Effects of Leadership Style on Organizational Performance: a Study of Selected Brick Klins in Jammu Region

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This study has investigated the effects of leadership style on organizational performance in Brick Kilns in Jammu region. Transformational and transactional leadership styles were considered in this study. Transformational leadership behaviors and performance/outcome considered relevant in the study were charisma, inspirational motivation and intellectual stimulation/individual consideration; and effectiveness, extra effort and satisfaction, respectively. Transactional leadership behaviors and performance/outcome variables were constructive/contingent reward and corrective/management by exception; and effort, productivity and loyalty/commitment, respectively. Analysis was based on primary data generated through a structured Multifactor Leadership Questionnaire (MLQ) administered on respondents. The result showed that while transactional leadership style had significant positive effect on performance, transformational leadership style had positive but insignificant effect on performance. The study concluded that transactional leadership style was more appropriate in inducing performance in Brick Klins than transformational leadership style and, therefore, recommended transactional leadership style for the Brick Klins with inbuilt strategies for transition to transformational leadership style as the enterprises developed, grew and matured.

Keywords: Leadership style, Effects, Performance, Brick Klins

1. Introduction

1.1 Organizations are set up to achieve some set goals. In order achieve these goals and objectives; the human factor is of utmost importance. Top on the human factor list is the leader. A leader influences organizational members to contribute efforts willingly towards the accomplishment of pre-determined goals and objectives. Thus, leadership is first and foremost the ability to influence people to perform tasks. Over a period of time using principally motivational techniques (Kotter,1996;Yammarino and Dubinsky, 1994). The importance of leadership in achieving optimum organizational performance can hardly be overstated. Earlier leadership studies (Lewin, Lippit&White, 1939; Blake and Mouton, 1964) tried to identify effective leadership styles and tried to relate them with various aspects of organizational outcomes Recent researchers have focused mainly on the leader-follower perspective and proposed two main facets of leadership styles: transactional and transformational (Bass and Avolio, 1990; Meyer and Botha, 2000). These two concepts were first introduced by Burns (1978) and developed by Bass and Avolio (1990) to encompass the “Full range of Leadership” (Bass 1985; Avoli and Bass, 1991; Bass and there are two basic levels of influence evident in the interaction between the leader and the led: one influence comes from the understanding that the leader creates a cost – benefit transaction in his/her constituency, Burn (1978) called this influence transactional leadership – meaning that the employees will function in accordance with the leader’s wishes because they believe that they will be benefited by such actions. Transactional leaders are said to enhance the subordinate’s readiness to perform at expected levels by offering rewards for acceptable performance, thus resulting in the desired outcomes defined by the leader. The second influence of the leader pertains to emotional excitement, which burns called transformational or charismatic leadership. This style is based on a relationship between the leader and his/her subordinates that is inspirational and breaks the cycle of subordinate’s basic expectations. Consequently, a leader is said to be transformational when he or she inspires his or her subordinates to adopt organizational vision as their own, while attempting to heighten their values, concerns and developmental needs (Cacioppe, 1997).

The present study is intended to evaluate the effect of leadership style on the performance of Brick Klins in Jammu Region, contribute to empirical studies on leadership styles and organizational performance and to give quantitative based recommendations for policies and programmes to reposition the Brick Kiln Industry in Jammu Region.

1.2 About Brick Kiln

Brick making is one of the most ancient industries, the craft is as old as the Indus valley civilization, although the design, shape and weight of bricks have undergone numerous historical changes, but the production technology has experienced very limited changes. Bricks are prepared, processed and baked at the brick kiln. Being situated in the outskirts of a city, the brick kiln industry portrays a unique model of individual relation. The organization of work at a kiln is highly influenced by human resource/ man power availability. Migrants in
general and traditional low caste family labor in particular, continue to characterize labor in the brick kilns. There are different groups of skilled labor performing their respective tasks. In the brick kilns, labor is brought in through a contractor (from distant places). Since, they are not on the pay rolls of the kiln Owner, they are not covered under the labour laws. The work force is paid on the basis of quantum of work and against completion of certain tasks such as moulding of 100 bricks, transporation of 1000 bricks etc. The seasonal nature of brick production generates employment for a limited period of six-seven months in the year. The tasks in brick kilns are traditionally handed down father to son in the communities. The last few years have seen a labour shortage as the new generation does not want to be associated with the Brick Kiln industry any longer. A phenomenon observed in certain clusters due to this shortage is the hoodwinking of brick kiln owners by labour by promising their services to multiple owners, taking advances and not turning up. Labour rates have also gone up driving down margins for kiln owners. So, in the light of shooting labour rates and shortage of skilled labour, it becomes the need of the hour to investigate the leadership styles to be adopted by the Brick Kiln owner so as to increase their organizational performance and to ensure uninterrupted supply of labour.

