

# *The Impact of Leadership on Organisational Productivity*

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**Abstract:** *Many scholars have been interested in organisational performance since it is thought to be one of the most important elements for effectiveness and successful outcomes in determining a company's status. There are various factors that affect performance in public organisations, according to numerous research. In this study, four of them were considered: management, work environment, training and development, and corporate culture. This paper presents employee satisfaction rate in the context of two distinct leadership styles, performed by two distinct types of leaders/managers. This research aims to prove that leadership as a whole, but also leadership styles affect employee performance through employee satisfaction and work drive. The study outlines that the best results are obtained when democratic leadership is performed, yielding better outcomes regarding employee perceptions. Workers perform their tasks better, displaying a better attitude, and contributing to the organisation's overall productivity and results, when their opinions are considered, when they feel like their work makes a difference in the company they work for and when they are being supported and motivated by their leader. The methodology used to obtain the results presented in this paper were the interview and a survey, which were conducted with a local entrepreneur and leader, and his employees.*

**Keywords:** *leadership, management, organizational performance, productivity, democratic leadership, leadership styles*

## **1. Introduction**

The impact of leadership on organisational performance is a direct and causal relationship. Leadership plays a pivotal role in shaping organisational values, culture, adaptability, and employee motivation. Organisational approaches are influenced by them, impacting both their effectiveness and execution. It is imperative to underscore that individuals who exhibit leadership qualities can be identified at various levels within an organisation and are not limited to those in managerial positions.

Hence, the influence of leaders extends to all individuals to facilitate the attainment of team and organisational goals. At any given moment, it has been observed that the implementation of an appropriate leadership style serves as a means of enhancing organisational performance. The importance of leadership in any organisation cannot be overstated, as it serves as the core and essence of the company. According to Armstrong Sofi (2015), a leadership style refers to the approach adopted by managers to fulfill their leadership responsibilities. Leadership behaviour in a corporate setting is often perceived as a deliberate approach taken by a leader to enable employees to attain the predetermined objectives of the organisation. This style of leadership holds significant importance in contemporary business operations.

According to Iqbal (2015), certain leadership styles have the potential to impact an employee's level of job fulfillment. The relationship between leadership style and job satisfaction has been established by researchers. The statement suggests that the way leadership is exercised can impact the level of job satisfaction

experienced by employees, as well as their inclination to remain or depart from an organisation. It is noteworthy that the appropriate leadership style implemented at a particular juncture, irrespective of remuneration, has the potential to motivate an employee to perform optimally within the organisation.

The absence of effective leadership is likely to result in a higher likelihood of errors occurring, thereby diminishing the likelihood of achieving success. Leadership, in conjunction with incentives and opportunities, facilitates individuals' motivation to achieve goals, thereby playing a pivotal role in the development, dissemination, and alteration of organisational culture. Given the inherent association between leadership and power, the act of rallying others to fight for shared objectives is often regarded as a manifestation of leadership. The achievement of outcomes is intrinsically linked to leadership. In the present-day globalised economy, leaders encounter a formidable task as businesses confront perpetually evolving surroundings.

## **2. Research methods**

This research has been conducted using the interview and the survey as the main research methods. The interview is a widely used technique for data collection and serves as the foundation of qualitative methodology. According to McCracken (1990), the use of the interview method enables researchers to acquire a comprehensive understanding of individuals, including their perspectives on the world or group ideologies.

According to Băban, there are two primary rationales for a researcher to opt for an interview as a means of inquiry. The primary focus lies in the subjective interpretations that the participants attribute to the subject matter or issue being examined. Additionally, there is a comprehensive examination of certain topics that are deemed too intricate to be explored through quantitative approaches (Băban, 2000, p. 319).

