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A Comparative Study of Leadership Styles and Their Impact on Organizational Performance

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ABSTRACT:

Leadership plays a vital role in shaping an organization's culture, direction and overall performance. Different leadership styles have distinct impacts on employee engagement, satisfaction, innovation and adaptability. This research examines the relationship between transformational, transactional, laissez-faire, democratic, autocratic, charismatic and bureaucratic leadership styles and organizational performance. Using a quantitative methodology, data was collected from employees across twenty organizations through structured surveys. Statistical analyses, including correlation, regression and ANOVA, were performed to assess the influence of leadership styles on key performance indicators. Findings indicate that transformational, democratic and autocratic leadership styles have a positive association with organizational performance, while transactional, charismatic and bureaucratic styles are either negatively associated or show insignificant effects. The study highlights the importance of leadership style selection and adaptation in enhancing productivity and employee satisfaction. Recommendations emphasize fostering transformational practices and balanced democratic approaches while minimizing rigid or disengaging styles to achieve sustainable organizational success.

KEYWORDS: Leadership styles; transformational leadership; transactional leadership; laissez-faire; autocratic leadership; democratic leadership; organizational performance; employee engagement.

1. INTRODUCTION

A key component of any organization's survival and success, effective leadership shapes its overall direction, performance and culture. The wide range of leadership philosophies offers an exciting field for investigation, with every strategy having special qualities that can influence the organisational environment in different ways. This research uses a comparative approach to examine how different leadership philosophies affect the functioning of organizations. It is becoming more and more important for organizations to understand how different leadership philosophies help or impede performance results as they struggle with the complexity of today's fast-paced business climate. Through an examination of the subtle differences between transformational, transactional and laissez-faire leadership styles, this study seeks to clarify the intricacies of leadership relationships and how they impact important performance metrics. The study aims to provide nuanced insights that can guide leadership practices and strategic decision-



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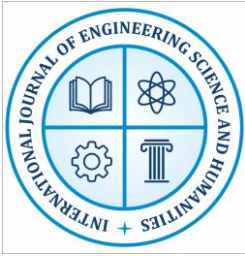
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making by combining quantitative and qualitative methodologies. This will help to foster a deeper understanding of the relationship between leadership styles and the overall performance landscape of organizations.

1.1 Leadership's Importance in an Organisational Setting

The article "Significance of Leadership in Organisational Context" emphasizes how important leadership is to the creation and maintenance of organisational success. Being a leader is more than just holding a position in a hierarchy; it's a dynamic force that influences an organization's overall performance, culture and direction. The importance of leadership in the organisational setting is highlighted by several important factors:

- **Employee Morale:** A leader's actions have a big influence on the general attitude, drive and contentment of workers in the company. A favorable work environment, a sense of purpose and confidence are all fostered by effective leaders. On the other hand, low morale, disengagement and higher turnover can be caused by ineffective leadership.
- **Productivity:** An organization's productivity is directly impacted by its leaders. Leaders may increase employee engagement and productivity through smart decision-making, effective communication and the development of an inspiring work environment. More efficacy and efficiency are a result of having the capacity to remove barriers, supply resources and set clear expectations.
- **Innovation:** A company's ability to innovate is also influenced by its leadership styles. For instance, transformational leaders frequently promote risk-taking, inventiveness and an emphasis on long-term objectives, creating an atmosphere that is favorable to innovation. Organisational innovation, however, can be hampered by leadership philosophies that suppress initiative or disapprove of novel concepts.
- **Adaptation to Change:** The ability to adjust is essential for an organization to survive in the quickly evolving business environment of today. Good leaders provide a clear vision, encourage collaboration and foster a resilient culture to help their staff navigate change. An organization's capacity to manage uncertainty and seize opportunities is aided by adaptable and change-responsive leadership styles.
- **Employee Engagement:** A key component of organisational success, employee engagement is directly impacted by leadership. Employees that are engaged are more likely to perform at a higher level, be more dedicated to their work and enhance the culture of the company. Higher levels of engagement are fostered by leadership philosophies that place a priority on staff development, communication and appreciation.



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1.2 Employee Contentment and Engagement

Important indicators of an organization's general health and efficacy are employee satisfaction and engagement. In order to influence these crucial results and shape the work environment, leadership is essential.

❖ Staff Involvement

Definition: The emotional connection and dedication that workers have to their jobs, coworkers and the company as a whole is known as employee engagement. Employees that are engaged are more likely to be motivated, make extra effort and favourably impact the objectives of the company.

