Leadership and HRM: A Review of the Relationship between Leadership Styles and Employee Outcomes

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Abstract

In order to improve employee performance, "human resource management (HRM)" procedures and suitable leadership are essential. The collection of HR methods that effectively contribute to enhanced employee performance via competent leadership remained a mystery, despite the abundance of research on HRM and leadership. In this article review the various literature's study on relationship between leadership styles and employee outcomes. This review underscores the significance of leadership styles and HRM practices in shaping employee outcomes. Transformational, servant, shared, and empowering leadership styles enhance motivation, productivity, and commitment, while authoritarian approaches hinder performance. Effective HRM strategies, including training, compensation, and occupational safety and health (OSH), further support employee engagement and retention. SMEs can benefit from leadership styles that foster knowledge sharing and empowerment, contributing to digital leadership development. Although high-involvement HRM practices (HIHRMPs) align with digital HRM strategies, further research is needed to establish a direct link. Ultimately, well-implemented leadership and HRM practices create a positive work environment, driving sustained employee performance and organizational success.

Keywords: Human resource management (HRM), Leadership styles, Employee outcomes or performance, Digital leadership, Democratic leadership, Transformational leadership, etc.

1 Introduction

Complex social environments, such as miscommunication, conflicts, and hostility, are currently encountered by numerous organisations. It is a common criticism of these types of organisations that they are either over-managed or under-led. Organisations that experience overmanagement may experience delays in implementing necessary modifications, resulting in diminished efficiency and inadequate outcomes [1]. Organisations that are under-led, conversely, experience low employee productivity. In such work environments, leaders behave in a manner that employees do not fully comprehend. This results in a disagreeable work environment that the organisation must manage, which in turn has a negative impact on the confidence of employees in their leader's leadership abilities. Despite the fact that most organisations prioritise attraction and retention, employees prefer to work for effective leaders in environments where they are regarded with respect and are able to freely express their opinions [2]. In light of the significant impact that leadership has on employees, it is crucial to comprehend its operations. First, we must identify the strengths and vulnerabilities of the types of leaders that lead organisations and then determine the competencies of the categories of leaders that organisations require. Supervisors must be effective leaders in order to achieve organisational success. Leadership can assist in this endeavour; however, it can also have a significant effect in certain instances [3].

A. Leadership style

The way a leader gives instructions, carries out plans, and inspires others is known as their leadership style. A wide range of leadership styles have been advocated by many writers to be distinguished by leaders in business, politics, and other domains. Research on leadership style is carried out in the military, which emphasises a comprehensive approach to leadership that takes into account people's perceptions of a leader based on their physical appearance [4]. Military bearing, resilience, confidence, and physical fitness are all components of physical presence in this situation. Conceptual skills of a leader include subject knowledge, decision-making, creativity, agility, and tact. Setting objectives, coordinating logistics, tracking effort, and rewarding and disciplining group members are all areas in which leaders have varying degrees of influence. Technical and tactical expertise, as well as cultural and geopolitical understanding, are all included in domain knowledge [5], [6]

B. Common Leadership Styles

Democratic Leadership: A leader that practices democratic leadership bases choices on the opinions of their team. This leadership style is consultative and collaborative, giving every team member a chance to influence the course of current initiatives. The decision-making authority, however, rests with the leader. One of the most well-liked and successful leadership philosophies is democratic leadership, which gives lower-level staff members a voice and makes them equally significant inside the company. It's a manner that's similar to how boardroom decisions are made in businesses. To make choices, Democratic leadership may decide to hold a vote [7].

Autocratic Leadership: In contrast to democratic leadership, autocratic leadership is the exact antithesis. The team's input and suggestions are not solicited, and the leader makes all decisions on their

behalf. Responsibility and authority are exclusively vested in the commander. They are in possession of complete authority and determine all responsibilities. The personnel are not consulted prior to the decision-making process. It is anticipated that all individuals will endorse the leader's decision afterwards. Members of the team frequently harbour some degree of apprehension towards the leader.

Transformational Leadership: Transformational leadership is the process of motivating team members to surpass their expectations and accomplish feats they never imagined possible in order to transform the business or groups. Transformational leaders anticipate the highest level of performance from their team and consistently motivate them until their business, lives, and work undergo significant development or undergo a transformation.

C. Importance of Employee Relations

Within an organisation, employee relations encompass the interactions and relationships between employees and management. Good employee relations are characterised by a sense of belonging, engagement, and loyalty, as well as harmonious and trusting work environments [8]. In the context of contemporary organisational administration, it is imperative to cultivate positive employee relations in order to sustain high-performance teams and promote ongoing innovation. A multitude of advantages are associated with constructive employee relationships [9]. To begin, they foster team cohesion and collaboration, which in turn improves the efficacy and effectiveness of the team. Second, positive employee relations enhance job satisfaction and motivation, thereby decreasing employee turnover rates and enhancing loyalty and retention. Third, positive employee relations enhance organisational innovation and problem-solving capabilities by facilitating the exchange of knowledge and information [10]. Lastly, they foster a positive work environment and brand image, which in turn attracts top talent and further strengthens the organization's long-term growth and competitiveness. Leaders are essential in the development and preservation of favourable employee relationships. By implementing effective communication and appropriate leadership styles, leaders can cultivate trust and respect among employees, thereby promoting mutual understanding and cooperation. This, in turn, contributes to the success of the organisation and the advancement of sustainable development [11].