The interview was conducted with a successful, local entrepreneur, having well over 30 years of business experience, with the purpose of

learning about an opinion on leadership and employee performance from a person who learnt these aspects through continuous trial and error. Surveys were also conducted to serve as support to the interview, aiming to learn how the entrepreneur's interview answers coincided with his employees' survey answers. Moreover, a number of 28 surveys have been divided and shared amongst two distinct categories of employees: a number of 15 surveys have been given to employees working directly with the interviewed entrepreneur, while the other 13 were given to workers coordinated not by the entrepreneur, but by someone with a lower position on the managerial ladder. This was done with the purpose of concluding whether the leadership style adopted by the experienced entrepreneur yields different attitudes and results from employees, compared to the styles adopted by the managers.

## **2. Results**

### **Interview results**

The local entrepreneur was asked questions regarding his leadership style, attitude towards employees, ways of motivating his internal and external associates, and how he situates himself in the context of leadership. The leader declared his leadership style as being a customised one, since no leadership style fits everybody, and there is no such a thing as fitting into a pre-determined theoretical style. The leadership style, according to him, is something that highly depends on the situation and performance. In some contexts, one should be democratic and social, while in others, one should adopt a more autocratic style, depending on factors such as employees, working domain and performance. According to him, the most important quality a leader can possess is the ability to adapt to new situations and act accordingly. He declared himself more democratic than any other style, which will serve in the analysis that follows, stating that he is very preoccupied by his employees' well-being, which is why he constantly

holds meetings to ask for their input, brainstorming sessions, and activities to encourage bonding and harmony, such as team-buildings.

### Survey results

For a better understanding of the context, a sample of the summarised data collected will be analysed. The questions included in this paper have been chosen based on the answers' relevancy to the impact of different leadership styles on employee satisfaction and motivation.

### TESA Employees (Employees working directly with the interviewed entrepreneur)

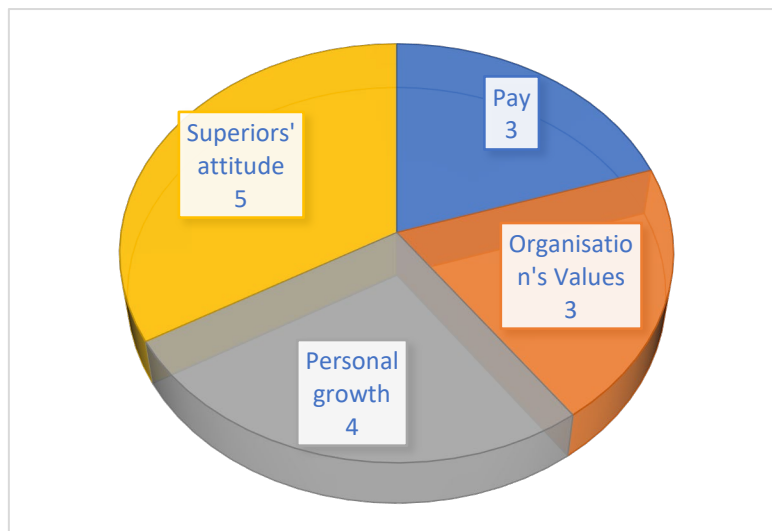
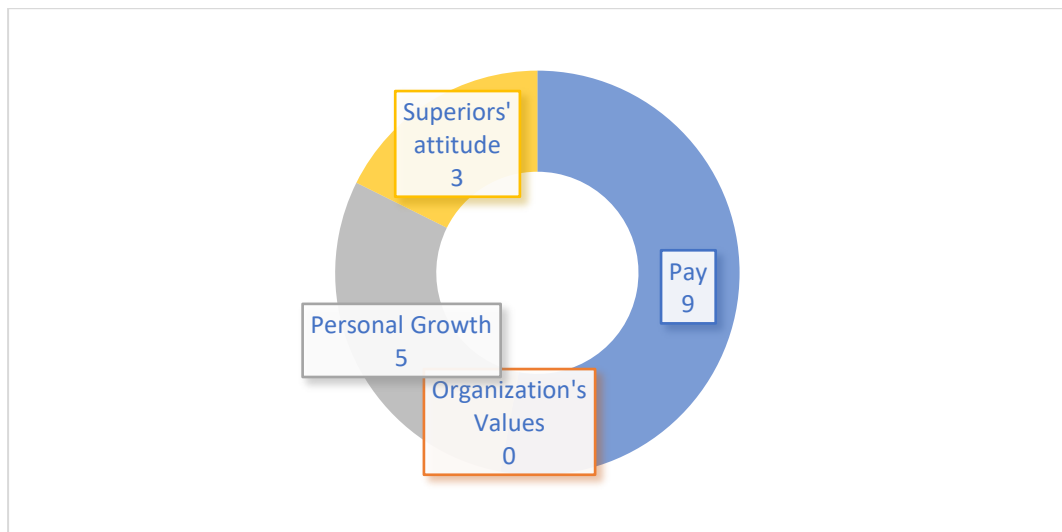


