

## A Study on the Influence of Leadership Styles and Competency on Performance in the Manufacturing Industry



### Management

KEYWORDS : Leadership styles, competency, fabric industry

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### ABSTRACT

*The major objective was to determine influence of leadership styles and competency on performance of fabric manufacturing Industries at Tirupur, Tamilnadu, India. Major leadership styles were considered for the study. The data were collected from 55 fabric manufacturing industries. A sample of 188 project leader/manager was considered purposely for the study. The study was descriptive and found that Democratic Leadership, laissez-faire Leadership, Transactional Leadership and Servant Leadership are significant and having positive effect on organizational performance, which reveals the employees freedom of work, little supervision and cordial relation with the leaders. Competency has a positive and significant influence on the organizational performance.*

### 2. INTRODUCTION:

Lee and Chuang (2009), explain that the excellent leader not only inspires subordinate's potential to enhance efficiency but also meets their requirements in the process of achieving organizational goals. Studies have suggested that effective leadership behaviours can facilitate the improvement of performance when organizations face these new challenges (McGrath and MacMillan, 2000; Teece, Pisano and Shuen, 1997). Mehra, Smith, Dixon and Robertson (2006) argue that when some organizations seek efficient ways to enable them outperform others, a longstanding approach is to focus on the effects of leadership. Team leaders are believed to play a pivotal role in shaping collective norms, helping teams cope with their environments, and coordinating collective action. This leader-centered perspective has provided valuable insights into the relationship between leadership and team performance (Guzzo and Dickson, 1996).

### 3. THEORETICAL CONCEPTS:

#### 1. Autocratic Leadership

Authoritarian leaders, also known as autocratic leaders, provide clear expectations for what needs to be done, when it should be done, and how it should be done. There is also a clear division between the leader and the followers. Authoritarian leaders make decisions independently with little or no input from the rest of the group.

#### 2. Democratic Leadership

Democratic leadership is generally the most effective leadership style. Democratic leaders offer guidance to group members, but they also participate in the group and allow input from other group members.

#### 3. Laissez-faire Leadership

Delegative leaders offer little or no guidance to group members and leave decision-making up to group members. While this style can be effective in situations where group members are highly qualified in an area of expertise, it often leads to poorly defined roles and a lack of motivation.

#### 4. Transactional Leadership

Transactional leadership, also known as managerial leadership, focuses on the role of supervision, organization and group performance.

#### 5. Transformational Leadership

Transformational leadership enhances the motivation, morale, and job performance of followers through a variety of mechanisms. These include connecting the follower's sense of identity and self to the project and the collective identity of the organization; being a role model for followers that inspires them and makes them interested; challenging followers to take greater ownership for their work, and understanding the strengths and weaknesses of followers, so the leader can align followers with

tasks that enhance their performance.

#### 6. Servant Leadership

Servant leadership is both a leadership philosophy and set of leadership practices. Traditional leadership generally involves the accumulation and exercise of power by one at the "top of the pyramid." By comparison, the servant-leader shares power puts the needs of others first and helps people develop and perform as highly as possible.

#### 7. Situational leadership

Situational leadership is that there is no single "best" style of leadership. Effective leadership is task-relevant, and the most successful leaders are those that adapt their leadership style to the maturity of the individual or group they are attempting to lead or influence. Effective leadership varies, not only with the person or group that is being influenced, but it also depends on the task, job or function that needs to be accomplished.

#### 8. Bureaucratic leadership

Bureaucratic leadership is leadership based upon fixed official duties under a hierarchy of authority, applying a system of rules for management and decision-making. This style of leadership can be advantageous in highly regulated lines of business, and it can be an efficient management style in companies that don't require much creativity or innovation from employees.

