

# **THE LEADERSHIP STYLES AND THE EMPLOYEES PERFORMANCE: A REVIEW**

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## **ABSTRACT**

*The leadership style is the manner of providing direction, implementing strategies and motivating individuals towards the attainment of the desired objectives. Leadership styles are replicated in attitudes and behaviors but these in turn are the outcome of complex interactions between the way individuals think and feel. The researchers highlighted diverse approaches/ styles to leadership that are based on different assumptions and theories. As the time passed, the analysts have worked out to evolve various models, theories and assumptions regarding the leadership styles. The crux of their research was to elaborate the effectiveness of leadership in the re-organization including the establishment of authority, inducing sense of responsibility, streamlining and addressing the employees' issues in the context of already prevailing situation. Resultantly, among many others, two styles of leadership became much prominent namely transformational and transactional leadership. These two styles have been analyzed in the different socio-economic and academic sectors with their distinct advantages. Presently, these two styles are worked out in the different situation depending upon the nature and context.*

**Keywords:** *Leadership (transformational & transactional), Employees Performance*

## **INTRODUCTION**

In contemporary situation, institutions either public or private needs the leadership either transactional or transformational who through their competencies (innovativeness and creativity) achieve the task of restoration in these institutions (Avolio & Bass, 2004). The competent leadership can realize the impediments together with the main problems behind. The same phenomenon can be pushed forward to the ultimate objectives with the employees functioning on the front (Avolio, Walumbwa & Weber, 2009). In the same line, several issues like authority and performance of leadership, communication skills and decision-making, intellectual capabilities and personal characteristics are the core kinematics behind. The leadership and their workforces underneath are bridged by the level of performance (Bass, Avolio, Jung & Berson, 2012). In the same line, the success of these institutions only rests upon the performance of the employees and the leadership. On the part of the employees their undaunted efforts, diligence and efficiency leading to the desired objectives are the replica of various leadership styles (Iqbal, Anwar & Haider, 2015). Among these styles, the most prominent are the transformational and transactional leadership.

The present work is a progressive attempt to evolve a theoretical framework which may provide a strong basis for the researcher to implement the theory that emerged from the already existing theories. These theories in total cannot be implemented in any context.

For this purpose, the researcher thoroughly analyzed the prominent leadership theories, the leadership styles, their related models and the status of institutions in the diverse circumstances. This work is an attempt to build a leadership model where leadership styles (transformational and transactional) acts as predictor for employees' performance. We are looking for such a leader who comprehensively investigates the impediments in the institutional uplift, the political and bureaucratic hurdles, the corruption within and seeking suitable measures through their competency and experience to boost the employees' level of performance. In this regard, the current study is the comprehensive review of the literature regarding leadership styles (transformational and transactional) and the employees' performance.

## **LITERATURE REVIEW**

The leadership styles can improve or lessen the level of employees' performance working under his direct auspices. To what extent, this relationship is effective with respect to transformational or transactional leadership is the main theme of the present study. There are certain complexities in expounding the level of performance as it is a multi-dimensional phenomenon which should be elaborated carefully. The main theme of the performance rests upon the interdependence of the several parameters those which are inter-related rather strongly linked with each other. In the current study, the main parameters with respect to performance (dependent) are the leadership styles (transformational & transactional) and the personal attributes namely the demographics. All these, provide a strong basis to build up the performance and in turn, the output on the part of the employees in the institutions.

### **The leadership**

The organizational structure is comprised of different departments in which the employees work as the basic units with different capacities. In this regard, the basic responsibility of the leadership is to raise the moral values, working capacity and ultimately the output graph of the organization (Avolio & Bass, 2004). The employees, in the presence of a leadership may not feel isolated from the central authority which keeps them intact and resultantly they work with integrity and utmost commitment. At macroscopic level, leadership is both a research area and a practical skill (King, Johnson & Vugt, 2009). On the part of the researchers, the ongoing research highlights different leadership styles in the different circumstances in diverse spheres of life. On the part of individual level, it encompasses the abilities, leading capacity, skills and experience of a person or group of persons (Tahir, Abdullah, Ali & Daud, 2014). While exercising the authority, the leadership seeks the participation of the employees with all their dedication and sense of ownership through the power of mobilization, motivation and communication in the organization (Chandra & Priyono, 2016).

