LEADERSHIP AND ITS IMPACT ON ORGANIZATIONAL PERFORMANCE

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Leadership is an important aspect in any organization and it is evident in any institution, business enterprise, company or organization. There are lots of organizations which are made by visionary leaders, who are ready to take risks and take people along with them to create a successful organization. This exploratory study, tries to find the link between the leadership and its impact on the organizational performance. This study was conducted based on the secondary data. The past research in the area has been analyzed to find the link between the leadership and organizational performance. From the analysis it was found that, there are factors which influence the organizational performance such as leadership, culture, employee engagement. The one factor which binds the people to the organization is the leadership and the role leader plays in molding the culture and trust of the employees to bring about the change and improved performance.

Keywords: Leadership, Performance, Culture, Business, Styles

INTRODUCTION

Leadership is an important aspect in any organization and it is evident in any institution, business enterprise, company or organization. The leadership of an organization performs a very critical role in the running of daily operations and processes that are geared towards the fulfillment of organizational goals, both short term and long term. A leader is described as anyone who brings the individuals together with the aim of achieving organizational as a team. It is the best way of driving the growth and development of the organization as every single individual has an important role in various activities and process that are pillars of the organization (Gallos 2004).

Leadership can be defined in several ways. Jeanette and Lucy (2004) provide various definitions of leadership.

The process of getting employees and other stakeholders of an organization to do what they don’t want but like it is referred to as leadership. Leadership can be described as the ability of an organization to convince its stakeholders to do what and participate in what it want them to do as if it is them who came up with the idea. This instills the stakeholders with responsibility and accountability that are essential in the achievement of the goals of the organization and subsequently enables teamwork. It can also be defined as “energetic process of getting people
fully and willingly committed to a course of action in order to meet commonly agreed objectives” (Jeanette and Lucy, 2004). Understanding is an importance part is leadership as it enables the leaders to connect with the followers.

The leadership of an organization comes up with a unique vision and strategic choices that enable the organization meet their short term and long term goals. A leader performs the following duties in the organization (Henry, 2008):

1) Develops vision
2) Motivates the stakeholders and aligns them towards that vision
3) Ensures the delivery of the vision
4) Introduces teamwork to enhance the achievement of the vision

The vision acts as a direction that the whole organization will follow and the operations and processes along with the associated individuals are aligned towards it. It provides information about what the leaders want the organization to look like in the future along with the milestone the organization want to achieve during the process. The vision of an organization determines its performance as well as competitiveness in the marketplace. The leaders of the organization are those who instill the concept into their follows’ minds where it is converted into social roles and positions within the organization and internalize them into identities (Simon Western, 2013). This marks the second role of leaders where they influence the stakeholders towards achievement of the vision and organizational goals. The leadership has the mandate to develop strategies that enable the realization of the vision through defining the processes, operations and activities of the organization. All these cannot be achieved in solitary and hence teamwork is essential and the leaders are the ones responsible for ensuring teamwork among the managers and employees.

**REVIEW OF LITERATURE**

The performance of an organization is dependent of how the leadership is as it is involved in providing direction for the followers. The attitude that the leadership creates in the employees affects the output of the organization, their commitment and interests in the organization. There are three main types of leadership an organization can use and they include the following:

1) Laissez-faire: This is the type of leaderships that does not demand the leaders to engage in direct supervision with the employees. Neither does the leader need to provide regular feedback to the employees. This type of leadership is suitable for the employees who require little supervision especially those with rich experience and training. This kind of leadership may expose the organization to risk of repeated poor production and lack of control of the processes as the manager does not inspect the process and the associated individuals (Pride, Hughes and Kapoor, 2010).

2) Autocratic: It is characterized with no consultancy when the leader makes decision; they are the final say in the organization. It is characterized with dictatorship and the leaders do not trust their subordinates. The employees are motivated to work through the use of fear and punishment instead of rewards and incentives. Unidirectional communication is common in this type of leadership where the leader is the one passing information and the employees working on them to the latter.
Effective decision making is a collective process that demands ideas from various individuals. From this perspective, autocratic leadership may result in poor decision making, planning and organization (Ghuman and Aswathappa, 2010).

3) Democratic: Leaders play a major role in decision making and in democratic leadership, also participative leadership, the subordinate are involved in the decision making process to useful information about their goals, plans, etc. in their respective places of function. This style is employee-centered and they are consulted to ensure that decision made satisfies them. It is characterized by broad supervision and motivation of employees through rewards and incentives. There are highly levels of satisfaction of the employees as the leaders implement the decisions of their (employees) own. Commitment and willingness to perform their duties is evident resulting to quality products and services and overall productivity of the organization. This is viewed as the best leadership (Agarwal, 1986).

