

EFFECTIVE LEADERSHIP AND EMPLOYEE PERFORMANCE DURING ORGANIZATIONAL CHANGE

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Abstract

Today Change is an inevitable for any organisation in the light of competitive, technological and demographic forces. Changes are increasing in the common areas such as structure, mission, strategy, policies, culture, climate and job responsibilities. Change is compulsively present in every aspect of life. In an organisation, it manifests itself in various forms - technological, strategic, process, product, quality improvement, design and human factor changes. Change is always painful, but without change there is no growth and without growth no development. Thus, Change becomes a necessity for survival. Organisations cannot stop the world from changing, the best they can do is to adapt it. One of the major challenges organizations are facing today is managing change. Change management includes the implementation of a planned strategy in the organization. Change management primarily deals with the human aspect therefore it is purely related to human psychology. For effective change, management should contain all the aspect of the organization. But, the central part of change management is human resource management problems. While organization is bringing the change in the organization then employees resist those because of fear so employees issue in the main concern. The management of change is now commonly viewed as a complex and difficult area which requires a specific attention and study. The enthralling, yet contentious concept of organizational change and undoubtedly change management emerges a most concern for business and academician in recent years.

Employees' feelings turn to anxiety, stress and lack of confidence as there is any change going on in the organization in the form of restructuring, downsizing or right. Although there is acknowledgment that changes are just a progression and people need to move in that direction, it is still unlikely to accept those changes. When change begins to occur, leaders can motivate the employees and lead the team towards new horizon, provided the new path with their vital values. Through this, the employees' liability and the organization moves are fuelled by energy prices and increase their performance.

Keywords- Leader, Change, Performance

Introduction-

Emergence of internet made easier to communication anytime throughout world this makes a competitive environment. With this changing environment in all part of world making a force to make a existence in the market. For sustaining in the market marketer have to focus on quality product, and cost which make a innovative and unique presence of the owner in this rapid changing competitive environment.

Effective leadership is one of the best practices for any organization to make their presence in this changing competitive world. Basically leaders are that who knows the ways, goes the ways and shows the way to their followers or employees. Leaders take the all responsibilities of the organization and they put all their effort for gaining good results from any opportunities. Leaders always work with the objective of the organization. Apart from this a good leader has a power of motivating and encouraging their employees to give their maximum input which increased the performance of the organization. Leaders motive their employees by giving appreciation, good work culture, generous employees benefit, providing them health insurance, leaves and different types of compensation.

Leaders only can remove the insecurity related to any type of changes and create a trust on employees so that employees create positive attitude and work for the organization. Leaders have power to control the direction of organization and motivate the employees for organization greater height.

Literature Review-

Organizational Changes

As Per (Nicolaidis, 2007) “organizational change is a progressive and constant process rather than an interruption to business equilibrium “change needs to be steady in organization as it adheres more intricacy and occurs more rapidly in larger extent. Organizational changes provide a notable episode around which shared values, beliefs and meanings that are constructed, destructed, and tailored”(Nicolaidis, 2007). (Kassim et al., 2010) stated that “Change is been affected by the nature of organisation. Change is defined as a sequence of events of how development and modification unfold”. “Organizational change explains extensive changes such as reshuffle operation as in selfmanaged team, layoff, and modification in technologies, rightsizing and major collaborations”.

Laura (2007) elaborates that “the change not only influences the products and services, rather it also the organization as a whole such as continuous updation of equipments, retraining of employees, mergers and acquisition”. Nicolaidis (2007) stated that “organizational change is bringing the new course of actions, beliefs and attitudes among considerable fragment of a population because of obstacles and opportunities that comes from the internal and the external environment”. According to Ye, Marinova, & Singh (2007) “for modern business organizations, change is very important because it helps them to stay alive with budding market demands and to stay competitive”. “Implementation of strategic change is a dual sword as it simultaneously generates expected performance gain and unexpected performance loss” (Ye et al., 2007). “Organizational change is frequently considered as necessary source to ensure that organizational strategies prolong to be feasible” (Maya, 2009). “At present organizational changes are becoming common in the workplace and embrace opportunities for growth and development as well as the potential for substantial gain and losses” (Ye et al., 2007). “Change can be defined as initiative event which will stimulate an estimation process of Attitudes, Perception, Opinions and Emotions”

(Isabella 1992).

“In order to prolong growth, competition and survive in external and internal environments of business, Organization has to introduce change” (Liu, 2010). “Implementation of change in an organization enforces to alter people how they relate to one another” (Mowat, 2002).

