

A Correlational Study of Organisational Leadership and Employee Engagement in I.T. Sector

Dr B K Tripathi¹, Professor, International Institute of Professional Studies, Devi Ahilya Vishwavidyalaya, Indore, e-mail: tripathibrajesh@yahoo.com

Ms Malika Goyal², Student, International Institute of Professional Studies, Devi Ahilya Vishwavidyalaya, Indore

Abstract:

The purpose of this study is to examine the correlation of organisational leadership and employee engagement in I.T. sector. This is a cross-sectional descriptive study. The primary data is collected with the help of close ended Questionnaire. The sampling framework is comprised of middle level employees working in I.T. organisations comprising sample size of 130 employees wherein non probability convenience sampling method is used.

The data collected is analysed through SPSS (version 16) and the latest version of Microsoft Excel where reliability statistics, frequency distribution, test of normality, chi-square test and regression analysis has been applied. The researcher found a presence of transactional, transformational and laissez-faire leadership style in the Indian I.T. sector wherein transformational and transactional leadership dominates the industry. The ranking data revealed that the Employees preferred leaders along with good working environment, compensation and reward system as top three factors in the I.T. sector. The regression analysis revealed that the independent variable employee engagement considered in this study significantly has positive association with organisational leadership.

This study recommends the adoption of transformational leadership by the leaders in I.T. sector as it has been considered ideal by maximum number of respondents. Such leaders are able to encourage the employees to perform to their full capacity and meet the expectations which in turn sky-rockets the productivity rates in the I.T. organisations. Organisations with high employee engagement rates experience low employee turnover. A good organisational leadership style motivates its employees with a shared vision of the future, and they communicate well. By transforming teams, you can change the way employees work together and in turn see a visible impact on the engagement rates.

Keywords: *Organisational leadership, Employee Engagement, I.T. sector, Transformational Leadership, Transactional Leadership*

Introduction

The very essence of organisational leadership lies in the way it impacts employee engagement. Employee engagement is about building a sense of commitment among the employees so that they enjoy coming to work every day and feel like they are part of something bigger than themselves. Leaders (seniors at middle level of management) can build this sense of meaning in many ways, including giving employees more responsibility, showing personal interest in their success, linking their responsibilities to key company objectives, creating flexible schedules for them based on what they need or providing challenging assignments with opportunities for growth. The contribution of organisational leadership can make a huge difference to the level of engagement employees feel. This is because the way leaders behave, communicate, and manage can shape how engaged employees are with their work.

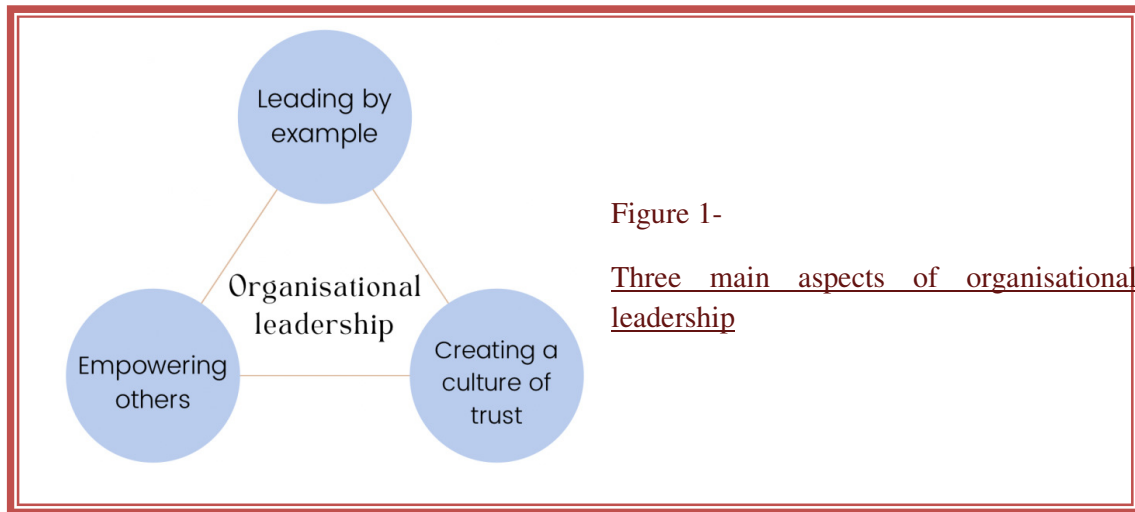


Figure 1-

Three main aspects of organisational leadership

Organizational leadership has three main aspects (see figure 1):

- 1) Leading by example: Leaders need to model the behaviour they want from their team members.
- 2) Empowering others: Leaders need to give their staff opportunities for growth and development, as well as the resources they need for success.
- 3) Creating a culture of trust: Team members should have high levels of trust in the company and organisation they work for.