Taking a look at the above types of leadership provides insight of the type of leadership which is appropriate effectiveness and efficiency of the organizational processes and organization. Engagement and participation of the subordinate in decision making process can be used to distinguish between the three types of leadership. The employees feel they are valued when their ideas are considered during the process as they decisions made will affect them in one way or the other. The leadership should be open to receive the ideas and complains as this can be brainstormed to come up with strategies that result to competitive advantage and improved performance at department level as well as the overall performance (Henry, 2008).

THE NEED/IMPORTANCE OF LEADERSHIP IN AN ORGANIZATION

Good leadership is essential in any setting as it shapes the way the participants relate, work and behave. The success of an organization is dependent on its leadership and leadership is needed at all organizational levels for easy coordination of the followers (David Ingram, Demand Media). The managers must coordinate with the employees at their respective departments and align them towards the strategic goals and objectives of the organization. The managers realize a potential in employees and help them realize it and put it into reality. Through this they assist in talent development in employees in order to develop better employees, thus attaining competitive advantage. The organization will thus compete based on their leadership and well-equipped and intelligent employees. A combination of effective leadership and excellent employees results to better products and/or services (Agarwal, 1986).

The employees perform execute operations and ensure business processes are running under instructions or plans from the leadership. This means that, they cannot work appropriately without the directions from the managers who act leaders at various levels. They initiate action among the employees through communicating policies and plans as per the strategies which dictates what the employees have to do within a given period of time. The work to be done are dictated by the strategies developed by the managers, they develop the vision, mission, objectives and plans the show how they will be achieved. The leaders delegate productive tasks to employees in order to accomplish set
objectives. The leaders are involved in the improvement of the processes and the overall performance through effective decision making. The competitiveness and productivity of an organization is achieved through appropriate decisions which enables them identify new opportunities and make maximum use of them while addressing their weaknesses. Through this, leaders are described as risk takers (Patricia and Mollie, 2011).

After initiation of action, the leaders provide supervision and guidance to the employees. Supervision enables the organization get employees to do what they don’t want to and enable them develop understanding of the importance of what they should do, after which they find themselves liking it. This enables managers take control of the activities they are accountable for and see that they are well done. Laziness in workplaces and irregularities can be avoided through supervision. Good leadership should not only provide supervision but also guidance. The managers are mandated to guide the employees on how they have to undertake operations and activities effectively and efficiently (Henry, 2008).

Leaders motivate employees to perform their daily duties willingly through economic and non-economic rewards. Rewards enables the employees realize the acknowledgement of their value by the organization as well as appreciation for their efforts to the organization. This enhances their interests, contributions and commitment to the organizational activities and operations. Motivation instills morale in the employees. Employees become able to willingly co-operate in their work and the leaders, managers, gain confidence and trust in them. Through morale building and motivation, leaders can bring the best out of the employees, resulting into quality products and increased productivity and relevance of the organization in the market (Quinn, 2005; Henry, 2008).

One of the important aspects of leadership is creation of favorable working environment which is essential in efficient work. This can be achieved through effective human resource management strategies that allow communication between the subordinate and the leadership. Good relationship between the employees and managers is necessary in delegation of tasks and determines the degree of commitment of the employees to the tasks they are assigned (Quinn, 2005). The relationship is kept by the leaders as the employees act as followers and will behave as their leaders. The leaders determine how subordinate behave in their presence or in their absence. Combination of such behaviors determines the condition of workplace environment (Patricia and Mollie, 2011).

Good leadership should instill teamwork among the employees and eliminate competition between business units and departments. Teamwork is built by coordination, effective communication and understanding of each other in the organization. The leadership is the body responsible for initiation of understanding, communication and is involved in coordination among the stakeholders. Leaders reconcile personal interests of key stakeholders of an organization with strategic goals to ensure satisfaction of all the participants responsible for the success of the organization. Suitable working environment increases the productivity of the organization, quality of products and/or services as well as its competitiveness in the market (Quinn, 2005).
The above discussed importance of leadership in an organization is geared towards achievement of the organizational goals and the delivery of vision created by the leaders. They are interconnected, such that, the presence of one will necessarily result to the other. They are all essential to the success of the organization.

