

A Study towards the Influencing Factors of Leadership Styles and Impact on Employee Performance: An Empirical Study of Banking Sector

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Abstract: This study records various leadership styles adopted in banking sector in general and cooperative bank in Gandhinagar. Work-life balance is very important among employee and employers in organizations. Imbalance in work-life will create a lot problem in terms of life satisfaction and workplace satisfaction. The study sought to investigate the effect of leadership styles practiced in an organization and their effect on employee performance. The purpose of this study is to understand the effect of different leadership styles autocratic, democratic, and participative style- on employee performance. The objectives that guided the study were; to investigate the effect of autocratic leadership styles affect employee performance, to investigate the effect of democratic leadership styles on performance and to analyze the effect of participative leadership styles on employee performance in an organization. The study followed the qualitative approaches, Secondary research will be integrated. It's a descriptive research based on blend of secondary data. Researchers have been identifying incessantly that how the leadership does influence the people and process of organization especially banking sector, which in turn gives positive outcomes to the organization, results in enhancing the performance of organization. The idea of this paper is to determine the relationship between leadership style and performance of employee. Secondary research based data is used to reach the result of this paper.

Keywords: Leadership, Leadership Style, Performance, Work-life balance

I. INTRODUCTION

“Leadership is inspiring others to follow your vision/direction/dream. In business, this means getting people aligned and moving in one direction-the direction that makes the business fly.” Stever Robbins, motivational speaker and entrepreneur Till now different writers have defined leadership in different ways. Books and Google search gives about 533 million entries about leadership (Andrew, 2008). Michael Armstrong defined to lead and leadership as; to lead is to inspire influence and guide; while Leadership is a process of getting people to do their best to achieve a desired result. It involves developing and communicating a vision for the future, motivating people and gaining their engagement (Armstrong, 2009). On the other hand, Carolyn (2004) indicated as leadership is not something related with position or role; rather it is a process. As he emphasized, being the CEO, Four-Star General, Pope or Prime Minister doesn't make someone a leader. As the common complaint about such positions is that they 'lack Leadership'. Charney (2008) defining leadership by defying leaders, as leaders are people to influence. Both Carolyn (2004) and Thomas (2007) emphasized as leadership is a multifaceted serious of interaction amongst the leader, the followers and the situation. The leader deals with qualities of personality and character; the followers' address need and values; while the situation deals with partly constant and partly varying. Hughes, Ginnett, and Curphy (2007) viewed as people who did a research on leadership disagree more than you might think what leadership is. They further extended as the major disagreement comes from the multifaceted phenomenon connecting the leader, the followers and the situation. 9 Adair (2007) working as international consultant on leadership and management development, who has been listed among the forty men and women by doing most to change the face of management today confirmed as, depending up on the situation one person may emerge as a leader in another situation he or she may not. He took Winston Churchill as an example, mentioning as he was great leader in war time, but not so successful leader in peace. The above fact takes us to think as leadership is not determined by our position but the type of role we are playing in our different responsibility we carry. Thus, everyone is playing his/her leadership role depending upon how we manage the above three complex situation. Therefore from the above different definitions, we can conclude that leadership is a style which creates working environment where people around will work and support passionately in the process of achieving established common goal. Thus, a person exercising his/her leadership role is the one who has to create enabling environment for others.

II. REVIEW OF LITERATURE

One of the most effective definitions of leadership was presented by Kim & Maubourgne (1992), which stated that leadership is the ability to inspire confidence and support among the people who are needed to achieve organizational goals. Leadership is not only found among people in senior positions, but is needed at all levels in an organization and can be practiced to some extent even by a person not assigned to a formal leadership position (Dubrin, 2004). Leadership style is a leader's combination of attitude and behavior which leads to certain regularity and predictability in dealing with group members (Dubrin, 2004). Leadership style is the relatively consistent pattern of behavior that characterizes a leader. The study of leadership style is an extension of understanding leadership behaviors and attitude. Most classifications of leadership style are based on the dimensions of initiating structure and consideration (Dubrin, 2004).