According to Nelissen et al (2008), “the key objective of implementing the organizational change is to ensure that there is augmentation of buyer-friendly services and to expand cooperation between the departments. The objectives & result of the change will occur normally and can be informed to employees with the help of also team meetings, newsletter and intranets”.

“Change is a very exclusive process in every organization. It depends on the diverse work culture of the organization, nature, values, management, business and leadership style”.According to Zabid and Sambasivan (2003) “Change may bring contentment, pleasure and advantages to some of the organization” .The force of organization change will persuade the performance of worker, the task performance and the perception. Mostly, employees create a perception of jobs based on the role that they have to perform” According to Beard (1991).

According to Madsen (2003), “a growing organization is the one that constantly and without fail rise and meet the challenge. If the organization implements the changes efficiently, these changes can help employees to improve their job performance”. “The development and the

fortitude of the organization depend on how successful the change policy is being implemented. Constructive implementation of these changes depends on the work performed by the employees” (Dahlberg, 2007).

Armenakis and Bedeian (1999) “illustrates that organization require to prolong change their strategic direction, structures and staffing levels in thrive to stay competitive in this demanding business environment. In addition, organizational changes will maximise the employee’s work attitude such as job satisfaction and productivity”. According to Govindarajulu and Bonnie (2004), “organizational change will also bring the payback together with development of skilled supervisors and employees, liability and public image, improvements in economic status, increased overall company performance and developing competitiveness”.

“Implementation of the changes tends to focus more on the optimistic changes in work content that is the result through the intrusion” (Roger and James, 1988). “The positive changes increases

the variety of the task; employee’s contribution can receive greater recognition as well as increasing the performance feedback, can provide more meaningful patterns of tasks, greater employee control over the production process” (Roger et al., 1988).

According to Terry and Jimmieson, (2003) “Uncertainty and stress among employees is the result of organisational change. When any organization is facing changes, it will bring upon the

stress, employee’s anxiety and insecurity will result in low employee’s productivity, poor performance, dissatisfaction and poor commitment toward organization”.

“Downsizing and redundancy are the outcomes of organisational change” (Worall, Parkes and Cary, 2004). “The failure of designed organizational change also depends upon many factors,

which are more vital to employee’s attitude towards the change event” (Jones, Jimmieson and Griffiths, 2005).

Likert (1961) has explained that supportive environment is much favourable to change because employees functioning in such organizations consider that their personal significance and importance is maintained.

Leadership

Locke (2005) stated that Leadership styles develop on the basis of training and development provided to employees according to the requirement. According to Howell et al., (1989) depicts that training and development are designed according to the requirement of various patterns of leadership. There are many theories which show that leaders significantly influence and motivate employees for change. Each and every leadership style is having different and unique characteristics which differentiate them from each other.

Leadership is basically a leaders’ quality for directing and motivating the employees for the achieving organizational objective. That why leader plays very crucial role for creating organization’s vision, as well as encouraging the employees to develop self confidence with reference to organizational profitability and making harmonious relationship with better coordination and communication of employees and management. Further there are various factors contributing in organization to make employees more goal orientated which finally reflect in to employees’ behaviour and action (Stogdill, 1974).

According to Wang et al. (2005) Leadership is having great impact on the performance of workers, supervisor and whole organization as well. Various leadership styles are meant for boosting the moral of employees for achieving organizational objective. Individual who perform various roles of leaders at a certain time love to do high level of performance which make organization more effective and efficient? Moreover leader is a person who helps the

organization for developing the whole organization in a longer period of time. Leadership is having various orientations related to ethics, vision, skills and working style etc (Wahab et al, 2011).

The basic issue that a leader faces includes how to increase the team effort and develop values in the followers thinking according to organizational mission and clients' ethics. Besides, employees have to link ethics with their job behaviours (Perry et al., 2009). Trends showed that the due to change in the organization leadership style also change to cope up and protect the employees' performance. According to Walumbwa et al. (2008) suggested that due to change in the leadership style employees' performance also change. The studies shows that leader who manages the employees under the uncertainty would directly affect the employees performance because leaders shows the potential to do and tackle any problem and increase efficiency and give effective results.

