

**AN EXAMINING THE EFFECTS OF DIFFERENT LEADERSHIP STYLES ON  
ORGANISATIONAL PERFORMANCE AND EMPLOYEE ENGAGEMENT  
COMMERCE**

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**Abstract**

*The contemporary corporate environment is characterised by swift changes and heightened rivalry. As a result, proficient leadership has become crucial in guiding organisations towards long-term expansion and cultivating a constructive workplace environment. realising how important it is for leaders to set the strategic direction and motivate employees to perform well. This study used a survey design, and the primary data used in the analysis were obtained from respondents using a standardized questionnaire. The data was analysed using the Statistical Package for the Social Sciences (SPSS). Performance of the firm was the dependent variable, while the independent variable was leadership style (democratic, autocratic, and laissez-faire).*

**Keywords:** Leadership Styles, Organisational Performance, Employee Engagement, Commerce

**INTRODUCTION**

The process of a leader influencing the behaviour of their subordinates in order to accomplish organisational goals is known as leadership. An organisations should be aware of the several leadership philosophies that can improve worker performance. Numerous studies have demonstrated the relationship between leadership style and employee performance, indicating the significance of leadership style in affecting employee performance. In a world that is changing quickly, it is crucial to choose a leadership style based on the circumstances in order to achieve high performance.

These days, companies have multifunctional teams integrated into a horizontal structure, with employees granted autonomy in goal-setting and outcome evaluation. The fact that organisations are reengineering themselves and do not employ the conventional hierarchical structure

emphasises how important it is for subordinates to have larger roles in organisational decision-making. These patterns support leaders' willingness to transfer authority to subordinates. Previous research indicates that by emphasising innovative behaviours and establishing new standards and values, these leadership philosophies are more beneficial in fostering a culture of learning.

### **1.1. Meaning of leadership**

Global operations have become more complex, and as a result, leadership has become a contentious topic without a widely accepted definition. Persuading others to take actions that will lead to the desired results is the definition of leadership. The dynamic process of leadership involves persuading people to freely contribute to the achievement of goals and objectives. Assisting a group or organisations in achieving sustainable development and growth is the aspiration of the values of the group that embodies leadership. To get work done and attain the required results, leaders are the ones that inspire, motivate, and acknowledge their team members. The leadership styles that are employed by leaders encourage and motivate their staff to exhibit positive behaviours.

### **1.2. Transformational and Transactional leadership**

As indicated by leadership hypotheses, there are two essential kinds of leadership behaviors that can be recognized: transformational leadership and transactional leadership. Throughout the course of recent many years, transformational and transactional leadership certainly stand out enough to be noticed from scholastics as another worldview for grasping leadership. The ongoing review takes a gander at the impacts of transactional and transformational leadership ways of thinking on worker performance in open area associations in Sri Lanka's Northern Territory. Subsequently, a definite conversation of both of these kinds is given.

#### **➤ Transformational leadership**

The degree to which a leader impacts followers is a topic of interest for transformational leadership theory. Trust, honesty, and other attributes are what draw followers to a leader; the stronger these traits are, the more devoted they are to the leader. Because of the traits they possess, the leader transforms the followers. The leader can adopt a transactional leadership style, giving instructions to the followers, even though they may have democratic goals in mind.

A value-driven style of leadership, transformational leadership refers to the persistent human capacity for greatness and pride in accomplishment. Trust is essential for transformational leadership to operate because it encourages voluntary commitment and output.

➤ **Transactional leadership**

The term "transactional leadership" describes actions taken by leaders in the framework of planned, reasoned conversations with followers, usually with the intention of achieving a certain set of objectives. The goal of transactional leadership theory is to define and explain the behaviours that occur during and after these exchanges. According to Burns (1978), transformational leadership should provide leaders the freedom to not only initiate interactions with followers but also to engage in creative thinking in a way that acknowledges and attends to their most pressing needs.

**1.3.Employee Engagement**

The term "employee engagement" describes the sentimental investment and dedication workers have to their company, demonstrated by their readiness to go above and beyond the call of duty. It stands for the degree to which workers are committed to their jobs, have a strong sense of purpose, and share the objectives and core values of the company. Workers that are engaged are more likely to exhibit commitment, drive, and a strong sense of community, which improves performance and raises job satisfaction levels overall. Additionally, they frequently take the initiative to support the growth of the company, cultivate a healthy workplace culture, and establish an atmosphere that is supportive of creativity and teamwork. Maintaining a high level of morale among employees, fostering a sense of loyalty, and ultimately promoting the organization's long-term success and sustainability all depend on employee engagement.

