Leadership Style: An analysis of it's impact on Employee Competence Development

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Abstract: Leaders are required to develop the future vision and to motivate the organizational members to achieve their vision and enhance their competence. Thus an study has been conducted to investigate the various leadership styles that are practiced in an organization and to understand what impact they have on Employee Competence Development. For the purpose of the study a sample size of 130 employees from IT Sector was chosen using simple random sampling technique and the data was analysed using correlation and regression analysis via SPSS. Also secondary research findings were integrated. The reason behind secondary research findings being integrated is to help the readers to understand how employee competence can be effected by the leadership styles followed by the managers in the team or in organization. The findings from both primary and secondary research proves that indeed Leadership styles has an impact over employee's competence development and Transactional style of leadership is more effective and majorly followed by the managers in IT Sector. Since the study was conducted only taking employees of few companies from the IT sector, in future it could be conducted for larger set of IT organization and a comparative study can also be undertaken across various sectors to determine the difference in the predominant style of leadership across various sector and determine the efficiency of transactional style of leadership across sector

1. INTRODUCTION

Leadership is an art of motivating or influencing a group of people or a team in an organization. Leaders gives direction to an organization. Employees of an organization needs to understand where they are headed and whom they should follow to reach to their desired goal. Leadership involves showing the employees how to effectively perform their tasks and assigned responsibilities and assisting them in completion of their work. Leadership is also about setting a positive example for the team to follow, by being enthusiastic about their daily tasks and to make the team feel motivated to learn something new everyday, and also helping them as needed whether individually or as a team.

1.1 Characteristics of a Leader
The characteristics includes integrity, ethics, honesty, a strong character. A leader also earn the right to be responsible for success of other employees in the organization. A Strong leadership involves a clear vision, good communication skills, being a good listener, responding to employees concerns and questions empathetically. A good leader uses effective communication skills to move an organization ahead towards the path of success.

1.2 Types of Leadership Styles
There are 4 styles of Leadership mainly which are listed below:

1.2.1 Transformational Leadership Style
Transformational leadership style is all about initiating change in organizations, amongst team, oneself. Transformational leaders tends to motivate their team members to do more than they are actually intended to. Transformational leaders tends to have more satisfied and committed employees under their guidance. This is mainly because the transformational leaders empowers the employees working under their guidance.

1.2.2 Transactional Leadership Style
The transformational leaders involves an exchange process, whereby the employees under the leader get tangible rewards for carrying out the orders given by the leader. Being clear, giving feedback and focusing on expectations are the traits of transactional leadership skills.

1.2.3 Autocratic Leadership Style
The autocratic style of leadership is centered on the manager or the boss. In this style, the leader holds all the authority and responsibility. The autocratic leaders tend to make decisions on their own without consulting with the subordinates or the team members. They make decisions, communicate to the team members and expect the quick implementation of the decision.

1.2.4 Democratic Leadership
The democratic style of leadership tend to involve the subordinates in making decisions. Unlike the autocratic style of leadership, this leadership style is centered towards team members. The democratic leader holds the final responsibility, the leader delegates authority to the team members, who determine the work projects. The most unique feature of democratic leadership style is that communication is active in both the direction that is both upward and downward. This style of leadership entails intelligence, honesty, courage and fairness.

1.3 Employee Competence

Employee Competence is a cluster of related Knowledge, skills and abilities that enable an employee (or an organization) to act effectively in a job or situation. Competence indicates sufficiency of knowledge and skills that enable someone to act in a wide variety of situations. Because each level of responsibility has its own requirements, competence can occur in any period of a person's life or at any stage of his or her career.

Employee competencies include
- Negotiating skills,
- Analytical thinking,
- Goal setting,
- Problem solving and integrity.

1.4 Benefits for a Competency Based System for Employees
- Enables employees to achieve a high level of competencies or skills in an efficient manner.
- Keeps a record of employee's skills, knowledge and abilities related to their tasks.
- The system gives an outline to employee development and the promotional paths within the organization.
- The system clarifies the job standards for performance appraisal in organization.
- The competency based system tends to improve communication between employee and the management in the organization.

