

# Influence of Democratic Leadership on Employees Performance in Insurance Companies

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## Abstract

*The investigation tried to analyze the nexus between leadership styles of employees' performance in Insurance Companies with a view to learning how leadership styles impact employees' retention and performance, and therefore upgrade profitability. The paper is a literary work; consequently it got its information from auxiliary wellsprings of information. The objectives that guided the examination were: to audit the possibility of leadership, distinguish the diverse sorts of leadership, and their impact on employees' retention and performance in Insurance Companies. The paper distinguishes the accompanying initiative styles that are pervasive in Insurance Companies; autocratic, democratic, bureaucratic among others. The paper argued that effective leadership style is crucial for achieving organizational goals. Along these lines, the investigation uncovers that when management styles are viewed as repulsive by the subordinates, they undermine employees' performance and induce their affinity to stop the organization, and the other way around. The paper facilitate contended that workers' maintenance and execution can be accomplished through the selection of proper authority styles that will adjust business procedures to representatives' inspiration and spirit. Thus, it in this way, recommends supervisors embrace leadership styles that will substantiate the behavioral examples inside the desire levels of employees. This will impel workers to perform at most extreme levels of commitment and goad as well as concretize their maintenance in Insurance Companies.*

**Keywords:** Leadership Styles, Employee, Retention, Performance, Organization, Insurance.

## Introduction

Leadership issues have severally resonated in the space of hierarchical discourse. This is because of its significance in attaining Insurance Companies' goals and objectives. It is contended that the goal of any organization is to achieve a define objective and leaderships assume a determinant part to organizational effectiveness (Nwokocha, 2014). Obiwuru, Okwu, Akpa and Nwankwere (2011) place that the capacity of management to execute worked together endeavors relies upon leadership ability. Henceforth, a compelling leader does not just motivate subordinates' basic potential to upgrade proficiency additionally meets their prerequisites during the time spent accomplishing organizational objectives (Lee and Chuang, 2011). Leadership is characterized by Abion (2012) as a procedure of moving individuals to do their best keeping in mind the end goal to accomplish wanted outcome. He expressed this includes creating and imparting a dream for the future, rousing individuals and securing their engagement. In this way, the productivity in resources get together, assignment, use and redesign of legitimate execution depends to a critical degree on activity styles, among different components. Polychronious (2009) checked this view authorities in the present hyper turbulent business condition attempt to design and realize an arrangement of systems; amass - based errands, and activities. All things considered, he focused on that a leadership needs to give the adherents what is expected

to keep them at work, make them profitable and continue towards understanding the Insurance Companies' vision. Shockingly after some time, this collaboration evades the Insurance Companies, along these lines constituting difficulties to employees' performance and retention, and the general completion of business goals. Northouse (2013) asserts that ineffectual or wrong leadership styles can direct impact the performance and retention of workers in contemporary Insurance Companies. This paper shares this affirmation. It depends on this commence and the acknowledgment of the significance of HR in accomplishing corporate goals that this paper examines the nexus between leadership styles and its interplay in Insurance Companies. This is with a view to find out its intelligent effects on representatives' retention and performance in Insurance Companies.

To accomplish this target, the paper talks about the accompanying:

- An review of leadership,
- Types of leadership styles and their suggestions for representative conduct in Insurance Companies, and
- Interactive effect of leadership styles on representatives' retention and performance in Insurance Companies.

This paper is an artistic or library examine work. Subsequently, its information are gotten from optional sources: course readings, diaries, reports, inquire about proposals, extend works and so on.

### **An Overview of Leadership**

The idea of leadership was initially created in people brain science to clarify the factor of social impact on gatherings (Jaskaran and Sri-Guru, 2014). Leadership is the method by which a man applies affect over people and moves, convinces, and manages their activities to help finish gathering or

authoritative objectives (Jones and George, 2004). Leadership is basically a procedure in which one individual or once in a while a little gathering of people impacts the endeavors of others towards the accomplishment of objectives in a given arrangement of conditions (Cole, 2005). Eze (2010) defined leadership as the ownership by one the capacity to motivate others to play alongside and without a doubt, 'obey him'. Iheriohanma (2009) views leadership as the limit of a man to lead. He sets that leadership limits inside settings and conditions. It includes ownership of expert, impact and certain qualities, aptitudes, learning, data and behavioral characteristics. Reber (1995) referred to in Iheriohanma (2009) loaned trustworthiness to this declaration that, a man in leadership position works inside a social gathering setting and circumstance. He practices expert and impact keeping in mind the end goal to legitimately lead. Sear (2003) sees leadership as a main methodology to offer motivating intentions and to improve staff possibilities for development and advancement. In another example, Iheriohanma, Wokoma and Nwokorie (2014) watch that leadership, in any social setting, is an impetus possessing a basic position that includes a procedure, a demonstration, a gathering setting, a contribution on impact and objective fulfillment, or more every one of the, a quintessential pathfinder in coordinating the supporters.

As per Ng 'ethe, Mike and Namusonge (2012) consider leadership as a relationship through which one individual effects the direct or exercises of different people with the ultimate objective of fulfilling targets and to help achieves the association. Subsequently, leadership as a methodology whereby an individual effects a social affair of people to achieve a mutual target. In the point of view, leadership is the method by which shared targets can be expert through empowering individual and total attempts.

