



The Impact Of Leadership And Communication By Leaders On The Performance Of Employees And Organizations.

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Abstract –

Numerous scholars have underscored the significance of organizational performance in the realm of strategic management research. However, the measurement of performance, both at the individual and organizational levels, remains challenging in both practical application and academic discourse due to the intricate interplay among work motivation, performance, and productivity. Research has illuminated that productivity is influenced by factors beyond motivation, including employee abilities, skills, training, resource availability, management practices, and economic conditions. Notably, studies have highlighted that organizations integrating processes, people, and intangible assets such as skills, competence, motivation, leadership styles, and culture gain a sustained competitive advantage, thereby enhancing employee and organizational performance.

This research aims to explore the impact of leadership and leadership communication on employee and organizational performance. Employing a positivistic research paradigm and a causal research design, the study findings indicate that management communication moderately affects employee performance, while leadership shows an insignificant impact on employee performance. Management communication strongly influences organizational performance, whereas leadership has a relatively minor impact on organizational performance. The study concludes that management communication generally exerts a more significant impact on both employee and organizational performance compared to leadership. These findings invite further investigation into the challenges posed by leaders in organizations and the reasons behind some leaders being labeled as "disconnected leaders."

Keywords - Employee performance, Corporate performance, Leadership; Leadership communication.

I. INTRODUCTION

A long-standing approach for organizations that pursue ways to outperform their competitors have been to focus on the various features of leadership resulting in a combination of processes and people with their intangible assets such as skill and competence, motivation, leadership styles and culture. Studies about leadership, organization behavior and corporate performance indicate that there are significant relationships between the leadership style, the behavior of organization members and performance of employees and the organization. Most studies, however, have focusses on the influence of specific leadership styles such as 'LaissezFaire', democratic, transactional, transformational autocratic and situational leadership on employee and organizational performance ,concur that notwithstanding the amount of research done on this topic, little knowledge exists about the effectiveness of leadership communication to inspire employees and organizational performance. The results of the study of support the view that management communication conveys more than just information directly related to the organization's mission and specific tasks to be performed. The authors claim that "Open communication is an important means for the creation and maintenance of meaning within the organization through which employees make sense of the organization's intentions toward them and how they will react".

The aim of this article is to understand the impact of leadership and leadership communication on employee and organizational performance. The article will briefly discuss organizational performance, employee performance and leadership where after the methodology of the study and results will be discussed.

II. LITERATURE REVIEW

A. Organizational performance

Organizational performance is defined as the "ability of an enterprise to achieve such objectives as high profit, quality product, large market share, good financial results, and survival". Organizational performance should also be viewed in respect to other enterprises in the same industry with regards to the market share, product quality and level of profit, effectively reflecting the productivity of its employees, measured in terms of development, profit, revenue and expansion of the organization. Leadership is considered as one of the key driving forces for the improvement of individual and organizational performance, it is therefore important to understanding the effects of leadership on performance.

Pure financial measures played a key role in measuring organizational performance up until the 1990's. The move towards a multidimensional and integrated measurement approach was sparked by the understanding of the limitation of

unidimensional financial measurement.

B. Employee performance

Various theoretical frameworks, such as the needs-satisfaction framework, social exchange theory and JD-R Framework have been discussed to explain employee engagement in organizations. For the purpose of this article the author has focused on the needs-satisfaction theory as building block.

The needs-satisfaction framework was first reflected in definition of engagement. According to this framework, employees are more involved in their work when three psychological needs are satisfied. These needs include: 1) availability (sense of possessing the emotional, physical and psychological resources needed for investing self in role performances); 2) meaningfulness (sense of return on investments of self in role performance) and 3) safety (sense of being able to employ and show self without fear of negative outcomes to one's career, self-image or reputation). It can therefore be assumed that individuals will withdraw or defend themselves when organizations fail to provide these resources. Availability includes various personal resources and include for example insecurities and external environment factors that employees bring to their role that can create different emotional and physical energies. The roles and work interaction, as well as the nature of the job influence the meaningfulness of the work experienced by employees. Organizational norms, interpersonal relationships and intergroup dynamics as well as communication and management style contribute to the psychological safety of the individual.