1.5 Types of Competence
- *Organizational Competencies*: The vision, culture, values, mission and core competencies of the organization that sets the mode or the manner in which the work in the organization is carried out.
- *Core Competencies:* The Capabilities or the technical expertise unique to an organization, i.e., core competencies of an organization from its competition organizational that makes an organization different in terms of its core values that makes that core value its competitive advantage.
- *Technical Competencies:* Technical Competence is the knowledge and skill in the exercise of, practices required for successful accomplishment of a business, task or job.
- *Behavioral Competencies:* Individual performance competencies are more specific than organizational competencies and capabilities. They encompasses the knowledge, skills and attitude that distinguish the excellent performers.

Hence the understanding of significance of employee competence and that of leadership styles clearly highlights the need to find the link between them. Thus the study aims to understand the relationship between leadership styles and employee competence and determine the impact of leadership styles on employee competence

2. LITERATURE REVIEW

Leaders are required to develop the future vision, also to motivate the organizational members to achieve their vision and enhance their competence.

According to Adair "Leadership is the ability to persuade others to seek defined objectives enthusiastically. It is the human factor which binds a group together and to improve their performance and to direct them towards goals"

Koudri suggests that "leadership is to deal and cope with change, focusing on the long-term and the big picture, not always doing to safe himself in fact to take risks, and concentrating on people and their values, not just the bottom line"

Jim Collins published in the famous Harvard Business Review that "the most powerfully transforming executives possess a paradoxical mixture of personal humility and professional will…they are timid and ferocious. They are focus on empowerment rather than control for the development of employees' performance".

Milgron said "The transactional style plainly characterizes its division among leaders and employees. These kinds of leaders are progressively certain, all the more beyond any doubt about and OK with the basic leadership obligation regarding the procedure plans and friends working. In spite of the fact that studies demonstrates that transactional leaders show less inventiveness than progressively new styles."

Decenzo and robbins characterize motivation as the eagerness or want to accomplish something, moulded by the action or the capacity to fulfil a few needs. The study on employee motivation have a broad rehearsal in the present undertakings over all the areas, paying little head to their size. Those enterprises understood that the activities of spurring their employees are urgent so as to accomplish the organisation's objective. The persuaded employee identify with the habits of vanity, self-fulfillment and commitment that are needed to create better nature of work and oblige to the organizational strategies which will widely appear efficiencies and upper hand.

Mullins, ker of transformational leadership says "procedure and conduct which takes into consideration the improvement of additional leaders who can serve the organization sometime in not too distant future. Since backer of this initiative who support this style express that this sort of leaders empower dynamic inclusion with respect to employees in the team , individuals only here and there can express their imagination and express capacities and rewards that would not be made clear generally."

3. RESEARCH METHODOLOGY

3.1 Objective
- To study which leadership style is majorly used in IT sector.
- To study the relationship between various leadership style on employee competence development.
- To study the impact of various leadership style on employee competence development.

3.2 Sampling Unit:
The employee of IT Sector has been taken up as the sampling unit for the study

3.3 Sampling Technique:
Simple Random sampling technique was undertaken

3.4 Sample Size:
The sample size of study is 130 employees from the IT Sector

3.5 Sample Composition:
The sample composition consist of employees from IT Sector and namely HCL, Infosys, Wipro, HP

3.6 Data Collection Tool:
Questionnaire

3.7 Data Analysis Tool:
Correlation and regression using SPSS

3.8 Mode of Data Collection:
Both primary and secondary data have been used in the study. Pimary data was collected with the help of questionnaire .The secondary sources of information were gathered from books, journals, papers and internet regarding organization justice and job satisfaction. Related academic books, reviewing books were also used to get knowledge about the topic.