They saw it moreover as a strategy of what and how things ought to be conceivable satisfactorily by affecting others. Gill, Flascher and Shacha (2006) reported that leadership enlivens, stir, enable, and see their aficionados remembering the ultimate objective to get key performance comes to fruition. It is in this way deducible that leadership includes the exhibit of affecting people through situational direct and procedures in other to help and execute leaderships' frameworks that are seen as imperative to finishing hierarchical destinations.

### **Leadership Styles and their Implications for Employee Behaviors in Insurance Companies**

Ng 'ethe et al., (2012) depicted leadership style as that specific conduct connected by a leadership to rouse his subordinates to accomplish the targets of the organization. Ushie, Agba, Ogaboh, Agba and Chime (2010) set that leadership style involves those qualities of individual leaderships which are run of the mill crosswise over circumstances. It incorporates the sorts of control leadership's activity in a gathering and their conduct towards aggregate individuals. They called attention to that leadership style shifts on the premise of obligations the leadership feels only he ought to play out, the duties the leadership anticipates that his devotees will acknowledge and the philosophical duty of the leadership to advancement and the acknowledgment and satisfaction of subordinate desires.

Michael (2010) called attention to that present leadership hypotheses depicted leaderships in view of attributes or how the impact and power are utilized to accomplish destinations of the organization. He expressed that when utilizing attribute based depictions, leaderships might be named imperious, law based, bureaucratic, alluring or Laissez-Faire. In any case, when

leadership is seen from the viewpoint of the trading of energy and its usage to secure results, leaderships are situational, value-based or transformational. We should consider these points of view or styles of leadership beneath:

### **Autocratic Leadership Style**

This leadership style is often classified as the classical approach (Swarup, 2013). It is a style of leadership where a supervisor is the most effective substance, the essential chief and authority. This style of leadership is based on the traditional premise that leaders are good managers who direct and control their people. Those adherents (workers) are submissive subordinates who take after requests. This position is bolstered that employees under dictatorial leadership style are relied upon to take after the requests of their supervisor regardless of the possibility that they don't concur or don't get any clarification. She contended that keeping in mind the end goal to persuade employees, administrators utilizing imperious leadership styles regularly utilize an arrangement of prizes and disciplines that are very organized. Zervas and David (2013) place that a dictatorial leadership fulfills closes through giving an unmistakable, convincing vision, sees to it that the vision is incorporated with vital arranging, and that it guides activity all through the organization. They stretch that absolutist leaderships give clear bearings, screen advance intently, and persuade subordinates regarding the position of management.

The Insurance Companies with an absolutist style of leadership have occasions of employee non-attendance and bizarrely high turnover. She kept up that employees' issues with dictatorial leadership incorporate chiefs don't put stock in their employees, the way that supervisors frequently utilize discipline or risk to rouse employees, and



the way that employees' information is for the most part not esteemed. She additionally focused on that imperious leadership frequently negatively affects employees' spirit. She went further to express that when gifted employees are confronted with an absolutist leader, they turn out to be more latent, forceful, and regularly tend to leave the organization and, at times, the employees may likewise feel angry and search for approaches to get their supervisors in a bad position, a circumstance which may prompt distrustfulness with respect to the director. Pugh (1971) referred to in Ushie et al., (2010) in help of this position, place that absolutist leadership style makes two sorts of conduct. It makes specialists to be either forceful or unconcerned and pulled back.

Despite this identified drawbacks of autocratic leadership style, Swarup (2013) argued that autocratic leadership is not all bad. He sets that occasionally it is the best style to apply in circumstances when: new and untrained employees who may not be familiar with the errands to perform or are defied with issue of which system to take after, compelling supervision can be given just through point by point requests and directions, in conditions where employees are disinclined to some other leadership style, there are high-volume generation needs on regular routine, there is time imperative to settle on a choice, an administrators' energy is tested by an employee, the work environment is insufficiently overseen, and when work should be facilitated with another office or organization. He nevertheless, suggested that totalitarian leadership style should not be used when: representatives wind up discernibly strained, shocking and furious, representatives plan to have their emotions listened, workers begin dependent upon their boss to settle on each one of their decisions, and there is low representative

certainty, high turnover and truancy and work stoppage.

In the overall assessment of the characteristics of autocratic leadership style, it implies that an organization with this style of leadership will witness a high level of employees' discontent which its resultant effect will be employees' low performance and turnover in the organization. This is because in this knowledge - based economy, employees prefer Insurance Companies that will offer them the opportunity for creativity and innovativeness in order to show case their critical talents and skills. This is pertinent in light of the fact that one of the standards of authoritative effectiveness is cooperation and sharing of thoughts which help to solidify the obligation of relationship and increment profitability in Insurance Companies. At the point when representatives are furnished with such participatory open doors in work environment, they mean to perform in their ideal level and remain in such association.

