

THE IMPORTANCE OF LEADERSHIP STYLES IN INFORMATION TECHNOLOGY ORGANISATIONS

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Abstract: *The global competitive environment existing in the corporate scenario challenges every organisation. Especially, the Information Technology (IT) industry is facing the issue of survival at a higher rate. With majority of the organisations dealing with global clientele, there is major impact of the environment on the organisations. Leadership Style is one important factor that will influence the employees of the organisation to achieve its goals. This paper is an attempt to study the importance of leadership styles in IT organisations. It helps to find the association between leadership style and the employees' effectiveness in the job. It also aimed to study the association between leadership style and employees turnover intentions. The transactional and transformational leadership styles are taken for the study. The study was carried out by collecting information from employees of selected IT organisations and the information was processed. The data collection was done by using a well structured questionnaire. The study found that there is a significant association between the leadership style and effectiveness of employees in the job. It is also evident from the study that there is a significant association between leadership style and employee turnover intentions. From the study it is concluded that leadership styles plays a major role in shaping the organisation to fit in the global market.*

Keywords: *Information Technology, Leadership Styles, Transactional Leadership style, Transformational Leadership style.*

INTRODUCTION

Leadership style is the pattern of behaviour exhibited by a leader to influence others. In an organisation, leaders exhibit behaviour to influence employees to work willingly. This behaviour is leadership style and it has an impact in all aspects of the organisation. The employees are expected to achieve the goals of the organisation. These goals can be achieved by the employees with the help of the leader. They help in building the employees' morale and boosting their performance. Each leader exhibits different patterns of behaviour. The leadership style varies from industry to industry. Leadership styles can be considered to

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significantly influence the economic and social growth of the organisation. The leadership styles can be change agents in the organisations.

Leaders in the Information Technology environment are essential in taking the organisation to heights through the rapid technology change, globalization, competition and many more. They can achieve the objectives of the organisation with the employees working effectively and efficiently. The employees are ready to work with challenges too, but with the leader's support and involvement. The type of behaviour the leader exhibit also will decide on the employees' willingness to stay in the organisation. The leadership style may have an impact on the employees' turnover intentions. The leadership style that will satisfy the employee needs and also the organisational needs is important for all IT organisations to survive. Some organisations have higher market share with the goodwill posted by the leaders in the organisation. Therefore leadership style is one of the factors that enable the organisation to contribute its best to the society.

LITERATURE REVIEW

Transformational Leadership Style

Bass and Avolio (1990) and Meyer and Botha, (2000) defines transformational leadership as that allows for the development and transformation of people. It is found by Cacioppe, (1997) that transformational leaders inspire their subordinates to adopt the organisational vision as their own, while attempting to heighten their values, concerns and developmental needs. Hater & Bass (1988) state that the dynamics of transformational leadership involve strong personal identification with the leader, joining in a shared vision of the future, or going beyond the self-interest exchange of rewards for compliance. Yammarino & Bass (1990) note that the transformational leader articulates a realistic vision of the future that can be shared, stimulates subordinates intellectually, and pays attention to the differences among the subordinates. Tichy & Devanna (1990) highlight the transforming effect these leaders can have on organizations as well as on individuals. By defining the need for change, creating new visions, mobilizing commitment to these visions, leaders can ultimately transform the organization. Podsakoff et al. (1996) states that in transformational leadership style there is an increase in their level of performance, satisfaction, and commitment to the goals of their organization. From previous studies it is found that transformational leadership style seemed to impact and transform the organisation.

Transactional Leadership Style

Bass and Avolio (1990) and Meyer and Botha, (2000) defined that Transactional leaders are considered to enhance the subordinates' readiness to perform at expected levels, by offering rewards for acceptable performance, thus resulting in the desired

outcomes defined by the leader. The objective of the transactional leader as defined by House and Aditya (1997) 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. As House, Woycke & Fodor (1988) studied, in transactional leadership style, the leader clarifies the performance criteria, in other words what is expected from subordinates, and what they receive in return. Bromley and Kirschner-Bromley (2007) explains transactional leadership as leaders which “specify explicit requirements and conditions of the task, and provide rewards for fulfilling those requirements,” and that “fulfilling the requirement is completing the transaction. Transactional leadership style is more of an exchange relationship and the interaction between the leader and the subordinate is less.

OBJECTIVES

The following are the objectives taken for the purpose of the study:

- To study the association between leadership style and employees’ effectiveness in the job
- To find the association between leadership style and employees’ turnover intentions
- To analyse the association between leadership style and leader’s involvement with the employees

RESEARCH METHODOLOGY

Five IT organisations in Chennai were selected for the study. From the population a representative sample of 200 was drawn. Primary data from the respondents were collected with the assistance of a well-structured questionnaire. It was collected from executives, software engineers and senior software engineers who were reporting to a leader from selected IT organisations in Chennai city, India. The researcher collected the responses from the respondents in person and through mails. The reliability of all the items in the questionnaire was tested and it was found to be above 0.8.