Ethics in an organization can be described as a defined system of moral principles that the leaders and subordinate use to distinguish between what is right or wrong, or what is expected of them and vice versa. Mumford (2010) defines ethical leadership as the leadership that is characterized by behaviors that are consistent with system of moral principles and cultivating these behaviors to followers. Ethics is based on situations as the norms associated with it normally vary depending on the situation itself. The subordinate in any organization follow the way the leaders behave hence, the leaders need to promote the ethical direction they desire for the organization first by practicing it and then cultivating it into the subordinate. Mumford (2010) explains that when a leader does not obey the norms of the organization, there is likelihood of the subordinate to do the same. Batmanghlich (2015) describes ethical leadership as the leadership that serves collective subordinate. This calls for the participation of every individual in the organization in the organizational activities and process planned to achieve set goals and objectives.

In today’s world, leaders need to be more sensitive about their moral obligations to the organization that composes of the stakeholders such as the employees, suppliers, customers, governments, local communities, sponsors, etc. the acknowledgement of these obligations by the leaders promotes their capability of delivering what is expected of them and enhance their relationship with all the stakeholders of the organization (Mendonca and Kanungo, 2006). Through recognition of the moral obligations the leadership of various organizations have gain the capability to develop codes of ethics, communication system for reporting abuses and providing guidance and ethical training. Codes of ethics play an important part in the leadership and environment within the organization as it acts as a reminder to the stakeholders that they engage in ethical or unethical behaviors. The establishment of ethical principles that govern the decisions and behaviors of the leaders so that they can be able to achieve the development of moral climate for the organization is enabled by code of ethics of the organization.

Mendonca and Kanungo (2006) argue that the leaders such as managers in an organization may be excelling in their technical specialty but the role in achieving ethical is not well represented. They continue with their argument, “In addition the individual’s ethical qualities, the organization’s moral environment is equally important.” The survival of an organization is dependent on the moral qualities of the stakeholders and leadership. However, the leaders are the one responsible for determining the moral caliber of internal stakeholders as well as that of external stakeholders. The way in which leaders function in their position has a direct contribution to the strength or deterioration of moral values of the organization (Mendonca and Kanungo, 2006).

Mobley, Wang and Li (2009) identify three pillars of ethical leadership as;
1) Leader’s moral character
2) Ethical values contained in the leader’s vision
3) Ethical implications of their actions
There are three dimensions of leadership where the organizational contextual factors and their influence on ethical leadership perceptions are studied. They are character and integrity, altruism, collective motivation and encouragement.

The character of the leaders is realized through the acts of humility, virtue, loyalty, forgiveness and generosity (Mobley, Wang and Li, 2009). The character of the leader demands commitment to virtue in all situations. Integrity determines moral behavior of the leaders and then engages them in morally accepted behaviors despite how the external pressure they may be having. Leadership of an organization needs integrity in order to effectively manage ethical challenges in the organization. Character and integrity influence the decisions and actions of leaders as well as how they use the power they have. The two fundamental factors determine how the leaders in an organization communicate and relate with the employees.

The primary aim of ethical environment in an organization is the attainment of the "common good". The influence of ethical leader' moral foundation can be examined through altruism intentions and the cost and benefits of such intentions to the followers. Altruism is described as the engaging behaviors of leaders meant to benefit all the stakeholders without expecting external rewards. The altruistic motives of leaders display the "...sense of identification with and respect for their followers..." which is the basis of ethical foundation (Mobley, Wang and Li, 2009).

Collective motivation of the leadership enables the leaders to focus on common good of the organization and place side personal interest. Through this, they can find strategies that maximize the benefits to the stakeholders (followers) while minimizing the costs to the organization. The leaders must also cultivate this in their followers by motivating them to engage in teamwork, collective pursuits, so as to put first the organization’s progress. Effective communication can help boost this dimension (Mobley, Wang and Li, 2009). Followers need encouragement and empowerment in order to have personal competence, which results into self-sufficiency. Empowerment strategies can be employed by the leaders to motivate followers to focus on collective interest of the organization. The followers will develop the sense that the leader has intentions directed towards organizational benefits.

Ethical values enable provides the leadership with the guidelines for developing ethical decisions that is fair to all stakeholders and brings about increased productivity of the organization. The decision making process in an ethic organizational leadership is made easier and is has high degree of guarantee for succeeding. Sam (2014) state that ethical leader has strong and long lasting influence on their followers. Therefore, for example, employees in an organization will behave according to the moral values of the organization even in the absence of the managers. Ethical leadership creates and develops kindness, tolerance, integrity, genuine character and sincerity.