### **Democratic Leadership Style**

The Democratic Leadership is for the most part called Participative Leadership Style. It is a leadership style that urges employees to take an interest in basic leadership prepare in the organization. An equitable supervisor keeps his employees educated about everything that influences their work and offers basic leadership and critical thinking duties (Swarup, 2013). This definition is bolstered by Johari (2008) who portrayed participative leader as a Leader who supports the investment of staff in taking care of issues and basic leadership in a day by day operational issues. He sets that the parts and commitments of staff are critical. The pioneer will accumulate conclusions, proposals and input from staff before settling on choice or issuing guidelines to the group. Thus, the direction of the team is influenced by the staff's involvement. Ushie et al., (2010) express that in a democratic leadership style, the director

delegate's authority to subordinates while holding a definitive obligation. In the different perspectives of Zervas and David (2013) and Iheriohanma et al. (2014), democratic leadership style tends to encourage duty, adaptability, and high resolve that will result to enhanced workers' performance.

They posit that democratic leadership style tends to increase employees' ambition and motivation as well as foster employees' identification and retention in the organization. They came to conclusion that since employees are occupied with basic leadership, designation and arranging in the organization, there is an inclination for them to be more reasonable about organizational needs. This proposes in vote based leadership, the employees feel great with the trust rested in them which gives them the certainty to construct a solid collaboration, camaraderie, high confidence and erase any component that will acquire secret activities. Despite the benefits associated with democratic leadership style, it is still fraught with some pitfalls. Donna (2011) focused on that the democratic leadership is set apart by a few disadvantages that must be overcome to guarantee its effectiveness in the association. He called attention to five essential difficulties of the law based leadership style to include: competency, emergencies, accord, pseudo-investment, and adherence. He additionally reasoned that defeating these five negatives of the vote based leadership style will permit Insurance Companies to completely profit by the benefits of this management style, for example, higher employee performance, fulfillment and better retention rates.

This is on account of a workplace with democratic leadership style makes open doors for representatives' strengthening, inventiveness, activity, investment, vocation development and advancement and progression, and furthermore accommodates

a protected future with the association. These are focal motivation factors that are always clamored for by connected with workers, particularly in this globalized and data based economy.

### **Bureaucratic Leadership Style**

In this style of leadership, the manager manages "by the book". It requires total compliance to procedures and rules. If the rules and regulations do not cover a specific situation, the bureaucratic leader looks to the supervisor for guidance (Zervas and David, 2013). Michael (2010) argues that in bureaucratic leadership, it is the policies that drive execution, strategy, objectives and outcomes in the organization. He pushes promote that since bureaucratic leadership are generally dedicated to strategies and procedures rather than individuals (employees), they as a rule seem standoffish and are very opposed to change. Swarup (2013) brought up that bureaucratic leadership style can be viable when: employees are performing routine errands again and again, employees need to comprehend certain gauges or strategies, employees are working with hazardous or fragile hardware that requires an unequivocal arrangement of methodology to work, wellbeing or security preparing is being led, and employees are performing undertakings that require taking care of money.

He noted further that bureaucratic leadership can be incapable when: work propensity shapes are difficult to break, particularly on the off chance that they are not any more helpful, employees lose their enthusiasm for their occupations and in their kindred laborers, and employees are self-satisfied to organizational strategies and models. The superseding ramifications of bureaucratic style of leadership in organization is that it disregards the advantages of the pioneer to spur and create employees, since strategies are just

insufficient to the undertaking of spurring and building up employees' dedication in working environment. Strategies are not in themselves damaging, but rather non-advanced and neglectfully created and indiscriminately actualized arrangement can de-spur employees and baffle fancied results. This may prevent performance and incite employees' turnover in the organization.

### **Charismatic Leadership Style**

The charismatic leadership style turned into a theme of extraordinary enthusiasm after a restoration of the logical field of leadership in the late 1980s and mid 1990s which incorporated an expansion in distributions and the elaboration of leadership (Conger and Hunt, 1999). The thought is gotten from the Greek word *bid* which means "divinely motivated blessing".

Charismatic leadership style is the leadership style that has his impact springing basically from the identity of the pioneer (Eze, 2010). Researchers have contended that charismatic leadership can be characterized by unmistakable practices that happen in three progressive stages: the primary stage is evaluating nature. In this stage, the charismatic pioneer sees the requirements of the subordinates and communicates their disappointment with the present state of affairs. The second stage is the point at which the charismatic pioneer plans a dream and conveys this vision adequately to the devotees (employees). The third stage is the execution of the vision which requires that the pioneer demonstrates in a hazardous and whimsical approach to secure the dedication of the subordinates, for example, enthusiastically presenting themselves to circumstances with questionable results and taking risks (Ehrhart and Klein, 2001).

In the viewpoint of Jaepil (2006), Charismatic leadership acknowledge three focus sections: imagining, compassion, and

strengthening. He contended that a charismatic pioneer's imagining conduct impacts the adherents (employees) requirement for accomplishment, the pioneer's empathic conduct animates the supporters' requirement for alliance, and the devotees' requirement for control is improved by a charismatic pioneer's strengthening hones. Michael (2010) sets that a charismatic leadership gives a rich ground to inventiveness and inspiration, and it is frequently exceedingly motivational. Zervas and David (2013) expressed that in a charismatic leadership style, leadership is accomplished through setting a case, as opposed to through guideline or deliberate staff improvement, foundation of elevated expectations, and through confer eagerness.

