THE LINKAGE BETWEEN LEADERSHIP STYLES AND EMPLOYEE PERFORMANCE

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Abstract

There is a popular belief that leadership is the most studied but least understood concept in business. To meet the needs of competitive markets, organizations must constantly increase efficiency because survival is not the only goal of the organization, but also to maintain its existence by improving performance. Leadership, in organizations, means the ability to define the goals and tasks of the organization, develop a strategy, and develop a plan for achieving these goals. The literature suggests that the role of leadership is critically important for achieving the efficiency of organizations. The achievement in the domain of the functioning of the leadership and its role in improving the performance of the employees in the enterprises in the Polog region, in this paper will be observed in several sequences, starting with the identification of the basis and the need for its establishment, by tracking its evolutionary development and achievement at the current level, to the benefits of its existence and application.

Keywords: Leadership, performance management, employees, Polog region

1. Introduction

We can say that leadership has gained the attention of researchers worldwide, but what makes good leaders, or why people are seeking more information on how to become effective leaders?

Leadership is working with people to do new things in a world that is increasingly complex and changing rapidly. Leadership, as we will continue to elaborate throughout this paper, is a widely discussed topic and has been discussed by a large number of scientists, but even the greatest leaders or scientists have not found the formula for what it takes to develop effective leadership. The main role of leadership is to set a new direction and get people in that direction. A leader is a person that others want to follow. If you want people to follow you, you have to earn their trust and respect.

Performance management includes activities that ensure the continuous fulfillment of objectives effectively and efficiently. Performance management is a strategic and integrated process that delivers sustained success to organizations by improving the performance of people working in them and by developing the capabilities of individual participants and teams.

2. Defining leadership and performance management

There are almost as many different definitions of leadership as there are people - authors who have tried to define it (Stogdill, 1974, p.7). Researchers usually define leadership according to their perspectives and aspects of the phenomenon of greatest interest to them.

While leadership has been around for as long as humanity has existed, more serious studies began to develop in the early 20th century. Definitions of leadership appearing in the first three decades of the 20th century emphasized control and centralization of power with a common theme of domination. For example, at a conference on leadership in 1927, leadership was defined as "the ability to impress the will of the leader on those led and induce obedience, respect, loyalty, and cooperation" (More, 1927, cited from Northouse, 2018)).

According to Northouse leadership can be defined as a process whereby an individual influences a group of individuals to achieve a common goal (Northouse, 2010, p.3)

According to Gardner et al., leadership is a complex, multi-level, and socially constructed process: (Gardner et al. 2010, p.922-58).

Northouse summarized the key attempts to define and classify leadership: (Nothouse, 2010, p.2)

- as the main focus of group processes (where the leader is at the center of group change, embodying the will of the group);
- from a person's perspective (i.e., as a combination of special traits or characteristics possessed by some persons);
- as an act or behavior (that is, what leaders do to effect change);
- in terms of the power of relationships between leaders and followers, with leaders having the power to bring about change;
- leadership as a transformational process, which "moves followers to accomplish more than is usually expected of them;"
- From a skills perspective, it refers to the abilities (knowledge and skills) that lead to effective leadership.

What makes you a leader? Too many people think that it is about titles, such as executive director, CEO, etc. Leaders are those who consistently make an effective contribution to the social order and who are expected to do so (Hosking, D.M. 1988, p.147-166). But the truth is that leadership has nothing to do with the title. It relates to your attitude and your actions. Leadership teaches you how to communicate with people and how to motivate them to work together toward achieving a goal.

Even if the fact that leadership is a highly discussed topic means that there is no shortage of information available it seems we are still experiencing a leadership vacuum. Why? The main reason for leadership it's not to finish the work or get the job done but to finish the job properly.

According to John C. Maxwell, leaders should possess the following 21 qualities: (Maxwell, 1999)

- Character - be part of the rock;
- Charisma - the great secret behind charisma is a true love of life;
- Commitment - separates the doers from the dreamers;
- Communication - without it, you travel alone.
- Competence - leaders can do things in ways that others admire.
- Courage - courage is doing what you fear. There is no courage unless you are scared.
- Sanity - Put an end to mysteries.
- Focus - a leader who knows his priorities but is not focused never does. If it is the opposite, he has the trait without progression.