Various authors have identified the different factors that influence job satisfaction, motivation and employee performance. These include but are not limited to; the degree of professionalism, organizational climate, workplace flexibility, achievement, salaries and benefits, recognition, working conditions, autonomy, job security, interpersonal relationships, communication, job importance and others. Special emphasis should be placed on the influence of leaders and managers, specifically with regards to the loyalty of management to workers, the sympathetic understanding of their personal problems, and general communication style.

C. Leadership

Leadership is defined as a process of social influence in which one person can enlist the aid and support of others in the accomplishment of a common task. The focus of this definition is that leadership is a group activity based on social influence and revolves around a common task. Although this definition seems relatively simple, the reality of leadership is very complex. Leadership can therefore be seen as a critical management skill which involve the ability to encourage a group of people towards a common goal. "Leadership style is a way of working and acting leaders in guiding their children to do something". The previous work concur that a leadership style can be defined as the way a manager handles a few categories: how one would address the organization's human capital, from directing their work to dealing with problems and conflict; how one would manage the workflow; how one would manage what gets done, and how much oversight there will be. The authors proclaim that leaders also need to be able to provide guidance and share knowledge with employees that will result in employees being able to adapt to improved and new changes in their environment. In order to achieve this task, various leadership styles have been proposed over the years such as authoritative, autocratic, Pacesetter, Coaching, Democratic, Affiliative and Laissez-faire

Research believe that there is no particular style of leadership that can be considered universal, and the main purpose of a good leader is to motivate, inspire, and directs activities to help achieve group or organizational goals. The view is consistent with Fielder's Contingency Theory which is also known as Fiedler's Contingency Model. Fiedler's model rationalizes that depending on the individual situation and circumstances, a leader chooses a style that would complement the situation. Much like Fielder's theory, the situational contingency model is based on the suggestion that a leader must change their leadership style depending on the circumstances of the situation they are facing. This study did not focus on any particular leadership style, but on leadership as a construct.

D. Leadership communication

Communication is one of the most important elements of effective management of an organization and plays an important role in achieving valuable performance and organizational success. Previous research proclaim that the building of effective relationships between leaders and managers and the rest of the employees, with the aim to increase organizational performance and enhance individual performance, is almost always more achievable when open lines of communication exist. In previous researches it is evident that leaders should do more than merely connect with employees. They should find words that would reduce uncertainty in the workplace, whilst still encouraging them to maintain trust in the policies and procedures of the organization to enhance their performance. The results of the study indicate that employees who have experienced open, positive communication with managers and leaders are better able to handle major organizational changes and challenges. An effective way to increase employee's performance is through open communication between employees and the leader, as this action signals that the organization cares about the well-being of its employees. According to norm of reciprocity, the open communication between employees and leaders facilitates other upward and downward lines of communication in the organization, increasing employee's effort to reciprocate through behaviors to help the organization. Research has found that effective leadership can lead to increased job satisfaction, improved job performance, and increased employee commitment. There is therefore strong evidence that

various aspects of organizational communication at a senior level, including openness and accuracy, performance feedback and frequency of communication are positively related to employee and organizational performance. It is accordingly hypothesized that:

Ha1: There is a statistically significant positive relationship between management communication and employee performance

Ha2: There is a statistically significant positive relationship between leadership and employee performance.

Ha3: There is a statistically significant positive relationship between employee performance and organizational performance.

Ha4: There is a statistically significant positive relationship between leadership and organizational performance

III. METHODOLOGY

This study made use of a positivistic research paradigm and a causal research design. The sampling procedure utilized in this study was non-probability sampling. The sample comprised of organizations that belonged to a Business Chamber in the Western Cape, South Africa. Primary data was collected by means of a structured questionnaire that consisted mainly of closed ended questions. A five-point Likert scale questionnaire was used for the purpose of this study. A total of 175 questionnaires were distributed to respondents and 151 usable, completed questionnaires were received back. This indicates a response rate of 86%. The following abbreviations are used for the variables of the study: COM = Communication; LEAD = Leadership EP = Employee performance and OP = Organizational performance.