They contended that individuals take after a charismatic pioneer in light of what they trust the pioneer can do, not by his leadership ability. The above view offers confidence to the declaration made that supporters of charismatic leadership see them to be invested with qualities not found in conventional leadership. He focuses on that this view of the charismatic leadership' qualities persuades the devotees to more elevated amounts of responsibility and undertaking performance than would somehow or another be the situation. Employees for the most part feel better about themselves and their conditions when working with a charismatic leadership. This is on account of charismatic leadership can possibly enable an organization to transcend unsatisfactory performance and interior social limitations to build up a positive interface with its working condition.

He focused on facilitate that the individuals from an organization drove by a charismatic pioneer are probably going to concur with, feel warmth for, and comply with the pioneer. He pointed out that a charismatic pioneer can change work and make it more imperative by de-pushing outward rewards and focusing on the innate



qualities of the task. This proposes the reward that organizational individuals determine in the achievement of the assignments is one of improved self-esteem. For this situation, he contended that the employees are probably going to fabricate a solid and close association between organizational assignments and their own self-ideas. This "mutual connection" is the thing that goads employees working under a charismatic pioneer to stay in the organization. Consequently it is trusted that charismatic leadership can give compelling leadership to Insurance Companies, since they can move employees' fulfillment and duty by interfacing with their exercises to a motivating organizational vision.

Affirmations thrive on the positive connection between's charismatic leadership and overhauled hierarchical performance. Alan (2013) opined that charismatic leadership style is identified with transformational leadership. This is on account of these rouse eagerness in their groups and are enthusiastic in propelling others to push ahead. This energy and duty from the group is a gigantic advantage both to the individual and the organization. He however expresses that the contrast between charismatic leadership and transformational leadership lie in their expectation. While transformational leadership need to change their groups and Insurance Companies, the charismatic leadership are frequently centered around themselves, and might not have any desire to transform anything. There are distinguished drawbacks of charismatic leadership. Zervas and David (2013) called attention to that a charismatic pioneer has a tendency to end up plainly coercive when a subordinate neglects to satisfy desires or when there is inconvenience. Alan (2013) sets that charismatic leadership trust more in themselves than in their groups. He focuses on that this "disposition" can make the hazard that a project or even an organization

may fall if the pioneer takes off. House and Howell (1992) referred to express that the conduct of a charismatic pioneer can bring flimsiness and vulnerability into management and basic leadership prepare, and can expand the hazard levels of the organization. In the perspectives of O' Connor, Mumford, Clifton, Gessner, and Connelly (1995), organizational individuals can be subjected to control and double dealing by charismatic leadership.

Conger (1990) and Bryman (1993) concentrated on that the charismatic leadership are presumably not going to have the ability to approve the positive traits of their leadership into the association to continue past their incumbency.

They place that it is uncommon for charismatic leadership to be supplanted effectively by leadership with a similar limit with regards to accomplishing organizational change. Researchers have given clarification to the potential liabilities of charismatic leadership by drawing a refinement amongst customized and mingled charismatic . This qualification is drawn in light of the perception that a few leadership respond to organizational issues as far as their own particular needs instead of those of the organization, and may thus take part in activities which have unfriendly results for the organization. Personalized charismatic leadership is exploitative, nonegalitarian, and overconfident. On the other hand, blended charismatic leadership will likely be drawing in to fans, non-exploitative, and pushed by hierarchical instead of individual needs.

Jaepil (2006) portrayed a customized charismatic pioneer as dictator and narcissistic. He battled that the targets of a modified charming pioneer reflect their own specific good position, while the necessities of the affiliation and its people are controlled recalling a definitive goal to accomplish the leadership' inclinations. He

deduced that the connection between the pioneer and hierarchical people can be exploitative. Howell and Shamir (2005) in their commitment kept up that the relationship in customized charismatic leadership is centered around supporters' customized recognizable proof with the pioneer. This, they contended, that such a relationship is probably going to create sentiments of strengthening for the pioneer, yet in the end will constitute an adverse result.

On the other hand, Howell and Shamir (2005) depicted mingled charismatic pioneer as a pioneer who explains a dream that serves the interests of the organization and additionally driving in a populist way. They called attention to that mingled charismatic leadership look to effectively engage supporters and to represent through set up directs of expert keeping in mind the end goal to fulfill their objectives. The pioneer shows respect for and sense of duty regarding true blue channels of specialist to execute their targets. The connection between the pioneer and organizational individuals is centered less around the identity of the pioneer and more on the leadership' message about the organization and its standards and objectives. In this relationship, supporters can put requirements on the pioneer's impact and are less inclined to control by the pioneer. On this commence, Jaepil (2006) hence presumed that the mingled charismatic leadership is considered non-exploitative and more centered around adherents' needs. The above survey has uncovered the positive and negative parts of charismatic leadership. For an organization that needs to hold its basic and skilled workforce, it is in this manner proposed that the mingled charismatic leadership is empowered. This is on the grounds that a powerful mingled charismatic pioneer can upset an organization and rouse employees to improved performance, not at all like the

customized charismatic pioneer that spotlights on his own progression and intrigue. Such sentiment power by the customized charismatic pioneer can without much of a stretch breed disappointment, insurgency and lack of concern among the most gifted employees, in this manner demolishing the employees' advantage and organizational objectives. This thusly can hamper performance and induce employees' turnover in the organization.