2. Review of Literature

The concept of leadership has generated lively interest, debate and occasional confusion as management thought has evolved. Even today, it becomes the need of the hour to investigate the leadership styles to be adopted by the Brick Kiln owners so as to increase their organizational performance and to increase their organizational performance and to ensure uninterrupted supply at labour. The concept of leadership has generated lively interest, debate and occasional confusion as management thought has evolved. Even today, it is not easy to define leadership, and given the complexity of the subject, there is no general consensus about delimitation of the field of analysis. According to Bass (1990), definition of leadership is related to the purpose associated with the attempt to define it, and so presents a wide range of possibilities. Leadership can be seen as a group process, an attribute of personality, the act of inducing compliance, an exercise of influence, a particular type of action or behavior, a form of persuasion, a power relationship. Cerino (2002) defined leadership as the process of directing the behavior of others towards the accomplishment of some objectives. Cole (2002) sees leadership as a dynamic process at work in a group whereby one individual over a particular period of time, and in a particular organizational context, influences the other group members to commit themselves freely to the achievement of group tasks or goals. Although the importance of organizational performance is widely recognized, there has been considerable debate about both issues of terminology and conceptual bases for performance management (Ford & Schellenberg, 1982). No single measure of performance may fully explicate all aspects of the term (Snow and Hrebiniak, 1983). Organizational performance relates to an organization ability to attain its goals by using resources in an efficient and effective manner (Daft, 2000). Consequently, it is an evidence of the output of members of an organization measured in terms of revenue, profit, growth, development and expansion of the organization. Organizational performance suffers from the conceptual problem of distinguishing between performance and productivity (Hefferman and Flood, 2000).

While productivity has to do with the ratio depicting the volume of work completed in a given amount of time, performance is a broader indicator that incudes productivity as well as quality, consistency and other factors (Ricardo and Wade, 2001). A number of variables are used to measure organizational performance. These variables include profitability, gross profit, return on asset (ROA), return on investment (ROI), return on equity (ROE), return on sales (ROS), revenue growth, market share, stock price, sales growth, export growth, liquidity and operational efficiency (Snow & Hrebiniak, 1983; Seger, 1987; Smith, Guthrie and Chen, 1989; Parnell & Wright, 1993; Thomas & Ramaswamy, 1996; Gimenez, 2000).

Understanding the effects of leadership on performance is also important because leadership is viewed by some researchers as one of the key driving force for improving a firm’s performance. Effective leadership is seen as a potent source of management development and sustained competitive advantage for organizational performance improvement (Avolio 1999; Lado; Boyd and Wright 1992; Rowe, 2001) for instance, transactional leadership helps organizations achieve their current objectives more efficiently by linking job performance to valued rewards and by ensuring that employees have the resources needed to get the job done (Zhu, Chew and Spender, 2005).

Visionary leaders create a strategic vision of future state, communicate that vision through framing if some and use of metaphor model the vision by acting consistently and build commitment towards the vision (Avolio, 1999; McShane and Von Glinow, 2000).

Mehra, Smith, Dixon and Robertson (2006) argue that when some organizations seeks efficient ways to enable them outperform others, a longstanding approach is to focus on the effects of leadership. Team leaders are able to play a pivotal role in shaping collective norms, helping teams cope with their environments, and coordinating collective action. This leader centered perspective has also provided valuable insights into the relationship between leadership and team performance (Judge, Bono, Ilies and Gerhardt, 2002; Judge and
Piccolo, 2004; Keller, 2006; McGrath & MacMillon, 2000; Meyer and Heppard, 2000; Purcell, Kinnie, Hutchinson and Dickson, 2004; Yukul, 2002). This is because intangible assets such as leadership styles, culture, skill and competence, and motivation are seen increasingly as key sources of strength in those firms that can combine people and processes and organizational performance (Purcell et al., 2004).