Leadership Styles' Effects

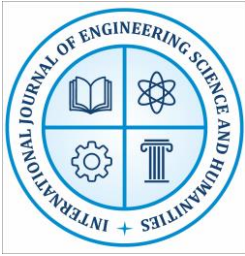
- Transformational Leadership: By cultivating a feeling of purpose and a common goal, transformational leaders inspire and encourage their workforce. Their inspiring and imaginative leadership style frequently results in increased employee engagement since it makes workers feel like they are part of a bigger purpose.
- Transactional Leadership: Transactional leaders prioritise assignments, incentives and outcomes. As they tend to be more transactional and task-oriented, this style may not always foster deep emotional connection, even though they can motivate through clear expectations and rewards.
- Laissez-Faire Leadership: Because it entails less guidance and assistance, a laissez-faire approach may lead to a decrease in employee engagement. Employees may feel unmotivated and disengaged in the absence of clear direction.

❖ Employee Contentment

Definition: The general contentment and fulfilment that employees feel in their roles is related to employee satisfaction. Employee satisfaction increases an organization's chances of retaining talent, increasing productivity and improving the work environment.

Leadership Styles' Effects

- Transformational Leadership: Transformative leaders frequently place a high value on candid communication, staff growth and a supportive workplace environment. Because they feel appreciated and supported in their professional development, these elements help to increase job satisfaction among employees.
- Transactional Leadership: Those who seek a more defined and predictable work environment may find that transactional leaders offer structure and clear expectations, which can enhance job satisfaction. However, depending on the kind of consequences and incentives received, contentment could differ.



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- Laissez-Faire Leadership: Depending on personal preferences for autonomy, job happiness in a laissez-faire environment may vary. While some workers value being able to work on their own, others could feel unsupported and unguided, which lowers happiness.

2. REVIEW OF LITREATURE

Avolio and Bass (2004) provide a thorough analysis of leadership philosophies using the Multifactor Leadership Questionnaire (MLQ). This handbook provides insightful information about the creation and use of the MLQ, a popular instrument for evaluating transactional, laissez-faire and transformational leadership styles. The third edition offers scholars and professionals who are interested in identifying and assessing leadership styles a strong foundation.

Bass's (1985) The work explores the nuances of leadership and presents the idea of transformative leadership. The book examines how extraordinary leaders inspire followers to attain outstanding performance results by going above and beyond simple expectations. This important study, which continues to be a mainstay in leadership literature, establishes the foundation for comprehending the transforming effect of leadership on organisational performance.

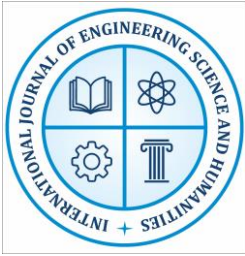
Yukl's (2013) This text provides a balanced combination of research findings and useful insights, providing a thorough analysis of leadership theories and practices. The eighth edition examines different leadership philosophies and how they affect the efficiency of organizations. Yukl explores the dynamic nature of leadership and offers a modern viewpoint on decision-making, leadership difficulties and the function of leaders in accomplishing organisational objectives.

Podsakoff et al.'s (1990) A keystone in the investigation of transformative leadership behaviors and their effect on followers is seminal work. The study looks into the connections between organisational citizenship behaviors, follower satisfaction, trust and transformational leadership. Notably, the study offers factual proof of transformational leadership's beneficial effects on important organisational outcomes. It makes a significant contribution to our knowledge of the dynamics of transformational leadership by highlighting the importance of satisfaction and trust as mediators for organisational citizenship behaviors.

Northouse's (2018) An extensive textbook that offers a thorough examination of numerous leadership theories and practices is a commonly used resource. A fair synopsis of leadership ideas, including transformational leadership, is provided in the eighth edition. The book is well recognized for being understandable and straightforward, which makes it a vital tool for practitioners, academics and students who want to learn about leadership theories in general and how to put them into practice.

3. RESEARCH METHODOLOGY

This study has utilized a quantitative procedure to address the exploration point. There are three various types of exploration draws near: subjective, quantitative and blended. The quantitative method is commonly utilized when a review's goal is to decide the connection between factors. To



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learn the relationship between the free factor of leadership styles and the reliant variable of organizational achievement, this study utilizes a quantitative method.

3.1 Sampling and Data Collection

The manner in which respondents saw their association's performance according to their rivals was utilized to gauge organizational performance. Twenty haphazardly picked associations' workers were the subjects of the review. The polls for the overviews were utilized to get the information. The bank specialists conceded every one of the vital approvals to complete the study. Following each step of the cycle, respondents were given surveys to finish. The recurrence performance of the respondents was separated into five levels: "never," "little," "incidentally," "frequently," and "consistently" on a five-point Likert scale.

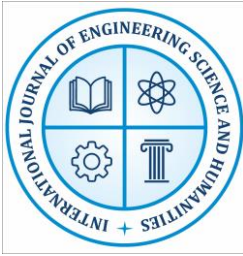
3.2 Data Analysis

Cronbach's Alpha unwavering quality coefficient was utilized to measure the information's trustworthiness.

