



## An empirical Evidence on the Relationship between Leadership Styles and Organizational Performance

Original Article

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### ABSTRACT:

This study aimed to investigate the relationship between leadership styles and Gomal University performance. The main objective of the research was to examine what type (s) of leadership style (s) directed to enhance organizational performance in the University. Leadership styles (Transactional and Transformational) and organizational performance (Effectiveness, Efficiency, Responsiveness, and innovation) are interwoven with each other in such a way that change in leadership styles has direct effects on the organizational performance. The population of this study was the students of four Faculties (Arts, Science, Agriculture and Pharmacy) of Gomal University, who are currently studying in different departments. In this research, the researcher has used the stratified simple random sampling technique for the selection of samples. The research concluded that there was a connection between leadership styles and organizational performance. Transformational Leadership has significant positive effect on Organizational Performance as compared to the transactional leadership.

**Keywords:** Leadership Styles, Employees, Organizational Performance, Gomal University.





## Introduction

The role and importance of leadership in organizations cannot be underestimated to increase the organizational performance. The study of leadership has received much attention during past few decades. This emphasizes has resulted from the presumed importance of leadership function at organizational level. Leadership is the major determinant of organizational productivity and success (Noordin, 2023; Hayat, Imran, & Taous, 2023; Saadat, Shah, Tauqeer, Ullah, & Fatima, 2023). Indeed, a good and skilled leader can drive the organization towards the business (Malik, Cao, Mughal, Kundi, Mughal, & Ramayah, 2020). Most of the modern researchers have so far paid significant attention to the possible impacts of leadership on Organizational performance (Jing & Avery, 2011). During the course of history, we could witness the rivalry in the form victory and failure; same is manifested in the business among the leaders. It is recognized to exist and to have great impact on human performance. Leadership has been defined as the “method of social influence” in which one individual, through his influence, gets the support of others in the achievement of common goals (Kundi, 2021). Leadership is one of the aspects that play an important part in the success or failure of an organization (Amanchukwu, Stanley, & Ololube, 2015). Leadership is known as a significant topic in the field of organizational behavior. Leadership has the greatest dynamic impacts throughout individual and organizational collaboration. In other words, capability of management to implement “collaborated efforts” depends on leadership skill (Saasongu, 2015). Leadership plays crucial role in defining and determining the attitudes of an employee (Uchenwamgbe, 2013). Leadership style in an organization is one of the factors that play important part in improving or delaying the attention and commitment of persons in the organization (Saasongu, 2015). Beakana (2017) asserts that leadership style gives direction together with executing strategies besides inspiring the individuals.

## Literature Review

### Leadership

The field of leadership not only focuses on interpersonal relations but also appreciates the role of a leader as a motivator and energizer (Uchenwamgbe, 2013). The role of a leadership has evolved over decades and concluded with the findings that it is an inborn human quality and its environment to change. It is believed that groups with leaders generally do better than groups without leaders (Beakana, 2017). The organizational leaders in one way or the other influence the organizational activities and individual actions to materialize the common goals (Albejaidi, Kundi, & Mughal, 2020). They are responsible to bring excellence in the human resources to sustain organizational survival and an increased performance (Asmawi & Fulazzaky, 2021). It is well accepted that a leader plays vital role to ensure maximum organizational performance as well as worker satisfaction (Mughal & Malik, 2023; Imran, Ali, & Taous, 2023). It is assumed that leaders have the skills to take decisions and motivate workers towards the achievement of goals, and to lead them towards organizational change (Bhargavi & Yaseen, 2016). Leadership is an art of inspiring individuals to act towards accomplishing mutual goals (Mohamud *et al.*, 2013). Leadership style in an organization plays a vital role in increasing or decreasing the employee’s interest and commitment inter alia job satisfaction (Abdullahi, 2018). Transactional leadership is executive leadership which emphasizes on regulation, organization as well as performance of the group. Leadership with transactional styles encourage the compliance through reward and penalty (Kabeyi, 2018). Transactional leadership is famous for three main attributes: contingent reward, management by exception (active) and management by exception (passive). Contingent reward mentions to setting goals and rewarding personnel when these goals are accomplished (Knies, Jacobsen, & Tummers, 2016). Transactional leaders manifest positive and helpful behavior. The constructive behavior necessitates the contingent rewards, and corrective dimension used in management by exception. The contingent reward includes explanation of work required to obtain rewards, use of incentives, and the contingent reward to achieve desired results by considering supporter expectations together with acknowledgment if goals are attained (Obiwuru, Okwu, Akpa, & Nwankwere, 2011).

