

## Role of Leadership Style and Employee Performance: A Cross-sectional Study at BALCO (Solve Plastics Ltd.)

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### Abstract

*Leadership is a very important management skill not only for individuals working in profit-making organizations but it also extends to non-profit making organizations and governmental organizations because all these organizations have set goals to achieve and employees with whom they intend to achieve such goals. Understanding the impact of leadership style on employee performance is the goal of this study. The researcher chooses BALCO (Solve plastic products Pvt Ltd.) for the study. A total of 132 workers from the company were selected as the sample size for the investigation. The Likert-type scale questionnaire is used to gather the responses. The t-test, analysis of variance, correlation, and regression analyses were utilized as study techniques. Organizational structure, organizational culture, communication, and employee morale have all been highlighted as important aspects in the study of knowledge management. Correlation and regression analysis were performed to examine the link and impact of leadership style on employee performance. According to the study, leadership style and employee performance are positively correlated. Therefore, it implies that effective leadership can boost employee performance.*

**Keywords:** Leadership style, employee performance, workers, personal goals, motivation

### INTRODUCTION

This study evaluates the relationship between leadership style and worker performance [1]. Because all of these organizations have specific goals to achieve and employees with whom they intend to achieve those goals, leadership is a very important management skill for people working in profit-making as well as non-profit or governmental organizations [2]. Leadership is more concerned with how people develop within an organization and with meeting their needs than it is with pursuing personal goals [3]. Employee motivation to work towards reaching the established goals and objectives

will be greatly influenced by the sort of leader and how his subordinates, or the employees, view his leadership style [4].

### GENERAL BACKGROUND

Every organization has a set of objectives, goals, and management styles [5]. A positive working connection between the company and employee is essential to achieving these goals [6]. Every organization follows different types of leadership styles depending upon their nature [7]. The employee joins an organization looking forward to satisfying their personal needs [8]. Once they join, they will meet the organizational goals as well as personal goals based on the leadership style followed in the organization [9].

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## STATEMENT OF THE PROBLEM

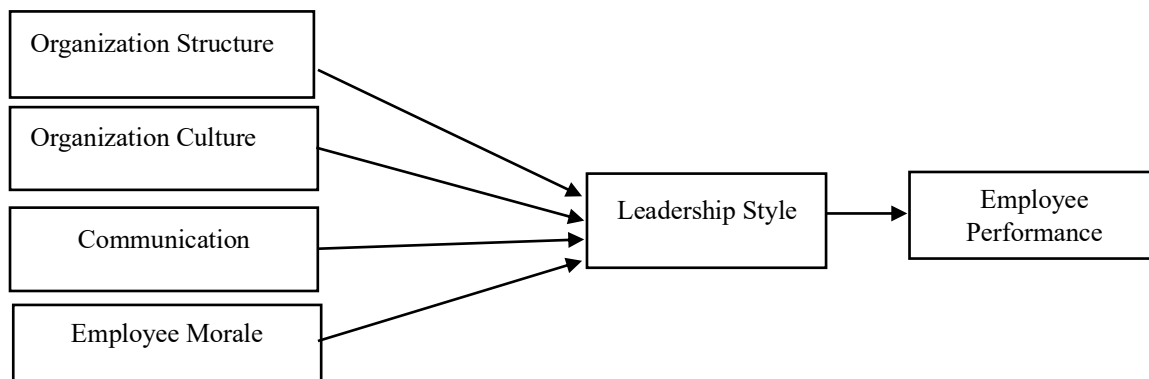
Organizations require strong leadership styles that enhance employee performance. Here, organizations face issues such as innovation, productivity, and an inability to meet performance goals. Since the issue at hand was continuously influencing employee performance, this problem developed as a result of a lack of strategic interventions using certain leadership styles to the particular scenarios. “It is thought that a successful organization is built on its business leaders or propellers. In the area of technology, the concept of effective leadership is also becoming more popular. The staff felt that a leader was needed who would not only have to be able to guide others but also be productive. Therefore, they need an effective leader who can guide people towards change and performance improvement.” In general, the impact of leadership style determines the overall progressive performance of an organization” [10].

## RESEARCH GAP

Leadership is a management strategy in which leaders assist in establishing the organization’s strategic goals and inspire team members to do tasks successfully in support of those goals. Many academics have investigated the subject of “impact of leadership style on employee performance” in this field. The majority of them regularly referred to democratic, autocratic, laissez-faire, and other leadership philosophies. The majority of businesses today adopt new leadership philosophies like transactional, transformational, and situational leadership.

## OBJECTIVES OF THE STUDY

- Understanding the demographics of employees; researching the leadership practices used by the company; and determining the connection between leadership practices and worker performance.
- To evaluate how a leader’s style affects a team's performance Figure 1.



**Figure 1.** Research model.

## REVIEW OF LITERATURE

- Deepak Jaroliya and Rajni Gyanchandani’s study examines the effect of transformative leadership on team performance in the setting of the information technology industry many aspects, a transformational leadership style improves an organization's team performance. Their research supported this. The findings, which are corroborated by other earlier research investigations, showed that transformational leadership has a direct and significant impact on team performance [11].
- Idham Fahmi aims to study the effect of motivation, leadership style, organizational culture, and employee performance. The performance of the employees determines the company’s success in meeting its objectives. As a result, a precise strategy focusing on factors influencing employee performance is required. The use of a leadership style that is appropriate for the company’s circumstances will create an optimal working environment, which can improve employee performance. Employees expect a leadership style that can create and maintain working conditions in which employees always feel very comfortable [12].