For alluring leadership, regulatory leadership, groundbreaking leadership, conditional leadership, popularity-based leadership and absolutist leadership, the comparing Cronbach's alpha coefficient values were 0.813, 0.780, 0.087, 0.790, 0.753 and 0.650. The organizational performance scale was utilized to measure what the different leadership philosophies meant for the representatives' performances. The scale stands out the banks' performance from that of their adversaries. Thing examination was utilized to evaluate the scale's validity and unwavering quality; the outcomes showed a dependability alpha score of 0.76, which is viewed as genuinely reliable.

4. RESULTS AND DISCUSSION

The principal ends drawn from the auxiliary exploration have been shrouded in this part of the review. The table's outcomes exhibit that the picked leadership aspects and organizational performance have both a positive and a negative relationship. It was found that there was a negative relationship between's the organizational performance and conditional, magnetic and regulatory leadership styles ($r = -0.174, -0.432, -0.292$; $P < 0.001$), individually. This exhibits that these leadership philosophies don't energize high turnover expectation or further develop representative performance. Attributes like alluring and regulatory leadership function admirably for present moment or limited scope projects, however with regards to the long run and prospects for the future, these kinds of leadership are hindering in light of the fact that they don't cultivate worker advancement, which keeps representatives from performing to the necessary level. In any case, there is a decent connection between's the organizational performance and the vote based, groundbreaking and imperious leadership styles ($r = 0.156, 0.265, 0.064$; $P < 0.001$), separately. This recommends that these three leadership philosophies urge laborers to execute all the more actually and to the normal principles. Cultivating these leadership philosophies inside the companies is crucial.



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The table that is provided gives data on the elements inside the organizational climate by showing implies, standard deviations and connection coefficients among various factors. A mean of 31.25 and a standard deviation of 2.822 address organizational performance, which is characteristic of a nearly steady performance level. With a mean of 4.263 and a standard deviation of 2.514, conditional leadership has a moderate degree of fluctuation. The connections show a positive relationship between conditional leadership and organizational performance ($r = 0.251$), demonstrating that there is a penchant for organizational performance to improve as value-based leadership develops. In any case, since this affiliation isn't measurably huge, judiciousness is encouraged.

With a mean of 4.582 and a standard deviation of 1.582, groundbreaking leadership has similarly less fluctuation. Eminently, organizational performance and groundbreaking leadership are decidedly and genuinely fundamentally connected ($r = 0.362$, $p < 0.05$), recommending that higher groundbreaking leadership levels are connected to better organizational performance. With a mean of 3.555 and a standard deviation of 2.625, imperious leadership shows a level of inconstancy. It shows a negative association ($r = -0.321$, $p < 0.05$) with organizational performance, proposing that more despotic leadership levels could be connected to less fortunate organizational achievement. Popularity based leadership shows critical fluctuation, with a mean of 5.692 and a standard deviation of 7.141. A potential connection between worked on organizational performance and vote based leadership is shown by the positive relationship ($r = 0.362$, $p < 0.05$) with organizational performance. The moderate fluctuation of charming leadership is demonstrated by a mean score of 4.892 and a standard deviation of 2.362. In any case, the measurable meaning of the connection between magnetic leadership and organizational achievement is problematic ($r = -0.125$), proposing that charming leadership may not apply a significant impact on performance in this specific circumstance. With a mean of 3.582 and a standard deviation of 1.825, regulatory leadership has a moderate level of inconstancy. Higher levels of administrative leadership might be related with more terrible organizational performance, as recommended by the negative association between regulatory leadership and organizational performance ($r = -0.361$, $p < 0.05$).

4.1 Hypothesis Testing

H0: The performance of an organization is significantly impacted by the aspects of leadership style.

The model statistics give information on the fit and functionality of the regression model. The values of R, R-Square, Adjusted R-Square, Standard Error of the Estimate and Durbin-Watson offer important insights into the residuals' potential for autocorrelation, goodness of fit and explanatory power. A moderately positive linear relationship between the independent and dependent variables is shown by the correlation coefficient (R) of 0.512. The R-Square score of



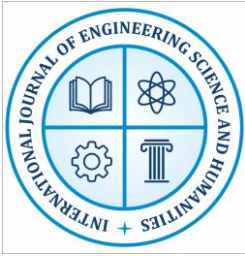
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1.321 indicates that around 51.2% of the variability in the dependent variable can be explained by the independent variable. A score of 1.321 for the R-Square, which measures the percentage of variation in the dependent variable that can be predicted from the independent variable, points to the possibility of a problem like multicollinearity or overfitting. With respect to the number of predictors in the model, the Adjusted R-Square is 1.825. Even though this value is greater than the R-Square, it must still be understood in relation to the particular model and dataset. It offers a more cautious approximation of the explanatory capacity of the model. The average divergence of the observed values from the projected values is represented by the Standard Error of the Estimate, which has a value of 2.56361. A better fit is indicated by lower values, which imply that the model's predictions are, on average, more accurate than the actual values. With a value of 2.132, the Durbin-Watson statistic is frequently used to identify autocorrelation in the residuals. A value that is near to 2 indicates that the autocorrelation is not substantial. However, depending on the particular context of the analysis and the type of data, interpretations may differ.