### LEADERSHIP COMPETENCY:

**Competence** (or **competency**) is the ability of an individual to do a job properly. A competency is a set of defined behaviors that provide a structured guide enabling the identification, evaluation and development of the behaviors in individual employees. The term "competence" first appeared in an article authored by R.W. White in 1959 as a concept for performance motivation. T.F. Gilbert (1978) who used the concept of competency with the relationship to performance improvement. Competencies provide organizations with a way to define in behavioral terms what it is that people need to do to produce the results that the organization desires, in a way that is in keep with its culture. By having competencies defined in the organization, it allows employees to know what they need to be productive. When properly defined, competencies, allows organizations to evaluate the extent to which behaviors employees are demonstrating and where they may be lacking. For competencies where employees are lacking, they can learn. This will allow organizations to know potentially what resources they may need to help the employee develop and learn those competencies

#### 1. Emotional Competency

**Emotional competence** refers to one's ability to express or release one's inner feelings (emotions). It implies an ease around others and determines one's ability to effectively and successfully lead and express. It is described as the essential social skills to

recognize, interpret, and respond constructively to emotions in yourself and others.

**2. Managerial Competency**

Managerial competencies (also known as coaching competencies) include technical competency, conceptual competency, and human competency. A good coach requires these competencies to coach a team successfully.

**3. Intellectual Competency**

Assessing the employees' ability to learn and how it occurs, the supervisor/leader develops a personalized employee Learning Plan. The employees' abilities, interests, expectations, learning styles, and their cognitive processes, determine their learning activities.

**4. METHODOLOGY**

**Research sample and data collection**

The study covered thirty seven randomly selected fabric manufacturing Industries at Tirupur, Tamilnadu. A structured questionnaire was used in gathering relevant data from the Project managers/leaders. 250 questionnaires were purposely distributed and 204 questionnaires were filled and returned by the respondents. After scrutinizing 188 questionnaires were used for further analysis. Regression and correlation analysis were carried out for statistical analysis. The study was conducted at a period of November 2013 to April 2014. The project leaders were selected based on their project duration,i.e the projects which were carried out between 6 months to three years.

**Table 1 –Leadership styles with mean and standard deviation**

Leadership styles	Characteristic	Mean	Standard Deviation
1.Autocratic Leadership	Leaders decision	3.92	0.851
	Dictating process	4.35	1.271
	Retaining power and authority	4.07	0.982
	Complete supervision and control	4.25	0.953
	Fallow one way communication	4.03	1.056
	Fallow structured set of reward and punishment	4.06	0.975
	Takes full credit of work by own	4.32	1.064
	No- participation of team member	3.89	0.939
2.Democratic Leadership	Keep communication open	3.95	0.967
	Focus on discussion	4.22	0.965
	Committed	4.64	0.958
	Respect others idea	4.49	1.006
	Participation of team member	4.33	0.993
3.laissez-faire Leadership	Like hands off approach	3.82	1.151
	Complete freedom to team members	4.21	0.944
	Decision making power with team member	4.36	0.958
	Problem solved by team member	4.12	1.043
4.Transaction Leadership	Providing definite and clear commands	3.99	0.947
	Monitoring subordinate	4.02	0.987
	More importance to motivation	3.98	0.965
	Decision making power with leader	4.32	0.966
	Leader brings solution for problems	4.17	0.939

5. Transformational Leadership	Importance to organization growth	3.65	0.860
	Creates vision and inculcate passion in team members	4.08	0.902
	Adaptable and flexible	4.71	1.096
	Lets the ego to get the best	4.19	1.024
	Believe in motivation and self management	4.47	0.926
6.Servent Leadership	Serving the team members with required resources and needs	4.16	0.979
	Building good community	4.18	1.022
	Importance to team members feeling and perspective	4.21	1.062
	Improve team member and org growth	4.04	0.947
	Building good corporate culture	4.35	0.992
7.Situational leadership	Empowerment to staffs	4.21	0.947
	Changing leadership traits according to situations	4.33	0.943
	More flexible/ adaptable	4.15	0.987
	Decision making power is with both leader and team member	4.51	1.009
8.Bureaucratic leadership	Expects more team member participation	3.53	1.199
	Strictly expects to adhere rules and responsibility	3.41	0.817
	Systematic and very disciplined	3.65	1.007
	Decision making power is with leader	4.02	0.947
	Strictly adhere to standards and procedure	3.93	0.894

The above table 1 shows the leadership styles, mean and standard deviation of the variables.