**1.4.Empirical evidence**

➤ **Effect of transformational leadership on employee performance**

There is a clear and constant correlation between transformational leadership and higher employee engagement in organisations. Transformational leaders encourage intrinsic motivation and a group commitment to organisational goals by creating a compelling vision and motivating

employees with a feeling of purpose. A supportive and empowering work environment that promotes employee involvement, autonomy, and creativity is fostered by transformational leaders by their charm, personalised consideration, intellectual stimulation, and inspirational motivation. This strategy improves employee morale, productivity, and willingness to put in extra effort to achieve common goals by raising job satisfaction, fostering a stronger emotional bond with the organization's mission, and increasing trust in leadership.

➤ **Effect of Transactional leadership on employee performance**

Transactional leadership involves giving explicit instructions and closely monitoring task performance. It is typified by a well-defined system of incentives and punishments based on employees' performance. This leadership approach prioritises reaching predetermined goals and following established rules and processes, which tends to promote an organised and goal-oriented work atmosphere. A transactional relationship between the leader and the workforce, wherein participation is largely motivated by contingent benefits and recognition for hitting performance goals or upholding established standards, is frequently indicative of the impact of transactional leadership on employee engagement. Although this strategy might result in short-term compliance and task completion, it might not always encourage employees' intrinsic motivation, inventiveness, or long-term commitment.

**2. LITERATURE REVIEW**

Huo, Binning, and Molina's (2010) dual pathway model of respect explains the two processes that support the advantages of respect. First of all, workers frequently believe that the respect they receive is a sign of their standing inside the company. In other words, when managers treat staff members fairly and with respect, staff members feel that their abilities and skills are valued by the company or team. These views encourage self-worth and competence confidence. Second, the staff members believe that being treated with respect shows similarity and a sense of belonging. Put differently, workers typically engage in trade when they see the cumulative advantage that comes with being a member of the system. They can now keep a mental ledger of their expenses, earnings, and incentives thanks to this. In other words, a worker will stay at a job as long as it is fulfilling. When the supervisor acts to safeguard the interests of the subordinates, the relationship may also hold significance for the subordinates. For instance, a mutually beneficial partnership can lead to high levels of devotion and productivity from employees. The

interaction between superiors and subordinates is crucial for the performance of the organisation as well as the professional growth and well-being of the workforce, according to Robins (2005). In other words, a positive relationship between a boss and a subordinate can influence work outcomes.

Numerous research have shown a connection between organisational commitment and leadership style. Robins (2005) posits that the implementation of a suitable leadership approach fosters commitment and trust among subordinates towards management. According to Dale and Fox's (2008) research, supervisors that exhibit supportive, respectful, trustworthy, and amiable leadership styles have a higher probability of interacting with staff members on a professional, emotional, and spiritual level.

Positive expectations are the main characteristic of transformational leaders (Ogbonnaya & Nielsen, 2016). These leaders can inspire their team members to feel they can achieve their goals since they are naturally passionate. As a result, a transformational leader elevates the motivation and spirit of the team by believing that their subordinates are gifted and eager to work (Dong, Bartol, Zhang & Li, 2016). Other characteristics of transformative leaders include their consideration for the needs of their team members, both personally and professionally. This indicates that in addition to being able to make the most of each team member to the fullest extent possible, such a leader also has the compassion to recognise and value each member's inherent potential (Brodbeck, Frese & Javidan, 2002).

Gong, Huang, and Farh (2009) claim that the transformational leadership style positively influences employee performance by effectively stimulating employees' creativity. This type of leadership can give an organisation a competitive edge and assist its staff come up with original, fast answers to challenges because it frees up their creative thinking.

According to a study by Vigoda (2000), employees' working attitudes decrease when organisational politics are prevalent because they believe that they would be better off concentrating on politics in the organisations than on their work. The fairness of organisational systems is the key idea that connects the presence of politics in the workplace with employee performance.

The most important factor influencing employees' attitudes and behaviours, including their dedication to the organisation, is their leadership style. The ability to influence a group of workers' decisions, behaviours, goal recognition, and confident, fervent work is known as

leadership (Adair, 2002). According to Adair (2002), a leader must create the organization's future vision, inspire its members, carry out the visions, and boost output. Adair (2002) defines leadership as the capacity to excite people to actively seek out and articulate goals. The human element is what brings a group together, boosts productivity, and guides them towards objectives. It was also argued that effective leadership involves managing change, keeping an eye on the big picture and the long term, taking calculated risks, and putting people and their values above profits.