3.9 Definition of study variables:
- *Employee Competence:* Employee Competence is a cluster of related Knowledge, skills and abilities that enable an employee (or an organization) to act effectively in a job or situation.
- *Transactional Leadership:* The transformational leaders involves an exchange process, whereby the employees under the leader get tangible rewards for carrying out the orders given by the leader.
- *Transformational Leadership:* Transformational leaders tends to motivate their team members to do more than they are actually intended to. Transformational leaders tends to have more satisfied and committed employees under their guidance.
- *Working Environment:* It means your surrounding while working in the organization.
- *Workload:* It is the amount of work assigned to an employee by the manager.
- *Idealized Influence:* The leaders who behave as role models by the team. These leaders are admired and trusted by the team.
- *Individual Consideration:* The degree to which the leader attends ad pays attention towards the employees needs.
- *Contingent Reward:* This system is a motivation based system that is used to reward those employees who meet their goals.
- *Management by exception:* In this the manager intervenes only when the employee fails to meet the standard of performance or if something goes wrong.
- *Authoritative leadership:* It is when the leader dictates the policies and procedures and decides the goals to be achieved by the team members.
- *Laissez faire leadership:* In this style, the leaders are hand-off and allow group members to make the decisions.

4. DATA ANALYSIS & INTERPRETATION

In this data analysis, interpretation, verification by done using SPSS statistical tools

4.1 Reliability Analysis
The observation and interpretation of reliability is as shown below in table 4.1

Table 4.1: Reliability Statistics

Cronbach's Alpha	N of Items
.909	23

Interpretation: The questionnaire includes 26 questions. By seeing Cronbach's Alpha value in the above table we can interpret that the value of cronbach's is .909 which state that the questionnaire used is reliable as the cronbach's alpha value should be greater than 0.07

4.2 Correlation Analysis
The observation and interpretation of correlation analysis are as shown below:

4.2.1 Assumed hypothesis
H0: There is no relationship between leadership styles and employee competence development
H1: There is relationship between leadership styles and employee competence development

4.2.2 Observation
The observation obtained on the basis of correlation analysis is as shown in table 4.2
Table 4.2: Correlation

		WORKING ENVIRONMENT	WORK LOAD	IDEALISED INFLUENCE	INTELLECTUAL SIMULATION	INDIVIDUAL CONSIDERATION	CONTINGENT REWARDS	MBE	AUTHORITATIVE LEADERSHIP	LAISSEZ FAIRE LEADERSHIP
WORKING ENVIRONMENT	Pearson Correlation	1	.688**	.542**	.517**	.528**	.561**	.373**	.151	.397**
	Sig. (2-tailed)		.000	.000	.000	.000	.000	.000	.088	.000
	N	129	129	129	129	129	129	129	129	129
WORK LOAD	Pearson Correlation	.688**	1	.616**	.585**	.459**	.589**	.479**	.158	.343**
	Sig. (2-tailed)	.000		.000	.000	.000	.000	.000	.073	.000
	N	129	129	129	129	129	129	129	129	129
IDEALISED INFLUENCE	Pearson Correlation	.542**	.616**	1	.570**	.597**	.620**	.476**	.157	.448**
	Sig. (2-tailed)	.000	.000		.000	.000	.000	.000	.076	.000
	N	129	129	129	129	129	129	129	129	129
INTELLECTUAL SIMULATION	Pearson Correlation	.517**	.585**	.570**	1	.722**	.615**	.592**	.231**	.433**
	Sig. (2-tailed)	.000	.000	.000		.000	.000	.000	.008	.000
	N	129	129	129	129	129	129	129	129	129
INDIVIDUAL CONSIDERATION	Pearson Correlation	.528**	.459**	.597**	.722**	1	.784**	.609**	.220*	.494**
	Sig. (2-tailed)	.000	.000	.000	.000		.000	.000	.012	.000
	N	129	129	129	129	129	129	129	129	129
CONTINGENT REWARDS	Pearson Correlation	.561**	.589**	.620**	.615**	.784**	1	.605**	.281**	.586**
	Sig. (2-tailed)	.000	.000	.000	.000	.000		.000	.001	.000
	N	129	129	129	129	129	129	129	129	129
MBE	Pearson Correlation	.373**	.479**	.476**	.592**	.609**	.605**	1	.398**	.571**
	Sig. (2-tailed)	.000	.000	.000	.000	.000	.000		.000	.000
	N	129	129	129	129	129	129	129	129	129
AUTHORITATIVE LEADERSHIP	Pearson Correlation	.151	.158	.157	.231**	.220*	.281**	.398**	1	.384**
	Sig. (2-tailed)	.088	.073	.076	.008	.012	.001	.000		.000
	N	129	129	129	129	129	129	129	129	129
LAISSEZ FAIRE LEADERSHIP	Pearson Correlation	.397**	.343**	.448**	.433**	.494**	.586**	.571**	.384**	1
	Sig. (2-tailed)	.000	.000	.000	.000	.000	.000	.000	.000	
	N	129	129	129	129	129	129	129	129	129