There are several styles of leadership such as: autocratic, bureaucratic, laissez-faire, charismatic, democratic, participative, situational, transactional, and transformational leadership (Mosadeghrad 2003b, 2004). Not everyone agrees that a particular style of leadership will result in the most effective form of organizational behavior. Different styles are needed for different situations and each leader needs to know when to exhibit a particular approach. No one leadership style is ideal for every situation, since a leader may have knowledge and skills to act effectively in one situation but may not emerge as effective in a different situation (Rad & Yarmohammadian, 2006).

Autocratic leadership, also known as authoritarian leadership, is a leadership style characterized by individual control over all decisions and little input from group members. Autocratic leaders typically make choices based on their ideas and judgments and rarely accept advice from followers. Autocratic leadership, also known as authoritarian leadership, is a leadership style characterized by individual control over all decisions and little input from group members. Autocratic leaders typically make choices based on their ideas and judgments and rarely accept advice from followers. Autocratic leadership involves absolute, authoritarian control over a group. Like other leadership styles, the autocratic style has both some benefits and some weaknesses. While those who rely on this approach too heavily are often seen as bossy or dictator-like, this level of control can have benefits and be useful in certain situations. When and where the authoritarian style is most useful can depend on factors such as the situation, the type of task the group is working on, and characteristics of the team members. If you tend to utilize this type of leadership with a group, learning more about your style and the situations in which this style is the most effective can be helpful.

Democratic or Participative style and performance White and Lippert (2000) noted that this style of leadership is also known as centered leadership. Under this style, leaders consult the group and solicit opinions and participation in decision making. They confer authority to the group and after their consultation, decision are taken (Sagimo, 2002). Effective leaders manage diverse and multi-faceted organizations by making good decisions (Tara Duggan, 2005). This behavior typically increases job satisfaction, employee retention and skill development for the entire staff. He further noted that, leaders who use democratic approaches to solving problems tend to benefit from involving stakeholders in identifying the issues and finding solutions to the complex problems. This helps them get things done through others and assuring them of a continued support in future.

Transactional leadership Bass and Avolio (2004) described transactional leadership style as being based on traditional bureaucracy authority and legitimacy. Transactional leaders are able to entice subordinates to perform thereby achieve desired outcomes by promising them rewards and benefits for the accomplishment of tasks (Bass, 2000). Bass (2000) described transactional leader relationship with the subordinates as having three phases. Firstly, he recognizes what subordinates want to get from their work and ensures that they get what they want given that their performance is satisfactory.

Transformational leadership has emerged as one of the most extensively researched leadership paradigms to date (Bass, 2000). Transformational leadership concerns the transformation of followers' beliefs, values, needs and capabilities (Brand, 2000). Transformational leadership teaches their followers to become transformational leaders in their own right (Bass, 2000). Transformational leaders encourage subordinates to adopt organizational vision as their own through inspiration.

Objectives

- To understand factors influencing leadership styles.
- To investigate the impact of leadership style on employee performance.

III. METHODOLOGY

This is a conceptual research which is related with some abstract idea(s) or theory. The research is generally used by philosophers and thinkers to develop new concepts or to reinterpret existing ones. The entire research study is based on referring some abstract idea(s), theories and concepts developed by earlier researchers across the world. The abstract idea(s) and theories have been taken from research papers written by eminent authors in the area of 'leadership style'. The study is divided in two sections. Section-I discuss the

Factors Influencing Leadership Styles and section-II discovers the impact of leadership style on employee performance.

Section-I: Factors Influencing Leadership Styles

1. Personality

One factor determining leadership style that cannot be ignored is the personality of the individual who is in charge of a group of employees. Aligning an individual's basic nature with a particular method of management is most often successful, because the leader will be comfortable with it. For example, if the manager possesses a charming demeanor that draws people to her, she likely will adopt a charismatic style that develops a faithful staff desiring to please their leader. On the other hand, a person who is most comfortable following set protocols is likely to adopt a more traditional authoritative style in which she trains employees to carry out their duties in strict accordance with company policy.

2. Belief System

A manager's professional ethics is often a factor that influences his method of leadership. For example, the person who believes strongly in teamwork as the most successful approach to work often adopts a democratic leadership style. This style requires the manager to participate with employees in solving problems together. Other people who wish to instill the importance of employees learning self-management work well as transformational leaders. This type of management involves ascertaining what employees need to work on, guiding them in how to accomplish these changes and persuading their followers to commit to the process of transforming themselves as workers and the organization in general.

