A Review of the Relationship Between Core Leadership and Employee Performance

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Abstract: Core leadership and employee performance have long been a cliché and permeate every industry, and interest in the field is growing in both business and academic circles. While numerous scholars have deepened and revolutionized leadership theory through empirical research, a systematic review of these studies has not yet received attention. Therefore, the purpose of this paper is to connect its theoretical development to business practice and to identify directions for leadership development by answering the question of whether and how leadership affects employee performance. In order to explore this topic, this paper used a literature research approach to review and analyze the relevant literature. The major categories of this literature and the main structure of this review consist of four sections: leadership style, leadership behavior, leadership development, and the relationship between leadership traits and employee performance. The analysis shows that scholars generally acknowledge their decisive role in employee performance and that effective leaders need, at a minimum, intelligence, personal charisma, the ability to balance people and tasks, mentoring skills, cross-cultural awareness, the ability to switch styles of dealing with different situations, a sense of continuous self-improvement, and a global mindset.

Keywords: leadership, employee performance, management

1. Introduction

Core leadership has been one of the most widely discussed topics in business practice and organizational behavior for many years. While leadership is complex to define and categorize, it is widely acknowledged as a crucial component of what makes people, teams, and organizations productive. Far from existing only in a theoretical sense, leadership is equally pivotal at the level of solving business and management problems. Based on the idea that leaders can control employee engagement and behavior, there is an inextricable relationship between leadership effectiveness and employee performance.

Researchers have explored this in depth and contributed a vast amount of extraordinary research findings. Some of these studies link personality variables and other stable personal attributes to leadership effectiveness, arguing that extraordinary qualities of individuals are determinants of leadership effectiveness [1][2]. Second, much of the literature focuses on perspectives related to characteristic leadership behaviors. That is, depending on the circumstance and the job, different behaviors are displayed by leaders at different stages of the leadership process [3][5]. Furthermore, leadership style has been widely followed by academics. Even though different scholars have

different definitions and classifications of leadership styles, they are not conflicting, and they all have a substantial influence on employee performance. Finally, as the globalization of business is requiring existing company leaders to rethink their necessary competencies, the development of global leaders to improve employee performance is an important ongoing agenda that is also attracting more and more scholarly attention [6][7].

Although the literature on the subject of leadership and employee performance is extremely extensive, systematic organization and generalization are still lacking. Therefore, this study used a literature research approach and a systematic search of the Web of Science journal repository for publications related to the topics Leadership and Employee Performance using a subject search. This study used a transparent and reproducible procedure to collect a wide range of perspectives, systematically summarize prior contributions, and locate knowledge gaps. Specifically, the following 3 steps were included. The selection criteria in the first step included: source journal (core journal), discipline (management), year (2000-present), and paper type (article). The second step is to consider the influence, authority, and reliability of the literature. Articles that have been cited less than 10 times will be excluded. The third step is to further determine that the literature related to the topic has been covered extensively and to conduct a detailed analysis of the literature that has been included in the reference range.

Therefore, a brief review based on this includes the following four areas. The associations between leadership style and worker performance, those between leadership conduct and worker performance, those between personality factors and leadership, as well as the development and training of leaders. However, the major goals of this study are to categorize the diverse leadership philosophies of various leaders, analyze how leadership affects employee performance from many angles, and hope to present an effective overview and explanation of prior work in the area.

2. Leadership and Employee Performance

2.1. The Relationship Between Personality Traits of Leaders and Employee Performance

The link between a leader's personal qualities and his or her leadership effectiveness was first uncovered by a group of scholars in the 1930s. These scholars linked personality variables and other stable personal attributes to leadership effectiveness, arguing that extraordinary personal qualities are determinants of leadership effectiveness and that employee performance is impacted by leadership quality. Moreover, during their in-depth discussions, they identified models and frameworks for assessing the psychological and physical differences that distinguish successful leaders from non-leaders. For example, self-efficacy, emotional intelligence, and openness affect employee performance by influencing leadership effectiveness. Personality, in particular, has been identified as an important determinant associated with leaders' work behaviors [8]. The characteristic leadership approach, as stated by Stephen J., plays an essential role in forecasting this component of leadership effectiveness [1]. Among other things, the five-factor model provides an organizational framework and a sound assessment technique for this purpose. The development and efficacy of leadership are significantly correlated with the four dimensions of extraversion, accountability, emotional stability, and openness to experience. Even to date, much research continues to agree that key personal competencies such as self-confidence, intelligence, and emotional intelligence exist to influence leadership effectiveness and the performance of their subordinates. However, it cannot be denied that in the late 20th and early 21st centuries, this theory started to be questioned more and more due to absence of specialized techniques and instruments to guide leadership development, the absence of a theoretical framework and operationalization, unethical, illegal invasions of privacy, the concentration of research on isolated traits, and the focus of research on linear relationships [9]. Based on this, Judge et al. also claiming that while personality can unveil whether a person is regarded as a