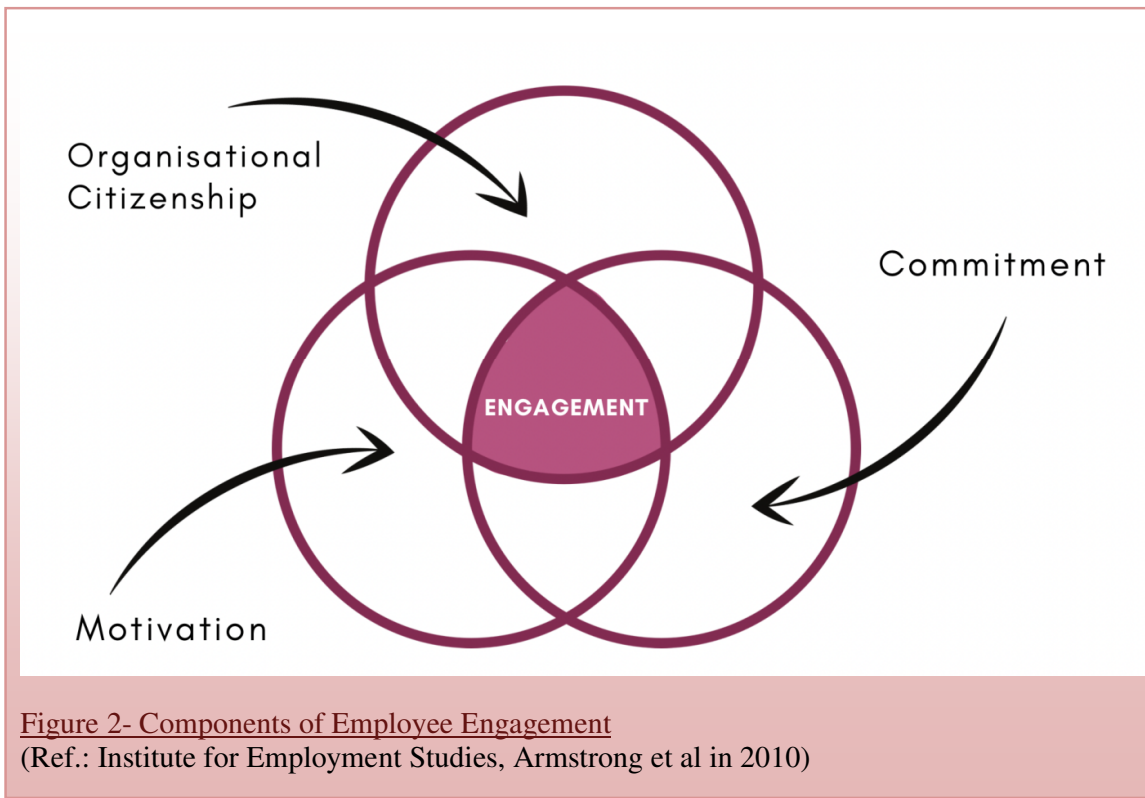
Organisational leadership also allows for high levels of innovation within organisations which can help drive up employee engagement. It fosters creativity among employees by encouraging open discussions on how best to solve problems while taking the time to listen carefully which encourages team members to share new ideas without fear of being judged or ridiculed for thinking differently.

A good leader can greatly influence the employees in an IT organisation which can show highly positive benefits which include improved performance, increased retention, enhanced morale and improved community acceptance of the organization. Organizational leaders with greater integrity, honesty, resilience, accountability and a good vision for their organization

provide better engagement for employees. The best leaders also demonstrate good communication skills. Employee engagement is a sign of a healthy organization because high engagement rates indicate that people are satisfied with their jobs and feel as though they have control over what they are doing at work.

Employee engagement is vital to the success of any organization because employees who are engaged in their jobs tend to feel as though they have control over how they are doing their work. They are also more likely to help other co-workers with their work, which benefits the organization as a whole.