3. Company Culture

The nature of a company's culture will influence the style of leadership used in the establishment. If there is a strong culture of motivated and well-trained employees, the managers can adopt a laissez faire style. This leadership method is basically hands-off, as the manager believes her staff is capable of handling their work without an abundance of guidance. The leader is there to inspire but not to micromanage or even to spend much time overseeing projects. Other companies are dedicated to creativity as a significant factor in their success. This culture requires a creative leader who challenges employees to think in innovative ways, express their opinions and experiment with different work methods.

4. Employee Diversity

Small businesses are hiring a more diverse workforce than in the past. A company is likely to employ people of different races, gender, ages and cultures. Leaders must respond to this diversity with a vision for their staff and by developing a multi-cultural approach to their work. The styles of management most compatible with a diverse set of workers include a participatory method, in which the leader works closely with employees to help them assimilate and succeed. Another successful style that works with individuals of different backgrounds is servant leadership, where the manager dedicates his efforts to providing the employees with everything they need so that, in principle, these workers mature and pass along the servant attitude to other employees and to their customers.

5. Personality Traits

A leadership style may become an extension of a leader's personality. If an individual is outgoing and assertive, he may prefer to communicate directly with subordinates through face-to-face interaction or confrontation, either on a group or individual basis. If he is more reserved, he might choose to lead by example or rely on written communication. Rather than addressing a group as a whole, the reserved leader is probably more comfortable meeting with subordinates on a one-on-one basis to provide individual direction.

6. Level of Control

The level to which a leader wishes to maintain control also influences leadership style. Some leaders want to be involved in all aspects of day-to-day operations and decision-making processes, which require the need for micromanaging. Others may be more trusting of their subordinates or may not want the heavy burden of making all decisions, so they tend to take a more hands-off approach by delegating responsibility. Leaders who choose to delegate may need to create an additional layer of management.

7. Organizational Structure

An organization's structure and operating methods may dictate the type of leadership style that managers must adopt. Some organizations place heavy emphasis on encouraging contributions or ideas from their members, requiring an open style of leadership where members have a large say in determining their own roles and functions. Other organizations operate with more of a "my way or the highway" mentality, where leaders dictate direction and deviation or innovation is frowned upon.

8. Experience

A leader's level of experience, both as a leader and with a particular organization can have an impact on his style. Someone who is new to a leadership role may be more inclined to lead "by the book" to avoid potential mistakes, while a more experienced leader will often feel more confident in following his own interpretation of rules and regulations. A leader who has been part of an organization for many years will likely have a better understanding of the organization's nuances than a new member, so she may be more comfortable when making decisions.

Section-II: The impact of leadership style on Employee Performance

Leadership styles have significant and substantial effects in the small businesses and also in the world's largest corporations. These styles affect everyone from senior and top management to the new entrant even of employees and new firms. They create the corporate culture that influences the organization and performance of employees in term of meeting deadline projects. Leadership style refers to a leader's behavior and attitude of governance and supervision. It is the result of personality traits, experience, attitude and philosophy of the leaders.

Different situations require different leadership styles. when there is little time to coverage on an agreement and quick work is required and where a designated authority has significantly more experience or expertise than the rest of the team, an autocratic leadership style may be most effective, however, in a highly motivated and aligned team with a homogeneous level of expertise, a more participative and democratic style may be more effective. The style should be one that most effectively meets the objectives of the team while balancing the interest of its followers and team members of that group which led by an effective leader.

Autocratic style effects Also known as authoritarian leadership, Milgron said autocratic style clearly defines the division between leaders and workers. Autocratic leaders make decision with little or no involvement from employees. These types of leaders are more confident, more sure about and comfortable with the decision making responsibility for the strategy plans and company operating. Although research indicates that autocratic leaders display less creativity than more contemporary (new) styles.

Adair only one person has the full authority and power over the followers or workers. His decision would be viewed and taken as the golden rule and should never be questioned and cannot be interrupted by any one. They make plans of each milestone and their followers are bounded to work or follow the rules. In short, the autocratic leader has full control of those around him and believes to have the complete authority to treat them as he wants. This is useful when immediate and quick decision and performance is required.