leader, it is ineffective in evaluating whether these managers are successful in an objective sense in leading teams and helping organisational prosper [9]. In fact, there are also environmental factors that influence leadership behavior, such as organizational culture fit, employee needs and task demands, as well as the tacit knowledge that leaders acquire through acquired development. Although leaders differ in nature, analytical intelligence, practical intelligence, creative intelligence, cultural intelligence, values, knowledge, experience, cross-cultural awareness, leadership skills, collaboration skills, the ability to motivate, and the ability to influence without authority factors are closely related to the emergence and success of leadership. Therefore, to avoid criticism for the sake of criticism, researchers have now expanded to address additional areas of the trait leadership approach, such as leadership diversity development, leadership assessment, leadership and employee performance, and leadership and team dynamics. In order to better answer questions such as how to improve leadership effectiveness and impact organizational performance and employee well-being by developing leader traits and competencies, how to assess leaders' leadership competencies accurately and reliably, and how to make leaders more efficient in their duties such as team management in different cultural, gender, ethnic, and age contexts. For example, because human resource development procedures like as hiring and selection, training, and assessment have largely adopted competence models, managers who lack certain leadership knowledge, abilities, and qualities can all end up with the poorest leadership results [10].

Overall, employee performance largely depends on the leader's leadership and management skills, and some early scholars fully affirmed the theory that leaders are innate, arguing that choosing the correct leader and forecasting leadership performance both heavily rely on the characteristic leadership approach. However, criticism has grown, with many studies indicating that personality traits do not accurately measure and predict the effectiveness of leaders. Recent research, however, has recalibrated this framework by considering the shortcomings of the trait leadership approach and combining personality traits with environmental and situational factors, suggesting that leaders need to be developed later in life to effectively manage organizations and improve employee performance.

2.2. The Relationship Between Leadership Behavior and Employee Performance

As already stated, after a fruitless search for specific traits that distinguish effective leaders from others, there has been a shift in academic research on leadership that has begun to focus more on the direction of the situations in which leadership behaviors work. In addition, unlike qualities, leadership behaviors are easier to identify and to develop. Its foundation may be viewed as a trade-off between a leader's friendliness to his people and the leader's ambition to achieve work objectives. Task-oriented behavior is when leaders focus on improving the productivity of their teams and organizations, while relationship-oriented behavior is when leaders focus more on maintaining interpersonal relationships between themselves and their followers and keeping their followers engaged and confident in the task. Gary et al. pointed out that, although a leader can be effective when he focuses completely on his job, there is a negative correlation between this and employee work satisfaction, and his followers have low morale and complain more [5]. In addition, when a CEO primarily concerns relationships, even though he has a cohesive and stable staff, the company's production suffers. Therefore, a good leader should have both things. Several other scholars have proposed other factor-oriented ideas based on this theory.

Like the philosophies of task- and people-oriented of leadership behavior, the Situational approach to leadership (SLT) theory focuses on describing and guiding leadership behavior. It is an evolution of SLT and shares the same underlying logic. However, the framework goes further than the former in revealing the principle that leaders need to help their subordinates mature, arguing that subordinates' competence and commitment levels are related and that various aspects of followers' maturity determine the right leadership behavior. It defines four phases of follower growth and the

four types of leadership that correspond to each level that encompass the leader's instructions to employees, and the two-way communication issues of listening and support [11]. Although STL has been questioned in academia for its lack of clear empirical support, such as lack of internal consistency, continuity, and conceptual contradictions and ambiguities, it is still widely accepted in the field of management training [12].

