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# Impact of Leadership on Team's Performance

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# *Impact of Leadership on Team's Performance*

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## **1. ABSTRACT**

The concept of leadership is a widely discussed concept, with numerous articles and books being dedicated to the exploration and evaluation of leadership and its impact on team building, team performance and team dynamics. In this paper, we will be looking at the impact of leadership on team performance, and evaluating it through the lens of different leadership styles, focusing on the idea of *Transformational Leadership*. Through numerous article and journal reviews, we will seek to identify characteristics and strengths of these leadership styles as they pertain to the performance of teams within an organization.

## **2. INTRODUCTION**

The formation and development of high functioning teams within an organization does not occur overnight or without struggles and growing pains. The stages of team development, as discussed by Brian Sholtes, Brian Joiner and Barbara Streibel, require routine guidance from leadership from the stages of forming through performing. While every team may experience these stages of team development may organically occur in all teams, varied only by the duration of time spent transitioning through the stages, not all teams have the same style of leadership utilized to help grow and mold them into high functioning productive teams. It is often found that the failure of a team can be traced back to its leadership. "The performance of each role contributes to collective success. This means that the causes of team failure may reside not only in member inability, but also in their collective failure to coordinate and synchronize their individual contributions" (Zaccaro, Rittman & Marks, 2001). This indicates that a lack of proper leadership and guidance may be the root cause to a majority of team failures due to performance.

During the formation of teams, there is an intertwining of personalities, proficiencies and motivations. In just a short time, teams can be expected to perform in a variety of complex and highly dynamic environments. Leadership within these highly dynamic teams is expected to establish, define and communicate team goals and outline the structure by which these goals will be accomplished. There are many different techniques and leadership styles that can and have been employed in order to achieve the desired results. One of the more popular leadership styles that we will discuss further is Transformational Leadership. "Transformational leaders act as a role model among team members by sharing creative ideas and knowledge to facilitate working cooperatively and efficiently" (Choi, Kim & Kang, 2017). This example leadership style has its own strengths and characteristics that differentiate it from other styles. We will also look at the results of a research study conducted to evaluate the effectiveness of Transformational Leadership on team performance in order to determine which, if any, leadership style provides the best principles and structure to team development and performance.

### **2.1 Research Question**

What is the impact of the Leadership styles on team performance? Consequently, which leadership style improves team performance in a better way even though there is no particular leadership that is effective in any given situation?

### **2.2 Research Design**

This report is secondary in nature and draws references from current research. We performed a literature review of numerous articles, journals and books on impact of leadership styles on team performance. We referred to research study from another primary source. We then interpret, and draw conclusions about the events and data's reported in primary sources.

### **3. LITERATURE REVIEW**

#### **3.1 What is Leadership?**

Leadership is defined as the process of facilitating individual and collective efforts to accomplish the shared objective. Leadership is an influential process that enables manager to get their people work willingly towards what must be done and what ought to be done. Some small groups perform their tasks with high risk - here team Leadership is crucial for the ability to deal with the risk. Leaders' behavior impacts on their teams' structure, working process, and effectiveness. Leadership is not a person or a position, it is a complex moral relationship between people, based on trust, obligation, commitment, emotion, and a shared vision of the good. Further, there have also been several characteristics or traits on which leadership has been measured or assessed. Some of the traits generally associated by the leaders are High tolerance for frustration, Charisma, Inspirational, Readiness to accept feedback, Team builder and Responsibility.

#### **3.2 Principles of Leadership**

Each leader chooses his unique formula for success, but still there are few key points for an affluent leader that need to be followed. Below are some of important principles.

##### **1. Know Yourself:**

The Leader should be aware of the below three pointers in order to move his/her company forward.

- Having strong values that guide your Life
- Being acutely aware of the structure of the company and his/her personal responsibilities.
- Executing the ideas effectively.

##### **2. Setting an Example:**

The best way for a Leader to influence his team members is by setting a good example. Since, actions speak more than words, Leader should empower people their greatest potential. Even in the hard times Leader should be ready to face the challenge with confidence and determination towards success.