**Table 2- Leadership Competency**

Competency	Factors	Mean	Standard Deviation
1.Emotional Competency	Self awareness	4.316	1.284
	Emotional Resilience	4.255	0.888
	Motivation	3.857	0.832
	Sensitivity	3.819	0.914
	Conscientiousness	3.492	0.809
	Intuitiveness	4.309	0.923
2.Managerial Competency	Engaging communication	3.631	0.872
	Managing resource	4.148	0.864
	Empowering	4.304	0.983
	Developing	3.974	0.785
	Achieving	4.035	0.938
3. Intellectual Competency	Critical analysis& Judgement	3.536	0.868
	Vision & integration	3.796	0.928
	Strategic perspective	3.926	1.201

The above table 2 shows the leadership competence, mean and standard deviation of the variables.

**Table 3- Showing the relations of leadership style and organizational performance**

S. No	Leadership styles	1	2	3	4	5	6	7	8	9
1	Organisational Performance	1.000								
2	Autocratic Leadership	-.203*	1.000							
3	Democratic Leadership	0.340**	0.136	1.000						
4	laissez-faire Leadership	0.410**	0.310*	0.510*	1.000					
5	Transactional Leadership	-.279**	0.160**	0.216	0.177	1.000				
6	Transformational Leadership	0.690**	0.428*	0.258	0.270*	0.152	1.000			
7	Servant Leadership	0.258**	0.173	0.203	-.370*	-.278	0.326	1.000		
8	Situational leadership	0.318*	0.248*	0.351*	0.339*	0.264	0.193	0.216	1.000	
9	Bureaucratic leadership	-.490**	0.318*	0.276	0.302	0.151*	0.194	0.272	0.216	1.000

Note: \*\*P<.001 \* P<.05

The result in table 4 shows that leadership styles have both positive and negative relationship with organizational performance. Democratic Leadership, laissez-faire Leadership, servant Leadership, Transformational Leadership and Situational leadership have positive effect on the Organisational Performance and Autocratic Leadership Transactional Leadership and Bureaucratic leadership have negative effect on organizational performance. This implies that Autocratic, Transactional and Bureaucratic

Style of leadership does not encourage employees to perform as predictable. These styles of leadership may discourage the employees.

**Table 4-Model Summary<sup>b</sup>**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	0.801 <sup>a</sup>	0.641	0.625	0.484	2.094

a. Predictors: (Constant), Autocratic Leadership, Democratic Leadership, laissez-faire Leadership, Transactional Leadership, Transformational Leadership, Servant Leadership, Situational leadership, Bureaucratic leadership

**b. Dependent Variable: Organisational Performance**

**Table 5-ANOVA<sup>a</sup>**

Model 1	Sum of Squares	df	Mean Square	F	Sig.
Regression	75.104	8	9.388	39.993	0.000 <sup>b</sup>
Residual	42.018	179	0.235		
Total	117.122	187			

**a. Dependent Variable: Organisational Performance**

b. Predictors: (Constant), Autocratic Leadership, Democratic Leadership, laissez-faire Leadership, Transactional Leadership, Transformational Leadership, Servant Leadership, Situational leadership, Bureaucratic leadership

**Table 6-Coefficients<sup>a</sup>**

Model 1	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
Constant	4.403	0.468		9.411	0.000
Autocratic Leadership	.097	0.072	0.074	1.355	0.177
Democratic Leadership	-.051	0.044	-.077	-1.147	0.253

laissez-faire Leadership	.064	0.064	0.092	1.007	0.315
Transactional Leadership	.444	0.050	0.601	8.824	0.000
Transformational Leadership	-.140	0.088	-.166	-1.595	0.112
Servant Leadership	-.041	0.059	-.050	-.696	0.487
Situational leadership	-.319	0.072	-.365	-4.401	0.000
Bureaucratic leadership	-.172	-.069	-.163	-2.469	0.000

**a. Dependent Variable: Organisational Performance**

**Testing of hypothesis:**

**Ho: Leadership styles have no significant effect on the organizational performance.**

From the tables 4,5 and 6 result shows that leadership styles (Autocratic, Democratic, laissez-faire, Transactional, Transformational, Servant, Situational and Bureaucratic leadership) were jointly predicting the organizational performance {F (8, 179) = 39.993; R<sup>2</sup> = 0.64; P <.05}. These variables jointly explained 64% of the variance of organizational performance, while the remaining 36% could be due to the effect of unrelated variables.

