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## The Study on Leadership and Its Impact on Organisational Performance

**Mrs. Leelavathi H, Binoy Mathew, H H Ramesha**

### Abstract

In today's changing atmosphere, quality of leadership is essence of business performance. Effective leadership in corporate business house will shape the culture of Organisational work culture and performance in vibrant process. Corporate Leadership, environment and culture are the two fundamental essential requirements of a successful business organisation. The development of perspective work culture in the organisation is created by modern corporate leadership functioning and their style of corporate management. The effective involvement of every employee in the corporate house is the basic requirement of high performing corporate culture. Effective leadership create good business culture which helps to attain high performing corporate environmental culture coupled with business performance and efficiency.

The main aim of this study is to evaluate impact of corporate leadership style followed by corporate culture which results in effective and efficient business performance. This study applies both analytical and descriptive type of methodology. Primary data collected and data analysis and interpretation carried out with the help of proper statistical techniques. This study concludes that the corporate environment and culture and interrelated as well correlated coupled with intrinsic and extrinsic relationships among the corporate leaders and their employees today. The conductive and harmonious corporate culture and its environment with the leadership momentum creates generates employer's better performance which in turn generates better organisation performance of productivity as well as profitability.

**Keywords:** Leadership style, Leadership culture, Organisational Performance Corporate, productivity.

### Introduction

Researchers claim that the existence of high-performance work practices will increase individual and organizational performance. The core element of high- performance work systems is "people" hence people bring performance. It is an approach to achieving an optimal 'fit' between people, technology, work, and information. A high-performance culture is the pre-requisite for the high-performance workplace.

Leadership is an integral part of the process of transforming an organization into a high-performance workplace. Leadership should arrive from every nook and corner of the organization for high performance. Leadership is a behavioral approach dealing with one another with ideas and values. Every employee is a leader and is allowed to make mistakes and learn from them. In a high performing organizational culture, a sense of personal responsibility is necessary for understanding the current external trends in the environment. High performing organization cultures demand innovativeness, creativity, belongings, and informal work settings. Trust and union involvement in high-performing culture will reduce grievances and conflicts which improve operational efficiencies. Leaders alone cannot manage the role of a change agent in a high performing culture. Cultural change must happen naturally in the enterprise. The contribution of every employee in the organization is the basic prerequisite for a high performing culture.

### Statement of the Problem

The chemical industry is measured as a societal problem solver. It produced crop-enhancing agricultural chemicals to make sure a stable and possible food supply, helped in the abolition

of deadly diseases by developing life-saving pharmaceuticals and chemical pesticides, created innovative plastics and synthetic fibers for utilizing in both industrial and consumer products. Over the years the chemical industry has been an essential sector of the modern industrialized economy.

The main focus of today's competitive business environment is leadership. The up liftment of our society through generations has gone through the various leadership styles, yet despite the contributions and investment in leadership development, there is a fall in the qualities of leadership. Leaders create empowering organizational cultures that produce long-term successful outcomes. Organizational performance is more likely to be influenced by the leadership styles and culture prevailing in the environment. Hence, this study examines the influence of leadership styles and organizational culture on the performance of the employees in chemical companies.

### Need for the Study

In today's fast-paced competitive market, organizations cannot ignore the importance of leadership development. Appropriate leadership practices will help organizations to excel in a competitive and challenging environment. Organizations have to equip the leaders with the demanding skills to face the challenges of adynamic workforce and the emerging global market. The leader faces many common challenges to achieve their goals.

Leadership is the backbone of a high performing organization. Companies with strong leadership cultures will bring a positive change across organizations. Developing a high performing organization starts at the top, with effective leadership and positive work culture.

### Scope of the Study

Applications of chemical science have contributed drastically to the development of human civilization by providing a growing understanding and capability to control chemical molecules. Chemical Industry manufactures 70000 different types of products that are used by human beings as well as other industries. Approximately there are up to 20 million people are engaged in the global chemical industries today.

The chemical Industry has started spreading its wings very widely in India, having the destination at different metropolitan cities like Calcutta, Delhi, Mumbai, and Chennai. The study area is restricted to Chennai city as most of the famous companies Orchid Chemicals, CPCL, and MFL companies are having their operations in Chennai.

Human Resource Management and leadership styles become inevitable in the chemical industry, as this industry involves building lasting human relationships. The study covers the major leadership styles and various types of work cultures, the determinants of leadership, the constraints they face, and the reasons attributable to the high performance.

### Research Gap

After reviewing the national and international literature about the three important aspects in HRM practices namely Leadership style, Organisational culture and Organisational performance the researcher identified theirs exist three predominant gaps that are not sufficiently addressed at the

national and international level. Among these three gaps, they chronologically arranged in the following scheme

- Is there any parametric relationship that exists between the leadership style of employees and the existing organizational culture?
- Is there any correlation that exists between leadership styles and organizational performance both directly and indirectly?
- Are the demographic background of the employees are playing a vital role in deciding the organizational culture of the organization and the increase in the performance of the employees.

Hence the present research is heading towards fulfilling the gaps that exist in the national and international literature that were presented elaborately above.

### Relevance of the Study

In the liberalization and globalization of the Indian economy, the present research has got three relevance namely

- The contribution of employees' leadership styles and organizational culture of the organization is making very good progress in the performance of employees in the chemical industry.
- The continuous commitment of the employees in the performance creates a significant impact on the growth of the chemical industry.
- The growth of the chemical industry gives job opportunity, career growth of the employees and also contributes significant influence over the GDP of the country.