According to this view, the transactional leaders use the contingent rewards based on the negotiating and exchange rule and reach to an agreement to materialize the desired organizational goals in favor of rewards for the employees, yet leaders are required to explain the expectations and offer recognition once goals are attained. Likewise,



transactional leadership also have the tendency towards application of management by exception active and passive. In Active management by exception, leaders specify the criteria for compliance, as well as what constitutes ineffective performance, and may punish subordinates for being out of acceptance and execution, this suggests close monitoring of the mistakes and initiating corrective action as soon as possible, while, passive management by exception refers to avoidance of fixing the agreements, expectations clarity inter alia the standards to be completed by the subordinates, however according to Bass (1990) leaders intervene when some specific problems turn into ostensible, however, passive style does not respond to circumstances and issues systematically (Bass, 1990). This style enhances the level of motivation among employees along with booting the morale and performance of employees by using several ways and means including interconnecting the follower's sense of identity and self with task assigned inter alia organizational collective identity. He work as a role model to inspire the subordinates to create their interest. They also pose challenging job to the followers so they can feel sense of ownership and responsibility for their work. They also analyze and understand the strengths and weaknesses of the subordinates and tries to align the follower's to their tasks to enhance their performance (Odumeru & Ifeanyi, 2013).

Transformational leadership enhances the performance/outcome by using the charisma, inspirational motivation, intellectual stimulation, and individualized consideration (Abdullahi, 2018). This kind of leadership create a clear futuristic picturesque of optimistic and attainable results. It encourage followers to raise their expectations and reduce intricacy to the main problems. They use simple language instead of jargon to convey the mission to their followers (Ozera & dan Tinaztepeb, 2014). The transformational leadership provides vision and sense of mission. It instills pride, gain respect, and trust, which are attributed to the leader's charisma. Further, they inspire their followers, and communicate high expectations. Further, they employ symbols to focus on the efforts and expresses their purposes in a plain manner. Likewise, intellectual simulation is also an attribute of this kind of leadership. They encourage intelligence, rationality along with watchful problem solving. They also focus on the individualized consideration. They take special care of workers and treat them individually using coaching and guides (Bass, 1990).

### Organizational Performance

Organizations are the societal vehicles and plays instrumental role in everyday lives, and therefore, effective organizations are the core element of emerging countries. Thus, numerous experts believed that organizations are the engines that define economic, social, and political goals (Gavrea, Liviu, & Stegorean, 2007). Organizational performance might be used to know how an organization is performing with regards to the level of income, market share, and product or service quality as compared to its competitors. Because it replicate its employees performance in terms of profit, growth, and expansion of its services (Knies, Jacobsen, & Tummers, 2016). The performance of the organization is measured in terms of the overall results based on certain actions, and directed at the existing circumstances of the organization to decide to what extent organization is effective and efficient (Kabeyi, 2018).

### Measurement of Organizational Performance

**Effectiveness:** Effectiveness of an organization as the capability to exploit the atmosphere when obtaining scarce or valued resources to support its action (Lumumba, Simatwa, & Jane, 2021).

**Efficiency:** Efficiency means to complete the organizational aims using least of resources (Gavrea, Liviu, & Stegorean, 2007). Efficiency in resources mobilization, distribution, use and improvement of organizational performance depends, to a great level, on leadership style (Kabeyi, 2018).

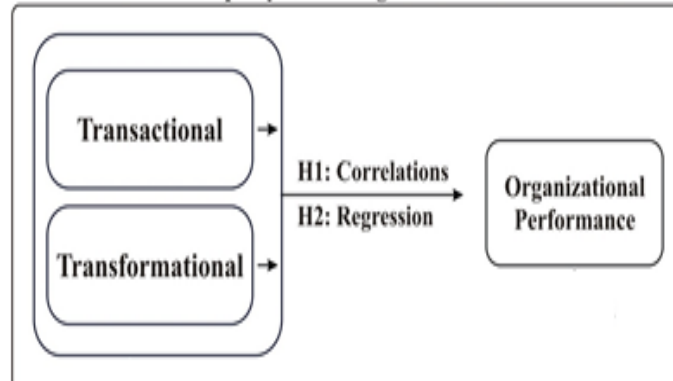
**Innovation:** The innovative volume of organizations is a dimension less amazed in organizational diagnostic models although there are many studies that have been emphasize on recognizing effect of the advanced capacity on performance (Gavrea, Liviu, & Stegorean, 2007)

**Responsiveness:** It is an organizational skill to discover people wishes and desires, decide the plan and priorities of it services. Responsiveness here denotes to the arrangement of the program and service actions with the requirements and objectives of the public (Abdullahi, 2018).