Leadership is an ability to influence the employees' behaviour, such as productivity, job performance and job satisfaction for attaining the level of job involvement and dedication towards organization. Thus, leader is a person who can direct the individual, process and their followers towards the better and right direction for gaining better result for the organization (Politis, 2006). Mostly employees perceive as a good leader if leader is able to communicate the points in clear timely and accurate with employees so that employees can enhance their potential under the supervision of the leader (Skansi, 2000).

According to Yukl (1989) the performance of organization will definitely increase if the employees agree to share their potential and coordinate in work with the group member. The leader has the power to motivate the employees with reward and punishment leader can change the attitude of employees towards organizational performance. According to Webb (2007) employees those are not performing good leader can encourage, support and motivate them so that they can do their task in better way and improve their efficiency. Apart from this leaders can also give reward to the employees so that they feel important and give their maximum effort to attain the organizational objective.

Wright and Pandey (2008) found that with clarity and understanding of organizational mission employees' mission will also increase. Thus, it is very clear that transformational leadership concept works on clarity in communicating the changes so that leader can guide direct and encourage the employees for attaining organisational objective. Transactional leader refers to the behaviours that always dedicated to give proper guidance and support to their followers with reward and compensation. Encouragement, support and work towards the attainment of goals are main focus for the leader and also to provide a team reward system toward the accomplishment of tasks and also to increase employee motivation levels so that it can directly increase production and productivity.

If employees are having a good and cordial relationship with leaders will lead in to higher performance and greater job satisfaction than those are not having good relationship with leaders. It shows that support from seniors is required at the workplace. If leader and employees is having good relationship, then employee contribution would be maximum towards the organization, it shows the strength of relationship at workplace Erdogan et al., (2007).

An aggressive leader sometimes creates conflict among workers regarding their performance and organizational performance. As a result of this relationship also helps in recognize a fair and equal treatment that has significant and wide influence on employees' performance, and the encouragement of the supervisor also helps employees to built a good and progressive future (Borstorff et al., 2007).

Leaders' are having power to influence the change attitude and behaviour of employees towards the job satisfaction. Leader analyse the day to day problem of employees and try to

solve those problem very quickly. For gaining detailed information about employees, leader go for formal group meeting which involves the small group of people and discuss the work related and personal issues with leaders. This type of meeting gives an inside about, employees problems faced during the change. Leaders give suggestion to their employees for solving the problem of employees (Niehoff et al., 1993). A leader can help to employees' to coping with stressful environment (Barak et al., 2001).

Leader should be developed by an organization to construct organization effective in which employees feel relaxing and keen to retain in organization (Freyermuth, 2007). Leader who empowers employees can improve employees' commitment and retention through various training, mentoring and other successful strategy. Leaders can improve the performance of employees and also explore the hidden ability of employees through giving training and opportunity to the employees. This training improves performance and built positive behavior (Otis et al., 2005).

Leader can identify the satisfaction level and the performance of employees' for supporting organization in gaining competitive advantages. According to Uhl-Bien et al. (2000) suggested that poor relationship between leader and employees gives negative results in to organization and employees performance.

Employees' Performance

Nowadays, most of the companies will facing contemporary challenges and require put more attention on enhancing employees' performance (Gruman & Saks, 2010). Therefore, company need to concern on recent trends in the organizational in order can create workers knowledge to facilitate in the desired advanced economies. Hence, to engage in effective performance, management needs to allow employees to have more authority to design their job and roles. Thus, at the end, employees will discover their job more fit between employees' skills, needs and values. Furthermore, organizational policies and daily practices need to interact well to builds prior standard in employees' performance (Gruman & Saks, 2010).

According to Siddiqi and Sahaf (2009) found that Customer Orientation of Service Employees (COSE) exerts the direct impact on various employee outcomes as well as organization performance such as job satisfaction, employee service effort and commitment. The most powerful employee service effort will lead to higher employee motivation (Mohr and Bitner, 1995) as cited in (Siddiqi et al., 2009). Furthermore, the reasonable job satisfaction will increase the on the spot decision and also benefit to the customer by avoiding delay serving customers while need to wait management permission (Heskett, 1987) as cited in (Siddiqi et al., 2009).