### **3. RESEARCH METHODOLOGY**

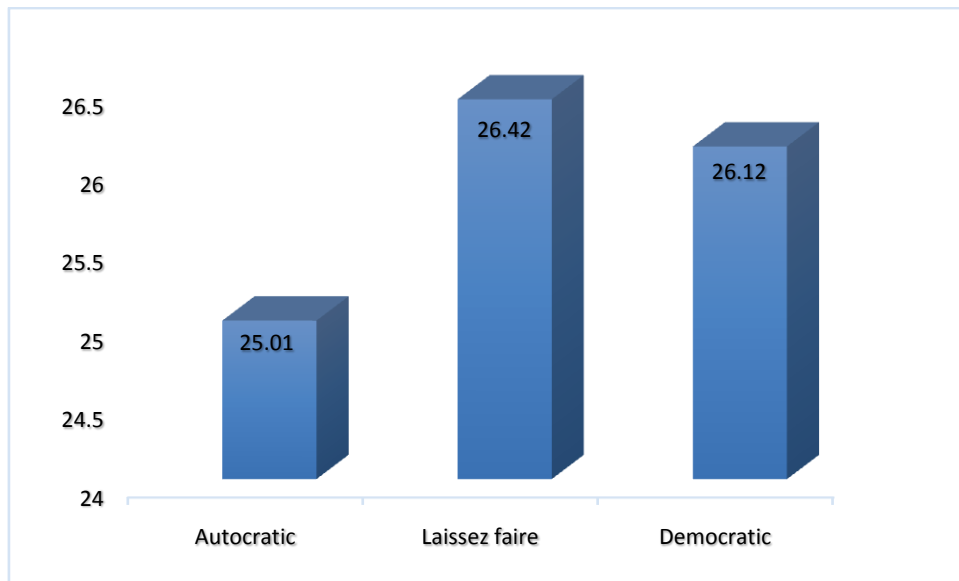
This study utilizes an overview plan, and its examination is predicated on essential information got from respondents through a normalized survey. The prescient relationship between the free factors of leadership style (imperious, laissez-faire, and vote based leadership styles) and the reliant variable (organizational performance) was inspected utilizing an irregular examining strategy. Also, the Measurable Bundle for the Sociologies (SPSS) was utilized to play out the Cronbach alpha dependability test. with an end goal to create a high.

### **4. DATA ANALYSIS**

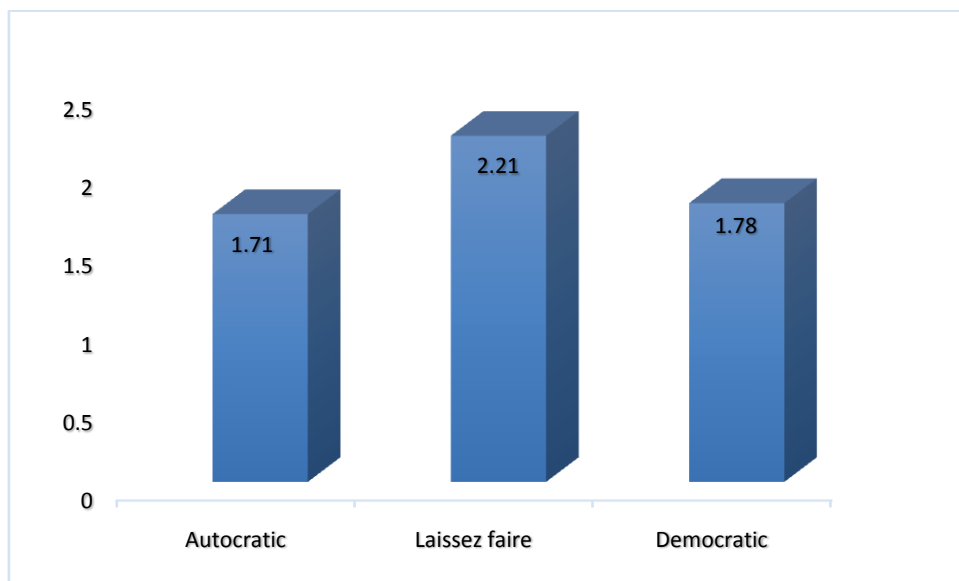
A structured questionnaire with five response options—strongly agree to strongly disagree, excellent, above average, below average, and poor—was the main tool used to collect the data. The instrument consisted of a 12-item subscale measuring effectiveness and efficiency (performance) and a 28-item scale measuring management style. The study's sample comprised a subset of carefully chosen small and medium-sized businesses located in Lagos, Nigeria.