Transformational Leadership ((β= -0.092; t = 1.007; P>0.05), situational leadership (β= -0.365; t = -4.401; P >0.05) and Bureaucratic leadership (β= -0.163; t = -2.469; P>0.05) are insignificant and having negative effect. Democratic Leadership, laissez-faire Leadership, Transactional Leadership and Servant Leadership are significant and having positive effect on organizational performance. The estimated regression equation is written as

Organisational Performance = 4.403 +.097(Autocratic Leadership) -.051(Democratic Leadership + .064(laissez-faire Leadership) + 0.444(Transactional Leadership) -.140(Transformational Leadership) -.041(Servant Leadership) -.319(Situational leadership) -.172(Bureaucratic leadership)

**Table 7- Showing the relations of leadership Competency and organizational performance**

S.No	Competency	1	2	3	4
1	Organisational Performance	1.000			
2	Emotional Competency	0.426*	1.000		
3	Managerial Competency	0.273**	0.265	1.000	
4	Intellectual Competency	0.570**	0.385*	0.438*	1.000

Note: \*\*P<.001 \* P<.05

The result in table 7 shows that leadership competency have both positive relationship with organizational performance. Emotional Competency, Managerial Competency and Intellectual Competency have jointly had an effect on Organisational Performance.

**Table 8-Model Summary<sup>b</sup>**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	0.635 <sup>a</sup>	0.403	0.425	0.414	1.420

- Predictors: (Constant), Emotional Competency, Managerial Competency, Intellectual Competency
- Dependent Variable: Organisational Performance

**Table 9-ANOVA<sup>a</sup>**

Model 1	Sum of Squares	df	Mean Square	F	Sig.
Regression	18.372	3	6.124	26.059	0.000 <sup>b</sup>
Residual	42.018	184	0.235		
Total	117.122	187			

- Dependent Variable: Organisational Performance
- Predictors: (Constant), Emotional Competency, Managerial Competency, Intellectual Competency

**Table 10-Coefficients<sup>a</sup>**

Model 1	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	4.221	.568		7.432	0.000
Emotional Competency	0.064	0.063	0.083	1.012	0.313
Managerial Competency	-.053	0.089	-.049	-.598	0.551
Intellectual Competency	-.096	0.072	-.099	-1.327	0.186

- Dependent Variable: Organisational Performance

#### Testing of hypothesis:

**H<sub>0</sub>: Leadership competency has no significant effect on the organizational performance.**

From the tables 8,9 and 10, result shows that leadership competence (Emotional Competency, Managerial Competency and Intellectual Competency) were jointly predicting the organiza-

tional performance { $F(3, 184) = 26.059$ ;  $R^2 = 0.40$ ;  $P < .05$ }. These variables jointly explained 40% of the variance of organizational performance, while the remaining 60% could be due to the effect of unrelated variables. Emotional Competency, Managerial Competency and Intellectual Competency are significantly influence the organizational performance. The estimated regression equation is written as Organisational Performance =  $4.221 + 0.064$  (Emotional Competency)  $-0.053$  (Managerial Competency)  $-0.096$ (Intellectual Competency)

#### 5. CONCLUSION

This study has investigated the effect of leadership style and Competency on organizational performance in fabric industries. The results of this study revealed that there is a strong relationship between leadership style, Competence and organizational performance. Based on the findings of this study, it can be concluded that leadership style has both positive and negative effect on organizational performance. The study found that Democratic Leadership, laissez-faire Leadership, Transactional Leadership and Servant Leadership are significant and having positive effect on organizational performance shows the employees freedom of work, little supervision and cordial relation with the leaders. Competency has a positive and significant influence on the organizational performance.

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