The Components of Employee Engagement can be viewed as having three overlapping components that are commitment, motivation and organisational citizenship behaviour (OCB), (*Armstrong et al in 2010*). The employee engagement model containing these components created by the Institute for Employment Studies is shown in the *figure 2*.



There are different types of leadership. Some successful leaders can be the manager, team leader, or even project manager while others take on the role of general or specific area leader and some may also have titles like seniors or micromanager because they handle smaller tasks within companies instead of managing teams with larger responsibilities comprising multiple employees.

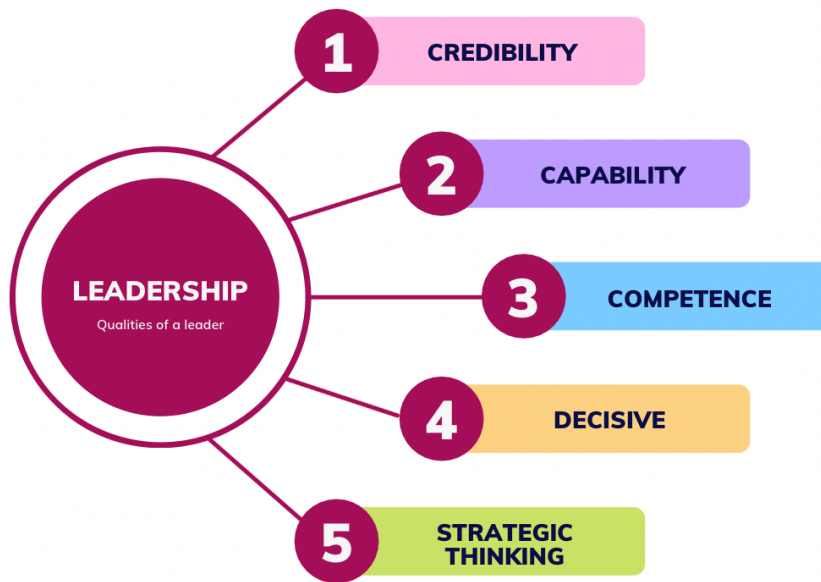


Figure 3-
Leadership (qualities of a leader)

Organizational leadership is the study and practice of leading a group, employees, organization or company. It is made up of various qualities that guide leaders in how they support their organizations. These qualities can include how they manage the organization, interact with others and plan for future events among other personal characteristics.

The qualities of a good leadership include the following (Figure 3):

Knowledgeable, capable and possess integrity. Good leaders are also charismatic, confident and decisive – which can be identified through their credibility, capability, competence and strategic thinking. Leadership is not about personality. It should be about wisdom gained from experience. A wise person will act in a way that will benefit the group as a whole, but also focus on getting the job done. Good character makes a good leader great because it allows one to effectively lead others and be able to motivate employees who have no idea what it means to work for a leader who actually cares about them.

Leadership is important to employee engagement in an IT firm. For organisational effectiveness, managers/seniors should possess leadership skills to appropriately lead and manage their departments. Therefore, it is important to explore the leadership styles of various leaders as IT firms are undergoing vast improvements and reaching global standards.

Leadership has been discussed using different approaches; however, researchers have tended to focus mainly on *Bass's theory of leadership (1985)*, a full-range theory that involves transformational, transactional and laissez-faire styles.

