



Leadership and Its Impact on Organizational Effectiveness-A Study

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ABSTRACT:

Effective leaders influence their organization's effectiveness by motivating and inspiring the workforce. Committed and loyal employees expect their leaders provide a clear vision of the company's strategic direction. They also want to see consistency in decisions made in response to problems or issues. Clear, concise communication from leaders on a regular basis ensures that all employees know what to do. With this type of structure, leaders enable organizational effectiveness, productivity and profitability. The survey concludes that developing a participative culture in an organization enables them to maximize their employee participation and potential skills. If organization provides participative culture as their organization climate then employees will take their job extreme seriously and become more trustworthy to the organization. Which ultimately leads to the productive work, improves the quality of work and which intern reduces cost of the organization. Simultaneously it increases the motivation level, innovative thoughts, commitment towards work and scene of Belongingness in employees towards their organization.

Key words:

Organization climate, Participative culture, organization goals.

1. INTRODUCTION:

Using a charismatic leadership style, an effective leader motivates his workforce to accomplish job tasks by giving inspirational speeches that describe the company vision in vivid detail. This motivates the employees to work hard to achieve the goals.

When the leader shows a personal commitment to hard work and innovative approaches to problem solving, employees typically value these things too. Leaders provide incentives to employees, such as bonuses and other financial rewards, to increase production [1-5]. Successful leaders recognize that to function well, team members need to collaborate effectively. They conduct team-building exercises and ensure that each member feels their contribution to the team is valued. When teams are dispersed instead of working in the same location, leaders need to take extra steps to ensure that the virtual team communicates clearly.

For example, using all the features of web-based conferencing software and webcams, such as surveys and polls, the leader can conduct virtual meetings that enhance interaction. This leads to organizational effectiveness [8]. Changes in technology, executive leadership and market conditions can affect employee productivity. An effective leader minimizes distractions for his employees and helps them manage transitions to new working conditions. For example, when an organization installs a new software package to handle accounting transactions, the leader ensures that all employees who will use the system get the training they need in advance of the implementation.

That way, when the system goes live, everyone is ready. Additionally, effective leaders ask for feedback from subordinates on organizational issues. When employees feel like they are part of the decision-making process, they tend to adapt to changes more quickly [6]. An effective leader mentors subordinates to help them develop their own leadership skills.



He provides workshops in presentation skills, negotiation, business acumen, project management and other leadership competencies so that when the time comes, these subordinates can take over for departing leaders. Leaders contribute to long-term organizational effectiveness through succession planning, helping employees maintain a healthy work and life balance and exemplifying high standards of ethical behavior. According to Mintzberg [1], leaders share one personality trait in common, a passion to lead. But each of the above styles of leadership have their own and multiple advocates and acolytes. The field of Leadership does not have a dearth of experts or sophistication of approaches but there is still no consensus on which style of leadership is the most effective. Even though individual qualities of leaders do matter, the effectiveness of leadership is increasingly believed to depend on the situational and context factors in which the leaders are working.

Research of 160 CEOs shows that leadership is driven not so much by what someone is like inside but by what the outside demands [2]. It is essential to consider temporal changes in patterns of leader behaviour and dynamics of the task undertaken by them when conceptualizing the effectiveness of their styles [3]. The leadership style itself and the eventual outcome of the task had very strong effects on the perception of appropriateness of leadership style (participative or consultative). In turn the perceived appropriateness of the leadership style greatly influenced the judgment of the ability of the leader and also willingness of the follower to work for him. Gender had no effect [4]. Good management definitely seems to be essential for companies, as they go through the struggle to achieve efficiency and profitability. But the companies would depend on leaders to motivate employees and manage problems effectively. It is accepted that a company's success is largely dependent on its leaders, however, what is not clearly understood many a times is effect of leadership on employee satisfaction.

A leader who can help subordinates to achieve their own goals by having influence in the organisation will be acceptable [5]. Many a times leaders may indulge in superficial measures like minor policy and procedure changes, overhead control, managing fiscal benefits in order to positively impact the organisation. In the process they may conveniently bypass the more vital interventions of education, empowering and employee support for organisation effectiveness. However this may work only for a short term. In reality to gain long-term profitability, employee passion and customer loyalty should be sought through leadership actions which are strategically aligned. Leaders should have the ability to influence people to strive willingly to cope with changes for sustained periods. Leaders who are supportive to the strategy and exercise their leadership actions in alignment with the organizational strategy may be called strategic leaders. Strategic leadership is a process of constantly assessing whether the company is on the right path to the designed goals and continuously checking the progress towards the same.