##### **3. Choosing a Team:**

Team selection is imperative for a leader. It shows his ability in finding appropriate skills and knowledge. When choosing a team, Leader should look for people who understand his vision and have a particular set of competencies. Furthermore, being a passionate leader also means finding employees who are equally passionate about their work

##### **4. Have a clear Vision and Goals:**

As a leader, one need to have a clear picture of the company's future. This means having a clear vision for his company, where it fits into the industry and how he plans to serve customers. Setting goals is a crucial step in realizing the company's vision.

##### **5. Unity is strength:**

Team is the most important resource for every leader. Leader should embrace about its unity each and every day. As long as your team is united, nothing can stay in a way to success. Make sure that all people in a team consider themselves as members of a strong, unified family.

#### **3.3 Theories of Leadership**

Leadership is a "process of social influence in which one person is able to find the aid and support of others in the accomplishment of a common task". Leadership is ultimately about creating a way for people

to contribute their skills and knowledge in making something possible and moving towards success. Over the last 100 years number of different leadership theories were developed to explain what exactly makes a great leader, why certain people became great leaders. While many different leadership models have emerged, these are the major types.

### **1. “Great Man” Theory:**

This theory can be described with one point “Born to lead”. Great leaders are simply born with the necessary internal characteristics such as charisma, confidence, intelligence, and social skills that make them natural-born leaders. This theory believes that great leaders are born not made. They have the leadership qualities inherently in them.

### **2. Trait Theory:**

Trait theory tries to describe the types of behavior and personality tendencies associated with effective leadership. This theory attempts to answer why some people are good leaders and others are not. In fact, the theory can be traced back to the nineteenth century, a man called Thomas Carlyle used such understanding to identify the talents, skills and characteristics of men who rose to power. Key characteristics of this theory include Initiative, Tenacity, Energy, Good cognitive skills and capable of using good judgement and decisions, Flexibility, Creativity, Charisma and confidence.

### **3. Behavioral Theory:**

Behavioral theory of leadership focus on the study of specific behaviors of a leader. The main difference between these two theories is traits are not something that can be taught to a person. While traits can develop over time, typically cannot taught to someone they have to learn it on their own and let it develop. In comparison, behaviors can be learned.

## **3.4 Leadership Styles**

Leadership style describes the actions of Leader such as visionary, coaching, collaborative, and consensus. Different types of Leadership styles exist in work environments. But not every style is right for everyone. The culture and goals of an organization determine which leadership style fits the firm best. Building effective Leadership style can develop an approach to be an effective Leader. While, there are many approaches from Lewin’s style of 1930 to the more recent idea of Transformational style, these are the major

### **1. The Laissez-Faire Leader**

Laissez-faire leadership, also known as delegative leadership, is a style in which leaders are hands-off and allow group members to make the decisions. Laissez-faire leader lacks direct supervision of employees and fails to provide regular feedback to those under his supervision. Highly experienced and trained employees who requires little supervision fall under these leaders. However, Researchers have found that this is generally the leadership style that leads to the lowest productivity among team members.

### **2. Autocratic Leader**

Autocratic leadership, also known as authoritarian leadership, is a style characterized by individual control over all decisions and little input from group members. These Leaders make decisions based on their ideas and judgments without input from other team members. This style benefits employees who require close supervision. The benefits of this style depend upon factors such as situations, amount of risk, type of task and characteristics of team members.

### **3. Democratic Leader**

Democratic Leadership, also known as Participative or shared leadership, is a style where inputs from team members and peers are considered and valued. Everyone in the team are encouraged in exchanging their ideas. Democratic Leader boosts the team to share ideas in decision making process.

However, the responsibility of final decision-making is with the Leader. Researchers have found this Leadership style is one of the most effective types which leads to high productivity.

#### **4. Transactional Leader:**

Transactional Leadership also known as, managerial leadership focus on supervision, group performance and organization. This Leadership style focuses on a specific task and based on the performance results, Leader provides awards and punishments to motivate team members. These leaders are good at setting expectations and standards that maximize the efficiency and productivity of an organization. Research has found that transactional leadership tends to be most effective in situations where problems are simple and clearly defined.

#### **5. Transformational Leader:**

The Transformational leadership style depends on high levels of communication from management to meet goals. Leaders motivate employees and enhance productivity and efficiency through communication and high visibility. Transformational leadership enhances the motivation, morale and performance of followers through a variety of mechanisms like, being a role model to his followers to inspire them, understanding strengths and weaknesses of followers. When transformational and transactional styles are compared, Researchers believes the transformational approach creates significant change in the life of people and organizations.