Figure 1: TESA Employees answers regarding motivational factors in the workplace

When asked what the motivational factors for them are when it comes to their work, most of the TESA workers declared the factor that most motivates them was their superiors' attitudes towards them, followed by personal growth, the organisation's values, and lastly, the remuneration.

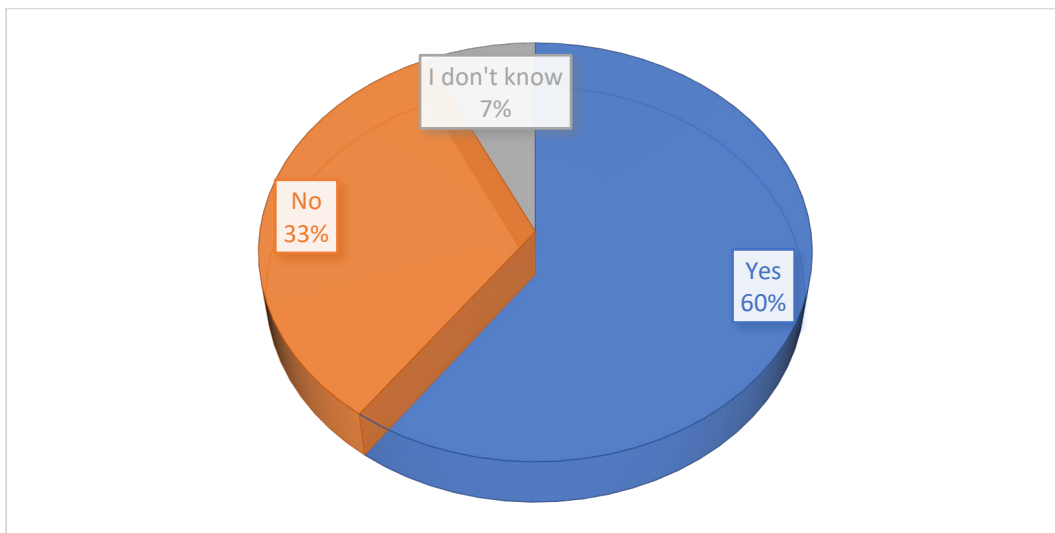
### Non-TESA Employees (Employees coordinated by other superiors)



**Figure 2:** Non-TESA Employees answers regarding motivational factors in the workplace

Compared to the previous employees, non-TESA workers declared that the most motivational factor for them when it came to their work was the remuneration, followed by personal growth, and then superiors' attitudes, none choosing the organisation's values.