Strategic leadership works with the vision, culture, values and all strategically aligned features of the organisations. Leader's role is to understand the strategy and put it forth in operational form for implementation by employees while exemplifying the values and vision of the organisation. Making strategic plans keeping in mind the environmental and internal strengths and opportunities is also a leader's operational role [6]. What makes a leader effective? Interpersonal, cognitive and political skills, technical expertise and project management skills are essential for effective leadership [6]. Organizing skills, envisioning success, and ability to achieve social integration is also important for leaders. Spanning the external environment to ensure that their team efficiently achieves the goals of the organisation at the same time maintaining a cohesive team is also one of the essential qualities a leader must have.

They should seek employee support in terms of information for monitoring the organisation and its goals, by creating transparent systems and a culture of sharing.

Leadership and Subordinate Performance:

Correlations were found between certain aspects of leader behaviour, emotional intelligence and performance. This correlation varied as a function of self-awareness of managers [7]. Emotional competencies were also found to be largely responsible for effective performance when 121 business organisations from all over the world were studied [8]. Another study indicated that subordinates job performance and their job satisfaction resulted from the superior's use of 'Sullivan's Motivating language theory' [9]. Subordinates who are Collectivists and those who are individualists are motivated creatively by different leadership style from their superiors; collectivists prefer transformational whereas the latter prefer transactional leaders [10]. When leaders exhibited reward and punishment behavior which was contingent to subordinate behaviour a significant change in subordinate perception, attitude and behaviour was observed. This however was not the case when the leader behavior was not contingent. This change in subordinate behaviour is moderated by two key moderating variables viz. role ambiguity and employee perception of justice [11]. In case of groups, group members were creative, gave more supportive remarks and solution clarifications when their leaders were high transformational leaders than when they were low transformational.

Leadership Styles:

Leadership styles are seen to reflect demands of the situation. According to Hersey and Blanchard [12], there are four leadership styles S1, S2, S3, S4. These styles are based on two dimensions namely: Task orientation behaviour and Relationship orientation behaviour.

S1- High on Task orientation and low on relationship orientation

S2- High on both task orientation and relationship orientation

S3- High on Relationship orientation and low on task orientation

S4- Low on both relationship and task orientation.

Since S1 and S2 are high on task orientation they are essentially driven by the leader whereas S3 and S4 which are high on relationship are called follower-driven styles of leadership. In the 'Life Cycle' theory proposed by Hersey and Blanchard [12], 'Readiness of the follower' is the situational variable. The Readiness of the follower to do work is dependent upon the 'Psychological Maturity and Task maturity' of the follower and the 'willingness shown by the follower to do the job'. As the employee gains experience on the job, his task maturity and Psychological maturity goes on increasing. The willingness of the employee to do work is on the other hand seen to be very high initially even though the task and psychological maturity is low. With S2 style the ability of the follower increases but the willingness increases faster. S3 style sees a decrease in the willingness with an increase in the ability (task and psychological maturity) and S4 style sees a highly mature and willing employee.

Leaders most of the times have a preferred 'default' style. It is seen through research that S2 or S3 are the most commonly used styles. In a study conducted on nurses in a public sector hospital, S2 seemed to be the prominent style. It is interesting to note that in a study conducted in the manufacturing (Pharmaceutical industry) sector, the S2 and S3 styles were being used by the top management, not the middle management. This may be due to the fact that the top management has been collapsed into the middle management. The basic leadership style in manufacturing organisations is S1, and the supporting style is S2. When promoted, managers use S2 as the basic style and S3 as the supporting style [13].

54% Leaders have only one preferred style, 35% are seen to have 2 Leadership styles which they prefer and only about 1% are seen to have a balanced use of all four styles [14].