### Research Methodology

This study employs both analytical and descriptive type of methodology. The study is conducted in a two-stage format, with a preliminary pilot study followed by the main study. This study employs both analytical and descriptive type of methodology. The study is being carried out as pilot study coupled with main study. Convenient sampling method adopted with the sample size of 429. The correlation analysis is used as tool of statistical analysis and interpretation in this research.

### Review of Literature

The review of literature of this study is elaborated upon to develop road map in this research paper.

Adil Sheraz1 et.al. (2012) observed how leadership qualities and organizational culture enhance employee performance. The research also examines how ethical leadership plays a provoking role between organizational culture and despotic leadership. Stratified random sampling was applied and primary data were collected from 377 management staff of local and International NGOs functioning in Pakistan. The research has found a significant association between transformational leadership, organizational culture, ethical leadership, and employee performance and found a negative relationship between ethical leadership and despotic leadership.

**Omar diaj bin omira (2015)** explained the consequences of organizational culture and leadership styles on the performance of Saudi Arabia's public organizations, through the arbitrating factors of organizational

commitment and job satisfaction. The primary data were collected from 400 employees working in 16 ministries of the Saudi Arabia government. The study suggests that public organizations in Saudi Arabia develop their organizational culture and employ managers who have transactional and transformational traits. Thus, it leads to the improvement of employee commitment, which creates an optimistic and important impact on organizational performance.

**Farshad Tojari et.al. (2011)** observed the causes of leadership styles and organizational culture on organizational effectiveness in Iranian sports organizations. The primary data was collected from 341 sports experts in the Physical Education Organization of the Islamic Republic of Iran and various Sports Federations in Iran. The research showed that transformational leadership has an important positive influence on the effectiveness and culture of the organization. Transactional leadership had a direct important negative influence on organizational effectiveness and not directly had a significant affirmative influence through organizational culture.

**Herningsih et.al. (2014)** elucidated the impact of transformational leadership style, organizational environment, and organizational culture on the performance of the employees. The primary data were collected from the 140 employees of West Papua. The research focused on the Transformational Leadership Style that does not have a positive impact on employees' performance therefore it is suggested that the study has to concentrate on other leadership styles for the improvement of employees' performance.

**Research Gap**

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**Analysis**

**Influence of Leadership Styles on Individual Efficiency**

**Table 1:** Measure of Correlation Coefficient – Individual Efficiency.

MO	SQCN	CN	ADCN	SEEE
1	0.776a	0.602	0.595	0.42504

Servant leadership style, Participative leadership style, Transformational leadership style, Ethical leadership style, Instrumental leadership style, Authoritative leadership style, Supportive leadership style, charismatic leadership style.

R square =0.602. It implies that the eight leadership styles create a 60.2% variance in the individual efficiency increase of the employees. This table also indicated the nature of the relationship that exists between the set of independent leadership style factors and the dependent factor individual efficiency increase of the employees. The correlation coefficient is the deciding factor for proving the relationship between leadership styles and individual efficiency.

**Influence of Leadership Styles on Organizational Efficiency**

**Table 2:** Measure of Correlation Coefficient – Organizational Efficiency.

MO	SQCN	CN	ADCN	SEEE
1	0.837 <sup>a</sup>	0.701	0.695	0.42504

Servant leadership style, Participative leadership style, Transformational leadership style, Ethical leadership style, Instrumental leadership style, Authoritative leadership style, Supportive leadership style, charismatic leadership style.

R square =0.701. It implies that the eight leadership styles create a 70.1% variance in organizational efficiency increase. This table also indicated the nature of the relationship that exists between the set of independent leadership style factors and the dependent factor organizational efficiency increase of the employees. The correlation coefficient is the deciding factor for proving the relationship between leadership styles and organizational efficiency.

**Measure of Correlation Coefficient – Increase In productivity**

**Table 3:** Influence of Leadership Styles on Increase in Productivity.

MO	SQCN	CN	ADCN	SEEE
1	0.815a	0.663	0.657	0.55901

Servant leadership style, Participative leadership style, Transformational leadership style, Ethical leadership style, Instrumental leadership style, Authoritative leadership style, Supportive leadership style, charismatic leadership style.

R square =0.663. It implies that the eight leadership styles create a 66.3% variance in the increase in productivity of the chemical companies. This table also indicated the nature of the relationship that exists between the set of independent leadership style factors and the dependent factor productivity increase of the employees. The correlation coefficient is the deciding factor for proving the relationship between leadership styles and productivity.

**Conclusion**

Leaders don't just do things, they change things. Everyone wants to grow as a leader but to sustain as a great leader is hard and far less glamorous. A great leader has to make some very difficult choices against the very core of being

self. The greatest ability of leaders is to show that they are good at leading. Values play an important role in the creation of work culture. A positive cultural fit will boost the spirit of the employees which will bring out the best of their abilities. The passion of the employees will be increased if they feel happy about the work culture of the organization.

In today's transparent era organizations are monitored closely. Technological up-gradation empowers employees with easy access to the various sources of information about the cultures prevailing in the work environment. Leaders have to focus on unique values and delegate every other value which will maximize the values of the organization as a whole. Poor leadership can lead to mismanagement of resources and can undermine the company's performance.

It is concluded that leadership in any organization develops smooth interpersonal relationships among the employees and motivates them to think that their progress and job securities are protected by the good leader in the company. The conducive organizational culture together with the momentum of leadership style creates high productivity and best organizational performance.

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