

# IMPACT OF LEADERSHIP STYLES IN ORGANIZATIONAL PERFORMANCE

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## Abstract

**The importance of leadership lies in its effective impact on the performance of workers in administrative organizations and institutions, whether they are production or service, and it constitutes a source of authority and influence on the behavior and effectiveness of workers' performance. Leadership is one of the main driving forces to improve the performance of the company. It is assumed that the type of leadership style used in an organization has an impact on its overall performance. The study examined leadership style and its effect on its organizational performance. A qualitative case study design was used. Purposeful sampling is adopted to sample the total number of employees. The study proved that organizations mainly use the democratic leadership style in their operations. He also discovered that the democratic leadership style that is practiced has had a measurable impact on the operations and performance of the organization.**

## Keywords:

**leadership,organizational ,performance ,styles, Firm.**

## Introduction

The continuous search for growth has pressured companies to include internationalization as a tool to achieve better financial results, increase their market share, achieve greater competitiveness and diversify their operations .1 This is why in all organizations the role of team leaders, managers, coordinators, presidents, among others, is crucial, because they are in direct contact with people and the achievement of results by employees depends on them. and therefore, the development and sustainability of the companies.2

In the case of the internationalization processes of companies, the role of the leader will depend on the ability of the company to face export activity and achieve satisfactory results. The organizational leader in an export company must be an entrepreneur and have an orientation towards international commercial activities, in such a way that he develops skills and knowledge to manage internationalization processes and promotes the performance of said activities among his collaborators. 3 In this way, the leader of an exporting company must be able to take risks in order to face unknown markets, for this reason it is important to recognize the leadership style that prevails in Colombian entrepreneurs, since this can allow exporting companies to obtain good results<sup>4</sup>.

For the development of this work, it is assumed that every leader, based on their knowledge and experience, conditions their own leadership model that they use to direct people in order to build high-performance teams. It is for this reason that it is sought, through the development of this document, to identify the relationship of leadership styles with the export performance of companies in Colombia. The reality is that current administrative principles and techniques must be applied in such a way that, by using resources rationally, satisfactory results are obtained, being of great importance for leaders to contribute to this end, using their professional and personal knowledge so that the organization to which they belong can achieve goals efficiently,<sup>5</sup> To identify the leadership styles of Colombian businessmen and their relationship with export performance, we will start from the theory of traits where 3 types of leaders are characterized: autocratic, democratic and liberal. Specifically, these types of leadership and their relationship with export performance will be analyzed, measured by financial and strategic performance and the perception of satisfaction of entrepreneurs, considering that the success of an organization is not only framed in the generation of profits, but also that other elements that reflect performance are also necessary, such as the strategic position or the satisfaction of the manager with respect to his export activity. Taking these aspects into account,<sup>6</sup> In order to identify the types of leadership that determine the good or bad export performance of Colombian companies, a recount of the main theories related to organizational leadership is made, focusing the analysis on 3 specific types of leadership seeking their

relevance in the obtaining superior export performance. Subsequently, a database of exporting companies is used to validate the leadership styles found and the levels of export performance, and then, through a cluster analysis, to be able to differentiate the exporting companies according to their level of performance and identify the characteristics of the type of leadership that allows reaching these levels<sup>7</sup>.

This article is divided into 5 sections. First, the theoretical framework that describes the different theories of leadership is presented, emphasizing the theory of leader traits and the classification of the types of leadership: autocratic, democratic and liberal, in addition to presenting the review of the literature that supports the hypothesis. raised on the relationship between type of leadership and export performance. The second part describes the methodology used indicating the size of the sample, the variables used and the model to be estimated. Subsequently, the results, conclusions and recommendations of the study are presented.<sup>8</sup>

### **Leadership**

Leadership has a range of definitions, but at its simplest it is concerned with the ability to influence others to achieve goals. The process and attributes required to effectively influence others are central to an understanding of leadership and its currency in the context of developing public health nutrition as a discipline and its place in our daily practice. There is an established literature that describes the personal attributes of leaders<sup>(1),9</sup> including having a big picture vision that is effectively shared and decision making that is clear and decisive based on assessment of available information. Leaders have a commitment to capacity building and empowering others, are respectful and consultative but willing to make tough decisions when required. At the core of leadership is the attribute of credibility, usually earned by demonstrated ethical and transparent approaches to practice.<sup>10</sup>

Leaders take calculated risks when required, speak out against the status quo and step forward to take responsibility and show initiative when needed. This type of behavior in practice requires good strategic thinking, interpersonal communication

skills and emotional intelligence. In reality we all show and need leadership skills to be effective in our daily practice, whether that be in academia, communities or organizations. We all work to influence others to achieve our objectives, irrespective of the level at which we operate in society. Leadership is not confined to the top of the decision-making tree, but instead is often required at lower-down levels to ‘shake the branches’.<sup>11</sup>