- Generosity - Your candle loses nothing if it lights another. No man was honored for what he received. Honor is a reward for what you give.
- Initiative - Success seems to be associated with action. Successful people keep moving. They make mistakes, but they don't stop.
- Listening - you have to be silent to listen. To connect with their hearts, use your ears.
- Passion - Take this life and love it. Concentrate on what you do well and do it better than anyone else.
- Positive attitude - If you believe, you can.
- Problem Solving - You can't let problems be problems. A leader can be measured by the problem he is facing.
- Relationships - they know how to make friends. The single most important ingredient in the formula for success is knowing how to deal with people.
- Accountability - If you don't carry the "ball", you can't lead the team.
- Safety - insecure leaders are dangerous - to themselves, to their followers, and to the organization they lead, because the leadership position amplifies personal flaws.
- Self-discipline - the first person you need to lead is yourself.
- Officers - to get ahead you need to put others first. A true servant leader puts others before their agenda, owns the trust, serves out of love, etc.
- Education - to lead, you need to keep learning.
- Vision - probably, the cherry on the cake. You can only use what you can see. Show me a leader with no vision and I'll show you one who's going nowhere.

Performance management

It is important to clarify what performance means because if performance cannot be defined it cannot be measured or managed. The concept of performance management is one of the most important and positive developments in the field of human resource management in recent years. The phrase was first coined by Beer and Ruh in 1976. But it did not become recognized as a distinctive approach until the mid-1980s when it was thought that a more continuous and integrated approach to performance management was needed (Armstrong, 2000, p.1)

Bates and Holton point out that performance is a multidimensional construction, the measurement of which varies depending on various factors. They also state that it is important to determine whether the purpose of the measurement is to assess performance or behavior (Bates and Holton, 1995).

Kane argues that performance is something that man leaves behind and that exists regardless of purpose (Kane, 1996). Bernadin et al. think performance should be defined as job outcomes because they provide a stronger link to the organization's strategic goals, customer satisfaction, and economic contributions (Bernadin et al.1995).

Essentially, performance management is a collaborative process between managers and the individuals and teams they manage. It is based on the principle of managing by contract rather than command, although this does not preclude the need to include high-performance expectations in such contracts.

We can conclude that performance management is a management style that has become very popular. It refers to the process by which a company, organization, or institution creates a work environment that empowers employees to perform to the best of their abilities.

Current situation and new issues in leadership

Most leadership research is concerned with the way leaders motivate, stimulate, encourage, and create enthusiasm, commitment, and inspiration among subordinates. However, these effects on subordinates are irrelevant. While, on the other hand, what is relevant are the consequences of inspired, motivated and enthusiastic employees on the way they perform the necessary tasks to achieve an organizational goal. The concept of leadership has changed dramatically over the years, as has the role of leaders in an organization. Being a good leader requires a combination of rigorous self-development techniques and diverse individual experience. To better explain, we referred to research done by the Center for Creative Leadership (CCL, 2007), which investigated the changing nature of leadership, by focusing on exploring the current field of leadership and predicting future trends.

The research draws on several surveys, including the academic literature, benchmarking, and classroom research. More than 500 respondents were part of one or more aspects of the survey. Of these respondents, 84 percent felt that the definition of effective leadership had changed in the last five years - pointing to some interesting trends in leadership. But the question arises: How has leadership changed, and how will it look different in the future? The results of the numerous data points to one conclusion: Leadership is changing, and approaches are focusing on flexibility, collaboration, and boundary crossing, and collective leadership is expected to become a high priority. The "Changing Nature of Leadership" survey was launched in the fall of 2003 to survey the current field of leadership and predict future trends.

The Center for Creative Leadership used an exploratory, multi-method, cross-national data collection process focusing on two main questions: Are leaders currently facing challenges that exceed their abilities? If so, what are these challenges? How do they overcome them? How has the definition of effective leadership changed in the last 10 years? Is there a movement from developing a leader to developing leadership? To best answer these questions, CKL relied on several surveys:

Survey: An online survey was administered to 128 participants focused on organizational challenges, reward and investment, and changes in the definition of leadership.

Interactive Research Classroom: An innovative data collection process (called continuum wall charts) was used with 389 respondents to test 11 constructs of organizational leadership to see if there was significant movement from five years in the past to five years in the future.

Archival Research: All issues of Leadership Quarterly were reviewed to determine if the construct of leadership has changed (conceptually and operationally) since the journal's inception.