Two hundred and seventy five (275) questionnaires were distributed and two hundred (200) were received in usable condition. Statistical Package for Social Sciences (SPSS) was used to analyse the collected primary data. Chi square analysis was used to test the research hypotheses. All statistical tests were performed at 1% significance level.

RESULTS AND DISCUSSIONS

In order to assess the association between leadership style and effectiveness of employees in the job, a Chi-square test was performed. The cross tabulation between

leadership style and effectiveness of employees in the job is presented in the table 1.

Null hypothesis H_0 1: There is no significant association between leadership style and effectiveness of employees in the job

Table 1
Table showing the Chi Square Calculation to find the association between leadership style and effectiveness of employees in the job

			Leadership style			Chi-square value
			Transac- tional	Transforma- tional	Total	
Effectiveness of employees in job	Highly Ineffective	N	3	2	5	20.043** (p < .001)
		%	1.5%	1%	2.5%	
	Ineffective	N	2	2	13	
		%	1.0%	0.9%	1.9%	
	Neutral	N	15	16	31	
		%	7.5%	8.0%	15.5%	
	Effective	N	49	64	113	
		%	24.5%	32.0%	56.5%	
	Highly Effective	N	12	35	46	
		%	6%	17%	23%	
Total	N	81	119	200		
	%	40.5%	59.5%	100%		

** Significant at 1% level

From table 1, it is observed that there is significant association between leadership style and effectiveness of employees in the job. Chi-square value (20.043) shows that the null hypothesis is rejected at 1% level. Hence it is concluded from the analysis that leadership style and effectiveness of employees in the job are well associated. It is evident that most of the employees (32%) felt that transformation leadership style is the cause of effectiveness in job.

The association between leadership style and employee turnover intentions was studied by using chi-square test. The cross tabulation between leadership style and employee turnover intentions is presented in the table 2.

Null hypothesis H_0 2: There is no significant association between leadership style and employee turnover intentions

From table 2, it is observed that there is significant association between leadership style and employee turnover intentions. Chi-square value (23.967) shows that the null hypothesis is rejected at 1% level. Hence it is concluded from the analysis that Plan to leave the organization and classification based on leadership style are well associated. From table 2, it is clear that most of the employees (37.0%)

Table 2
Table showing association between leadership style and employee turnover intentions

			Leadership style			Chi-square value
			Transac-tional	Transforma-tional	Total	
Employees turnover intention	Less than 1 month	N	3	2	5	23.967** (p < .001)
		%	1.5%	1%	2.5%	
	1-3 months	N	2	8	10	
		%	1%	4%	5%	
	4-6 months	N	13	18	31	
		%	6.5%	9%	15.5%	
	7-12 months	N	20	16	36	
		%	10%	8%	18%	
Total	More than 12 months	N	44	74	118	
		%	22%	37%	59%	
		N	82	118	200	
		%	41%	59%	100%	

** Significant at 1% level

working under the leaders following transformation leadership style has no plans to quit the organization within a year.

The association between leadership style and leader' involvement with the employees was analysed using chi-square test. The cross tabulation between leadership style and leader' involvement is presented in the table 3.

Null hypothesis H₀3: There is no significant association between leadership style and leader's involvement with the employees.

Table 3
Table showing association between leadership style and leader's involvement with the employees

			Leader's involvement			Chi-square value	
			Less	Medium	More		Total
Leadership style	Transactional	N	32	35	13	80	175.158** (p < .001)
		%	16%	17.5%	6.5%	40%	
	Transformational	N	12	27	81	115	
		%	6%	13.5%	40.5%	60%	
Total	N	44	62	94	200		
	%	22%	31%	47%	100		

** Significant at 1% level

Table 3 shows that there is significant association between leadership style and leader's involvement with the employees. Chi-square value (175.158) shows that

the null hypothesis is rejected at 1% level. Hence it is concluded from the analysis that classification based on leadership style and leader's involvement are well associated. It is also observed from table 3 that most of the leaders (39.4%) following transformational style are more involved with their employees.

CONCLUSION

It is the leaders and the leadership styles that instruct and encourage the employees for active performance. Support from the leaders is necessary for employees in all areas of work. The leader can involve personally with the employees. According to the study, there is a significant association between leadership style and effective performance in job by the employees. The study also shows that there is a significant association between the leadership style and employee turnover intentions. If the organisation has to retain its employees, it should be able to develop leaders with a style that will support the employees in all aspects of their job. From the study it is evident that there is a significant association between leadership styles and leader's involvement with the employees. It is found that the leaders following transformational leadership styles are more influencing the employees in effective performance and are more involved with the employees. Thus when the drive to work effectively starts with the ease of the employees and leader's contribution in the job, the leadership style will moderate the growth and development of the organisation.

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