Heneman and Gresham under the autocratic leadership style, all decision making powers are centralized and remains in the hand of leaders, as with dictators. These leaders not welcome any suggestion and initiative from the follower's side. It has not been successful as it not provides strong motivation to the managers and employees. This style allows quick decision making. These leaders don't take any type of consult from their employee. They believe that leaders only have to take decision and employees should have to follow only either they want to follow or not. This type of leadership is so much rigid and may be a cause of employees de-motivation.

Democratic leadership effects Milgron and Ittner state that this style is usually considered a benefit for the most companies. This style focuses the management that provides guidance and help to its team and departments while accepting and receiving the inputs from individual team members. These leaders not reserve to their activities and authority only but in actual they bother about consultation of employees.

Heneman and Gresham under the democratic style promote the sharing of responsibility, the exercise of delegation and continual consultation. In this style managers suggestions and recommendations on all major issues and decisions and effectively delegate tasks to subordinates and give them full control and responsibility for those tasks, and encourage others to become good leaders and involved in leadership and employee development. That led to more commitment of employee to department goals, performance to meeting deadlines.

Kirega evaluated worker's views of their senior and top leadership team and state that this style focuses on using the skills, experience, and ideas of others. However, the leaders or managers using this style but still remains the final decision making power in the leader's hand. To his or her credits, they will not make major decision without firstly getting the input from those that will be affected, provide proper recognition, and delegate responsibilities. This leadership styles improve the performance in both short term and long term and can be used for any type of work project.

Debashis conclude that when organization need creative problem solving, conducting meetings for organization or department, training people for leadership roles and performing the day to day organizational tasks. This style provides confidence to employees who will help them for meeting deadlines, and departmental goals, to provide efficient team inputs.

Participative leadership effects Waggoner said this is viewed as effective option. As compared to other typical styles, delegate leaders rarely make decisions; leave this portion on the employees. Mostly, these leaders delegate responsibility to their employees and offer guidance to trusted team members.

Graver and Austin states that a participative style will be unproductive in the short term. But in longer time period, this style is more productive for an organization. This productivity increases due to feeling of empowerment and more commitment to their work and departmental goals.

Northouse argue that Participative leadership style: the leaders invite and encourage the team members to play an important role in decision making process, though the ultimate decision making power rests with the leaders. Leaders tell and guide the employees what to do? And how to do? And at the other hand, employees communicate to the leader their experience, suggestions and recommendations. The main benefits of this leadership style are that it leads to satisfied, motivated and more skilled employees. It leads to an optimistic and open work environment and also encourages creativity. This leadership style has the only negative aspect is that it is more time-consuming.

Mullins, Kerr of participative leadership is that the process and behavior which allows for the development of additional leaders who can serve the organization at a later date or in future. Because advocate of this leadership who favor this style state that this type of leaders encourage active involvement on the part of employee on the team, people seldom are able to express their creativity and express abilities and talents that would not be made apparent otherwise.

IV. CONCLUSION

The study identified two sections of competences of deans, namely, Factors Influencing Leadership Styles competence and the impact of leadership style on Employee Performance competence. Factors Influencing Leadership Styles competence is defined by the factors of Personality, Belief System, Company Culture, Employee Diversity, Personality Traits, Level of Control, Organizational Structure, Experience. Five dimensions of leadership competence were identified, including personal competence, people competence, administrative competence, visionary competence and networking competences. The impact of leadership style on Employee Performance competence is defined by the Leaders with a realistic and well communicated vision, good problem-solving skills, and people skills should also have a good personal skill, be resilient and learn how to navigate the situation well enough to achieve desired goals. Leadership occurs in an environment embedded in ambiguity, complexity, and informational overload it's very important for organizations to have the roles of individual well defined. Leadership occurs in an environment embedded in ambiguity, complexity, and informational overload it's very important for organizations to have the roles of individual well defined. Thus researcher concludes that there are following research gaps a) what styles of leadership exists in banking sectors b) is there any factors influence of leadership styles c) is there any relationship of leadership styles with employee performance.

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