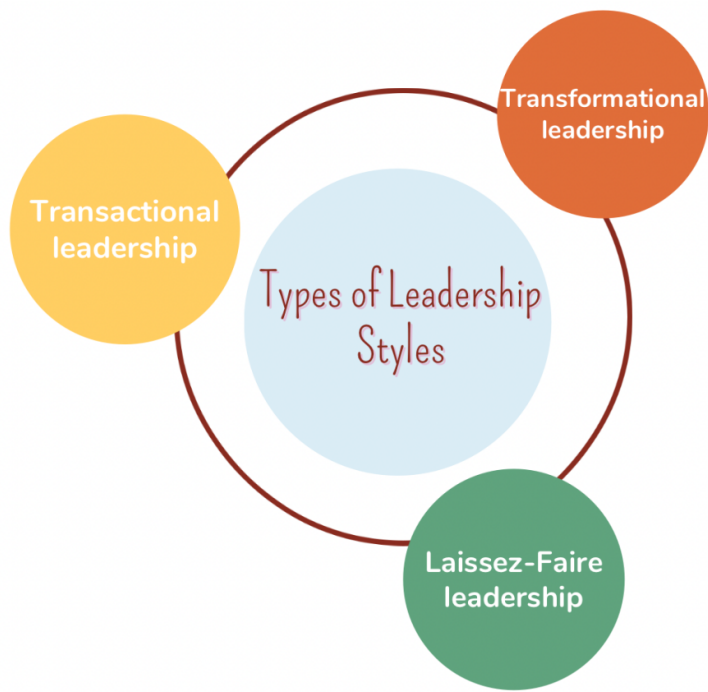


Figure 4- Types of Leadership Styles

In this research, we explore what organisational leadership means and how it can help to build a better environment for a team to work in and lead to better employee engagement. Let's find out how organisational leadership can transform workplaces into a productive place to work and engage more employees!

Literature Review

Vast research has been conducted in the field of organisational leadership and its effect on employee engagement in IT industry. An attempt is made to briefly explain these concepts and provide a systematic review of the literature on employee engagement and leadership in IT sector.

- *Vivi Gusrini Rahmadani, Wilmar B. Schaufeli, Jeroen Stouten, Zhenduo Zhang, and Zulkarnain Zulkarnain; January 2020, Engaging Leadership and Its Implication for Work Engagement and Job Outcomes at the Individual and Team Level: A Multi-Level Longitudinal Study*

This research investigates how managers', leaders and seniors through their leadership draw in authority, and how their subordinates and employees perceive it. This study builds employees' work results at the individual and group level, as interceded by cooperation commitment. Leadership is the bridge that works with individual and group (collaborations) to achieve shared targets and further develop, adjust and improve.

- *Kamil Zahid, Ahmet Özyapar, September 2017, Leadership and Employee Engagement in organizations (an analysis on correlation).*

Nowadays, it has become difficult for IT firms to differentiate themselves with their competitors apart from the quality of employees that work in their organisation. An

efficient, high performing and satisfied workforce is the key to any IT firm's future success which in turn would differentiate them from their competitors.

- ***Munyeka Wiza, Ngirande Hlanganipai, March 2014, The Impact of Leadership Styles on Employee Organisational Commitment in Higher Learning Institutions.***

The findings in this research paper revealed that leadership styles and some employee organisational commitment constructs have a positive association. Given this, one might argue that good leaders can favourably affect followers' trust and meaning, motivating them to stay in the organisation and feel a part of it.

- ***Michelle J. Marquard, 2010, Leadership behavior impact on employee engagement***

This study was intended to recognize connections between leader's abilities, employees' engagement scores, and proportions of employee efficiency and work quality. The discoveries address an astonishing reason for grasping the connection between leadership capabilities, business execution and performance and employee's commitment and engagement.

Objectives of Study:

Figure 5- Objectives of the Study



Research Methodology:

The research design adopted for this study is cross-sectional descriptive. The sampling framework is comprised of 130 middle level employees working in I.T. organisations. Non probability convenience sampling is used for choosing the sample respondents. The demographic data has been collected for age, educational qualification, annual income and gender. Primary data is collected with the help of structured questionnaire.

Hypothesis:

H_0 = Organisational leadership does not have significant association with employee engagement.

Data Analysis and Interpretation:

The questionnaire was distributed with the help of Google forms and then the collected data was then copied into SPSS (version 16) for the purpose of applying various tests. All such tests are being discussed here in detail and interpretations have been drawn from the numerous findings.

Reliability Statistics- Table 1

Cronbach's Alpha	N of Items
.909	29

The reliability statistics is calculated for 29 items which is coming to be 0.909 which is greater than .60 and closer to 1, hence data is suitable for data analysis.

Chi-square test:

Test Statistics (Table 2)

	Qualification	Annual income	Age	Gender
Chi-Square	1.508	12.585	99.723	1.508
Df	1	3	3	1
Asymp. Sig.	.219	.003	.000	.110

Section A of the questionnaire comprises of four demographic variables. The Chi-square test has been applied on the data of 130 respondents.

H_0 = Educational qualification does not have significant effect on organizational leadership and employee engagement.

H_0 = Annual income does not have significant effect on organizational leadership and employee engagement.

H_0 = Age does not have significant effect on organizational leadership and employee engagement.

H_0 = Gender does not have significant effect on organizational leadership and employee engagement.