Fenwich and Gayle (2008) in their study of the missing links in understanding the relationship between leadership styles and organizational performance conclude that despite a hypothesized leadership style performance relationship suggested by some researchers, current findings are inconclusive and difficult to interpret. From this review of related literature it is evident that although some scholars believe that leadership enhance organizational performance while others contradict it.

3. Rationale of the Study
3.1 The construction industry contributes to about 10% of the Gross Domestic Product (GDP) registering an annual growth of about 9% clay fired bricks form the backbone of the construction industry which is valued at approximately US Dollar 70.8 billion. The brick sector is India, although unorganized is tremendous in size and spread. India is the second largest brick producer (China dominates with 54% share) in the world. It is continuously expanding on account of a rapid increase in demand for bricks in infrastructure and housing industries. In order to meet this demand, over 1,50,000 brick units provide direct employment to more than 8 million workers. But kiln owners have to get contractual labour which is skilled in their specific job. But due to labour shortage, brick kiln owners now have to be very cautious in dealing with the labour which is high mobile thereby necessitating the study of the leadership styles that can actually help the brick kiln owners to attract and retain efficient work force in the hours of need.

3.2 Objectives of the Study
The Objectives of the present study are as under:
1. To analyse the effect it transactional leadership style on organizational performance of Brick Kiln in Jammu Province.
2. To analyse the effect of transformational leadership style on organizational performance of Brick Kilns in Jammu Province.
3. To identify the appropriate leadership style for Brick Kilns Owners and to provide them with suggestions and recommendations in order to maintain and retain workforce.

3.3 Scope of the Study
The Study is related to 259 brick kilns in the Jammu Province, including the districts of Jammu, Samba, Kathua and Udhampur.

4. Research Methodology
4.1 Sample
The research design used to carry out the study was the descriptive survey. A representative sample of 120 respondents were drawn from the universe using a simple random sampling technique.

4.2 Questionnaire
The Multifactor Leadership Questionnaire (MLQ) developed by Bass and Avolio 1997 was used to collect data from the respondent. The MLQ is a questionnaire of 45 items measured on a five point Likert type scale. Five sub-scales were used to assess transformational leadership style, which are idealized attributes, idealized behavior, inspirational motivation, intellectual stimulation and individual consideration, while three sub-scales were used to assess, transactional leadership styles which are contingent rewards, management by exception (active) and management by exception (passive). The MLQ scale was adopted in this research, because internal consistency, validity and reliability of the scale have been tested. The reliability for all the items and for each leadership factor scale ranged from .74 to .94.

One hundred and fifty questionnaires (150) were administered but only one hundred and twenty (120) questionnaires were retrieved. Giving 80% response rate. Data collected was analysed using the Statistical Package for Social Science (SPSS 20.0).

5. Data Analysis
5.1 Descriptive Statistics
Table 1 shows the results of descriptive statistics. A higher mean value generally means that there is a high level of measured construct.
Table 1

<table>
<thead>
<tr>
<th>Leadership Style</th>
<th>Leadership Behaviour</th>
<th>N</th>
<th>Min</th>
<th>Max.</th>
<th>Mean.</th>
<th>Std.d</th>
</tr>
</thead>
<tbody>
<tr>
<td>Transactional</td>
<td>Contingent Reward</td>
<td>120</td>
<td>1.0</td>
<td>5.0</td>
<td>3.41</td>
<td>.887</td>
</tr>
<tr>
<td></td>
<td>MBE active</td>
<td>120</td>
<td>1.0</td>
<td>5.0</td>
<td>3.03</td>
<td>1.032</td>
</tr>
<tr>
<td></td>
<td>MBE Passive</td>
<td>120</td>
<td>1.0</td>
<td>5.0</td>
<td>3.21</td>
<td>1.042</td>
</tr>
<tr>
<td>Transformational</td>
<td>Intellectual Stimulation</td>
<td>120</td>
<td>1.0</td>
<td>5.0</td>
<td>4.05</td>
<td>.964</td>
</tr>
<tr>
<td></td>
<td>Idealised Influence</td>
<td>120</td>
<td>1.0</td>
<td>5.0</td>
<td>4.11</td>
<td>1.051</td>
</tr>
<tr>
<td></td>
<td>Inspirational Motivation</td>
<td>120</td>
<td>1.0</td>
<td>5.0</td>
<td>3.11</td>
<td>.943</td>
</tr>
<tr>
<td></td>
<td>Individual Consideration</td>
<td>120</td>
<td>1.0</td>
<td>5.0</td>
<td>3.67</td>
<td>1.401</td>
</tr>
</tbody>
</table>

5.2 Correction Analysis
The Bivariate correlation test is used to compute. Pearson’s correlation coefficient and measures how variables are related. Pearson’s correlation coefficient is a measure of linear association. The correlation coefficient value \( r \) ranging from 0.10 to 0.29 is considered weak, for 0.3 to 0.49 is considered medium and from 0.50 to 1.0 is considered strong.