Leaders have various roles in an organization and there are traits/characters that enable them deliver what is expected of them. Therefore, the great leaders learn to work together through communication and set inspiration and motivation as they learn on how to use their leadership styles on their team members since they already are
aware of their own leadership style. Winters (1997) identifies the following characteristics leaders should have so as to positively influence the performance of an organization:

A good leader must be able to self-assess. This is where the leader looks into his strengths and areas of weaknesses. For a leader to be effective, they need to carry out this activity on themselves periodically so as to keep track on their leadership. When such leaders know their areas of weakness, they should know that it makes them not weak but rather ultimate to the goals of the company. This is because when they find out their weaknesses, they give to others with such abilities so as to achieve the common goal of the company.

Good leaders have vision. The future of the company is always what is in their minds as they poses an exciting and clear idea of their company’s future and in their strategic plans, these leaders show excellence as they keep on trying to fulfill the company’s objectives. With this quality, the leaders are differentiated from the managers. Therefore, with this characteristic the leaders are perceived as a special type of people hence such leaders are able to tap into the emotions of the team i.e. the juniors to the leaders. As a great leader, you can show commitment through showing in full range of matters for example by maintaining the working hours that the company has located, self-sacrificing for the fellow workers or the leader can even look into how they work to improve their abilities. After being committed, the leader is likely to attain the achievement that he was planning for. If a leader is really committed and he wants to make a difference in the lives of many, the leader must look into their heart. And thus a leader to prove his commitment must exercise it and act on it.

A leader must have good communication skills for them to lead effectively. The good communication skill allows a leader to travel together with the team. With this character, the leader is able to share various ideas and knowledge to transfer a sense of urgency to the rest. This therefore means that a leader with a message that can’t be passed across clearly is not that vital since no message and motivation can be passed. Courage gives a leader the point of being a majority. This character is perceived as being the first of the human quality. This is because all the rest are guaranteed by this quality as it makes them to believe in their leader. Besides being decisive and strong, a good leader should be humble as well. This is where the leader does not feel threatened after showing self-confidence and the self-awareness so as to recognize the value of the rest.

For an organization to be successful, the leader must take into consideration the roles he/she must play. One of these roles is setting a clear vision. Through the leader setting up a vision for the organization, it becomes easy for the employees to understand and accept the future state of the organization. Through explaining the visions importance, that leader is able to make his followers to carry out their duties. These duties if carried out responsively, they will ensure that the vision which is explained by the leader and this vision of the organization is realized (Meindl and Shamir, 2007). Through motivation, the employees are capable of carrying out the mantle of the company as they feel loved and trusted in the institution. This can be done by the leader going miles ahead to find out the wants and needs.
of the employees. After finding out what the employees need the leader should go right ahead and address their issues and provide them with what they need. As part of the motivation and what is really important is for the leader to praise the employees for the work that they have done well. The good leader will always do this through communicating with the group regularly so that the group of employees will always know that they are given credit. They should always be treated with respect and care for them to feel close (Cameron and Green, 2008).

Since employees sometimes lose focus on what they are required and supposed to do, it is very crucial for the leader to put that in mind and be ready to keep his team back on track. This can be achieved through appreciating them and this will keep their spirit up i.e. through throwing a party for the whole group as a surprise. The leader’s role is defined through guiding the employees in the process of them working. The guiding process may as well include these employees being provided with working tools alongside them using their own effort. While the leader gives the directions on how certain tasks should be carried out, he/she in the process of guiding will explain on how the task is carried out to the employee, he/she should be able to assist so that the employees feel at peace (Meindl and Shamir, 2007).

ANALYSIS OF IMPACTS OF LEADERSHIP ON ORGANIZATIONAL PERFORMANCE

For a long time now people have tried to put forward several theories which can completely define the true meaning of leadership. It is said that leadership is the ability to one’s working hard by leading their teams towards achieving their success and by which each member of the team is allowed to participate towards the goals of that organization. These goals are what are referred to as the performance of the organization. Leadership is very crucial for any organization’s general performance. Therefore, good leadership is very vital for a company or organization that needs to progress. There exists different types of organizations, i.e., the profit oriented organizations and the non-profit organizations. Depending on the style of leadership, the outcome of the organization’s performance can be positive or negative as there are different types of leaders, i.e., the visionary leaders, dictatorial leaders, free rein leaders and democratic leaders.

