Impact of Leadership Styles on Employees' Performance: An Empirical Investigation of Middle-Level Employees

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Abstract

Leadership styles play a significant role in shaping the behaviour, motivation, and productivity of employees, particularly at the middle management level. Transformational leaders inspire and motivate employees, encouraging them to exceed expectations and achieve higher levels of performance. Transactional leaders focus on setting clear goals, providing rewards and punishments based on performance, and maintaining the status quo. Laissez-faire leaders adopt a hands-off approach, giving employees a high level of autonomy and decision-making power. The choice of leadership style can significantly impact middle-level employees' performance indicators, including productivity, job satisfaction, and motivation. This study presents essential inputs for organizations to effectively manage and optimize the potential of their middle-level employees, ultimately contributing to overall organizational success.

Keywords: Leadership Styles, Middle-Level Employees, Laissez-Faire, Status Quo, Hands-Off Approach, Decision-Making Power, Job Satisfaction, Organisational Success

Introduction

Leadership styles exert a profound influence on the performance of middle-level employees within organizations. The way leaders interact and guide their teams can significantly impact various aspects of employee performance, such as productivity, job satisfaction, and motivation. Middle-level employees, occupying a crucial position between top-level executives and frontline staff, require effective leadership to navigate organizational goals and translate them into actionable strategies. Organizations can create an environment that fosters growth and empowers middle-level employees to thrive by understanding the implications of different leadership styles.

Firstly, transformational leadership stands out as a style that inspires and motivates middle-level employees to reach their full potential. Transformational leaders exhibit charisma, vision, and a genuine concern for the growth and development of their subordinates. They communicate a compelling vision, stimulate intellectual curiosity, and encourage creativity and innovation. Through their inspirational behaviour, transformational leaders create a sense of purpose and instil a passion for achieving organizational goals. Consequently, middle-level employees under the influence of transformational leaders are likely to display higher levels of engagement, commitment, and performance.

On the other hand, transactional leadership focuses on setting clear expectations, establishing performance targets, and rewarding or correcting behaviours accordingly. Transactional leaders provide structure, define roles and responsibilities, and use rewards and punishments to drive performance. This leadership style ensures that middle-level employees understand their tasks and are accountable for their outcomes. While transactional leadership may not be as inherently motivating as transformational leadership, it can be effective in situations where clear guidelines, specific tasks, and immediate feedback are essential. It provides a framework that promotes efficiency and goal attainment, ensuring that middle-level employees remain on track and meet the organization's objectives.

Lastly, laissez-faire leadership, characterized by a hands-off and decentralized approach, can have both positive and negative consequences for middle-level employees' performance. Laissez-faire leaders grant autonomy and decision-making power to their subordinates, allowing them to take charge of their work processes. This style can enhance creativity, innovation, and employee empowerment, as it encourages middle-level employees to take ownership and make decisions aligned with their expertise. However, without clear direction or support, laissez-faire leadership can also result in confusion, lack of accountability, and decreased performance. It is crucial for leaders adopting this style to strike a balance between providing autonomy and ensuring necessary support and guidance.

Literature Review

A paper explores the impact of autocratic, democratic, and participative leadership styles on employee performance. Through qualitative analysis and secondary research, the study validates its objectives by drawing on scholarly views. Findings suggest that autocratic leadership is effective short-term, democratic leadership is beneficial overall, and participative leadership has a positive long-term effect. The paper concludes with practical recommendations for practitioners. Overall, this study provides valuable insights into leadership's influence on employee performance. (Iqbal et. al., 2015).

Discipline emerges as the most influential variable, emphasizing its importance within the organization. The study provides valuable insights for PT. Kiyokuni Indonesia to enhance employee performance and optimize productivity. (Pawirosumarto et. al., 2017). Using a convenience sample of 200 employees, the findings show that employees' perception of their leader's behavioural style significantly influences their perception of employee participation. Variations based on gender, education level, and functional department are observed, with male participants perceiving their leader's style more positively and highly qualified individuals expressing a more positive outlook on employee participation. The study provides valuable insights for HR practitioners in developing leadership and promoting employee engagement in manufacturing companies (Mitonga-Monga et. al., 2012).

Research explores leadership style and perception of organizational innovation climate. Using a questionnaire survey in high-tech corporations in Hebei, the findings indicate that both transactional and transformational leadership styles significantly influence managers' support for innovation and job autonomy. However, no substantial impact is found on work challenges. These findings offer practical implications for managers to adjust their leadership styles and cultivate an innovation-friendly climate, leading to improved overall performance. (Ye et. al., 2011). Another research investigates the impact of leadership styles on job satisfaction in the public sector. With 200 Malaysian executives as participants, the findings show that both transactional and transformational leadership styles have direct relationships with job satisfaction. Particularly, the transformational leadership style demonstrates a stronger association, suggesting its suitability for managing government organizations. The study discusses the implications of these findings, emphasizing the importance of leadership styles in enhancing employee satisfaction in Malaysia's public sector. (Voon et. al., 2011).