IV. RESULTS AND DISCUSSION

Males represented 56% of the total respondents of the study.

A Descriptive statistics

The Mean scores for the variables ranged between 3.73 (LA) and 3.96 (OP) indicating that respondents in general agreed with the statements. The smallest standard deviation (0.85) can be observed for the variable EP indicating that the respondents varied the least in their replies, whilst the highest standard deviation (1.14) are from COM. Highlights from the descriptive statistics revealed that: although management communication efforts are acceptable to the employees, respondents feel that there is a need for better communication amongst employees generally in the organization. Respondents agree to some extent that they are satisfied with the leadership styles of management and that management makes it possible for them to increase their performance in their organizations. Respondents agreed that leaders should be good role models; managers should have good communication skills and that employees want to voice their opinions in the workplace.

B Inferential statistics

The internal reliability of each of the factors was assessed by calculating Cronbach's alpha; the value >0.5 was considered to represent a sufficient standard of reliability in this study. All variables had Cronbach alpha values of more than 0.5 and were considered for further analysis. For the purpose of testing the construct validity of the measuring instrument, an exploratory factor analysis was conducted. Factor loading values indicate the strength of the relationship between each factor and item. For this study a factor loading of 0.5 was used as the cut-off point. STATISTICA was used to conduct exploratory factor analyses. The empirical factor structure was subject to a multiple regression analysis, a statistical technique used to assess the influence of two or more independent variables on a dependent variable. Table 1 indicates the values of the regression analysis for the independent variables (communication and leadership skills) and the mediating variable employee performance.

Table-1 - Regression analysis: The influence of communication and leadership skills on employee performance

REGRESSION SUMMARY: MEDIATING VARIABLE: EMPLOYEE PERFORMANCE						
Parameters	Beta	Std. Error	B	Std. Error	T-value	p-value
COM	0.25	0.06	0.23	0.09	3.09	0.002***
LEAD	0.11	0.06	0.12	0.09	0.31	0.193
R	R²	F	Std. Error of estimate			
0.43	0.18	8.17	0.47			
p < .00000						

* = p < 0.05 ** = p < 0.01 *** = p < 0.001

The data in Table 1 reveals a R² value of 0.18, indicating that 18% of the variability in the model is explained by the variable employee performance (EP), revealing that management communication (b=0.23, p=0.002; <0.01) are positively related to employee performance (EP). Ha¹ is accepted. Leadership (LEAD) (b=0.11, p=0.193) does not have a statistically significant influence on employer performance (EP). Ha² is rejected. Table 2 indicates the results of the regression analysis for the independent variables, communication and leadership style on the dependent variable organizational performance.

Table 2: Regression analysis. The influence of communication and leadership on organisational performance

REGRESSION SUMMARY: ORGANISATIONAL PERFORMANCE						
Parameter	Beta-b	Std. Error	B	Std. Error	T-value	P-value
COM	0.35	0.08	0.35	0.08	4.46	0.00
LEAD	0.19	0.08	0.17	0.08	2.20	0.68
R	R ²	F	Std. Error of estimate-P			
51%	0.26	12.53	0.395971 p<.00000			

*. = p < 0.05

Table 2 indicates a R² value of 0.26, indicating that 26% of the variability of the model can be explained by the variable organizational performance (OP). The results indicate that management communication (COM) (b = 0.35, p = 0.000 < 0.001) is positively related to organizational performance (OP), and that leadership (LEAD) (b = 0.17, p=0.65 p < 0.02) is positively related to organizational performance, therefore Ha⁴ is accepted Table 3 indicates the influence of the mediating variable (employee's performance (EP) on the dependent variable (organizational performance OP).

From Table 3 employee performance (b= 0.20, p=0.02< 0.05) has a positive relationship with organizational performance. Ha³: is accepted.