### **4. FRAMEWORK DEVELOPMENT**

After going through the research on the impact of leadership styles on team performance, we have come up with the Transformational leadership for effective team performance.

#### **4.1 Team Performance**

Effective team performance derives from several fundamental characteristics (Zaccaro & Klimoski, 2002). First, team members need to successfully integrate their individual actions. Second, teams are increasingly required to perform in complex and dynamic environments. Thirdly, Team leadership represents effective team performance. Most teams contain certain individuals who are primarily responsible for defining team goals and for developing and structuring the team to accomplish these missions. Zaccaro et al., (2001), suggested that effective teams integrate four fundamental processes: cognitive, motivational, affective, and coordination. Zaccaro et al., (2001), proposed that leadership influences on team effectiveness occur in part through their effects on these four processes.

A central responsibility of team leaders is to raise the collective efficacy of the team (Kane, Zaccaro, Tremble, & Masuda, 2002). If team members believe their team is capable of achieving its goals, i.e., being successful, they are more likely to choose to engage the task (Zaccaro, Blair, Peterson, & Zazanis, 1995). Team efficiency also emerges from leaders who exhort their members to work hard and do well. This is related to the empowerment processes of transformational and inspirational leaders (Bass, 1985; Burns, 1978). By their actions (see Bass, 1985; House, 1977), such leaders fuse each member's personal goals with the team or organizational mission. Team members identify at a personal level with the purpose and goals of the collective as a whole and are therefore more committed to their accomplishment (House & Shamir, 1993). Thus, transformational leadership is fundamentally directed at aligning the motive states of individual members with the purpose of the team as a whole (Burns, 1978; House & Shamir, 1993).

## 4.2 Impact of Leadership Styles on team performance:

**Transformational Leadership Style:** Waldman, Bass, and Einstein (1987) showed that the performance appraisals of subordinates were higher if their leaders had been described as Transformational. Singer (1985) showed that subordinates in New Zealand preferred working with leaders who were more transformational than transactional. Clover (1989) used an abbreviated version of the MLQ to correlate the descriptions of 3,500 subordinates at the U.S. Air Force Academy, it was found that commanders who received higher ratings in transformational leadership led better-performing squadrons and were more likely to be seen as preferred role models by the cadets.

Taking into the consideration of review of literature and subordinate performance, the transformational team leaders are related to the following to impact the team performance.

- Effectiveness of team members
- Extra effort of team members
- Satisfaction of team members

**Autocratic Leadership:** Adebakin and Gbadamosi [8] described an autocratic leader as one who is very conscious of his position and has little trust or faith in the subordinates, he feels that pay is just a reward for work and it is only the reward which can motivate. A research on this style reveals lack of involvement from the employee in the decision-making process leads to employees not assuming ownership of their work. The heavily centralized command of autocratic leadership style ensures that the system depends entirely on the leader. If the leader is strong, capable, competent, and just, the organization functions smoothly, and if the leader is weak, incompetent, or has low ethical and moral standards, the entire organization suffers for the sake of a single leader. The team's output does not benefit from the creativity and experience of all team members, so many of the benefits of team performance are lost.

**Transactional Leadership:** Transactional leadership involves an exchange process that results in follower compliance with leader request but not likely to generate enthusiasm and commitment to task objective. The leader focuses on having internal actors perform the tasks required for the organization to reach its desired goals (Boehnke et al, 2003). The objective of the transactional leader is to ensure that the path to goal attainment is clearly understood by the internal actors, to remove potential barrier within the system, and to motivate the actors to achieve the predetermined goals (House and Aditya, 1997). This style of leadership implies close monitoring for deviances, mistakes, and errors and then taking corrective action as quickly as possible when they occur. Since, there is a chance to miss enthusiasm and commitment to the task objective, the team's output does not benefit from the extra effort of the team members.