### **Laissez-Faire Leadership Style**

Laissez-faire is a French phrasing which means "leave it be". It portrays leaders who enable their kin to take a shot at their own (Alan, 2013). The term laissez-faire was initially utilized with respect to mercantilism, and is defined in financial matters and legislative issues as a monetary framework that capacities best when there is no impedance by government, and is viewed as a "characteristic" financial request that gets the greatest prosperity for the individual and reaches out to the group. The free enterprise leadership style is otherwise called the "hands-off style". It is the leadership style that the chief gives practically zero course and gives workers as much flexibility as possible. In this style of leadership, all authority or power is given to the workers and they should determine goals, decide, and resolve issues without anyone else (Swarup, 2013). Johari (2008) sees laissez-faire leadership as a light-weight of leadership style. He focuses on that in this leadership style, Leaders constrain their contribution with the gathering individuals. Kendoa (2013) places that laissez-faire leadership includes giving gathering individuals the flexibility to decide. Muhammad and Usman (2012) declare that free enterprise style of leadership gives more open doors and slightest conceivable direction to employees in basic leadership in the association. They stretch that the intention behind this style of leadership is that the Leaders see that



employees perform phenomenally when they are concurred the opportunity to react to obligations and obligations in their own particular manners.

The laissez-faire pioneer as one who has confidence in opportunity of decision for the workers, allowing them to sit unbothered with the goal that they can do what they wanted. He argued that the basis for this leadership style is in two folds: the first is that there is a strong belief that employees know their jobs best, so leave them alone to do their jobs. The second is that, the leader may be in a political, election-based position and may not want to exert power and control for fear of not being re-elected. He stressed that a laissez-faire leader provides basic but minimal information and resources. He emphasized that in this leadership style, there is virtually no participation, involvement, or communication within the workforce. He further explained that the understanding of the job requirements, policies, and procedures are generally exchanged from employee to employee in laissez-faire leadership work environment. He pointed out that because of this; many processes are out of control in managing the workforce in the organization.

Alan (2013) focused on that a free enterprise leadership style can be powerful if the pioneer screens performance and offers input to colleagues frequently. The leadership style is destined to be successful when singular colleagues are experienced, profoundly gifted, reliable, roused and fit for dealing with their own. Swarup (2013) recommended that laissezfaire leadership style ought not be utilized when: it makes employees feel uncertain at the inaccessibility of an administrator, the trough can't give standard criticism to tell employees how well they are getting along, directors can't acknowledge employees for their great work, and the chief does not

comprehend his obligations and is seeking that the employees can cover after him.

The laissez-faire leadership style has been scrutinized for its negative impact in the association. Alan (2013) opined that the leadership style can be harming if the colleagues don't deal with their chance well or on the off chance that they don't have the information, abilities, or inspiration to do their work successfully. The free enterprise leadership style can prompt disorder, disarray, and wastefulness. Notwithstanding these recognized drawbacks of laissezfaire leadership style; some positive part of the leadership style has likewise been donned by Alan (2013). He sets that the fundamental advantage of free enterprise leadership style is that it gives colleagues much self-rule; it can prompt high employment fulfillment and furthermore expanded profitability in the association. This recommends if employees under free enterprise leadership feel fulfilled on their occupation, it profits that such a leadership style could enhance employees' performance and improve their retention in the association.

### **Situational Leadership Style**

The idea of situational leadership was first created by Paul Hersey and Kenneth Blanchard in 1969. The hypothesis was first presented as "life cycle" hypothesis of leadership and later renamed situational leadership hypothesis in 1972. In 1985, Blanchard reclassified the model and it was named the situational leadership 11(SL11) show. The situational way to deal with leadership depends on the presumption that each case of leadership is extraordinary and consequently requires a one of a kind blend of leadership, supporters, and leadership circumstance. The connection in situational leadership is generally communicated in a recipe:  $SL = F(L, F, \text{ and } S)$ , where SL is effective leadership, F remains for capacity of; and L, F, S, are separately the pioneer,



the devotee, and the circumstance. As it were, this recipe expresses that a fruitful leadership is a component of a pioneer, devotee and circumstance that are fitting for one another (Richard, 2011).

The theorists of situational leadership style posit that a leader needs to fit his leadership to the individual requirement of a situation. This means that the leader's behaviour should be contingent on the situation. The theory of situational leadership asserts that there is no one style of leadership that pertains to all given workplace situation. Rather, effective leaders change their leadership styles to fit the situation. Thus a leader's style changes with both the situations they are faced with and the environment that they are in. It holds that managers must apply different leadership styles depending on the various leadership situations that they face. This additionally suggests the situational leadership style enables leaders to assess the requirements of particular situational challenges and apply the most suitable leadership style to address them. The situational leadership show gives that a compelling pioneer must rush to adjust their leadership style to the present needs of the devotees. They stretch that a powerful pioneer ought to have the capacity to watch and check the levels of preparation in his adherents and thus adjust these shifting levels. This recommends a pioneer must distinguish when and how to utilize the proper style to help and persuade employees in the work environment. The situational leadership display has two segments that are utilized to guarantee its adequacy. These segments are improvement level and the leadership style. The model places that leadership style must match the fitting level of followership-change. In this model, leadership direct transforms into a segment of the traits of the pioneer, and additionally of the characteristics of disciple as well