The respondents represented different organizational levels. As expected, the vast majority of respondents were at the intermediate level. Surprisingly, the second highest percentage was top-level managers.

An important aspect of this research was its US focus compared to the global population. A large sample was created with help from the CCL campus in Belgium. The global population overwhelmingly favored European countries, with Britain accounting for the largest percentage, followed by Germany. It is important to note that about 28 global countries were represented in the sample.

3. Leadership styles as a driver of organizational performance improvement

If an organization wants to improve its performance, it is the leadership style that needs to be analyzed and adapted to new requirements. Some studies conclude that the success or failure of an organization is directly related to the leadership style and the relevance of the beliefs, and values of the founder, as well as the current opportunities and limitations that the organization faces at a certain moment.

Leadership style is the way a person uses power to lead other people. Research has identified different leadership styles based on the number of followers. The most appropriate leadership style depends on the function of the leader, the followers, and the situation.

An autocratic leader

From the term autocratic style, we mean that in this style the leader makes decisions by himself. An autocratic leadership style is centered on the boss. In this leadership, the leader has all the powers and responsibilities, which implies that the leaders make their own decisions without consulting subordinates.

Democratic or participatory leader

In this leadership style, subordinates are involved in decision-making, which means that it is characterized by greater involvement of subordinates in the decision-making process, as well as treating employees with kindness and dignity.

Laissez – Faire leader

Liberal leadership called "Laissez-faire", also known as delegative leadership is a type of leadership style in which leaders rely on and allow group members to make decisions, which means that this style of leadership implies the full involvement of all employees in one company.
Contemporary theories focus more on moral discourse and social purpose, in contrast to the earlier theory that favored management, production, and authority. Charismatic leadership, transformational leadership, and leadership substitutes are more recent approaches in the literature. *Charismatic leadership* is deeply rooted in a person's personal and behavioral attributes, and since it is based on such perceptions, these leaders are expected to always inspire their followers through their vision. *Transactional leadership*, also known as managerial leadership, focuses on the role of supervision, organization, and group performance; transactional leadership is a leadership style in which the leader promotes the compliance of his subordinates through rewards and punishments. *Transformational* leadership increases the motivation, morale, and performance of subordinates through various mechanisms. A transformational leader is a person who stimulates and inspires (transforms) subordinates to achieve exceptional results (Robbins & Coulter, 2007).

4. Analysis and interpretation of results

This research was conducted in the Polog region where a total of 200 employees and 32 managers were surveyed in 32 small, medium, and large companies. The questionnaires submitted to them were of two types, one was intended for managers with a total of 46 questions, and the other for employees with 38 questions. In general, the Polog region is known for its private initiatives and business achievements that contribute to economic development and social welfare in the country.
The questionnaires were voluntarily filled out by employees and managers and were given anonymity. The analysis of the research sample includes the graphic representations presented in several categories, as follows:
   • Issues related to gender, age, education, and work experience in the organization;
   • Issues related to the organization in terms of the number of employees, years of existence, area in which it operates, etc.;
   • Leadership style issues;
   • Performance issues, etc.
In this paper, we will present the more specific results that were gained from the questionnaires of the managers and employees.

The average and standard deviation (SD) of four statements of the transformational leadership style were calculated, to determine an estimate of which leadership style is used in the surveyed companies in the Polog region.

The scale used in the statements was the Likert scale, namely: 1-strongly disagree, 2-disagree, 3-neutral, 4-agree, 5-strongly agree. Descriptive statistics of the findings are presented in the following table.

Table 1: Descriptive statistics for transformational leadership

	N	Min.	Max.	Mean	S. D
Idealized influence	32	3	5	4.04	0.62
Inspirational motivation	32	3.33	5	4.40	0.49
Intellectual stimulation	32	3	5	4.15	0.53
Individual consideration	32	3	5	4.44	0.56
Transformational leadership (Overall results)	32	3.2	5	4.24	0.35
N value	32				

Source: Adapted by the author according to the data obtained from the questionnaires.

The results of Table 1 show that individual consideration has the highest mean of 4.44 and a standard deviation of 0.56, followed by inspirational motivation with a mean of 4.40 and a standard deviation of 0.48959. Intellectual stimulation has a mean of 4.15 and a standard deviation of 0. 53. The least but still with a high average is idealized impact with 4.04 and a standard deviation of 0.84.

