

A Study of Leadership Styles and its Impacts on Organizational Commitment

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Abstract - The present study aims to examine the impact of leadership styles on organizational commitment at ICICI bank. The study's sample consists of (100) employees that will help answering the study's questions and hypotheses; besides, the researcher developed a questionnaire for the detection of leadership style and the level of organizational commitment. The most important findings and conclusions of the research are the arithmetic mean of the estimates of employees at ICICI bank towards leadership styles were moderate .

The arithmetic mean of the estimates of employees at ICICI bank towards organizational commitment were moderate .Regression results indicate that there is statistically significant effect for leadership styles on organizational commitment at ICICI bank.

The results have practical implications for change management in business companies, improving employees' readiness for and appraisal of change by developing the leadership styles of managers in these company.

Index Terms – Leadership Styles, Employee Performance, organizational commitment, ICICI banks.

INTRODUCTION

Organizations must respond to changes in their environment to be successful and effective. Organizational change is the process by which organizations move from their current state to a better state to increase their effectiveness (Jones, 2013). Organizational change is the transformation between two points which offer a comparison between the organization before and after change is implemented (Barnett and Carroll, 1995). Since change means transforming from a known to an unknown situation, it is considered chaotic and dramatic (Abrahamson, 2000). This study deals with change as a process that has pre-change phases and consequences (Oreg et al., 2011).

Change is found to be negatively related to attitudes, behaviors and productivity in organizations (Mack et al., 1998; Martin et al., 2005) Organizational change is associated with a series of potentially unconstructive outcomes for both organizations and individuals (Holten and Brenner, 2015). During organizational change, management behavior influences the well-being of followers (Skakon et al., 2010).

Furthermore, it has been shown that reactions towards change are more likely to be positive when management of change takes a participative and informative approach and is perceived as fair Helms Mills and Mills (2009) state that change is the adjustment of core facets of an organization's business.

In accordance with this stream of research, the aim of the current study is to investigate the role of leadership styles, in the form of transformational and transactional leadership, as determinants of the change process, in the form of readiness for change and change appraisal. It also aims to investigate the effect of change readiness in the pre-change phase on change appraisal in the consequence phase.

LITERATURE REVIEW

(Robbins and Coulter, 2009) define leadership as a process of influencing people towards achieving goals. (Harem, 2004) define leadership style as a set of acts that the leader displays within the organization as a result of internal or external pressure and thus has direct effects on organization's employees behavior positively or negatively. (Robbins, 2009) Indicated that leadership style is used to describe successful leaders and it is difficult to the leader to apply one leadership style , also leadership styles vary among cultures. Behavioral approach theories of leadership included varying applications of leadership styles, behavioral theories focused on studying what leaders do. Douglas

McGregor put the theory of (X) to express authoritarian style of the leader and the theory of (Y) to express the leader's human style. Likert categorized leadership styles into four styles: exploitative style, centralized style, utilitarian style, consultative style, and co-authoritarian style. The University of Iowa study determines three leadership styles : autocracy style, democracy style and laissez faire style (Najm, 2011).

(1) Dr. C.L Chandan Rita Devi (2014):

An effective leader influences the followers in a desired manner to achieve goals. It is evident from the literature that different leadership styles may affect organization effectiveness and performance. The aim of this study is to conduct a review analysis of literature of different leadership styles over years. Information was extracted after reviewing many articles from journals on leadership styles. It relates different leadership styles to theory X and theory Y.

(2) Dr. Mohammed Al-Mal (2018):

For the last two decades, the critical importance of the team effectiveness has been considered as the main aim of the many papers. The process of managing teams and ensuring their motivate and provide a vision for their subordinates. Leaders are believed to set smart goals for the subordinates and empower them enough to achieve the organisation goals.

(3) Sunil Kumar. R (2018):

The Literature review examines the theoretical, empirical and meta-analysis development in leadership literature. Substantial effort has gone in to clarify different dimensions of leadership, by generating considerable attention on the organizational and social research of leadership theories, styles, and behaviors. The study on leadership literature review brings out that over the period of time the researchers have redefined and modified the theories and practices of leadership development, yet the previous work has been relevant and have not faded over the years.

(4) Gagan Deep Sharma(2019):

Leadership research has come a long way from trait theory, through human relations school of thought, to contingency and/or situational model. It is critically important to consolidate the leadership research so as to set-up the agenda for future. This paper aimed to summarize the research published in the integrated field of leadership and organizational research.

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(5) Robbins and Coulter (2009):

Contingency approaches have pointed to several leadership styles, Fiedler's contingency theory stated that leadership effectiveness depends on the ability of individual to match leadership traits with organizational situation that influence the appropriate leadership style. These factors are: leader – member relations, task structure and position power. Tannenbaum and Schmidt indicated that leadership could be a continuum reflecting different amounts of employee participation.

LEADERSHIP STYLES

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The University of Michigan identified two leadership styles: production concern style and subordinates concern style. Ohio University studies identified two styles of leadership behavior: employee- centered and job- centered. Blake and Mouton identified five leadership styles according to leader's concern for people and concern for production: impoverished

management style, authority- compliance style, middle of the road management style, country club management style and team management style. (Robbins, 2009).Contingency approaches have pointed to several leadership styles, Fiedler's contingency theory stated that leadership effectiveness depends on the ability of individual to match leadership traits with organizational situation that influence the appropriate leadership style.

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Hersey and Blanchard indicated that there are four leadership style- telling, selling, participating and delegating(Robbins and Coulter, 2009).Bass (1985) identified three leadership styles - laissez faire style, transformational leadership style, and the transactional leadership style.

