

Literature Review: Leadership and Other Variables

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Abstract—This is a literature review of the concept of leadership as it is used in literature and also how does it impact other variables. Many research databases had been referred for the same. Key words used: leadership, impact, performance, trust and satisfaction for the research work.

THOUSAND MILES OF JOURNEY OF ORGANISATION STARTS WITH THE LEADERSHIP

1. INTRODUCTION

Leadership can be considered as an important component in pace of organizational development. In the era of globalization, organizations faced so many radical changes and development. To handle all these circumstances organization need to adopt an effective leadership practices. As leader inspire their followers from time to time for adopting changes. Leadership provides a solution to the organizational problem by directing them how to overcome the obstacles that comes from external sources and competitors. In leadership, leader have a direct impact on follower's attitude and values. Leader skill (interpersonal skills, conceptual and technical skills) are helpful in promoting core ethics in the organization. Due to digitalization, there was a redundancy in the job which make the role of leader more significant in controlling the behavior of employees. Leadership is helpful in bringing organizational commitment and trust. In order to encounter the contemporary multidimensional and complex requirements, manager require to adopt necessary skills and competences.

2. LITERATURE REVIEW

2.1 LEADERSHIP

Leadership can be defined as an ability to inspire the behavior and attitude of the employees. Firestone (1996) says that Leadership acquire a specific position, as it is associated with special tasks and functions that plays an important role in achieving the efficiency and organizational development. According to Person and Clair (1998), leaders' ability to make decision and effectiveness is affected by two elements that is ambiguity and urgency. Veer (23) writes that leadership is that component which create a vision among the followers and strive them to achieve it.

2.2 LEADERSHIP STYLE

Vera and Crossan (2004) finds that no leadership style fit in all situation. Yukl (2002) argue there is no individual leadership style appropriate for all organization. Bass and Avoid (1997) developed a three major styles of leadership that is – Transformational leadership, Transactional and Passive-Avoidant. According to them "TL is a process of influencing in which leaders change their associates" and Transactional leadership defines as "Display the behavior associated with constructive and corrective transactions", Passive-Avoidant Leaders "Avoid specifying agreements, clarifying expectation and providing goals and standards to be achieved by followers.

2.3 LEADERSHIP APPROACH

(Northouse, 2013) A wide range of leadership Approach was found that is Situational Leadership Approach. (Hersey and Blanchard, 1988) explain that Transformational Leadership is a process in which Leader change their followers and emphasis on achieving values and goals of individual as well as organizations. Tracey and Hinkin (1998) found four I's of Transformational Leadership are-Inspirational, Idealized influence, Individized consideration and Intellectual stimulation. Northouse (2013) suggest that Authentic Leadership approach refers to the authenticity of leaders.

2.4 LEADERSHIP AND OTHER VARIABLES

2.4.1 ORGANISATIONAL COMMITMENT

Organizational Commitment refer to the level of intention of an employee to being attached with a particular organization and strong willingness to give their maximum level of output in achieving organizational goal (Mowday, porter and steers, 1982:27). Luthans (1992:27) indicating Organizational commitment is an ongoing process .it is way by which participants express their concern and loyalty towards the organization. Level of Organizational Commitment mainly affected by organization culture.

2.4.2 LEARNING ORGANISATION

Learning Organization refer to the process in which employee continuously upgrade their knowledge, skills, ability in order achieve the organizational goal (Dunst & Watson, 2010, p.3).

“A learning Organization consists of employees who are continuously enhancing their capacity to learn in the corporate culture” (Huber, 1991; Popper & Lipshits, 2000). Peter Senge (1990) identifies five characteristics of learning organization: System Thinking, Personal Mastery, Mental Models, Shared Vision, team building. Chang and Lee (2007) have proven by using FRL model that both transactional and TL style both are positively associated with organization learning. Nont (2012) studied behind leadership styles and financial performance of market agencies, Learning Organization act as a linking pin between them.

2.4.3 INNOVATION

According to Rogers (2003) innovativeness means to do something. Different types of innovation described by Elci (2006:3) such as service innovation, product innovation, organizational innovation, marketing innovation. Madjar and et al. (2002) says that if leader's brings openness in their communication, provide meaningful support and encouragement to their subordinate then it will definitely improve the heights of creativity level of the employees.

2.4.4 BUSINESS PERFORMANCE

Performance refers what the employees do in doing their tasks and how much in a best possible manner. A major role played by employee's performance in achieving organization's success (Benligiray, 2004:141). Various methods can be used for measuring the business performance. Out of them ROA (return on asset) and ROE (return on earning) are mainly used by the business (Yuldiz and Karakas 2012:1095).

2.4.5 TRUST, SATISFACTION AND TEAM LEARNING

Trust is something in which reciprocate relationship between the parties (Cook and Wall, 1980). According to Nanos (1989) if leader wants that their followers were blind with his direction, then he must develop a trust among them. Satisfaction means when employees get which they want. (Edmondson 1999, Argoate et al., 2002) define that Team Learning is a group of individuals when sit together as a team for reflection of feedback and changes for betterment is often referred as Team Learning.

2.5 FRAMEWORK

Mezirow (1994, p. 222) defines transformational learning as “the process of construing and appropriating a new or raised interpretation of meaning of one's experience as guide to action.” Transactional Leadership Style strengthens the routine process, structure in order to remove unwanted element which hinders the team member learning process (Bass, 1998). Key factors in transformational learning are experiencing, critical reflection, affective learning and supportive nature and trust (Taylor, 2000). According to Mottaz (1998), positive commitment is a result of friendly and supportive relationship between followers and Leader. Eisenberger et al. (1986)

examined that perceived organizational support is a strong pillar for getting organizational commitment. Past studies show a positive relationship between Leadership behavior and organization commitment (Agarwal, etc.). On the other side Nystrom and et al. (2002:221-247) examined that creativeness among the employees can be made maximum by using democratic Leadership Transformational Leadership has a positive impact and significant impact on the business performance Samad (2012). (Jong and Vermeulen 2003:846) state that in achieving a high level of business performance, innovation ability has among the followers is very important. (Hoq and Ha 2009:105) suggest that relationship between Innovation and Business performance are two faces of one coin. Performance and Satisfaction are the result of the follower's trust in their leader (Jung and Avolio, 2000, Pillar et al., 1999).

3. CONCLUSION

Leadership is considered as an important factor that influences the firm's performance. If the manager has a knowledge of different leadership styles then they can remove the problems in the communication process and fulfill the communication gap between the superior and subordinate. Different Leadership styles exert significant impact on organizational learning that gives a pace for organizational development. Adaptation of various Learning techniques helpful in the development of leadership competencies, new skills and results in the creation of innovative leadership. Firm performance based upon several factors such as organizational learning, organizational commitment and innovation. Organizational learning is helpful in adopting changes of organization culture and in setting up a core ethical values. Both Leadership and Organizational Learning play a crucial role in getting organizational commitment. Due to Leadership, an organization can easily cope up with environmental changes that leads to efficient and effective Business performance.

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