**Laissez-faire leadership:** Laissez-faire leaders, however, are those individuals who occupy leadership positions but have abdicated the responsibilities and duties assigned to them (Lewin, Lippitt, & White, 1939). Avoilo (1999) who noted that laissez-faire leadership is poor, ineffective leadership and highly dissatisfying for followers". Laissez-faire type of leadership is at the other end of the continuum from the autocratic style. With this type, leaders attempt to pass the responsibility of decision making process to the group. The group is loosely structured, as the leader has no confidence in his leadership ability. Decision making under this leadership is performed by whoever that is willing to accept it. Decision making is also very slow and there can be a great deal of "buck passing". As a result, the task may not be undertaken and tile conditionally become chaotic. In such situations, projects can go off-track and deadlines can be missed when team members do not get enough guidance or feedback from leaders. Team effectiveness is comparatively lower than traditional style.

While **Democratic leadership** has been described as the most effective leadership style, it does have some potential downsides. In situations where roles are unclear or time is of the essence, democratic leadership can lead to communication failures and uncompleted projects. In some cases, group members may not have the necessary knowledge or expertise to make quality contributions to the decision-making process. Democratic leadership works best in situations where group members are skilled and eager to



share their knowledge. It is also important to have plenty of time to allow people to contribute, develop a plan and then vote on the best course of action.

### **4.3 Results and Discussion**

A study was conducted to understand the Transformational leadership association with effectiveness, extra effort, and satisfaction. For the purpose of the study, seven software companies were chosen as sample. From each company ten teams were chosen randomly with a total of 262 respondents. Questionnaires were given to all the team members and asked them to rate their team leader's leadership behavior on Multifactor Leadership Questionnaire (MLQ). Again, team members were asked to give their own feelings of effectiveness, extra efforts and satisfaction on leadership outcomes measure.

In this study, two different questionnaires were used to collect the data. First, a 20-item multifactor leadership questionnaire was used to measure the team leaders' transformational leadership behavior. The MLQ Form 5X is self-scoring and uses 20 items to measure the transformational leadership. Second, a nine item leadership outcome measures questionnaire was used to measure the team performance. This questionnaire measures the team performance on three different dimensions i.e., Effectiveness, Extra Effort, and Satisfaction. These items are rated using a 5-point Likert scale with anchors labeled as 1 = not at all, 2 = once in a while, 3 = sometimes, 4 = fairly often, 5 = frequently, if not always.

A correlation analysis was conducted to examine the relations between dependent and independent variables. Transformational leadership was considered as independent variable. Dependent variables include: effectiveness, extra effort, and satisfaction. Results reveal high correlations between transformational leadership and performance measures. Transformational leadership is significantly associated with effectiveness ( $r = .84$ ,  $p < 0.01$ ), extra effort ( $r = .79$ ,  $p < 0.01$ ), and satisfaction ( $r = .84$ ,  $p < 0.01$ ). All the transformational leadership subscales has positive, statistically significant ( $p < .01$ ), correlations with effectiveness, extra effort and Satisfaction.

These results suggest that there is a positive and strong, relationship between the transformational leadership behaviors and team performance. For team performance, this suggests that leadership behaviors which involve building trust, inspiring a shared vision, encouraging creativity, emphasizing development, and recognizing accomplishments is positively related to how team members feel about reaching that extra mile and achieving goals.

### **5. CONCLUSION**

One leadership style is not the most effective in any given situation. When it comes to managing people effectively, the atmosphere and type of work environment often means you have to "switch" your leadership style in to a different gear. Good leaders can do this instinctively; they understand what needs to be done and the people they are leading. Much of what dictates the leadership style in any given situation depends on a few factors such as whether the environment is stable, conservative or constantly changing.

Even though there is no one leadership style to impact team performance, Transformational leader demonstrating their trust in their followers' capabilities, therefore creating opportunities for them to significantly impact their work, which could lead to higher levels of effectiveness, extra work and satisfaction. There are several practical implications that can be derived from these findings.

First, by creating a greater sense of empowerment, team leaders could have a more positive effect on levels of team performance. Second, team leaders should clearly articulate a vision that inspires employees to take greater responsibility for their work. Third, Goal clarification, and a clear specification of tasks, roles, and rewards, perhaps at the more immediate supervisory level, may also facilitate higher team performance. Finally, understanding employee needs, creating a supportive atmosphere and engaging in confidence-building practices would also likely contribute to a greater performance.

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