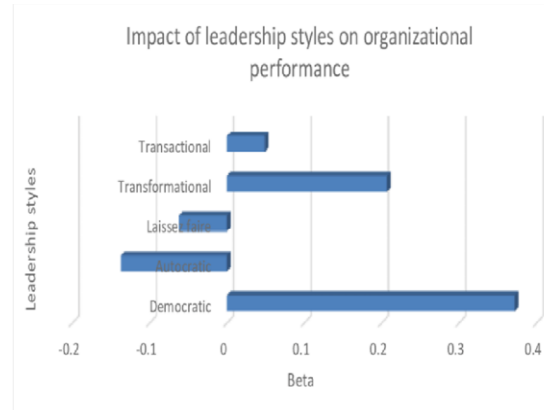


Figure 1 Graph representing Correlation between leadership styles and organizational performance

RESEARCH METHODOLOGY

Study Community and Sample: simple random sampling was chosen to distribute to 100 respondents by using structured mail questionnaire.

Study instrument: the researcher reviewed the theoretical background and previous studies about leadership styles and organizational commitment. The researcher also reviewed many questionnaires that used in the previous studies ,so he designed one that reflects leadership styles and organizational commitment.

The parts of the questionnaire are:-

Part one- background information: - In this part, respondents were asked to indicate their• gender, age, level of education, job title, and experience.

Part two- dimensions of the study:-

Variables	Mean	SD	Correlation coefficient (r)
Organizational performance	20.11	1.412	1
Democratic	4.965	1.824	0.719
Autocratic	2.352	0.632	-0.529
Laissez faire	2.419	1.549	-0.631
Transformational	4.791	0.428	0.697
Transactional	1.739	1.153	-0.331
Participative	4.791	0.632	-0.631

Table 1 Correlation between leadership style and organizational performance

The first part of the study established that leadership styles and organizational performance are related. The second part of the study examines the impact or effect of leadership styles on organizational performance. Multiple linear regression analysis is used to determine this.

Table 2 shows that the R square value is 0.254. This implies that from this model, 25% of variability of organizational performance is explained by the leadership styles. Table 3 is used to determine the effectiveness of the model by assessing if the independent variables are effective in predicting the dependent variable.

Model	R	R Square	Adjusted R Square	Std Error of the estimate	Sig
1	0.483	0.254	0.198	2.93	0.028

Table 2 Model summary

Model	Sum of Squares	Df	Mean Square	F	Sig
Regression	32.081	5.501	2.543	0.028	108.075
Residual	6	2.082	52		
Total	141.522	57			

Table 3 ANOVA test summary

Table 4 helps to determine the significance and impact of leadership styles on organizational performance. From this table, it can be seen that Autocratic leadership style (beta=-0.137, t= - 2.371, sig=0.014) and Laissez faire leadership style (beta=-0.062, t=- 2.138, sig=0.038) has a negative effect on organizational performance. They have a significant negative impact on organizational performance as their sig value (0.014 and 0.038) is less than 0.05 which implies that it is significant. It is seen that transactional leadership style (beta=0.049, t=0.273, sig=0.531) has a negative impact on organizational

performance. However, it does not have a significant effect on organizational performance as its sig value (0.531) is greater than 0.05 which implies that it is not significant.

It is seen that transformational leadership style (beta=0.207, t=0.481, sig =0.025) and democratic leadership style (beta= 0.371, t= 0.295, sig =0.014) has a positive and significant impact on organizational performance. In the graph below, beta value is a measure of how strongly each independent variable influences the dependent variable. It can be seen that Democratic leadership has the maximum positive impact on organization performance with a beta value of 0.372 followed by transformational leadership with a beta value 0.207.

Autocratic leadership (beta=-0.137) is seen to have the most negative impact.

Variables	Unstandardized Coefficients		Standardized Coefficients	t	Sig
	B	Std Error	Beta		
Residual	0.473	0.062	-2.138	0.038	0
Constant	33.041	3.033		6.859	0
Democratic	3.033	0.108	0.372	0.295	0.014
Autocratic	-0.473	0.324	-0.137	-2.371	0.013
Laissez faire	-0.499	0.067	-0.062	-2.138	0.038
Transformational	0.459	0.095	0.207	0.481	0.025
Transactional	0.061	0.109	0.049	0.273	0.531

Table 4 Beta Coefficients



Figure 2 Graph representing Correlation between leadership styles and organizational performance

FACTORS EFFECTING LEADERSHIP STYLE

- The task
- The tradition of an organization
- The type of labor force
- The leader's personality
- The time
- Organizational Environment
- Organizational Resources

- Employee role

FUTURE SCOPE OF THE RESEARCH

There are certainly more scopes for conducting research studies concerning leadership styles and organizational commitment in the future. The researcher conducted his study on banking sector. There are other sectors like industrial sectors, marketing sectors, business sectors etc. Future studies are invited to add any modified or intermediate variables to the current study model such as work design, organizational justice or personal variables.

CONCLUSION

There is a common belief that leadership is vital for effective organizational and societal functioning and success. The leadership styles level is moderate in ICICI bank. The average mean of leadership styles as a whole which indicates moderate practicing of leadership styles. Practicing leadership styles was as follows: transactional leadership style was ranked first, with a mean of (3.63) and a standard deviation of (0.38) and a moderate degree of assessment, and transformational leadership style came next, with a mean of (3.54) and a standard deviation of (0.39) and a moderate degree of assessment, lastly came the dimension of laissez faire leadership style with a mean of (2.30) and a standard deviation of (0.29) and a low degree of assessment.

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