2 Literature Review

(Jiang & Dhakir Abbas Ali, 2024) [12] Using a variety of theoretical frameworks and empirical research techniques, this study investigates how leadership styles affect employee relations performance. It uncovers the direct and indirect processes via which various leadership styles impact employee attitudes, emotions, and performance by closely investigating the definition, categorisation, and function of leadership styles within organisations. According to the research, effective leadership may greatly improve employee interactions, which in turn improves organisational performance as a whole. Based on the constraints of the present study, the article also examines the mediating function of leadership styles in the process of enhancing employee relations performance and recommends topics for further research.

(Zu'bi et al., 2024) [13] This research examines how employee performance, human resource management (HRM) procedures, and leadership styles relate to one another in several organisational situations. With transformative and supportive leadership styles consistently linked to favourable employee outcomes, the results emphasise the crucial role that leadership style plays in shaping employee performance. On the other hand, poor performance is often associated with authoritarian leadership. Furthermore, it was shown that there was a considerable correlation between HRM practices and employee performance, with well-executed HRM strategies improving employee outcomes.

(Biloa, 2023) [14] This research examines the effects of three different leadership philosophies—autocratic, democratic, and laissez-faire—and how they may affect workers' job performance. This research aims to investigate how leadership style affects worker performance. It displays the objectivism viewpoint and validates the framework with a plethora of facts and numbers that may be seen. Human behaviours that might lead to a logical explanation of observable occurrences and provide suggestions about employee work performance must be the main emphasis of the study approach. When generalisations are made while concentrating on subjective experiences, the study's philosophy aligns with the philosophical belief that observable experiences occur. This means that the evaluation of the aforementioned criteria demonstrates a suitable blend of positivist and interpretative approaches.

(Siraj et al., 2022) [15] This study's main objective was to investigate the link between leadership and employee performance in Addis Ababa, Ethiopia's industrial sectors, as well as the role that human resource management plays in mediating this relationship. According to the study's findings, human resource management plays a complete mediating function between leadership and employee performance, as seen by the positive and strong association between staff performance and leadership. This research is unique because it combines the link between employee performance and leadership in two separate directions (direct and indirect) into a single study, adding fresh findings to the body of current literature.

(Cahyadi et al., 2022) [16] This study explores the beneficial correlation between individual employee performance, high-involvement HRM methods, and leadership styles. To describe leadership styles in the digital age, we use servant, sharing, and empowered leadership in this research. The findings show that the data is evenly distributed, and each of the three variables' indications is accurate and dependable. The validity and reliability of the indicators are confirmed by the use of CFA. The viability of the research model for SMEs is guaranteed by the GoF analysis. According to the hypothesis analysis, H1 and H3 are accepted whereas H2 and H4 are rejected. High-involvement HRM practices and individual employee performance are favourably impacted by leadership styles in Lubuklinggau SMEs. The link between individual employee performance and leadership styles is not mediated by highly involved human resource management.

(Gemeda & Lee, 2020) [17] The current research looked at the connections between creative work practices, leadership styles, and work outcomes measured by task performance among information and communication technology workers in South Korea and Ethiopia. The findings indicated that although transactional leadership style had a substantial positive link with workers' task performance,

transformational leadership style had a large positive association with employees' job engagement and creative work behaviour. On the other hand, task performance was significantly correlated negatively with a laissez-faire leadership style. The measures of job outcomes showed a strong positive correlation with work engagement. Additionally, the association between leadership styles and job results was somewhat moderated by work engagement.

(Aboramadan & Dahleez, 2020) [18] Examine how the actions of transformational and transactional leaders impact the emotional commitment and organisational citizenship behaviour of their staff in the setting of nonprofit organisations (NPOs). Positive affective commitment and organisational citizenship behaviour were shown to be favourably impacted by both transformational and transactional leadership styles, and the link between the variables studied in this research was found to be significantly positively mediated by work engagement.

(Khan et al., 2020) [19] Studying how transformational leadership affects workers' job outcomes—such as their performance and burnout—as well as their work behavior—such as social loafing at work—was the goal of this study. The findings shown that mediator intrinsic drive and transformative leadership are significantly positively correlated. The findings also indicated that transformative leadership and job performance are significantly positively correlated. However, social loafing and job burnout have a tenuous and indirect link with transformative leadership. Because transformational leaders may motivate their staff to accomplish expected or noteworthy results, it can be concluded that organisational leaders need to possess transformational qualities by learning a lot about their staff. It provides workers with self-assurance in their ability to do certain tasks and, after training, the authority to make choices.

3 Conclusion

This review highlights the critical role of leadership styles and HRM practices in shaping employee outcomes. Transformational and supportive leadership approaches foster motivation, productivity, and task performance, while authoritarian styles often hinder employee growth. Effective HRM strategies further enhance performance, ensuring long-term commitment and success. Manufacturing companies in Ethiopia should adopt leadership development programs that enable goal setting, decision-making, and problem-solving to empower employees. For SMEs, servant, shared, and empowering leadership styles significantly improve employee engagement in HRM practices such as training, compensation, and occupational safety and health (OSH). These approaches enhance individual performance and commitment, driving higher productivity in the digital era. When SME leaders apply leadership effectively, employees remain motivated and actively participate in HR processes, contributing to organizational success. The integration of these leadership styles may evolve into digital leadership, aligning with high-involvement HRM practices (HIHRMPs) that support digital HRM strategies. However, further research is needed to establish the direct link between these leadership styles and digital leadership. Ultimately, well-implemented leadership and HRM practices create a positive work environment, fostering sustained employee engagement and performance.

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