It can be observed from the above chi square table that in case of qualification and gender, the asymptotic significance value is more than .05, hence both the Null hypothesis are not rejected. Thus, Qualification and Gender does not play a significant role in developing organizational leadership and employee engagement. In case of Age and Annual family income the asymptotic significance value is less than .05, hence the two null hypothesis are rejected which shows that different age group employees and different income groups opinion varies with respect to organisational leadership and employee engagement.

Frequency Distribution:

Section B of the questionnaire comprised of various questions related to how employees feel when they work under a leader. The responses received from 130 employees working in the I.T. sector revealed a very interesting number.

1. Which of the below leadership style is currently being followed in your organisation for daily work goals?

Table 3: Frequency-Leadership Style for Daily Work Goals

	Frequency	Percent	Valid Percent	Cumulative Percent
Transformational leadership	60	46.2	46.2	46.2
Transactional leadership	60	46.2	46.2	92.3
Laissez-faire leadership	10	7.7	7.7	100.0
Total	130	100.0	100.0	

From Table 3 it may be observed that Transformational and transactional leadership style, each constitute of 46.2% whereas Laissez-faire leadership constitute of 7.7% .This is a positive indicator as adopting any single leadership style can lead to various problems within teams and would ultimately affect the working environment for the employees.

Transactional leadership style allows leaders to communicate the daily work goals in an effective manner so that the employees know what is expected from them. On the other hand, transformational leadership style helps employees to carry out their day -to- day work in a manner that is the most efficient and put their opinions in front of the seniors they are working within the organisation. This establishes a healthy work relationship among employees at various levels. The use of transformational style also indicated how leaders allow employees to make decisions for themselves and the group they are working with and suggest changes in the existing system in I.T. organisations.

The use of Laissez-faire leadership style indicates that some I.T. organisations make effective use of delegating the tasks to subordinates and allow them to carry out assignments and take decisions on behalf of the seniors and leaders.

2. Which of the below leadership style is followed when new opportunities are presented by the organisation?

Table 4: Frequency- Leadership Style for New Opportunities

	Frequency	Percent	Valid Percent	Cumulative Percent
Transformational leadership	65	50.0	50.0	50.0
Transactional leadership	56	43.1	43.1	93.1
Laissez-faire leadership	9	6.9	6.9	100.0
Total	130	100.0	100.0	

From above table, it may be observed that Transformational leadership constitutes of 50% which illustrates that leaders allow employees to facilitate change in the existing system and

allow their ideas to be presented in the group. Transactional leadership constitutes of 43.1% which illustrates that leaders clearly illustrates what is expected from the employees by the organisation on the new opportunities being presented to them. Laissez-faire leadership style constitutes of 6.9% which illustrates that leaders first allows employees to put forward their ideas and work in a manner that they think would be best when a new opportunity is presented to them. The decision of how to carry out task solely lies in the hands of employees.

Correlation:

Section C of the questionnaire comprised of various questions that the employees working in the I.T. sector had to rate on a Likert scale of 1-5. Two such questions were directly related to how employees feel about leaders being the factor behind employee engagement. The test of Pearson correlation has been applied on those 2 variables to find out whether there is a correlation between employee engagement and organisational leadership or not.

Correlation: Table 5

Questions →	Do you feel leaders can improve engagement at work?	Do you feel employee engagement is directly affected by organisational leadership?
Do you feel leaders can improve engagement at work? Pearson Correlation Sig. (2-tailed) N	1 130	.609** 130
Do you feel employee engagement is directly affected by organisational leadership? Pearson Correlation Sig. (2-tailed) N	.609** 130	1 130

** . Correlation is significant at the 0.01 level (2-tailed).

From the Table 5 it may be interpreted that the Pearson correlation value is .609 which is more than 0.5 and closer to 1 which shows that there exist positive correlation between the effect of leadership style and employee engagement. The employees working in the I.T. sector feel that leaders are an important part of the work system and being under a good leader can make them more interested to perform daily tasks and other opportunities. This will benefit any company in the I.T. industry and will contribute in the success of both the employees as well as the organisation.

Regression

For the purpose of clear understanding, a dependent variable has been created in SPSS as Organisational Leadership and employee engagement being the independent variable; It includes all the variables from section C of the questionnaire that contributes to the study of our dependent variable.

The data of 130 employees was being used to compute the regression values. The Durbin Watson test has been used for the purpose of this analysis. The model summary for the same is as follows:

Table- 6: Model Summary

Model	R	R Square	Adjusted Square	R	Std. Error of the Estimate	Durbin-Watson
1	1.000 ^a	1.000	1.000		.00000	1.866

R square value ranges from 0-1. The results show the value of R Square to be 1 which can also be interpreted as 100%. This signifies an excellent result that all the independent variables which are included to study organisational leadership are fully contributing to their dependence variable.