**Figure 1**

*Theoretical Framework*

**Effects of Leadership Styles on Organizational Performance**



**List of hypotheses:**

**H<sub>1</sub>.** Independent variables (transactional & transformational) are correlated with the dependent (organizational performance) variable.

**H<sub>2</sub>.** Independent (transactional & transformational) variables determine the dependent (organizational performance) variable.

**Method**

This study has used survey design. The population included students of four faculties (Arts, Science, Agriculture, and pharmacy) of Gomal University currently studying in different programs of departments. A sample is a representative part of the population under observation. The technique for drawing samples from population is known as sampling (Saasongu, 2015). Forty students were taken as the sample of the study in this research. Random sampling technique is the important technique of possibility sample (Saasongu, 2015). In this research, the stratified simple random sampling technique was used. Structured questionnaire is known to be quite easy and economical tool for the collection of fresh facts and figures (Obiwuru, Okwu, Akpa, & Nwankwere, 2011). In this research, the Self-administered questionnaire was used containing statements measured at 5-points Likert scale.

**Results and Findings**

**H<sub>1</sub>.** Independent variables (transactional & transformational) are correlated with the dependent (Organizational performance) variable.

**Table 1**

*Correlations*

		<b>Transactional</b>	<b>Transformational</b>	<b>Org Performance</b>
	r	.319*	.736**	1
OP	Sig. (2-tailed)	.045	.000	
	n	40	40	40

\*\*\*. Correlation is significant at the 0.05m 0.01 level (2-tailed).

The above table displays that transactional and transformational leadership have significant relationship with performance of an organizational. This is because both the variables are having p-values .045 and .000 respectively, which are quiet less than the required limit of 0.05. Thus, the hypothesis is substantiated with the support of both the variables.

**H<sub>2</sub>**. Independent (transactional & transformational) variables determine the dependent (Organizational performance) variable.

**Table 2**

*Model Summary*

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.739 <sup>a</sup>	.546	.521	.33922

a. Predictors: (Constant), Transformational, Transactional

**Table 3**

*Coefficients*

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
(Constant)	1.533	.390		3.929	.000
1 Transactional	.060	.096	.073	.620	.539
Transformational	.567	.094	.710	6.015	.000

a. Dependent Variable: Org Performance

In table 4.7, it can be the seen the combined effect of independent variables on the dependent variable is  $R^2 = 0.546$ . Here, in this model the included variable is Transformational leadership with p-value 0.000, which is, less than 0.05, whereas the Transactional leadership is found insignificant due to p-value 0.539, which is quite higher than the maximum allowed error of 0.05. Thus, the hypothesis is partially substantiated with the support of only one variable (Transformational leadership).

**Discussion and Conclusion**

This research study was conducted to measure the effect of leadership styles (transactional & transformational) on organizational performance. This study tells that there is significant correlation between Transactional and Transformational leadership styles with the performance of an organization. This study further shows that the transformational leadership is highly associated with the organizational performance as compared to the transactional leadership. This study also reveals that in regression process the Transformational leadership is significant to bring change in organizational performance. However, Transactional leadership has insignificant effect on organizational performance. The findings of the study were in support of Akhtar, Nazarudin, & Kundi (2021ab). The research’s results were completed in line with the research’s key goal was to detect the leadership style (s) practiced in Gomal University Dera Ismail khan and to inspect its impacts on organizational performance. The findings of the research discloses that the respondents who with transformational leadership experience have greater impact on the

organizational performance. It can therefore be decided that transformational leadership style significantly influences the organizational performance.

## Recommendations

The leadership related courses should be made the compulsory part of curriculum of every program in order to orient the students about this important aspect, which may help them in professional, and public life. Regular training programs on leadership studies should be initiated by the university administration to develop leadership skills among the teachers and university officers. The findings of this study may be a guideline for the existing leaders and administrative staff of the university. Every leadership style has its own pros and cons, it is therefore suggested that university authorities should adopt and apply that style which suits the situation and the nature of staff.

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