The study underscores the importance of a high-quality general manager (GM) in fostering job satisfaction and organizational culture. The results offer valuable insights for the hotel industry, emphasizing the role of effective leadership in driving employee satisfaction and performance. (Pawirosumarto et. al., 2017). Another research explores the link between leadership style (LMX), employee turnover intentions, and culturally specific HRM practices. Findings indicate that LMX affects turnover, moderated by cultural HRM. The study also highlights the relationship between LMX, organizational identity, and intention to leave. Collectivism-oriented HRM moderates the LMX-identity relationship. This research enhances understanding of leadership style, culture, and turnover intentions. (Liu et. al., 2013)

An article explores relationships in Qatar's educational sector. Findings show positive links between supportive culture and job satisfaction, organizational commitment, and leadership styles. The results emphasize the significance of culture and leadership in shaping employee outcomes in education. (Al-Sada et. al., 2017). Another research examines leadership styles (transactional and transformational) and their impact on employee performance. Data collected from schools in Pakistan. Results show both leadership styles positively influence performance, with transactional leadership having a stronger impact. Job satisfaction mediates the relationship between transformational leadership and performance but not transactional leadership. Valuable insights for the private school sector in Pakistan. (Paracha et. al., 2012).

Another paper explores relationships among variables in nursing paramedics at a hospital in Malang Raya. Findings show transformational leadership positively impacts motivation and job satisfaction while reducing burnout. Motivation positively influences job satisfaction and performance, while burnout has a negative impact. These findings underscore the significance of transformational leadership, motivation, and managing burnout for enhancing job satisfaction and performance in healthcare. (Risambessy et. al., 2012).

Finally, the research explores the relationships among managers' emotional intelligence, leadership styles, and employee outcomes. Conducted in Shanghai, China, with 323 participants, the findings indicate that transformational leadership mediates the impact of managers' emotional intelligence on employee job satisfaction. However, no mediation is observed for employee performance, organizational commitment, and job stress. The study highlights the significance of

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transformational leadership as a mediator between emotional intelligence and job satisfaction. It offers valuable insights into these relationships. (Lam et. al., 2012)

Objective

To investigate the impact of leadership styles on employees' performance

Methodology

This research is a descriptive type that collected data from 205 participants, including various leaders and managers from various industries and experience levels. The data were analyzed using a checklist question, which required respondents to answer with either a "Yes" or a "No" for each question.

Data Analysis and Interpretations:

Table 1 Impact of Leadership Styles on Employees' Performance

SL No.	Impact of Leadership Styles on Employees' Performance	Yes	% Yes	No	% No	Total
1	An autocratic leadership style involves a leader who makes decisions without consulting or involving employees.	151	73.66	54	26.34	205
2	Democratic leaders involve employees in decision-making processes, seek their input, and encourage collaboration.	191	93.17	14	6.83	205
3	Transformational leaders inspire and motivate employees by setting a compelling vision and challenging goals.	167	81.46	38	18.54	205
4	Transactional leaders focus on establishing performance metrics, and providing rewards or punishments based on employees' performance.	183	89.27	22	10.73	205

5	Laissez-faire leaders adopt a hands-off approach, giving employees a high degree of autonomy and decision-making authority.	155	75.61	50	24.39	205
6	Coaching leaders focus on individual development, providing guidance, feedback, and support to employees.	179	87.32	26	12.68	205
7	Servant leaders prioritize the needs of their employees and aim to serve and support them.	161	78.54	44	21.46	205
8	Adaptive leaders are flexible and adjust their leadership style based on the situation and the needs of their employees.	187	91.22	18	8.78	205