To find out whether the above stated variables in terms of residuals are correlated or not, Durbin-Watson test helps to identify by how much the independent variable i.e. employee engagement is impacting the dependent variable i.e. organisational leadership.

The significant value for Durbin-Watson is 1.5 - 2.5. By looking at the result in the above table 6, the value of 1.866 is significant as it is in close proximity with 2 which illustrates that the variables are auto-correlated and these independent variables are contributing an impact on the dependent variable.

Table 6.1 – ANOVA

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	19682.431	14	1405.888	5.396	.000 ^a
	Residual	.000	115	.000		
	Total	19682.431	129			

A null hypothesis has been created for the purpose of interpretation using dependent and independent variable which would be tested.

H_0 = Organisational leadership is not associated with employee engagement in I.T. sector.

From the ANOVA table it may be observed that the significance value is .000 which is less than 0.05, hence Null hypothesis is rejected. This illustrates that there exists a relationship between the two variables and organisational leadership significantly affects employee engagement in I.T. sector.

Table 6.2- Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	2.608E-15	.000		.000	1.000
	How excited you feel about coming to work?	1.000	.000	.101	8.026E7	.000

How excited you feel about your day to day work?	1.000	.000	.088	6.406E7	.000
How much of your current organisation's vision inspire you?	1.000	.000	.096	8.370E7	.000
How satisfied are you with the seniors you're working with in your organisation?	1.000	.000	.100	7.344E7	.000
Do you feel like your supervisor is invested in your success and provides with recognition for your accomplishments?	1.000	.000	.114	8.342E7	.000
Do you feel your supervisors provide you motivation in times of distress and in general?	1.000	.000	.101	7.661E7	.000
Does your leader works in a manner that is thoughtful of your personal needs?	1.000	.000	.107	7.842E7	.000
Does your leader ask for your suggestions concerning how to carry out assignments?	1.000	.000	.099	5.804E7	.000
Does your leader ask for your suggestions in the decision making process	1.000	.000	.102	7.207E7	.000
Are your duties only confined to the completion of daily basis tasks?	1.000	.000	.119	1.297E8	.000
Do you feel your manager is a great role model for employees?	1.000	.000	.101	7.129E7	.000
How much access you have to the things that are important to do your job well?	1.000	.000	.094	7.102E7	.000

Do you feel motivated to come to work every day because of the leader you're working under in the organisation?	1.000	.000	.105	6.940E7	.000
Would you go the extra mile to accomplish things if your leader asks you to do so (even if it does not include any additional compensation)?	1.000	.000	.105	9.417E7	.000

a. Dependent Variable: Organisational_Leadership

The section C of the questionnaire comprised of various questions related to how employees feel about their day to day work, seniors, leaders, the various resource availability and their motivation level. The employees rated such questions on Likert scale of 1-5.

The regression analysis has been applied on all 14 variables where the dependent variable being organisation leadership. The value of coefficient is thus interpreted to test the null hypothesis which would be created out of such 14 questions.

From the Coefficient table, it may be observed that in case of all the independent variables, the significance value is coming to be less than 0.05, hence all the null hypothesis are rejected. The results thus indicate that the employees significantly feel excited about coming to work. When employees feel happy to come to work every day, it positively affects their work. Such feelings get amplified when they work under a good leader. The results also indicate that the employees significantly feel excited about their day- to - day work. This is also a good indicator of how transactional leadership is being followed in the right context in various I.T. companies. The organisation's vision significantly inspire the employees. When employees find a meaning in the organisation's vision, they are better able to connect with the other stakeholders working in the organisation as they have the same goal. The impact of transformational leadership amplifies when employees walk on the same road. The results also indicate that the employees significantly feel satisfied with the seniors they're working with in their organisation which also helps in increasing employee productivity.

The results also indicate that the employees significantly feel that their supervisor is invested in their success and provides with recognition for their accomplishments. Employees experience a sense of security when they get recognized for their accomplishments. This automatically creates such a working environment in the organisation where employees flourish and the retention rates of quality employees increases.

It is also observed that the employees significantly feel that their supervisors provide them with motivation in times of distress and in general. When supervisors treat their employees with respect and encourage them to bring ideas on the table, it drives the employees towards more productivity. This in turn also increases the engagement rates. A motivated employee always echoes his feelings and experiences improved performance.