Important information about the relationship between the predictor variables and the response variable is revealed by the analysis of variance (ANOVA) findings for the specified model. The sum of squares for the regression model, which looks at the predictors' overall impact, is 41.362 and is spread over 6 degrees of freedom. It is computed that the mean square, a measure of the average variance explained by the model, is 6.151. The ratio of explained variance to unexplained variance is shown by the F-statistic, which is at 3.251. It also functions as a test statistic to determine the regression model's overall significance. It is essential to ascertain the related significance level, represented as "0.62a," in order to ascertain the statistical significance of the observed F-statistic. Although the significance level of 0.62a suggests that the relationship may not be strong enough to reach conventional levels of statistical significance, the calculated F-statistic of 3.251 in this case suggests that there is some evidence to support the overall significance of the regression model. The residual sum of squares indicates the unexplained variance in the model; it is 120.362 over 62 degrees of freedom. This data, with the mean square for residuals at 3.125, is essential for comprehending how well the model reflects the variability in the data. A comprehensive analysis of these ANOVA results enables a nuanced comprehension of the overall fit of the model and the importance of the predictors in elucidating the response variable's variability.

Transactional leadership has an unstandardized coefficient of -1.251 among the predictor variables, with a standard error of 0.125. This results in a t-statistic of 2.362 and a non-significant p-value of 0.925. This implies that there is no statistically significant relationship between the transactional leadership style and the response variable. On the other hand, transformational leadership demonstrates a statistically significant positive correlation with the response variable, as indicated by its t-statistic of 4.152 ($p = 0.822$), unstandardized coefficient of 1.325 and standard



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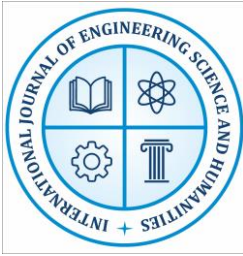
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error of 0.525. Positive correlations have also been found between autocratic and democratic leadership philosophies, with corresponding t-statistics of 3.999 and 4.695 and unstandardized coefficients of 0.082 and 0.001, respectively. Nonetheless, democratic leadership is getting close to significance ($p = 0.822$), whereas autocratic leadership is statistically significant ($p = 0.725$). On the other hand, there are bad relationships between charismatic and bureaucratic leadership styles. The unstandardized coefficient for charismatic leadership is -0.412, the standard error is 0.182, the t-statistic is 2.141 and the p-value is 0.052, which is close to but not quite at the conventional levels of significance. Bureaucratic leadership also fails to reach statistical significance ($p = 0.191$) with an unstandardized coefficient of -0.512, standard error of 0.421 and t-statistic of 2.361. Together, these results shed light on the various effects of distinct leadership philosophies on the response variable, emphasising the importance of transformational, autocratic and democratic philosophies while pointing to possible patterns with charismatic and bureaucratic philosophies that call for additional research.

The outcomes demonstrate how well leadership philosophies influence how well an organization performs. As a result, the hypothesis was verified through testing. The results of this investigation are consistent with those of earlier The literature review states that transformational leadership facilitates the development of a value system and gives workers a chance to advance their careers. Democratic leadership fosters innovation and enhances workers' capacity for making decisions. According to the survey, an autocratic leader requires all subordinates to work for him or her and this is advantageous to the company. Conversely, it was discovered that the bureaucratic and charismatic leadership philosophies had a detrimental effect on the performance of the organisation, which is consistent with the findings presented in the literature review. The survey results are at odds with the literature review, which contends that transactional leadership also improves organisational performance. Future research in this area can be conducted by accumulating more data.

5. CONCLUSION:

The study confirms that leadership style significantly influences organizational outcomes. Transformational leadership emerged as the most impactful, promoting innovation, engagement and performance. Democratic and autocratic approaches also showed positive contributions, with democratic styles supporting collaboration and inclusivity and autocratic styles providing clarity and decisiveness in structured settings. However, charismatic and bureaucratic leadership styles demonstrated negative or weak associations with organizational success and transactional leadership did not yield significant results, suggesting limitations when focusing solely on rewards and penalties. These findings align with much of the established literature while also offering insights specific to the sampled organizations. Leaders and HR practitioners should therefore focus on developing transformational and democratic behaviors, invest in leadership training and adapt



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strategies to suit evolving organizational needs. Future studies could explore larger samples, sectoral differences and mixed-method approaches to deepen the understanding of leadership's role in achieving competitive advantage.

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