Besides, Leader behaviors are also strongly tied to the Leader-Member Exchange (LMX) concept, especially the four relationship-oriented behaviors of support, recognition, consultation, and delegator [13]. The performance of subordinates, contentment with supervision, total fulfillment at work, organizational commitment, and role clarity are all positively impacted by high LMX relationships, which also suggest high levels of trust, loyalty, information sharing, and open communication [14]. By following the LMX principles to boost employee engagement in creative work, and by building positive attitudes of high trust and loyalty in the entire employment relationship are two ways that leaders may assist improve employee and organizational performance. The study's findings also demonstrated a connection between LMX theory and leaders' empowering activities. As stated by Ahearne et al., when leaders delegate authority to employees, leaders can help improve employee self-efficacy and adaptability, and employees with higher levels of readiness may respond more to this [3]. When leaders build quality relationships with high-performing subordinates and empower them to do so, they are more proactive and more casual in expressing their ideas, opinions, and concerns about work-related issues. But it is crucial to remember that employee performance only matters in relation to leader empowerment actions when LMX is high. Moreover, there are potential risks associated with transferring responsibility and authority to employees, including the possibility that supervisors may be disadvantaged as a result, employees may make poor decision making, and employees may abuse their power [4].

The above results show that the development of research on leadership behavior is basically based on task-oriented and relationship-oriented theories. Moreover, SLT theory and LMX's theory are two of the important research frameworks that have been extended and are widely used in management training and practice. Among them, SLT believes that leaders should adapt to the situation at hand. LMX, provides guidance for leaders to build friendly relationships with their followers and provides a theoretical background for empowering behavior.

2.3. The Relationship Between Leadership Style and Employee Performance

Leadership styles have been classified in a myriad of academic categories. Omni-directional leadership, transformational/charismatic leadership, authoritarian leadership, transactional leadership, participative leadership, and mentoring leadership are some of the most widely known leadership styles. The ability to focus on organizational change and innovation while guiding their teams toward a brighter future via ongoing development and progress is one way that researchers characterize transformational leaders. Although transformational leadership and charismatic leadership were not the same concept in the past, transformational, and charismatic leaders are currently labeled as the same type of leader by academics because they share so many similar traits and behaviors [15]. For example, transformational leaders drive organizational change and innovation by inspiring enthusiasm and creativity in their subordinates, while charismatic leaders influence others through personal charisma, but the ultimate goal and outcome is to build rapport with employees and encourage them to participate in the organizational innovation and development process.

Most professionals in the field of related research are obsessed with comparing and contrasting various leadership types. Transformational leadership has received more attention from researchers in the last decade due to its perceived effectiveness in motivating followers to innovate and improve employee performance compared to other leadership styles [16]. The aforementioned studies of STL and LMX theory have focused on its foundations. Even though critical voices exist due to the same

lack of empirical research, it is still the type of leader that is recognized and sought after by many business organizations today [12]. Although participative leadership is also considered to have a positive effect on employee innovation, provided that the work team is highly functionally heterogeneous [17]. Leaders who use the four approaches of inspirational motivation and goals, intellectual stimulation, charisma, and individualized coaching are effective in enabling employees to achieve higher than expected performance through innovative behavior [18], and are effective in a variety of situations, such as the IT industry. The almost complete opposite is the laissez-faire leader. This sort of leader may produce dissatisfaction and stress in the workplace, such as conflicting roles and confusion about roles, which can eventually lead to antisocial behavior, interpersonal difficulties, mismatched assumptions of subordinates and/or superiors involved, and other unpleasant reactions [19]. It is crucial to remember that numerous leaders cannot be singularly categorized into one of these types, but rather they tend to possess more traits of one type or another. This is because most successful leaders have a comprehensive leadership profile that encompasses some of the traits of multiple types [20].

In summary, academics have broadly categorized leaders and have empirically analyzed and tested the effectiveness of these categories in different scenarios. Most of the findings conclude that transformational/charismatic leaders are by far the most effective in creating a harmonious work environment, motivating organizational innovation, and improving employee performance. However, this does not mean that leaders need to be only one of these types but leaders, but rather they need to acquire traits of multiple leadership types after avoiding the traits of permissive leadership.