An organization needs a leader who is self-dedicated and works hard to realize the company’s objectives. For this to work properly, a leader will do everything in his power to see the organization comes through. Therefore, for an organization to succeed, leadership is very vital since it plays equally an important role. All this is based on the history and evaluation of leadership on organizations as is in “effective leadership is the ability to successfully integrate and maximize available resources within the internal and the external environment for the attainment of the organizational or societal goals” (Ogbonnia, 2007). The outcome of an organization’s performance depends on the way the leaders exercise their leadership and the qualities they poses to carry out their duties. For instance, a transformational leader is required in most companies while when the company has newly employed people or people who are fresh in the industry, an autocratic leader is the best since
such a leader will offer tangible explanation about a given piece of work or undertaking as well as a direct guidance to these new members.

While most of the people expect a lot from the leaders, there is actually a lot more challenges that a leader undergoes for instance, “while is management a function of coping with complexity, leadership is a function of coping with change, and in the sense it can be instructive to examine organizational performance in times of deep organizational change in order to examine the impact of leadership” (M M Edward, The Impact of Leadership Style on Organizational Effectiveness). On the other hand, it was found out that in the new venture top managing people, leadership was directly and positively related to the performance of the involved firm as was indicated by Day (2014). In some organizations, beyond the group of the top management and the CEOs we have another part of the executive leadership who are the board of directors and they also play an important role in terms of the leadership of the organization. This is because in public companies, institutions of learning, for-profit and non-profit organizations for example, the boards of directors have very critical responsibilities of being keen on environmental threats or opportunities, hiring or even firing of CEOs, they can also set strategic directions for the company among other functions.

Followers are motivated by their transformational leaders to work according to the expectations and the perceptions through the courage and strength that they find from the company’s visions towards achieving their common goal and thus it is through elevation in moral and motivation to a higher level by each other, i.e., the leaders and the followers. According to some of the professors from Harvard Business School, the CEOs of the 531 companies that they analyzed had a great significance in terms of their company performance with a variance of around 14 percent and these professors illustrated that it was in different businesses that there was this degree of variance. Given that in other businesses there was a small percentage gain that the CEO played part in while in other businesses there was a large percentage that the CEO is accounted for, the professors concluded that “focusing on the contexts where leadership matters appears to be perhaps a more productive line of enquiry than simply asking whether leadership matters” (Wasserman et al., 2010, p. 56). This therefore comes to settle that in some context leadership plays a very huge role while in some context none of the leadership roles is played.

Where the leadership thing applies is where a positive outcome from people in different organizations approaches their duties and work with motivation and therefore create a likelihood of better performance. This is because there is an effect or impact created by leadership in people in how they feel and understand themselves in the organization they are working with and thus this is in support of the idea on the impact of leadership which is indirect that “leaders fashion and influence the context in which people work” (Hackman, 2010). The culture within which an organization carries out its businesses or activities is also shaped and influenced by the leadership that is engrossed to the employees. An extremely large amount of human energy can be released if the visions and aspirations of the leaders are shared with every individual in the organization. This is because if there is sharing of governance, there will be an increment of decision-making participation, team goals realizations as a result of the collaborations
between the leader and the followers and many more.

Both acceptable performance and unacceptable performance should be taken into consideration by any leader of an organization since the organization could benefit from the behavior of an acceptable performance or even be harmed from an unacceptable one. The acceptable performance of an organization determines its success and it is based on the leader’s satisfaction of his current job and his levels of motivation (Kanungo and Wright, 1993). Most organizations will do well with transformational/charismatic leaders since they are found to be conceptual, visionary and have been found to qualitatively and quantitatively affect their followers towards the company’s goals. As leaders, they form good relationship with their followers as they show determinations, express visions and communication of high performance expectations as well as establishing sense of missions. For an organization that is in need of better performance, leadership is a very vital pillar.

CONCLUSION

The processes and activities that an organization engages in are effective and efficient if there is well defined leadership. The likelihood of an organization to fail is high if it lacks leadership. Leaders provide the vision for the organization to provide the direction the organization should follow. The leadership ensures to provide the strategies for fulfilling the vision as well as cultivating the behavior in their followers. Good leadership should create teamwork and constructive relationship among the followers as well as with them. Leadership of the organization has a lot of contribution to the behaviors and characters of the stakeholders, thus responsible for the creation and development of organization’s working environment. Good working environment promotes teamwork and quality of the products due increased efficiency of the processes. Ethical leadership is the most effective leadership as it strengthens the moral principles of the organization’s environment. Moral characters of the followers reflect how the leadership of the organization is. Ethical leaders makes decisions which are for the collective good of the organization as whole thus improving the performance of the organization’s processes as well as the interest of the employees and key stakeholders in the organization. The organization will thus gain competitive advantage, experience productivity, sustainability and effectiveness in the market places.

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