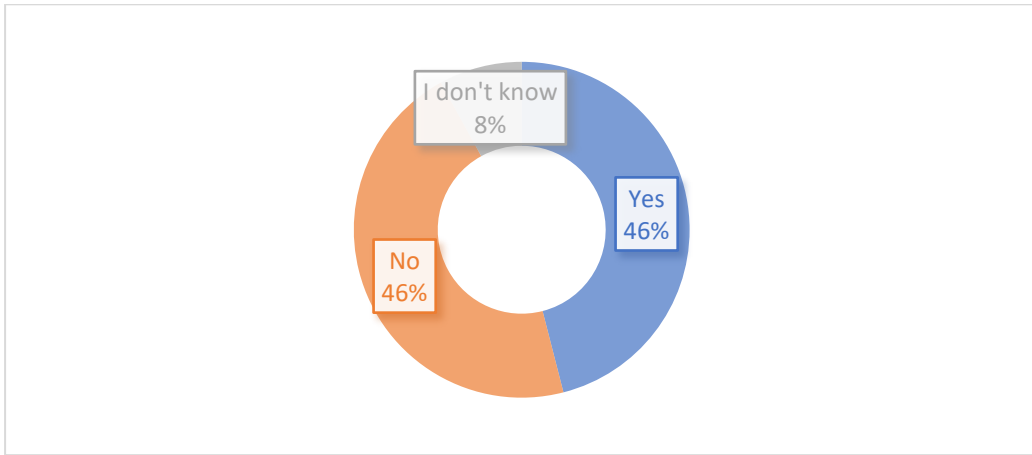
### TESA Employees



**Figure 3:** TESA Employees answers regarding their participation the the company's decision-making process

When questioned about whether they felt like they were being considered in the decision-making process of the company, 60% of the TESA personnel declared they felt their opinions were being taken into account, while 33% percent negated the statement, and 7% of the workers said they were not sure whether their opinions were being considered.

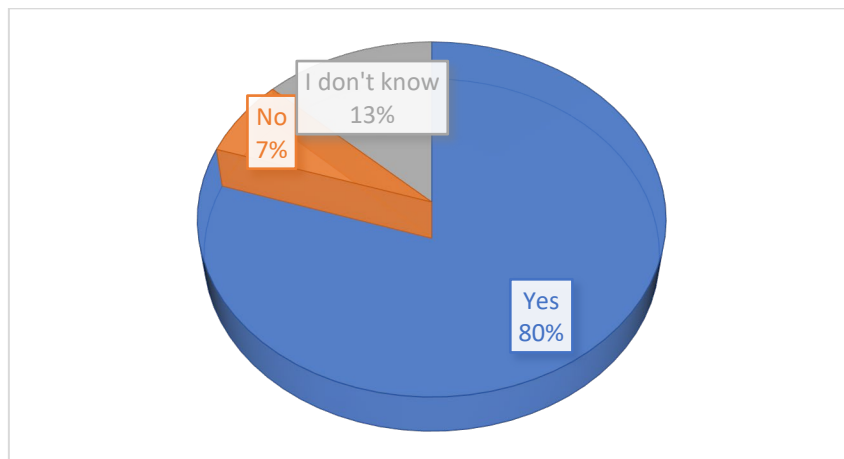
### **Non-TESA Employees**



**Figure 4:** Non-TESA Employees answers regarding their participation in the company's decision-making process

Conversely, when asked the same question, 46% of the non-TESA employees said they felt like their suggestions were being considered, 46% said they did not believe they had a say in the decision-making process, and 8% declared they did not know.