Table 1 shows the impact of leadership styles on employees' performance. It was found that around 93.1% respondents accept that democratic leaders involve employees in decision-making processes, seek their input, and encourage collaboration. Additionally, adaptive leaders are flexible and adjust their leadership style based on the situation and the needs of their employees (91.2%). Moreover, transactional leaders focus on establishing performance metrics, and providing rewards or punishments based on employees' performance (89.2%). Coaching leaders focus on individual development, providing guidance, feedback, and support to employees (87.3%). Furthermore, transformational leaders inspire and motivate employees by setting a compelling vision and challenging goals (81.4%). In addition, servant leaders prioritize the needs of their employees and aim to serve and support them (78.5%). However, laissez-faire leaders adopt a hands-off approach, giving employees a high degree of autonomy and decision-making authority (75.6%). Lastly, an autocratic leadership style involves a leader who makes decisions without consulting or involving employees (73.6%).
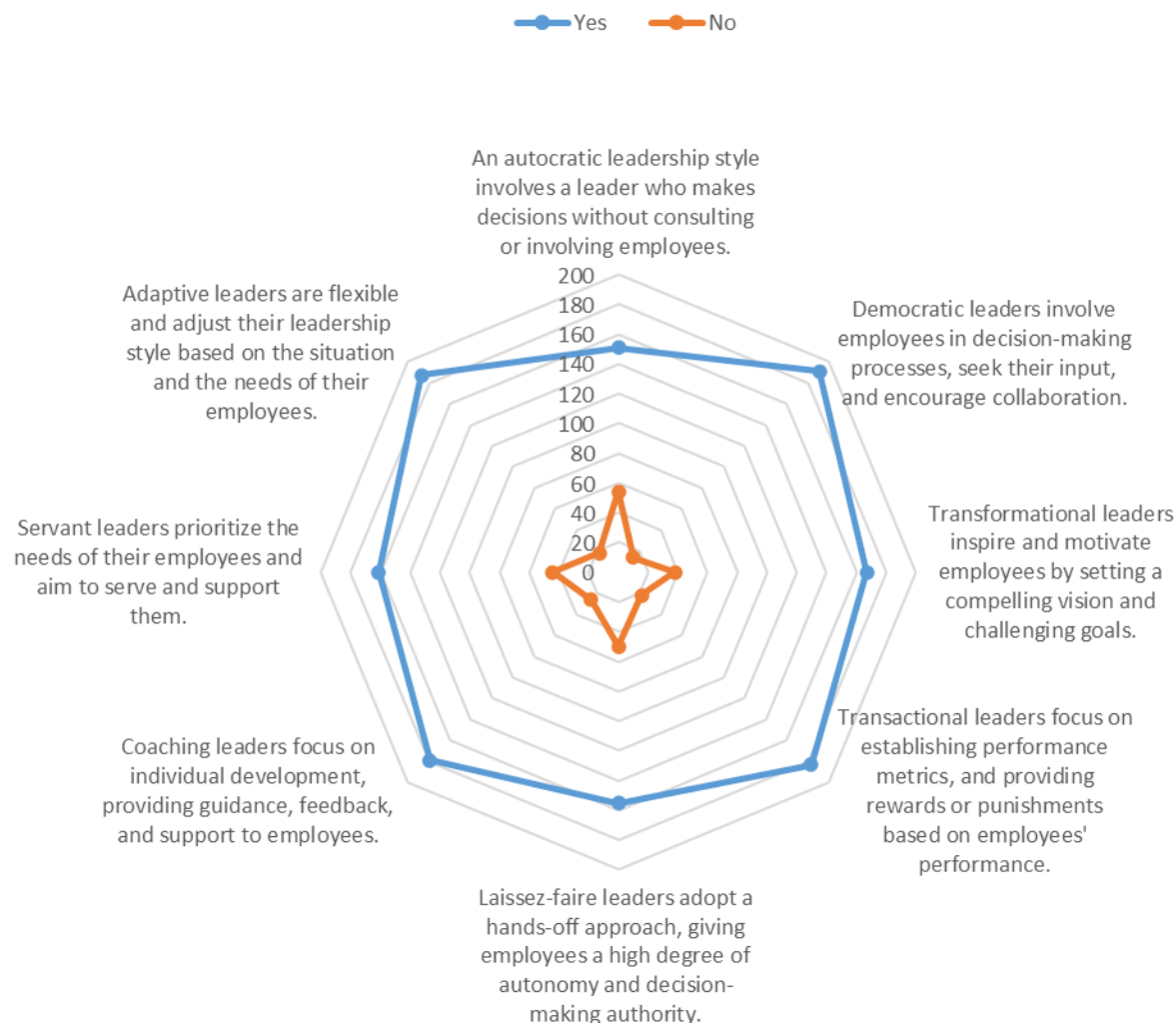
Figure 1 Impact of Leadership Styles on Employees' Performance

Conclusion

In conclusion, the impact of leadership styles on the performance of middle-level employees within organizations is undeniable. Transformational leadership, with its ability to inspire and motivate employees, plays a crucial role in fostering a sense of purpose and commitment among team members. By setting a compelling vision and providing support, transformational leaders

encourage employees to go above and beyond, contributing to higher levels of performance. On the other hand, transactional leadership focuses on establishing clear expectations, providing rewards for meeting targets, and ensuring efficient task completion. This style of leadership creates a structured and goal-oriented work environment that can drive productivity and goal attainment. However, it is important to note that laissez-faire leadership, which grants employees autonomy and decision-making power, requires careful management to avoid potential pitfalls such as lack of direction or accountability. By understanding the implications of these different leadership styles, organizations can effectively optimize the potential of their middle-level employees. Cultivating a culture of high performance through the appropriate leadership style can lead to increased productivity, job satisfaction, and motivation among employees. Ultimately, these factors contribute to the overall success of the organization in achieving its objectives and maintaining a competitive edge in the market.

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