The t-values reported in Tables 1, 2 and 3 need to be interpreted in order to understand the reliability of the predictive power of the variables and to accept or reject the hypotheses of this study. Generally, any t-value greater than +2 or less than - 2 is acceptable. The higher the t-values, the stronger the impact of that variable, and the greater the confidence one has in the coefficient as a predictor. Low t-values are indications of low reliability of the predictive power of that coefficient.

Table 3: Regression analysis: The influence of employee performance on organisational performance

REGRESSION SUMMARY FOR DEPENDENT VARIABLES: ORGANISATIONAL PERFORMANCE						
Parameter	Beta-b	Std. Error	B	Std. Error	T-value	P-value
Employee performance (EP)	0.20	0.08	0.18	0.07	2.46	0.02
EP-R	R ²	F	Std. Error of estimate-P			
20%	0.04	6.05	0.071 p<0.00000			

*. = p < 0.05

Table 1 reveals that management communication has a moderate impact on employee performance with a moderate t-value (t=3.09), whilst leadership (Lead) has an insignificant value of 0.31 (less than 2) on employee performance, confirming the rejection of Ha². From Table 2 it can be observed that Management communication (COM) has a strong impact on organizational performance with a t-value of 4.46. Leadership (LEAD) has a relatively small impact on organizational performance. Table 3 indicates that there is a moderate impact of employee performance on organizational performance with at-value of 2.46.

V. DISCUSSIONS AND CONCLUSIONS

The results of this study relating to the influence of leadership on employee and organizational performance are in contrast with statements made by [31] claiming that performance of any organization is directly linked to the quality of its leadership. These results open the door for more conversations with regards to the challenges of leadership which include being a “disconnected leader” Leaders often have a disconnect in the way they perceive themselves and their leadership abilities, when compared to the way employees view them.

Management communication results supports claims that managers should spend large parts of their days communicating issues with supervisors, subordinates, peers and others. If that is not the case, employees will have a need to be kept informed about decisions in general. Little actions from management such as a handwritten letter as a token of appreciation carries much weight with employees that require various forms of communication in organizations. Employees that have high autonomy, receive feedback about their performance and experience feelings of happiness at work will perform better than employees of other organizations that don't experience the same.

Positive relationship between employee and organizational performance has been proven to be successful in this study. This empirical supports findings from the study which maintain that the system should be structured in such a way that the employee's efforts can lead to outcomes desired by the organization and which are rewarded by the organization.

RECOMMENDATIONS

It is recommended that management includes a policy regarding the measurement of organizational performance to form part of the policy and procedure guidelines to employees. This in return will enhance communication in the organization and encourage employees to deliver the best results they can.

The weak relationship between leadership and employee performance that was proofed in this study, highlights the fact that managers should embrace the concept of diversity in an organization and lead by example. It is therefore suggested that managers of all organizations should study their own leadership style in order to understand the positive and negative aspects of their particular style and understand how their actions influence their employees.

In order to increase communication in general in the organization it is recommended that management allow employees to anonymously provide positive and negative feedback. Often employees are afraid that negative comments will influence their performance appraisals and they refrain from giving their comments. One easy way in which management can implement this is by introducing a “chili and chocolate” box at work. It operates on the principle of a normal suggestion box in the office but employees are encourage to provide “chilies” or negative comments as well as “chocolates” positive comments to management. Management should then undertake to provide feedback via an internal staff newsletter on all “chilies” and “chocolates” received in a specific period. The internal staff letter can also be used to convey business related issues as well as new initiatives that employees are busy with. By making use of this, management increases their visibility and commitment to employees and information is more generally available.

FUTURE STUDIES

Researchers have extensively examined the correlation between leadership style and employee performance. However, a common issue in these studies is the tendency for researchers to provide general comments on leadership styles without delving into the specific impact of the leadership concept on employee performance. The finding of a tenuous relationship between leadership and both employee and organizational performance in this study underscores the significance of leadership within any organization. Subsequent research addressing the challenges of leadership, particularly those associated with a “disconnected leader,” could be a valuable avenue for exploration.

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