### **Effective leader**

Most organizations have leaders. Unfortunately, many don’t have effective leaders. The vast majority of leaders aren’t trained to be leaders! Even those who may have pursued a business degree were likely overwhelmed by theory, not practical advice and opportunities for application. Unfortunately, in many job settings,<sup>12</sup> skilled individual contributors tend to be promoted into leadership positions, whether they have the requisite leadership skills or not. This all too common practice leads to a significant leadership skills gap in most organizations. The result? Ineffective leadership. <sup>13</sup>

The bottom line: just because somebody is in a leadership position doesn’t mean they have leadership skills. When leaders fall short everyone suffers. Leaders with effective leadership skills can do great things for organizations; they can drive bottom-line results through their teams. Ineffective leaders, on the other hand, can do great damage. Their actions, or inaction, can hurt morale, employee engagement and bottom-line business results. Most organizations, of course, have a combination of both high-performing and ineffective leaders.<sup>14</sup>

Here we take a look at some sure signs of ineffective leadership. You can use these signs to assess the effectiveness of your leaders or your own leadership. Read below to find out everything you need to know about signs of ineffective leadership.<sup>15</sup>

### **Leadership styles**

During this article we are going to analyze the different styles of leadership , with special emphasis on the most popular ones, and companies use them a lot.

#### **1. Autocratic leadership**

Autocratic leadership is an extreme form of transactional leadership, in which the leaders have absolute power over the workers. People who are part of the staff have the opportunity to offer their suggestions, including if these are for the good of the team or the company. Many people feel bad being treated this way. Autocratic leadership presents different levels of absenteeism and worker turnover. For many unskilled jobs, the autocratic style can be effective, because the advantages of control outweigh the disadvantages.<sup>16</sup>

## 2. Bureaucratic leadership

All **bureaucratic leaders** do everything as predefined in a book. They follow all the rules rigorously and make sure that everything their followers do is accurate. It is a very appropriate leadership style to work when there are many safety risks or when large amounts of money are involved.<sup>17</sup>

## 3. Charismatic leadership

The charismatic leadership is very similar to transformational leadership, as all organizational leaders inspire enthusiasm in teams and are too energetic to lead all employees.<sup>18</sup>

In any case, charismatic leaders tend to believe much more in themselves than in the work teams that surround them, this means that problems are generated, and a project in an organization can collapse the day the leader leaves the ship. This is why the people who make up the team have in mind that without the charismatic leader, success cannot be achieved.<sup>19</sup>

## 4. Participatory or democratic leadership

The democratic leader is the one who makes the last decision, the leaders would participate invite other people who make up the team to contribute during the decision-making process. This not only increases job satisfaction but also encourages the development of new skills. Team members feel in control of their own destiny so they are motivated to work hard, rather than financial reward.<sup>20</sup>

As democratic participation takes a long time, tackling it can take a long time but it often achieves an excellent result. The leadership style can be adopted when it is essential to make a team and when quality is more important than speed or productivity.<sup>21</sup>

## 5. Laissez-faire leadership



The expression "Laissez-faire" is French and means "let it be", it is used to describe leaders who let the members of the team work on their own.<sup>22</sup>

It can be quite effective if leaders monitor what is being accomplished and communicate it to the team on a regular basis. On a regular basis, laissez-faire leadership is effective when workers have long experience and have their own initiative. The type of leadership can occur on its own, when the upper management does not exercise enough control.<sup>23</sup>

#### 6. People-oriented leadership

It is an opposite of task-oriented leadership. With people-oriented leadership, all leaders are fully oriented in organizing, supporting and developing teams. It is a participatory style, and it tends to empower the team and foster creative collaboration. When it comes to putting it into practice, the vast majority of leaders use both task-oriented leadership and people-oriented leadership.<sup>24</sup>

### **Business Performance.**

Competing to win the future is competing to create and dominate the opportunities that arise and thus define a new competitive space, but this must be based on a rational fight, which is adapted to the characteristics of the company in question, as creating the future implies the challenge of building our own map and our own path. Opening a path is more rewarding than taking the path of others as a reference, because the future is not reached first by letting someone else set the course. At this point, it is interesting to ask these questions<sup>25</sup>:

What drives some companies to invent their future and why don't others take up the challenge? Why do some companies seem to have a radar to look at the horizon and others seem to walk backwards? Why do some companies create a future with scarce resources and for others that spend millions the future never comes?