Overall, the transformational leadership style scored an average of 4.24 and SD. of 0.35. It is important to note that the average is above the midpoint indicating that managers use transformational leadership.

Table 2: Descriptive analysis of autocratic leadership

	N	Min.	Max.	Mean	S. D
I believe that employees need to be closely supervised, otherwise, they will not do their job	32	1	5	3.69	1.31
As a general rule, I believe that employees must be given rewards or punishments to motivate them to achieve organizational goals.	32	3	5	4.59	0.62

Employees feel insecure about their work and need direction.	32	1	5	3.03	1.12
I am the chief judge of employee achievement	32	1	5	3.19	1.03
I give orders and clarify procedures	32	1	5	3.75	1.14
I believe most employees in the general population are lazy.	32	1	5	2.41	1.39
Autocratic leadership (overall results)	32	1.5	4.67	3.44	0.75
N value	32				

Source: Adapted by the author according to the data obtained from the questionnaires.

Table 2 shows the average and standard deviation of the managers to understand the presence of the authoritative leadership style among them.

The statement "As a rule, I believe that employees must be given rewards or punishments to motivate them to achieve organizational goals" had the highest mean of 4.59375 and a standard deviation of 0.61483. The statement with the lowest level of 2.40625 and a standard deviation of 1.3879 was "I believe that most employees in the general population are lazy." The overall authoritative leadership assessment of the six statements has a mean score of 3.44270 and a standard deviation of 0.7448. It is important to note that the average is above the midpoint indicating that managers use autocratic leadership.

Correlation analysis

Correlation analysis as a statistical method was used to evaluate the strength of the relationship between two quantitative variables: leadership - leadership styles and performance. A correlation analysis was done to determine whether there is a quantitative agreement between the variations of the observed phenomena and if there is in what degree or intensity.

The results from managers are as follows:

• Transformational leadership has a significant positive linear correlation worth 0.464 with the question "I believe that by developing my leadership skills, performance will increase dramatically", which means that the use of transformational style by leaders will contribute to performance enhancement.

The following results present the correlation analysis according to employee's answers:

- Transformational leadership has a significant positive correlation with performance 1 (how do you evaluate the quality of your performance) worth 0.21, performance 2 (how do you evaluate your productivity at work) worth 0.23, performance 3 (how do you evaluate the work of other workers on their jobs that do the same type of work compared to yours) worth 0.28 and performance 4 (how do you rate your performance in your work compared to other workers doing the same job) worth 0.18.
- It is very important to note that autocratic leadership has a significant negative linear relationship with all variables of performance, with a performance 1.2 worth -0.191, a general performance worth -0.28, with performance 1 worth -0.15, performance 2 worth -0.21, performance 3 worth -0.23 and performance 4 worth -0.34.

5. Conclusions

Despite the significant investment of money, time, and effort, leadership remains a highly debated concept, even of the fact that has emerged as an important topic of academic and practical debate. Several reasons, such as cultural differences, different attitudes of employees, different expectations of employees for their leaders, etc., have influenced that no universally accepted conclusions have yet been reached about what is called effective leadership or the variables that contribute to the effectiveness of leadership. A large body of empirical evidence has shown that leadership behavior influences organizational performance that strong leaders exceed weak leaders, and that transformational leadership generates higher performance than transactional leadership. Our research, which relied on certain companies in the Polog region where a total of 32 managers and 200 employees were surveyed, tried to conclude which leadership styles are used by managers and which styles according to employees are appropriate to increase performance and vice versa adversely affect performance. We collected all these dilemmas and questions with a specially designed questionnaire submitted to managers and employees. It must be noted that this study concludes that leadership has a certain impact on performance, but what is important to note is that performance is also influenced by other factors such as salary, motivation, security of working hours, etc. Leadership is perhaps the most researched organizational variable that has a potential impact on employee performance. Leadership styles were measured using a Likert scale of 1-5 which are: strongly disagree, disagree, neutral, agree, and strongly agree. For now, and according to studies performance remains one of the most controversial concepts for which there will be no agreement between various researchers and theorists for a long time. The appropriate analysis made contributes to the companies in the Polog region by suggesting that the use of transformational leadership increases employee performance and conversely autocratic leadership negatively affects employee performance.

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