The improvement level alludes to the adherent's level of fitness and duty. The capability is alluded here as the information and aptitudes a supporter conveys to a particular objective or errand, while duty is the devotee's inspiration and certainty on the objective or undertaking. The leadership style is clarified in two various types of conduct; the steady conduct and the order conduct. The strong is seen as individuals situated conduct. It includes a two way correspondence and it concentrates for the most part on enthusiastic and social help; while, the mandate conduct is viewed as assignment situated conduct which concentrates on objectives to be accomplished and moves to be made. A basic survey of the situational leadership style recommends the suggestion that it offers help and spurring condition for employees in the association in view of their needs; henceforth applying the leadership approach can manufacture resolve among employees and make a gainful domain that will relieve employee turnover.

### **Transactional Leadership Style**

The transactional leadership style was leadershiped by Burns (1978). He delineated the value-based authority as trade of the association between the pioneer and the subordinates. Value-based initiative incorporates a trade technique that results in follower consistence with pioneer request yet not at risk to create fervor and feeling of obligation in regards to an errand objective.. The pioneer concentrates on having inner on-screen characters to play out the assignments required for the association to achieve its coveted goals. Jung (2001) defined transactional leadership as the pioneer's demeanor towards recognizable proof of devotees' needs and yearnings, and obviously exhibits the approaches to satisfy these needs in exchange of performance of adherents.



Bass (2000) explained that in transactional leadership, powerful Leaders suit the enthusiasm of their subordinates by giving unexpected motivating forces, respect and guarantees for the individuals who promisingly prevailing with regards to satisfying the responsibilities of the Leaders or the association. So also, David (2013) push that transactional Leaders inspire using unexpected rewards or negative results. They agree that the transactional Leaders' principle concentrate is on defining goals and illuminating the connection amongst performance and prizes. Alan (2013) sees transactional leadership as including the association paying colleagues as a byproduct of their endeavors and consistence. He places that in this leadership style, the pioneer has the privilege to "rebuff" colleagues if their works don't meet a suitable standard. Hellregel and Slocum (2006) fight that transactional leadership depends on three components: Unexpected reward, dynamic organization by unique case, and inert organization by exclusion. In unexpected reward, the transactional pioneer offers reward to the subordinates in exchange of achieving targets, and these objectives are determined to the preface of without a moment's hesitation and moreover quantifiable. In powerful organization by unique case, the pioneer screens the subordinates' performance and discards the deviation of subordinate from the method for objective. It in like manner incorporates the pioneer setting the models for consistence and likewise for what constitutes ineffective performance, and may incorporate repelling supporters for rebelliousness with those guidelines.

The detached administration by special case gives the transactional pioneer to interface in the matter of the worker when the subordinate gives inadmissible performance. Researchers have contended that transactional leadership style acquires a few benefits and drawbacks the association. They set that the benefits related with

transactional leadership include: the leadership style clears up representatives' parts and duties, transactional leadership judges colleagues on performance, and workers who are roused by outside prizes incorporating remuneration regularly flourish in the work environment that is overseen by the transactional pioneer. The disadvantage of transactional leadership is that associates can make a little to upgrade their appearing with respect to satisfaction. The Scholars extend this can cover agents' determination and provoke turnover in the affiliation.

### **Transformational Leadership Style**

Transformational leadership was first conceptualized by James MacGregor Burns in 1978. He was a presidential biographer and a leadership master who concentrated predominantly on the change of administration standards and systems. He asserted that transformational leadership is watched when Leaders urged devotees to help the level of their confidence, inspiration, convictions, recognitions, and coalition with the objectives of the association. Consumes focuses encourage that a transformational pioneer needs to have a strong comprehension of the necessary goals to be fruitful and be eloquent in clarifying those goals and the strategy through which they are to be accomplished (Rich, 2013).

Transformational leadership is a leadership style that propels supporters by speaking to higher goals and good esteems which can rouse workers to perform past desires and change both the individual and the Insurance Companies. Transformational leadership depends on glorified impact, scholarly support, inspiration and motivation in which singular thought happens. Corridor, Johnson, Wysochi, and Kepner (2008) defined transformational leadership as an arrangement of changing and changing individuals. The depiction of transformational Leaders as the individuals



who build up a positive association with their subordinates to reinforce the performance of the representatives and in this manner the performance of the association. They explained that transformational Leaders help their subordinates to look past their own particular needs, and let them concentrate on the enthusiasm of the gathering overall.

In the perspectives transformational leadership might be viewed as urging supporters to do their work in an advancement based manner, and in like manner inspire fit for the individuals who like to utilize limited time methods for self-control. Krishnan (2004) sees transformational leadership style as the pioneer's energy of inspiring the subordinates for accomplishing more than effectively planned by the devotees. Zervas and David (2013) explained that transformational leadership is additionally a strategy which cuts over Leaders' styles. They put that transformational Leaders acknowledge that subordinates will take after a man who spurs them and that to stir, the pioneer must take care of business with vision and energy. They fought that the Leaders achieve this by being detectable, in unfaltering correspondence with their gatherings, and by blending their exercises and exchanges with fervor and energy. They push that various transformational Leaders dole out uninhibitedly and may rely on the capacity and authority of partners fulfill comes to fruition. In this strategy, they tend to give affirmation for accomplishment.