### **The Leadership Styles**

#### ***The Transformational Leadership***

The transformational leader possesses charismatic abilities, induces moral values and tries to develop the capabilities of the employees. This leadership gives a kind of vision

which elevates the working potential and commitment of the followers/employees to achieve the high valued tasks those which yields a maximum output (Avolio & Bass, 2004). Consequently, the employees beneath put forward all their efforts to bring up the organizational standards at par with the global values. At the same time, the transformational leadership is innovative, creative to some extent, takes bold initiatives and stands firm in collaboration with the popular will of all the units of the concern organization (Salman, Riaz, Saifullah & Rashid, 2011).

The main task of a transformational leader is to rebuild a structural framework of the organization according to the wins and wishes of the employees keeping in view the global standards and the contemporary situation. The transformational leader cultivates a level of trust to up-bring the confidence among the employees further which assembles the thought values of the employees resulted in the enriched performance (Chandra & Priyono, 2016). There are four attributes of transformational leadership style namely the idealized influence, individualized consideration, inspirational motivation and the intellectual stimulation.

### ***The Transactional Leadership***

In the present research, the question is to which extent the relationship of the leadership styles and employees' performance is affected by the transformational and transactional leadership and which style successfully wedged upon the employees' level of performance. At the same time, it analyzed the impact of transactional leadership in relationship with employees' performance. The transactional leader, following his/her style by implementing rules and regulations, establishes writ of authority, prescribes and focuses upon certain goals, directs the employees to achieve the pre-determined tasks (Avolio & Bass, 2004).

During the course of time, the skills and experience of the employees are utilized to its maximum through a system of rewards and punishments for good deeds and otherwise (Udoh & Agu, 2012). This entire phenomenon is spanned not over a long period of time rather the organizational profile gets re-oriented and the whole dynamics is geared up to certain desired standards. The transactional leadership strictly follows the bee line, prefer to remains in a stipulated framework for the maximum employees performance (Shah & Kamal, 2015). There are four attributes of transactional leadership style namely the Contingent rewards, contingent punishments, management-by-exception (active) and management-by-exception (passive).

### **The Employees Performance**

The term performance is elaborated as the ultimate ability of an individual (employee) to use its knowledge and skills efficiently and effectively. So far, according to the research, the performance of employees is strictly related with his/her physical and academic profile (Dvir, Eden, Avolio & Shamir, 2002). In this regard, the employees' performance is most significant to bring about the results according to the international standards. The performance of the individuals solely depends upon the policies of the concerned institution about their pay package, rewards, bonuses, yearly increments and other perks

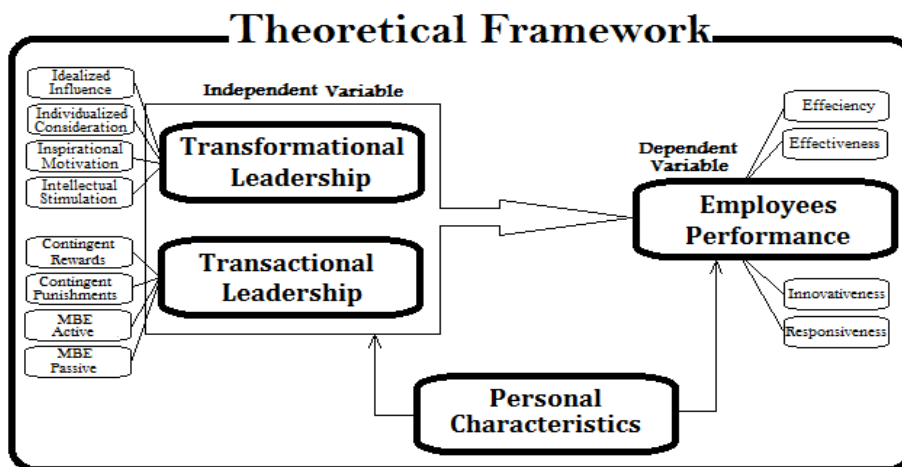
and privileges (Bodla & Nawaz, 2010). Still, the academic profile of the employees has the highest standing among all other factors. On the whole, the productivity/output can be enhanced and sustained by the effectiveness of the leadership and an agile response of the employees (Rizwan, Nazar, Nadeem & Abbas, 2016).

On one hand, the leadership style induces emotional strength, motivation, commitment and the working relationship while on the other side, the employees performs with their utmost ability and diligence. The main attributes extracted from the relevant literature are the efficiency, effectiveness, innovativeness, responsiveness. On the other hand, there are some other attributes related with the employees' performance like the work ethics, communication, creativity, development, professionalism and the commitment. All of them contribute to the effective performance on the part of employees.