The employees significantly feel that the leaders work in a manner that is thoughtful of their personal needs.

The results also indicate that the leaders significantly ask for the employee's suggestions concerning how to carry out assignments. The outcome of the test clearly illustrates that employees have a better understanding of the challenges they face while carrying out their daily tasks thus when leaders ask for their suggestions on the same, it would be effective in increasing the engagement rates in I.T. organisations.

It is also observed that the leaders significantly ask for employee's suggestions in the decision-making process. This will not only increase employee's engagement and productivity but will also make room for the best ideas to be presented for a given task.

The results thus indicate that the employees would significantly go the extra mile to accomplish things if their leader asks them to do so, even if it does not include any additional compensation. Even though employees value compensation and reward and it has emerged as a great source of motivation for the workforce, the employees working in the I.T. sector agree that great leaders have a similar effect on them. The employees would be happy to be a part of various opportunities presented to them apart from their daily tasks if their leader asks and supports them in doing so.

Ranking :

The section B of the questionnaire comprised of a question where the employees working for the various I.T. companies had to rank ten variables namely *compensation and reward system, working environment, leaders, salary and additional benefits, employee recognition, employee development, leave system, employee training, employee grievance system and handling, allotment of task and clear duties* from 1 to 10.

The ranking data collected from 130 respondents was then filtered and used to create a tabular representation using Microsoft Excel to find which of the 3 variables got the highest ranking and in turn are the three most preferred things by the employees working in the I.T. sector. The tabular representation for the same is as follows-

Table 7: Ranking Table

Variables	Rank Order
Compensation and reward system	1
Working environment	2
Leaders	3
Salary and additional benefits	4
Employee development	5
Leave system	6
Employee training	7
Employee grievance system and handling	8
Allotment of task and clear duties	9
Employee recognition	10

The ten variables after being analyzed indicate that Compensation and reward is the most preferred factor among employees in the I.T. sector and thus Ranks the highest in the table 7 represented above.

Conclusion:

Employee engagement is a key metric in measuring the performance of an organization and has been highlighted as a priority by many leaders. Employee engagement has been proven to have many benefits for both employees and business.

An employee's engagement is one of the most important factors that determine their productivity at work. Engagement has been shown to correlate with a number of beneficial outcomes for an organization, such as job satisfaction, higher employee morale, higher productivity, higher retention and turnover and so on. As a result, increasing employee engagement will lead to positive outcomes for the I.T. organisations overall. Employee engagement also matters for the welfare of the organization's people. When employees feel engaged in an organization, they are more likely to be productive, able to deal with stress, more satisfied and less likely to initiate a critical incident or engage in workplace violence. The list goes on. With this being said, it is important to note that employees often get detached from the organisation when they feel that their supervisors do not understand their work needs. Today, I.T. companies are seeing the direct benefits of investing in their employees.

Employees consider transformational leadership to be ideal for I.T. organisations. It is because, transformational leaders can improve employee engagement by creating a positive working environment where employees are open to suggestions and feel respected. Employees who are more engaged at work also tend to stay longer with their company. Higher retention helps organisations to increase profit margins due to reduced expenditure on recruitment and training new staff members.

Certain beliefs and practices help promote employee engagement:

Employee belief that those in leadership positions care about them and their development makes all the difference in employee engagement.

Leaders can greatly impact engagement rates among employees. To encourage employee engagement, recommends the following strategies:

Recognizing (and rewarding) employees' efforts to engage. Leaders can show their support by sending formal letters of thanks, such as 'thank you' or 'well done!' e-mails. Leaders can also create a culture that values engagement by giving employees the opportunity to be noticed for their participation in professional activities or initiatives.

Adoption of transformational leadership style can influence staffs to engage in tasks and activities that are required for leaders to achieve their goals. This can be achieved through creating a shared vision and implementing changes which are related to work environment, job design and employee participation. The employees will see the leader as someone who gives them direction as well as someone who cares about them personally. As a result they will care about the success of the leader's vision. The employees will not only be committed to and be engaged in achieving the leaders' goals but also developing themselves as leaders. Employees will want to emulate their leader, with the goal of influencing others. This

approach helps employees to get more involved in their workplace, which ultimately leads to increased employee engagement. The results show a significant effect of organisational leadership on employee engagement.

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