only 91 people (or 22% of the total) were willing to take the time to reply to the question of how the organization's performance has changed.

Table 9: Management based on a laissez-faire approach

Statements	Frequency	Percent
Strongly Disagree	3	01
Disagree	29	07
Neutral	91	22
Agree	238	58
Strongly Agree	48	12
Total	409	100

Conclusion

Support for the hypothesis was shown by the results. An organization's performance is much improved when its executives embrace a transformational strategy (p value=0.000, CR = 8.653, path coefficient = 0.5). Transformational leadership has more impact than transactional and laissez-faire approaches the greatest impact on organizational success. This strategy has a very favorable effect on organizational performance (p=0.000, CR=3.598, path coefficient = 0.17). The effect of a transformational leader is much different from that of a transactional or traditional leader laissez-faire leader on an organization's performance is the most subtle but yet noticeable.

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