### The Leadership and Employees Performance

To enhance the performance of an employee, his/her dependence upon the leadership, which is operative, has a definite status. In the same phenomenon, the central role of the leadership along with his credibility becomes most prominent (Bass, Avolio, Jung & Berson, 2003). Actually, the transformational leader is a psychoanalyst, as he/she learns, comprehend and analyze the minds, thoughts, attitudes and desires of the followers/employees to reach the final decision which help in augmenting the employees level of performance (Qaisar & Sara, 2009). The leadership of this category always pursues democratically and believes to solve every issue in the organization according to the popular will of the employees. The diagnostic skills of the leadership, either they are intrinsic or gained are valuable for the resolving the issues related with the individuals and with the organization as a whole (Durga & Prabhu, 2011). The employees' performance is directly proportional to the effectiveness of the leadership. Through the powers of comprehension, analysis, planning and motivation, the transformational leaders augments the mercury level of the employees output (Iqbal, Anwar & Haider, 2015).

Figure 1 Theoretical Framework



## **DISCUSSIONS**

In the contemporary competitive environment, the survival and development of institutions are required to emphasis upon the responsibilities and processes that play main role in augmenting their performance. In the prevailing situation, the main objectives for any dynamic institutions are the development of individual capabilities and ultimately the performance of the institutions (Dvir, Eden, Avolio & Shamir, 2002). The performance of employees is the summary of individuals' behaviors which contributes to the realization of institutional objectives. Currently, the researchers count many factors for refining the performance of employee. It includes the leadership, work conditions, colleagues' relationships, promotion, wages, job security, personal characteristics supervision, motivation, equality, personality factors and structure of organization (Smerek & Peterson, 2006). Definitely, there is a need to improve the employees' performance to bring a positive change by the acceptance of mechanisms to develop the performance of the institutions (Salman, Riaz, Saifullah & Rashid, 2011).

The transformational leadership, due to its popular characteristics, occupies high standing among all the leadership theories. In the prevailing situation, the success of this style is due to the close proximity in all respect between the leader and those who follow. The format of the leadership style mainly rests upon the level of trust, motivation leading to a decentralized system where an individual can perform to his/her maximum beyond the personal interests what so ever (Udoh & Agu, 2012). The leaders' aptitude to accurately practice transformational styles in managing the organizational tasks may affect the performance of employees. By way of leading employees, leaders with transformational leadership can be characterized as idealizing influencing attributes/behavior, inspiring employees' motivation, encouraging intellectual stimulation and individualized consideration (Tahir, Abdullah, Ali & Daud, 2014). Unlike the transformational leadership who works upon the popular will with utmost flexibility thus transactional leadership transcending what is written in black and white.

The transactional leadership describes the bond amid employees and leaders in terms of exchanges of psychological and economic values. The transactional leaders generally reflect how to develop and sustain the performance standards, how to diminish conflict to specific actions, how to substitute one goal for another and how to implement decisions (Saqib, Irfan, Qamar & Farooq, 2015). The transactional leaders involve their followers in an affiliation of shared dependency in which the influences of both sides are recognized and pleased. The leaders are effective in these situations because doing what the leaders need is in the best interest of the employees. Active transactional leaders frequently realize the hopes of their followers (Chandra & Priyono, 2016). Therefore, transactional leadership is reliant upon the abilities of leaders to meet and respond to the responses and altering prospects of their employees. The transactional leadership is a substance of extrinsic motivation, change resistant, contingent reinforcement and passive direction of employees towards peculiar performances.

## CONCLUSION

The present study was an attempt to explore the suitable leadership style (transformational & transactional) with respect to the performance of employees. Both these styles have significant impact upon the performance of the individuals. But the confusion is that when the leaders adapted the transformational leadership style then it does not mean that they do not reward their employees for better performance. On the other hand, if the leaders adapted the transactional style then it also not means they don't motivate and encourage their employees. It means that every leader have both the attributes of transformational and transactional leadership. If the leader adapted the transformational style then it not means that they do not follow the rules and regulations. On the other hand, if the leader adapted the transactional style then it not means that they do not motivate and inspire their employees. So there is need of shared leadership styles which contains the mixture of attributes of both the styles. The leadership with theses shared attributes will strengthen the institutions and thus the quality will be the only result. The same level of leadership will put a vast impact upon the socio-economic format of the entire social network in the developing countries like Pakistan.

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