** . Correlation is significant at the 0.01 level (2-tailed).
*. Correlation is significant at the 0.05 level (2-tailed).

Interpretation: As p<0.05 for all the variables. Therefore hull hypothesis is rejected and it can be stated that there is strong correlation between leadership styles and employee competence.

4.3 Regression Analysis
The observation and interpretation of regression analysis are as shown below:

4.3.1 Assumed hypothesis
H0: The leadership styles has no impact on employee competence development
H1: The leadership styles has impact on employee competence development

4.2.2 Observation & Interpretation

Table 4.3: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics					Durbin-Watson
					R Square Change	F Change	df1	df2	Sig. F Change	
1	.685	.463	.461	2.774	.463	55.645	2	126	.000	2.006

Interpretation: In this model, the value of Durbin Watson is 1.9< 2.0 Hence, the data is sufficient and acceptable for the research. Also in the above table R= .685, R Square= .469 and Adjusted R square= .461 which means that 46.1 variation in employee competence is caused due to perceived leadership styles.

Table 4.4: Anova

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	856.625	2	428.312	55.645	.000
	Residual	969.856	126	7.697		
	Total	1826.481	128			

Interpretation: The above anova table shows that overall significance of the model is at confidence interval. Since p value is 0.00 which is less than 0.005 so this, model is accepted as a good fit.

Table 4.4: Coefficients Table

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	4.747	1.044		4.549	.000
	TRANSFORMATIONAL LEADERSHIP	.583	.089	.599	6.581	.000
	TRANSACTIONAL LEADERSHIP	.096	.076	.115	1.269	.207

Interpretation: Interpretation: As beta value is found to be 47.4 % is clearly indicating the model has good predictive power

Employee Competence $= 4.747 + (0.583 \times$ Transformational leadership$) + (0.096 \times$ Transactional leadership$)$ (4.1)

5. FINDINGS

Overall, it can be concluded that surely, Leadership styles has an impact on the employees competence development and the Employees of IT Sector majorly answered that they feel their manager follows Transactional Style of Leadership in their team.

6. CONCLUSION

Among various leadership styles the transformational style of leadership has a great impact over the competence development of employees as employees feel more powered, motivated and confident in performing their task and in making decisions in their team. Whereas, in the case of transactional style of leadership, the leaders have the authority to take decisions in which employee's feel more inferior while performing their task or doing their jobs and making decisions in their team.\

Thus it can be stated that as in Transformational style of leadership employee have decision making power this makes the prior better than the transactional style of leadership.

Further on the study proves that the leadership style has an impact over employees competence development and also the respondents favored that their manager follows more of Transactional style of leadership in their organization.

7. SCOPE OF FUTURE RESEARCH:

Since the study was conducted only taking employees of few companies from the IT Sector, it could be conducted for larger set of IT organization and also at different branches of same organization. Alongside a similar study with a bigger sample size can be undertaken. A comparative study can also be undertaken across various sectors.

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