OBJECTIVE OF THE STUDY:

- To know the factors influencing the dynamic organization climate in globalization.
- To know the participative leadership of effective organizations.
- To determine the preferences of the dynamic organization climate by implementing participative culture in the organization.
- To know the creative thinking of teams and commitment of employees in the effective organizations.

HYPOTHESIS OF THE STUDY:

Hypothesis 1:

Null Hypothesis:

There is no relation between the participative leadership culture and organization climate.

Research Hypothesis:

There is a relation between the participative leadership culture and organization climate.

Hypothesis 2:

Null Hypothesis: There is no relation between dynamic organization climate and changes in globalization.

Research Hypothesis:

There is a relation between dynamic organization climate and changes in globalization.

Methodology:

The research method adopted for this study was the survey method

Sample:

The sample comprised of 200 employees from different sectors in Hyderabad. It includes 60 lecturers from educational institutions, 50 software professionals from IT. Companies, 40 employees from Manufacturing industries and 50 marketing executives from retail outlets. The employees were selected by simple random sampling method from a population of 5000 employees.

Tools:

The participative culture and dynamic organization climate are the test instruments - A dynamic organization climatic in global perspective. The test instruments called participative culture and dynamic organization climate was developed as a means to identify factors influencing dynamic organization climate in global perspective. This survey uses 20 questions for determining the four basic determinants of participative culture as well as dynamic organization climate. This test shows over all organizations preferences for each of the four basic factors.

Statistical technique used:

To analyze the data, the statistical technique used is chi-square test.

DATA ANALYSIS:

Hypothesis 1:

Null Hypothesis:

There is no difference between the participative culture and organization climate

Research Hypothesis:

There is a relation between the participative culture and organization climate

Observed Values of Chi- Square

Attributes	Strongly Agree	Agree	Disagree	Total
Participative Leadership	120	40	40	200
Creativity of Teams	100	71	29	200
Commitment of Employees	110	55	35	200
Sense of Belongingness	115	45	40	200
Total	445	211	144	800

Expected Values of Chi- Square

Attributes	Strongly Agree	Agree	Disagree	Total
Participative Leadership	0.6882	3.0817	0.4444	4.2143
Creativity of Teams	1.1376	6.3139	1.3611	8.8126
Commitment of Employees	0.014	0.0959	0.0277	0.1376
Sense of Belongingness	0.1264	1.1386	0.4444	1.7094
Total	1.9662	10.6301	2.2776	14.8739

Interpretation:

At 6 degree of freedom at 0.05 level of significance the table value of chi – square is 12.59, but our obtained values is 14.8739 is larger than the table value. Hence we can say that null hypothesis is rejected and research hypothesis should accepted i.e., there is a significant relationship between participative culture and organization climate.

Hypothesis 2:

Null Hypothesis:

There is no relation between dynamic organization climate and changes in globalization.

Research Hypothesis:

There is a relation between dynamic organization climate and changes in globalization

Observed Values of Chi- Square

Attributes	Strongly Agree	Agree	Disagree	Total
3 C's	120	50	30	200
High participation	102	50	48	200
Satisfaction	117	43	40	200
Proactive and reactive	10	73	27	200
Total	439	216	145	800

Expected Values of Chi- Square

Attributes	Strongly Agree	Agree	Disagree	Total
3 C's	0.9572	0.2962	1.0775	2.3309
High participation	0.5472	0.2962	3.8086	4.652
Satisfaction	0.4789	2.2407	0.3879	3.1075
Proactive and reactive	0.8661	6.6851	2.3606	9.9115
Total	2.8494	9.5182	7.6343	20.0019

Interpretation:

At 6 degree of freedom at 0.05 level of significance the table value of chi – square is 12.59, but our obtained values is 20.0019 is larger than the table value. Hence we can say that null hypothesis is rejected and research hypothesis should accepted i.e., there is a significant relationship between dynamic organization climate and changes in globalization.

CONCLUSION:

Implementation of participatory culture through participative leadership in organizations increases the commitment, belongingness among the employees and these attributes plays inevitable to create dynamic organization climate. Proactive, reactive, flexibility, feasibility towards the global change is prerequisite to create or enhance organizational competitive advantage. By this study, it's concluding that participatory culture leads to dynamic organizational climate to compete at this time of economic revival in globalization.

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