There are four key factors for a company to reach the future first<sup>26</sup>:

- Understand the differentiation requirements in the future.
- Look for future opportunities and understand them.
- Being able to infuse the journey into the future at all levels of the organization.

- Be the first to arrive, taking fewer risks.

All the concepts of competing for the future are aimed at helping the entrepreneur imagine the future, and then create it. Now it is paradoxical to think that, if any company manages to achieve the future, even in the design at the level of thought, it cannot be understood that the others do not achieve it, they stop being leaders to become followers, because there is no single future, nor a single company. Each company can take or conceive its future and succeed without thinking about the failure of the other or the time space that is taken to implement the category of successful company.<sup>27</sup>

The terms efficiency, excellence and competitiveness are some of the most used when rating or analyzing a company, these are the fundamental elements that make up business performance. Competitiveness implies concepts such as efficiency, effectiveness and excellence, although the existence of the latter does not imply competitiveness. Among the basic objectives of a company is to achieve efficiency, effectiveness, self-control and competitiveness in general, that is, every company seeks survival within the economic environment and the market.<sup>28</sup>

### **Research Methodology**

The research is exploratory in nature, which means that it works on a small scale to identify through empirical data the fundamental aspects that allow providing a general vision, of an approximate type, of a certain phenomenon or reality. In this case, it is a question of investigating whether there are empirical elements to relate leadership styles to the performance of intermediate management teams.

The exploratory analysis is relevant in this research, insofar as the study of the relationships between leadership styles and intermediate management teams has not been sufficiently investigated in the Latin American context, which suggests that even the measures to be used require validation and demonstrate its reliability for the specific relationships studied in this research. Therefore, an attempt is made to validate the variables and their measures, analyze their reliability, and establish an approximate look at the relevance of the relationships between leadership styles and performance of intermediate management teams

### Results

The results show that the transformational (average 4.78) and transactional (average 5.45) leadership styles show means significantly lower than the maximum value (7.00); in turn, the laissez faire style is convincingly greater than the minimum value (1.00). Statistically, the transactional has a higher mean than the transformational ( $p < 0.021$ ) and laissez faire ( $p < 0.001$ ); On its own, the transformational has a higher mean than laissez faire ( $p < 0.001$ ). The performance of the teams borders an average of 77.14 on a scale of 1 to 100. The main descriptive statistics can be seen in the following table1:

Table: 1 Descriptive

v	value	des
de	77.141	8.315
Tr1	4.784	0.6147
Tr2	5.4587	0.9448
l	2.48	0.879

Similarly, it is discovered that there is a positive and significant correlation between the performance achieved by intermediate management teams and the transformational (0.619) and transactional (0.647) styles. In contrast, the correlation between team performance and laissez faire style is negative and significant (-0.625). These results are displayed in the following table:

Similarly, the variance in team performance is explained by 58.2% by the transformational, transactional and laissez faire leadership styles . The Table 5 summarizes the explanatory power of the model:

Table : 2 explanatory power

model	r	ra	rc	er
1	0.745	0.611	0.548	5.5



Consistently, the analysis of variance (Test  $F = 1t.161$ ;  $p < 0.001$ ) is statistically significant.

### **Discussion and Conclusion**

In this work it is verified that the leadership style is related to the level of export performance, associated with obtaining 2 clusters differentiated by this variable (high and low performance). These conglomerates provide evidence of the different conditions that arise in each type of leadership, allowing us to coincide with what was proposed by Kuivalainen et al. (2004) and Knight (2001) who point out that the factors associated with leadership affect export performance.

For this, the autocratic leadership style was taken into account (characterized by the application of the leader's will without considering the opinion of his subordinates), the democratic leadership style characterized by the communication between leader and subordinates (considering their opinions and allowing their participation in decisions) and the liberal leadership style (which assigns total autonomy to his subordinates, intervening only when necessary). This study shows that Colombian export companies in general are characterized by having liberal leaders who assign a significant level of freedom to their employees and allow them to define the way they carry out their activities and the means to achieve their objectives. These Colombian leaders do not present authoritarian traits, since they do not usually exert too much control over employees, nor do they centralize decisions. The leaders of Colombian companies rely heavily on their subordinates, maintain a high level of participation of their employees in management and this is the basis of their success.

The results of this study allow us to conclude that Colombian exporting companies can achieve high export performance when their managers manage the balance between freedom and control, that is, when they allow their employees to contribute their ideas and participate in decisions, using these ideas to make the necessary decisions that lead to a thriving international activity. This indicates that the effectiveness of liberal leadership is conditioned by the need for the intervention of managers, not from the autocratic point of view, but as the leader who trusts his employees but manages the control of the policies and important decisions of the organization, especially in relation to export activity.

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