**Table 1: Summary data and one-way ANOVA of leadership style and organisational performance (N = 600). Leadership style**

Leadership styles	N	Mean	Std. Dev.
Autocratic	200	25.01	1.71
Laissez faire	200	26.42	2.21
Democratic	200	26.12	1.78
Total	600	25.15	1.99



**Figure 1: Mean Data**



**Figure 2: Standard Deviation Data**

Table 1 investigated the effects of three distinct leadership philosophies—autocratic, laissez-faire, and democratic—on the performance of the organisation in a sample of N = 600 individuals. The table shows the averages and standard deviations for each leadership style, as well as the total number of participants (N) for each style. The average scores for organisational performance were as follows: 26.42 for laissez-faire leadership, 26.12 for democratic leadership, and 25.01 for authoritarian leadership. With a standard deviation of 1.99, the average organisational performance across all leadership philosophies was 25.15. According to these



values, authoritarian leadership demonstrated the lowest mean score and laissez-faire leadership produced the greatest mean organisational performance score.

**Table 2: Further pattern influence employed using Fishers' least significance difference (LSD)**

Source of variation	ss	df	MS	F	Sig. of F
Between group	71.115	2	36.101	10.621	0.001
Within group	1242.301	567	3.461		
Total	1313.416	569			

Fisher's least significant difference (LSD) is used to highlight the impact of various patterns in Table 2's analysis of variance (ANOVA) results. A relatively high F-ratio of 10.621 with a p-value of 0.001, below the traditional significance criterion of 0.05, indicates that the data show a meaningful difference between the groups. This suggests that there is a statistically significant impact of the patterns. With a mean square (MS) of 3.461, the within-group variability is rather high, meaning that there is a lot of variety within the groups. With 569 degrees of freedom, the total sum of squares (ss) is 1313.416, which shows the overall variability in the data. With two degrees of freedom, the between-group sum of squares (ss) is 71.115.

**Table 3: Correlation between leadership behavior and organizational performance**

	CW	MBEA	MBEP	LF	IS	II	IM	IC	OP
CW	1								
MBEA	0.198	1							
MBEP	0.131	0.061	1						
LF	0.165	0.601*	0.161	1					
IS	0.091	0.101	0.601*	0.252	1				
II	0.031	0.41*	0.152	0.301*	0.551*	1			
IM	0.142	0.431*	0.131	0.162	0.142	0.181	1		
IC	0.31*	0.134	0.191	0.301*	0.153	0.346*	0.648*	1	
OP	0.225*	0.381*	0.151	0.21	0.604*	0.648*	0.718*	0.538*	1



The association coefficients between various leadership behaviours and organisational performance (OP) inside the company are shown in Table 3. The correlation between two variables is represented by each cell in the table; a value of 1 denotes a perfect positive correlation, a value of 0 denotes no correlation, and a value of -1 denotes a perfect negative correlation. The findings imply that the performance of organisations and the various leadership behaviours are correlated to varying degrees. Interestingly, 'CW' (0.225) and 'IC' (0.538) show the most positive connections with organisational performance (OP), suggesting that these elements are comparatively more closely associated with the overall performance of the organisation. Furthermore, 'LF' and 'MBEA' (0.601) and 'IS' and 'II' (0.551) have moderately positive correlations, indicating a possible relationship between these leadership behaviours and certain elements of organisational success. Moreover, the noteworthy positive correlations shown between 'IM' and 'MBEA' (0.431) and 'IC' and 'IM' (0.346) underscore the significance of these factors in shaping the overall performance of the organisation. It is noteworthy that certain associations have an asterisk (\*) next to them, suggesting that they are statistically significant.

#### **4.1. Discussion**

Because democratic leadership spreads decision-making throughout the organisation, it differs from both authoritarian and laissez-faire leadership styles in that it significantly increases organisational performance. Furthermore, the group develops a sense of responsibility and criticism and praise are provided with purpose. Because they participated in the process, followers are dedicated to completing the tasks assigned with the decision made, which leads to great employee productivity.

Furthermore, the low value of authoritarian and laissez-faire styles indicates that there was limited opportunity for violence and antagonism inside the group, as well as a high degree of mediocrity fueled by atavist emotions and irrational motives. Because of their extremely low motivation, they experience insecurity. The work's inferences are consistent with the theory that an organization's productivity or workplace performance is influenced by the leadership style chosen.

#### **5. CONCLUSION**

It has been demonstrated that the health and prosperity of companies in the commerce sector are closely related to the leadership styles that are used and how they impact employee engagement

and organisational performance. The examinations were all finished comparable to the little area, and the understudies' discoveries demonstrate that work satisfaction, organizational responsibility, and leadership style are connected. This study assessed different leadership styles and their performance on the association, as well as leadership effectiveness, leadership jobs and their impact on performance, and what mentalities mean for an association undeniably. Subsequently, management, employees, and the undertaking environment ought to all encourage a positive work environment.

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