**TESA Employees**

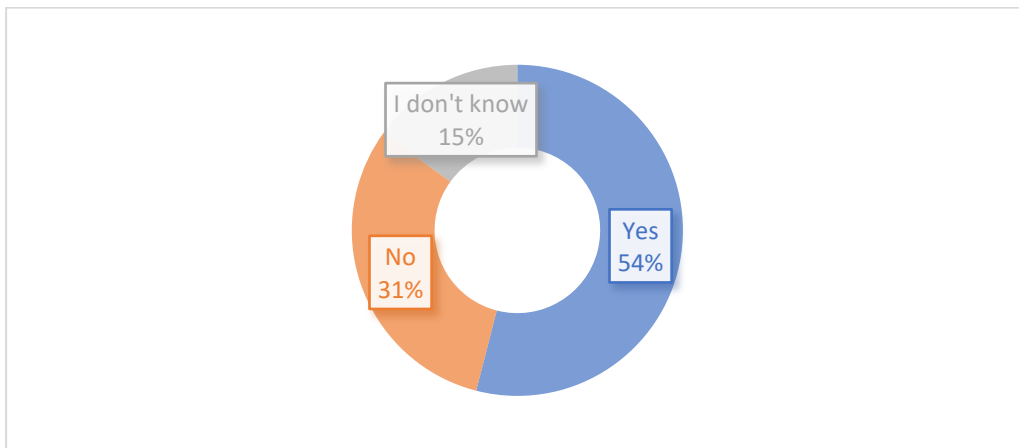


**Figure 5:** TESA Employees answers regarding the impact of the leadership style chosen by their superior



As for the leadership style, the workers were asked if they felt like the leadership style adopted by their superiors fit the organisation's and their personal needs. When asked this, 80% percent of the TESA personnel declared the leadership style adopted by the interviewed entrepreneur aligned with their personal needs and the organisation's well-being, 7% said they did not feel the same, and the remaining 13% stated they did not know.

### Non-TESA Employees



**Figure 6:** Non-TESA Employees answers regarding the impact of the leadership style chosen by their superior

Compared to TESA employees, only 54% of non-TESA workers stated they felt like the leadership style chosen by their superior fit the organization's and their needs. This difference can also be seen in the number of employees declaring they do not feel like their needs align with their superiors' chosen style of leading, while 15% of workers state they are not sure.

The leadership style adopted by the interviewed entrepreneur seems to give his employees the impression that they make a difference

in the company they work for and that they are treated fairly, they consider that their needs align with those of the organisation and tending more towards getting motivated by factors unrelated to the salary level.

On the other hand, non-TESA staff seem to be more demotivated, considering that their personal impact on companies is not as great, stating that the crowd element is not as much manifested as in TESA staff and the leadership style chosen by the manager does not align as much with personal and company needs. These employees also tended towards values that boil down to salary as the most motivating factor.

It can be thus concluded that the leadership style chosen by the interviewed entrepreneur for his employees bears fruit and positively influences their mentality and behaviour towards the organisation, while the leadership style chosen by the superiors of the non-TESA staff has room for improvement. It can be also noted that the statements of Mr. Darius Jumanca, entrepreneur, regarding his leadership style and concern for employees coincide with the statements of TESA staff. In other words, judging by the data obtained, it seems that the leadership style would have an impact on the organisational productivity and satisfaction.

## **Recommendations**

There currently exist multiple strategies for implementing effective leadership styles within a professional setting. Among the three commonly discussed leadership styles, the democratic leadership style is deemed as the most effective one. The democratic leadership style is widely adopted by organisations in the contemporary working environment due to its efficacy in facilitating the achievement of organisational goals and objectives.

Due to the absence of a universally applicable leadership style, it is recommended that the management employs diverse techniques and approaches to address varying circumstances that may need increased

effort from individuals to attain organisational objectives and enhance overall performance. In addition, it is imperative for the upper part of the organisation to undertake measures aimed at identifying the pivotal factors that affect the achievement of organisational members and the corresponding measures (such as training, motivation, and performance evaluation) that can be implemented to address them. Corporate managers should implement an array of leadership styles, taking into consideration the circumstances and complexity of the roles assigned to their employees.

### **Conclusion**

The primary focus of this paper is on the three prevalent leadership styles, namely autocratic, democratic, and laissez-faire. The democratic leadership style is considered superior to the other two styles, as it has the potential to improve the performance of both team members and the organisation overall.

The impact of leadership styles on the organisational performance is noteworthy within this context, and it is incumbent upon managers to select the appropriate style.

To effectively influence an organisation through leadership development, it is necessary for such programs to be sustained within the organisation through ongoing, reflective practices that involve setting and reviewing objectives that are aligned with the leadership role and the organisational strategy. Despite the literature highlighting the lack of a universally robust evaluation of leadership development programs, particularly with regard to identifying the effectiveness of long-term outcomes on the investment made, it is imperative that such programs are upheld within organisations. In the contemporary global context, a crucial element of effective leadership and management enhancement is to inspire, incentivise, authorise, and guide followers or group members with empathy towards accomplishing organisational

goals. This requires a visionary, adaptable, and change-oriented leader, who has a broad perspective on things.

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