Data Analysis

Preliminary Analysis

Factors and Items	Eigen value	Cronbach's Alpha	% of variance Explained	Factor Loading
LEADERSHIP	1.331	0.910	3.679	
My manager always sets a challenging goal for the organization based on current objectives.				0.697
My manager provides precise instructions to me about the work to be done.				0.621
I am encouraged to work out my jobs or tasks creatively.				0.742
I am motivated by my manager to accomplish my work in solving work-related problems.				0.811
My manager always provides supportive guidance and assistance for better performance.				0.799

For factor Leadership Eigen value is 1.331 which is more than one hence it shows that this factor is significant and Percentage of variance explained is 3.679. Now for this factor Internal Consistency Cronbach's Alpha value is 0.910 which is more than 0.7, it shows that internal consistency very high and scale is reliable. Factor loading of each items of Leadership are 0.697, 0.621, 0.742, 0.811 and 0.799 which greater than 0.30. It means all the items of Leadership are significant.

Table : Averages and Standard Deviations for “Leadership” Items

Items	N	Mean	Std. Deviation
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My manager always sets a challenging goal for the organization based on current objectives.	128	3.43	1.151
My manager provides precise instructions to me about the work to be done.	128	3.40	1.098
I am encouraged to work out my jobs or tasks creatively.	128	3.63	1.113
I am motivated by my manager to accomplish my work in solving work-related problems.	128	3.65	1.101
My manager always provides supportive guidance and assistance for better performance.	128	3.73	1.115

As Seen from the table, mean value for item “My manager always sets a challenging goal for the organization based on current objectives” is 3.43, which is more than neutral. Mean value for item “My manager provides precise instructions to me about the work to be done” 3.40, which is also more than neutral. Mean value for “I am encouraged to work out my jobs or tasks creatively” is 3.63, inclined towards maximum scale value (5). Mean value for “I am motivated by my manager to accomplish my work in solving work-related problems” is 3.65 and mean value for item “My manager always provides supportive guidance and assistance for better performance” is 3.73.

Leadership

H₀₁: There is a no significant relationship between Leadership and Employees’ Performance.

Table : Correlation between Leadership and Employee Performance

		Correlations	
		Leadership	Employees’ Performance
Leadership	Pearson Correlation	1	.646**
	Sig. (1-tailed)		.000
	N	128	128
Employees’ Performance	Pearson Correlation	.646**	1
	Sig. (1-tailed)	.000	
	N	128	128

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

Table shows that the significant p-value is 0.000 which is less than the significant level of 0.01, ($p < 0.01$) Therefore H_{01} is rejected. So result shows that there is significant relationship between leadership and employees’ Performance.

The analysis shows that Person Correlation (r-value) is 0.646, 64.6%, show that Independent variable (leadership) is able to create changes in Dependent Variable (employees’ Performance) up to an extent of 64.6%. Therefore, when the leadership increased it will positively influence in employees, behaviour. The value of this correlation coefficient 0.646 is fall under coefficient range from ± 0.41 to ± 0.70 . Thus, it shows the relationship between leadership and employee Performance is moderate.

Table Beta Coefficients^{a,b}

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	3.274	1.057		3.098	.002
	Leadership	.323	.086	.209	3.759	.000

A positive significant influence on employees' behaviour has also been observed for the variable Leadership. Result is significant at 5% significance level ($t=3.759$, $p=0.000$, $b_5=0.323$). Every one unit increase in leadership will have positive incremental effect by 0.323 on employees' Performance.

Results and Discussions-

Relationship between Leadership and employees' Performance

Leadership from the point of view of bonding or psychological link between the leaders with follower is able to influence the employees' behaviour as desirable. Researches reveal, the excellence of the relation is significant predictor of employees' behaviour, loyalty, contentment, performance, and eventually indicates the effectiveness of leadership.

Unethical employee behaviours are not rare in organization these days hence the study analyzes the professional as well as moral responsibility like an important predictor of the excellence in leadership relationship. In other words, leaders need to benchmark their own ethical standards first, at both personal and professional level and then to expect their employees to follow.

Leadership can transform employees' behaviour not only at individual level but also at organizational level. The desired employee performance at individual level is witnessed in the manner employees fulfil their routine tasks at workplace- and the way they shape their career progression ie - how employee set their career paths while in the same organization and when they switch to other organizations.

The effectiveness of leadership is analyzed and appreciated from the point of view of organizational performance and profitability. The organizational performance is measured through the KRAs aligned with strategic goals of the organization. Because the business performance is reflected in terms of the market share, it is imperative for the leaders must ponder over the correlation between leadership and employees' behaviour so that it can be shaped as desired to contribute maximum towards organizational profitability.

Employees' perceive that during change if they feel anxiety and stress which turns to negative behaviour but leaders of organizations provide them supportive guidance and support through which employees stay with positive behaviour.

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