2.4. The Relationship Between Leadership Development and Employee Performance

Cultivating global leaders is already a priority. Whilst subject of how to be a profitable and efficient global leader has long been debated, the concept of boosting staff performance through training or choosing a suitable leader is universally acknowledged. Moreover, while one school of thought focuses on the fact that leadership development lies within leadership itself and requires personal empowerment to enhance effectiveness, another school of thought focuses on the fact that organizational culture and social capital provide support for leadership development. However, the jury is still out on the most effective or best way to develop it. For example, according to Leskiw and Singh's theoretical study, they believe that leadership development should be constructed within the organization [21]. The best practices should focus on six crucial areas: requirements analysis, audience selection, setting up the necessary infrastructure, creating learning systems, evaluating effectiveness, rewarding success, and correcting shortcomings. Specifically, the entire process consists of the following steps. First, the organization assessing the need for leadership development based on its business strategic goals. Second, selecting the people who need to be developed (potential employees who are capable and suitable to become leaders) to participate. Third, ensuring the continuous supply of resources needed throughout the process. Fourth, developing a learning system consisting of formal training and action learning. Fifth, evaluating the effectiveness of the process, and giving the process. Sixth, the process is evaluated and feedback is given based on the results. Elkington et al. argue that leaders need to improve their leadership effectiveness by starting with themselves, continuously shaping their understanding of their environment, human capital, social capital, and structural capital, and training a variety of necessary skills [22].

In addition to theoretical research, the field of leadership training needs to develop a concrete and implementable program and process. In this regard, Toegel & Barsoux believed that starting from the five major personality types, it may be a good way to make targeted compensation and management for the dark side and advantages of one's own personality [2]. Undoubtedly, a better grasp of one's own leadership characteristics aids with job adaptation. But depending exclusively on trait management is insufficient because people's personalities are frequently challenging to modify

quickly. Additionally, this issue may be resolved by a variety of participants in the leadership development sector, including business schools, corporate universities, professional training businesses, and consulting firms. Corporate universities, in particular, have now evolved as an approach to human resource development and a widespread business phenomenon. Furthermore, due to its crucial function in bridging the gap between practitioners and academics and between businesses and institutions, it has brought disruptive results in the area of skills development such as leadership [23]. However, this approach tends to be found only in large companies, as small companies do not have the resources to support the development and operation of a corporate university. In addition, a more specific and feasible approach is the multidimensional approach proposed by Cohen, he emphasized that a multifaceted approach, namely, examination, education, experience, and exposure, is the most efficient way to build successful global leadership. People who actively engage in self-reflection, pursue professional higher education, consciously learn from experience, and consistently engage in global activities are more adept at carrying out these tasks [7].

Through the exploration and analysis of multiple literature, it can be concluded that leadership development requires support from multiple sources, including multiple aspects of the individual and the external environment. Internally constructed leadership development programs, multidimensional approaches, targeted personality management, corporate universities and multidimensional approaches are all viable approaches to leadership development. While neither academia nor industry can define the most universal approach, one of the more common is the corporate university, while the more specific is the multidimensional approach.

3. Conclusions

In summary, this paper identifies four ways in which leadership affects employee performance from previous research. First, leaders tend to influence their decisions and subordinate effectiveness with their specific personal qualities of intelligence, skills, and personality. However, the trait leadership approach has been denied by many scholars due to its unethical nature, lack of theoretical framework, and the concentration of research on isolated characteristics. Furthermore, scholars have developed additional areas of research that address this theoretical foundation, such as leadership diversity development and leadership assessment. Second, while there are many frameworks and philosophies that guide effective leadership behavior, at its root, leaders' success in guiding employees to actively participate in their work and do it efficiently depend on their ability to strike a balance between a focus on people and a focus on tasks, and to effectively inspire trust and loyalty in their employees toward the leader. Third, leadership styles are often not fixed, different scenarios may lend themselves to different leadership styles, and successful leaders often have more than one type of leadership trait. The most recognized transformational leaders are in most cases effective at improving organizational performance by driving employee innovation. Fourth, with the recognition of leadership, improving leadership effectiveness also means that various employee behaviors can be effectively regulated. While there are many ways to approach leadership development, whatever the approach to leadership development, it needs to be considered at the right time and tailored to the local context.

It is easy to see above those good results have been achieved in this area of research in the last 23 years. For example, a large body of literature has made effective breakthroughs in the question of whether personality traits can be used to predict and measure leader effectiveness, a broader classification and more in-depth study of leadership styles in different industries and different team contexts, and a clear body of basic research on leadership behavior. However, the use of leadership should not exist only at the theoretical level but should also help leaders in the practical operation of their organizations. One of the most important things that should not be overlooked is that there are still many issues to be addressed in the research on methods for developing good leaders, such as the lack of consensus on the most effective way to develop leadership, and the lack of a clear framework

on how to use the five factors of personality to compensate for the deficiencies of a particular leader. It is hoped that this paper will stimulate management scholars to focus on this work with new and more comprehensive insights about the connection between leadership and worker performance variables and provide guidelines for corporate management to act upon when dealing with leadership issues.

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