Rich (2013) explained that transformational pioneer is a facilitator who does not settle on choices or build up key designs but rather, rather, encourages a progression of discussions among the key partners. He focused on that transformational Leaders are driven by a solid arrangement of qualities and a feeling of mission. Henceforth, they are depicted as charismatic, eager, hopeful,

energetic and now and again visionary Leaders.

There are four segments of transformational leadership that are recommended by researchers. These are: charismatic, inspirational motivation, intellectual stimulation, and individual consideration. Charisma is considered by Humphreys and Einstein (2003) as that romanticized impact or traits of the pioneer who is portrayed by vision and a feeling of mission, imparting pride in and among the gathering, and securing their regard and trust. Conger and Kanungo (1998) express that charismatic conduct drives adherents to go past self-enthusiasm for the benefit of the gathering, giving consolation that obstructions will be overcome, and advancing trust in the accomplishment and execution impact.

Inspirational motivation is worried about a pioneer setting higher standards, consequently turning into a perspective (Obiwuru et al., 2011). Here, the pioneer is turned upward to as the one giving enthusiastic interest to expand awareness and comprehension of commonly attractive goals. This is accomplished by correspondence of exclusive requirements, utilizing images to concentrate on endeavors, and communicating vital reason in basic ways. The inspiration happens by giving significance and test to the adherents' work; individual and cooperation are stimulated; and eagerness and confidence are shown. The transformational pioneer urges the devotees to imagine alluring future states for the association and themselves.

Intellectual stimulation provides the followers with challenging new ideas and encourages them to break away from old ways of thinking. The pioneer is described as one advancing insight, judiciousness, sensible considering, and cautious critical thinking. The qualities incorporate looking for varying viewpoints when tackling

issues, recommending better approaches for analyzing how to finish assignments and empowering reevaluating of thoughts that have not been questioned previously. The individual thought component of transformational leadership needs to do with creating devotees by instructing and coaching. The pioneer gives careful consideration to the between singular contrasts among the supporters. He instructs and helps other people to build up their qualities, and listens mindfully to others' worries.

Asvir (2011), in their commitment, clarify that cutting edge Leaders splendidly embrace a state of mind that backings workers, give them a dream, develop trust, urge them to think imaginatively, individualized thought and widen the correspondence. They portray every one of these components as the fundamental elements of transformational leadership style prompting help up hierarchical qualities and expanding level of employment fulfillment and authoritative duty in workforce. Behery (2008) contended that workers can without much of a stretch offer their insight among themselves when an association utilizes transformational leadership style. This proposes transformational leadership gives space for cooperation and representatives' connection in association. These collaborations empower representatives to be imaginative in working environment. Additionally, it is contended that supporters who work under transformational Leaders are spurred and conferred and these encourage their fulfillment with the jobs. Gill et al. (2006), set that an association can decrease work worry and consume by applying transformational leadership style.

### **Interactive Impact of Leadership Styles on Employees' Retention and Performance in Insurance Companies**

The issue of leadership is essential in the association (Cole, 2005). This is prefaced

on the way that leadership contributes altogether to the achievement and disappointment of an association. Obiwuru et al. (2011), set that the capacity of administration to execute worked together exertion relies upon leadership ability. This is on account of a viable pioneer does move subordinates' capability to improve effectiveness as well as meets their prerequisites during the time spent accomplishing hierarchical goals (Lee and Chuang, 2011). Mechanical practitioners have since a long time ago perceived the considerable part of representatives in the acknowledgment of hierarchical goals. While trying to accomplish these goals, authoritative directors endeavor to create, harness and use both material and HR.

This also entails leading people argued that organizational failure is tied to the quantity, quality and inappropriate leadership style. This is explicated by Iheriohanma (2009) that the realization of organizational goals depends, to a great extent, on leadership. He posits that no matter the goals that motivated the establishment of an organization, it still requires management strategies and effective leadership in order to drive the organization to achieve its set objectives, especially in this business era that is characterized by competitive knowledge-driven economy.

Longenecker (1989) emphasized that organizational performance not only hinges on the quality of leadership but that leadership, to a greater extent, determines how an organization can achieve progress in the face of accelerating information management and technological innovation. Thus, management of employees in an organization requires the leadership qualities and styles that will drive the corporate goal of the organization. This is because leaders and their leadership style constitute significant influence on the subordinates and organizational outcomes.



Effective leadership style and skills have been shown to enhance job satisfaction and promote staff retention in Insurance Companies. Consequently, representatives' retention and performance in an association can be accomplished when administration receives proper leadership and administrative styles and adjust business methodologies to worker inspiration and resolve. In the perspective of Michael (2008), one of the basic parts of administration is to make a workplace that will charm the association to representatives. This likewise incorporates affecting these workers' choice to be submitted and to stay with the association notwithstanding when other openings for work exist outside the association. It has been contended by Ng'ethe et al., (2012) that the part of Leaders and their leadership styles are critical in worker retention. This declaration is on the preface that leadership styles can either persuade or dishearten workers, which thusly, cause representatives' expansion or reduction in their level of performance and penchant for retention in the association (Rochelle, 2012).