Table 2 Correlation between Leadership Behavior and Organizational Performance

<table>
<thead>
<tr>
<th></th>
<th>CW</th>
<th>MBEA</th>
<th>MBEP</th>
<th>IS</th>
<th>II</th>
<th>IM</th>
<th>IC</th>
<th>OP</th>
</tr>
</thead>
<tbody>
<tr>
<td>CW</td>
<td>1.0</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>MBEA</td>
<td>0.222</td>
<td>1.0</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>MBEP</td>
<td>0.123</td>
<td>0.060</td>
<td>1.0</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>IS</td>
<td>0.068</td>
<td>0.100</td>
<td>0.596*</td>
<td>1.0</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>II</td>
<td>0.024</td>
<td>0.37**</td>
<td>0.143</td>
<td>0.545*</td>
<td>1.0</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>IM</td>
<td>0.134</td>
<td>0.419*</td>
<td>0.122</td>
<td>0.134</td>
<td>0.176</td>
<td>1.0</td>
<td></td>
<td></td>
</tr>
<tr>
<td>IC</td>
<td>0.28*</td>
<td>0.134*</td>
<td>0.187</td>
<td>0.141</td>
<td>0.337*</td>
<td>0.545*</td>
<td>1.0</td>
<td></td>
</tr>
<tr>
<td>OP</td>
<td>0.219*</td>
<td>0.375*</td>
<td>0.143</td>
<td>0.575*</td>
<td>0.632*</td>
<td>0.696*</td>
<td>0.518*</td>
<td>1.0</td>
</tr>
</tbody>
</table>

Note: *Correlation is significant at the 0.05 level (two tailed) *Correlation is significant at the 0.01 level (two failed)

CW-Contingent Rewards, MBEA-Management by exception active; Management; MBEP-Management by exception passive; II-Idealised influence; IS – Intellectual Stimulation, IM –Inspirational motivation; IC – Individualized consideration; OP- Organizational Performance.

This table shows that correlations between transformational leadership factors and organizational performance ratings were high (0.518 to 0.696), \( P<.05 \) whereas correlation between the transactional leadership behavior and organizational performance are relatively low (0.219 to 0.375, \( P<.05 \)).

6. Conclusions
Assuming the essence of leadership, leadership could broadly be defined as the art of mobilizing others to want to struggle for shared aspirations. However, it could be argued that this influence, mobilization and struggle is of little value in an organizational context unless it ultimately yields an outcome in line with shared aspirations for leadership to be deemed successful. At the same time, the literature suggests that empirical evidence on the link between leadership styles and performance in an organizational context is limited and inconclusive. This study investigated the prevalence of transactional leadership behaviours and their effect on organizational performance. The carrot or a stick approach is not instrumental in follower’s goal attainment. The results indicate that contingent rewards and active management by exception have a medium positive correlation with organizational performance.

On the otherhand, transformational leaders encourage subordinates to put in extra efforts and to go beyond what the subordinates are expected to do. Transformational leaders achieve the greatest performance levels from the work force since they are able to inspire their work force to raise their capabilities for success as expected, relational analysis found that all transformational leadership behaviours have a strong positive correlation with organizational / performance.

6.1 Recommendations
Based on the findings, the following recommendations are given:
1. The Brick Kiln owners should consider formulating and implementing effective reward and recognition system as well as encourage greater managerial supervision for the workers as the results have already indicated that transactional leadership has a medium positive correlation with organizational performance.

2. All the variables of transformational leadership style have a strong positive relationship, with organizational performance. It is therefore recommended that the Brick Kiln owner should strive to set some good role models in front of their work force, inspire the work force to become like those role models, by providing the necessary means, stimulate and channelize the efforts of the labour in right direction, thereby minimizing the wastages, and pay attention to each individual’s need to grow.

7. References