



# The Role of Leadership Style in Influencing Employees' Perceptions of their Individual Performance

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**Abstract.** Organizations seek to ensure that their employees perform at their best. There is a need for the organization's leadership to motivate the employees. The objective of this article was in investigate how leadership style affects how employees view their own performance. Leaders must lead by example to shape the employee's attitudes and perceptions. To achieve this objective, the paper engaged in a critical review of literature. According to the results, the leadership style has significant impact on the encourage and drive of workers. Transformational and democratic leadership have been identified as the most significant in shaping employees' attitudes and perceptions towards work and performance. Based on these findings, there is a need to ensure leaders are conversant with how employees can be motivated. This is besides the fact that other factors are linked to performance perception, such as the working environment, job security, and remuneration.

**Keywords:** Individual performance, employee attitude, employee perception, leadership

## 1 Introduction

### 1.1 Research Background and Significance

Organizations aim to maximize their profit by ensuring that their employees perform to the best of the capabilities. This perspective is based on the premise that the harder the employees work, the better the company will perform [1] Existing research has pointed out that leadership is instrumental in encouraging or motivating employees to individually work harder for the benefit of the organization as a whole. For instance, in investigating the basis for improved performance, Osabiya [2] identified ten critical factors that are a source of motivation for employees. Some of these factors include teamwork, provision of equipment, as well as supervision. In this case, save for the provision of the right equipment, leadership is considered key. However, the authors note that the leader has to lead by example if the rest of the employees are to follow suit. Similarly, Rozi et al. [3] examined the effect that leadership had on the productivity of employees at PT. Stella Satindo in Jakarta discovered that leadership positively influences how employees perform. However, although there exists diverse literature on leadership and

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performance, little exists on how specific leadership styles make employees perceive their performance. Studying this topic is of great importance because it can help in understanding how different companies benefit from leadership, as well as how a particular leadership style influences the perceptions of employees regarding their performance. For example, some leaders use the democratic while others use the autocratic style, and it is imperative to find out how each approach affects employee perceptions and attitudes towards work performance.

## **1.2 Roadmap for the Research Paper**

This topic is related to business management and leadership and employee motivation, and although it has been explored broadly, there is a need for further research because different organizations have different leadership styles. A good number of management and leadership scholars have identified transformational and democratic leadership as the most significant in shaping employees' attitudes and perceptions towards work and performance. To approach the research question, this paper evaluates the literature regarding the topic. This paper will begin by detailing the factors that influence employee performance and later examine the findings regarding the role of leadership style. Consequently, this paper seeks to answer the question of how leadership styles influence employees' perceptions of their performance.

## **2 Factors influencing Employee Performance**

### **2.1 Subjectivity of the Direct Manager's Performance Evaluation**

As illustrated in various studies [4-6], employees' productivity is a function of numerous factors, with leadership being at the core. For instance, Alavi et al. [4] noted that although these factors are many and varied, the influence of employee-manager relationships cannot be overemphasized. This relationship is the basis on which the manager interacts with employees through behavior modeling, constructive feedback, as well as performance reviews. Since the management is perceived as the representative of the organization, employees tend to construe a good relationship with the management as an indication of stability in their relationship with the organization. Moreover, they perceive this relationship as an indication of either success or failure in their assigned roles. As a result, employees strive to adjust their performance in a way that will make the management happy. However, these aforementioned ways through which managers impact employees' performance can fail unless the managers, as leaders in this case, make an effort to understand the sources of employee motivation at work. Additionally, Heibutzki [7] noted that the "command and control" leadership model, which is followed by many managers, only instigates lower loyalty and performance in comparison to organizations where employees perform their duties autonomously.

## **2.2 Executive Standards and Methods of Leaders' Performance Evaluation**

For Muda, Rafiki, and Harahap [5], performance appraisal has a strong influence on performance. However, this influence stems partly from the fear of being considered a non-performer on the part of the employee, and partly from the design and execution of the performance metrics, where some employees may be concerned with the objectivity of the metrics. The essence of performance appraisals is to serve as a motivational tool. This tool is so effective that it motivates all employees regardless of their performance. For instance, if the appraisal reveals that the set targets have been achieved, the employee will be motivated to achieve even more and perhaps work toward a better job. If the appraisal reveals that the employee's performance is wanting, they will as well be motivated to improve their productivity since no one wants to be associated with poor performance [6]. However, these are not the only factors that influence performance. Leadership, performance-based remuneration, job security, working environment (including working time), a sense of belonging, effective communication, as well as an opportunity to engage in perceivably challenging tasks, also play a key role [2,6]. While leadership is instrumental, it is important to understand whether all types of leadership styles work in influencing employees.

## **3 The Impact of Leadership Style on Employee's Perceptions of their Performance**

### **3.1 How Employees Perceive Their Work Can Be Affected by Various Leadership Styles**

To better understand this subject, this paper compares the results of employees' perceptions in three studies where leaders used different leadership styles. The first is Buil, Martínez, and Matute [8] who used transformational leadership. The results indicated that this style positively influences performance through organizational identification and work engagement. Moreover, the authors noted that a proactive personality reinforces the role that the leadership style plays. The second study is by Iqbal, Anwar, and Haider [9] who engaged three leadership styles: autocratic, democratic, and participative. In this case, the authors noted that the three styles have a positive influence on employee performance. However, the autocratic leadership style was noted to be most effective in the short term, the participative style was most suitable in the long term, and there was no time constraint for democratic leadership.