- In Muhammad Asad Khan's study, with the moderating and mediating effects of organizational citizenship behavior and organizational culture in the target population, this research creates a framework to analyze the effect of leadership styles, specifically transformational and transactional, on inventive work behavior. On the other hand, an independent study has looked at how laissez-faire conduct affects innovative work behavior. As a result, this study significantly adds to the literature on leadership styles, organizational citizenship behavior, organizational culture, and creative work behavior. The study makes it clear that both transformational and transactional leadership styles, such as those used in higher education institutions in Pakistan, are effective at inspiring people to act creatively [13].
- Habtamu Kebu Gameda's study has some theoretical and practical ramifications for scholars and practitioners in HR-related domains. The study sheds light on the ongoing research into the correlates of workers job satisfaction. The study could particularly provide insight into the nature of relationship between leadership styles, workplace engagement, and crucial work outcomes including task performance and creative work practices among ICT workers. In particular, when it comes to workers personally devoting themselves to role performance and innovation activities, it may untangle the role of transformational leadership. The study also clarified the cross-national nature of the correlations among the variables it took into account [14].

## RESEARCH METHODOLOGY

The type of research used in this study is descriptive. Secondary and primary data are the two sources of data used to collect the data. Primary data was created by the researcher themselves, as a survey and structured questionnaire. The value of Cronbach alpha is 0.90, it is most frequently used to assess the reliability of the scale when the questionnaire was prepared. The secondary information was gathered from numerous sources and published papers. These were the two mediums used for the data collection. The sampling technique used in the research is simple random sampling. The population taken is 200 and the sample size is 132.

## HYPOTHESIS OF THE STUDY

### Hypothesis 1

- *H0*: There is no connection between effective leadership and employee performance.
- *H1*: Employee performance and leadership style have a substantial relationship.

Correlation coefficient between leadership style and employee performance of employees is 0.584, which indicate ( $0.584^2 = 0.341$ ) 34.1 percentage positive relationship between leadership style and employee performance of employees and is significant at 1% level. Hence, reject null hypothesis. There is significant relationship between leadership style and employee performance of employees (Table 1).

### Hypothesis 2

- *H0*: There is no impact of leadership style on employee performance
- *H1*: There is impact of leadership style on employee performance

*Dependent variable*: Employee performance

*Independent variable*: Leadership style

$R^2$ : 0.319

F value: 59.826

P value: <0.001

The coefficient of determination  $R^2$  measures the goodness-of-fit of the estimated Sample Regression Plan (SRP) in terms of the proportion of the variation in the dependent variables explained by the fitted sample regression equation. Thus, the value of  $R^2$  is 0.319 simply means that about 31.9% of variation

in employee performance is explained by the estimated SRP that uses leadership style as the independent variable and  $R^2$  value is significant at 1% level (Table 2).

The regression equation is:

$$Y = 0.641 + 0.783X$$

Here, the coefficient of X is 0.783 represents the partial effects of employee performance and leadership style, holding the other variables as constant. The estimated positive sign implies that such effect is positive that employee performance would increase by 0.783 for every unit increase in leadership style and this coefficient value is significant at 1% level.

**Table 1.** Pearson correlation coefficient between leadership style and employee performance.

Pearson correlations						
	Organization structure	Organization culture	Communication	Employee morale	Leadership style	Employee performance
Organization structure	1					
Organization culture	.568**	1				
Communication	.502**	.541**	1			
Employee morale	.677**	.601**	.592**	1		
Leadership style	.569**	.628**	.679**	.659**	1	
Employee performance	.652**	.584**	.571**	.721**	.564**	1

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

**Table 2.** Variables in the regression analysis.

Variables	Unstandardized coefficient (B)	SE of B	Standardized coefficient (β)	t Value	p Value
Constant	0.641	0.195		3.295	0.001
X	0.783	0.101	0.564	7.735	<0.001

## FINDINGS

- It is found that they followed the situational leadership style in their organization. so that, leaders frequently maintain close contact with their teams. They evaluate the situation and modify their strategy to offer the necessary conditions for success. They are able to establish strong bonds with the team as a result. As a result, it improves the working atmosphere and gives employees a sense of individual worth.
- According to the analysis in this study, there is a connection between leadership style and employee performance that is favorable. Hence, it denotes that a good leadership style can act as a catalyst for employee performance.
- Regression analysis shows that employee performance is positively impacted. So employees feel empowered and confident in carrying out their duties and making decisions, and the leader offered his or her subordinates the chance to take part in decision-making and developed their confidence in achieving the organization's challenging goals.

## CONCLUSION

Leadership style and employee performance have a substantial link, according to the study. Leadership is more concerned with how people develop within an organization and with meeting their

needs than it is with pursuing personal goals. The results of this study demonstrate a favorable correlation between leadership style and worker performance. Hence, it denotes that a good leadership style can act as a catalyst for employee performance. Here, the organization has followed a situational leadership style, they evaluate the situation and modify their strategy to offer the necessary conditions for success. They are able to establish strong bonds with the team. As a result, it improves the working atmosphere and gives employees a sense of individual worth. Moreover, the company provides proper training and other benefits to the employee. When doing so, it will raise organizational staff motivation. The researcher came to the conclusion that leadership style would enhance worker performance.

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