Ng 'ethe et al., (2012) expressed that the part of leadership and supervision is critical in worker retention, as it is contended that representatives leave directors and not the Insurance Companies. Jaskyle (2004) focused on that representatives' view of leadership conduct is a vital indicator of worker work fulfillment, responsibility and retention in the association. Rochelle (2012) opined that the leadership style that describes the collaboration between Leaders (or administrators) and their adherents (or representatives) is most critical as far as workers' effectiveness, profitability and retention in the association. This is on the grounds that in this current period of globalization, Insurance Companies are thought to be focused on the premise of the skill of their HR. It is fairly troublesome

errand to deal with individuals who are physically, mentally, socially and ethnically not quite the same as each other (Bushra et al., 2011). Accordingly, the administration of representatives and their retention in the association are to a great extent subject to the nature of leadership and leadership styles utilized by Insurance Companies.

Drucker (1993) pointed out that the performance and quality of managers are the main elements which decide the success of an organization. Bushra et al. (2011) came to a similar conclusion that well-qualified and capable personnel are important in the context of achieving organizational goals and objectives. They stressed that the success of an organization depends on the hard working, loyalty and involvement of managers and employees. This is because, as Insurance Companies need workers for improved productivity, workers also need knowledge and practical leadership to integrate the factors of production for improved productivity. In this order therefore, Insurance Companies need authentic, committed and practical leadership not only to integrate the factors of production but to motivate the workforce to ensure achievement of organizational goals. Subsequently, Leadership assumes a significant part in increasing performance of Insurance Companies and representatives. Suleman et al., (2011) in their commitment, place that leadership and its effectiveness is the essential concentration for association to accomplish the hierarchical goals and to make authoritative responsibility in their workers. This is on the grounds that representatives' dedication with the association decreases their aims to leave the association and to remain a piece of the association to work with more effectiveness and with steadfastness.

Johari (2008) explained that effective leaders should guide employees in a manner that allows them to develop an acceptable work attitude and behaviours that will



enable them contribute to the achievement of the group and the overall goal of the organization. This underscores the observation made by Oluyinka (2010) that organizational researchers have often stressed the pivotal roles that work attitude and behaviour of personnel play in the well-being, acceptance, retention and image of the organization. He focused on that the presentation of negative work state of mind and conduct by representatives may undermine hierarchical uprightness, dainting notoriety, causing question and hampering Insurance Companies' relations. He brought up that it might likewise harm the notorieties of good and persevering individuals from the association. This by extent, he argued that such infestation of negative behavioral attributes may reduce the productivity level of the organization and also propel the feeling of quitting among employees who may feel nauseated by such negative attitude and work behaviour of their colleagues and leaders.

The union of the writing articulated above, focuses to the way that leadership styles of chiefs are thusly pertinent in keeping esteemed and capable representatives in Insurance Companies. This is on the grounds that when leadership styles of supervisors are seen with negative focal point from the subordinates, this will incite their inclination to stop the association. At the point when the leadership style is respected and good to the subordinates, this will charm them to remain in the association, subsequently upgrading profitability, representative performance and their retention in the association. The worry hence will be for administration to create leadership styles that will be seen mechanical cordial, as this will goad representatives' performance and retention in association. The above propositions intricately explain the nexus between leadership styles, employees' retention, performance and organizational productivity. This exposition is crucial

especially now that expected behaviours in Insurance Companies are dictated by knowledge management, information and communications technology (ICT), and competition –facilitators that drive organizational performance in this era of globalized economy.

### Conclusion

The paper examined the interactive influence of leadership styles in Insurance Companies with a view to establishing its interfacing impact on employees' performance, retention and the overall health of Insurance Companies. This is prompted by the pivotal role the work attitude and behaviour of managers/leaders play in the well-being, acceptance and corporate survival of Insurance Companies. The study identifies some of the leadership styles prevalent in Insurance Companies to include, amongst others, autocratic, democratic, and bureaucratic types. The study further acknowledges the intercalary position and importance of effective leadership styles in achieving the desired business goals and objectives. In this way, the paper uncovers that when leadership styles are disgusting, it will pull in the display of negative work mentalities by representatives which is equipped for undermining hierarchical honesty, moving doubt and disintegrating the point of association. It becomes on administrators to distinguish leadership styles that will assemble an exceedingly drew in and conferred workforce and synchronize laborers mentality to accomplishing authoritative goals. This clarifies the synergic connection between leadership styles, representatives' retention, performance and authoritative efficiency.

### Recommendations

The study proposes that Insurance Companies especially should adopt leadership styles that will galvanize organizational managerial and leadership

processes and influence and behavioral patterns within the expectation level of employees. The adopted styles will also guide employees to develop an acceptable work attitude and behaviours. This is needed to enable employees to contribute to the success of the organization and equally create a healthy and balanced relationship in the workplace, thereby enhancing the contributions and retention of employees, especially the talented ones in the organization.

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