### **3.2 Transactional and Transformational Leadership**

The third study is by Paracha et al. [10] who focused on the influence of transformational and transactional leadership and discovered that despite the two styles also positively impacting employees' productivity, transactional leadership is more significant in terms of effectiveness than transformational. However, the authors also established that while job satisfaction plays a mediating role in transformational leadership and

employee performance, it does not affect transactional leadership. This implies that employees are more satisfied when dealing with a transformational leader than a transactional one, who underscores supervision and organization, in place of the creation of a vision to influence change (transformational) [10].

### **3.3 Implications**

Examining these findings, two notable inferences can be made. First is that although different leadership styles positively influence performance, their capacity to do so is limited. The second is more of a confirmation than an observation. This is because literature has confirmed that some of the renowned leadership styles as the best or most effective have the longest positive impact on employee performance. Corroborating this view, the findings of Iqbal et al. [9] cited democratic leadership, which is considered among the best styles, as having a positive short- and long-term influence on employee performance. Nevertheless, one key question that remains unanswered is why these styles yield different impacts. One theory is that by engaging these different leadership styles, leaders appeal differently to the psychology of the employees which is where the motivation to work or not work hard originates.

### **3.4 The Impact of a Leader's Style on An Employee's Perception of Their Own Performance**

One of the ways that leaders use different styles to influence employees' performance is by ensuring that they (employees) can link their performance to the performance of the organization as a whole. This illustrates to them that the less they perform individually, their organization's performance will be worse. Psychologically, this portrays them as significantly influencing the overall organizational performance, and as such, having some kind of power even over the management. However, Paracha et al. [10] argue that this is not always the case as some styles, such as transactional, discourage employees from coveting leadership, thus unconsciously demotivating them from positively perceiving their performance.

### **3.5 What Leaders Should Learn**

Expounding on this perspective, Almatrooshi, Singh, and Farouk [11] found out that the leader's cognitive, emotional, as well as social competencies play a key role in influencing both employee and organizational performance. In this case, the leader can either appeal to employees by encouraging them to perform, or exemplifying good performance to lead by example. In the latter case, the leader, for instance, can show that they believe in themselves and their capabilities, and by so doing encourage the employees to do the same. The argument is that by believing in themselves, leaders transfer this positive energy to the employees who in turn individually feel motivated to perform better. Sundi [12] argues that employees feel motivated to act like the leader hoping and believing that by doing what the leader does, they will eventually reach a similar level of success or influence, as the leader. Consequently, employees also perceive

themselves as capable of recording an improvement in performance and through this conviction, they end up improving their performance [12].

It is this improved individual productivity that collectively translates into improved overall organizational performance. Based on this argument, it follows that the leader's role in influencing employees' perception of their performance extends beyond the physical contributions, including psychological appeal. Showing the employees what they should do is merely enough for the leader. They must create an environment where employees feel safe and appreciated for their contributions to the organization. In essence, this entails tapping into their psychological and cognitive states and influencing such towards performance.

#### **4 The Potential Influence of Leadership Style on Employees' Performance Attitude**

According to Hilton, Arkorful, and Martins [13], a leader has the natural or intrinsic capacity to influence employees' performance even in absence of an external reward. Due to this ability, some employees just want to be on good terms with their leader (or manager in this case). In such a situation, if what it would take for them to achieve this goal is to perform better, then, such employees tend to believe that they need to work harder. This is especially so in the case of a democratic leader who not only seems to offer guidance and help to various members of their team, but also involves even the lowest-ranking employees in decision-making by occasionally accepting and receiving their inputs [13]. Whether this improves performance, in this case, is a result of a positive attitude towards one's performance capability, or the need to get to the leader's 'good side', the inference is the same: leaders influence performance.

#### **5 Conclusion**

The results of this study have shown that transformational leadership positively influences performance through organizational identification and work engagement. The autocratic leadership style is the most effective in the short term and the participative style is most suitable in the long term. There is no time constraint for democratic leadership. Transformational and transactional leadership positively impact employees' productivity, but transactional leadership is more significant in terms of effectiveness than transformational. However, while job satisfaction plays a mediating role in transformational leadership and employee performance, it does not affect transactional leadership. Democratic leadership is considered to be among the best styles that have a positive short- and long-term influence on employee performance. Therefore, each leadership style can be evaluated in terms of how it helps employees assess themselves in the workplace. The impact of this study is that leaders using different styles must learn what motivates their employees to perform better and perceive their performance as good.

The paper has established that the leader has the natural or intrinsic capacity to influence employees' performance even in absence of an external reward. However, besides leadership, other numerous factors exist that are impactful on employee performance, including remuneration, job security, and working environment. Thus, to the question that the paper aimed to answer, literature has shown that most leadership styles positively influence employees' performance by appealing to their perceptions about their own performance. The common denominator in the various leadership styles that leaders apply is motivation. The essence of the psychological appeal is to encourage employees to improve their performance by leaning towards positive perceptions about their performance. However, this influence varies with leadership style, with democratic and transformational leadership being considered the most effective at the purpose. Nevertheless, there is still a need for further research in this area to determine whether different leaders using the same leadership style inspire the same or different levels of performance.

This research can help leaders and managers develop skills to work better with their employees, who constantly need to feel that their efforts are valued. The primary strength of the current research is the comprehensive evaluation of the existing literature, thereby promoting objectivity. In the future, however, research should study how external factors impact the role of the leader to influence employee's perceptions about their own performance, leadership style notwithstanding.

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