

Leadership Style and Company Performance of China Service Industry

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Abstract

Chinese business and government officials increasingly recognize the need for a thorough grasp of company performance. Since the business world has undergone developments that make the prior examination of company performance more difficult, company performance has become a phenomenon of academic inquiry. This quantitative descriptive study investigates the role of leadership style and its relationship to China's service industry; services is the industry with the most significant growth relative to China's GDP in the previous 30 years. As a result, company performance is characterized as an independent variable. The numerous links between ethical, transformational, and transactional leadership are studied as independent variables utilizing relevant literature. In China's service business, essential variations and relationships are represented by an appropriate leadership style to increase company performance. This study employs quantitative analysis. It starts by discussing prior research and presenting the goals of the study, the research questions, and the research hypothesis. Examining past relevant material is used to build the conceptual framework for the research. The technique employed in this investigation will be described. Finally, the research objectives and hypotheses are met using a survey and statistical and descriptive methodologies. The link between company performance and leadership has been established.

Keywords

Leadership style, Company Performance, China, Service industry

1.0 Introduction

The business's success today needs preserving and enhancing the quality of both the products and the services. It is for the company's capacity to deal with other businesses of a similar nature on a national and global scale. The growth of a potential workforce is one of the crucial factors determining a company's success. The business works to attract and develop highly motivated individuals as well as to build and maintain a competitive human resource base (Iskanto, 2020b).

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Employee levels will increase if they can complete tasks using the company's offered system. According to Gbadago, Amedome, and Honyenuga (2017), effective leadership successfully directs and motivates someone else to carry out all scheduled tasks to accomplish identified goals. The effectiveness of an organization's workforce has a significant influence on the outcome. To pursue peak performance, the business must be able to foster an environment where employees are engaged and allowed to construct their abilities and reach their full potential. Leadership is one of the elements that cause significant problems (Ahmad et al., 2018; Ghazali, Syed Jaaffar, et al., 2019; Iskamto, Ghazali, and Aftanorhan, 2019).

A work achievement created by businesses must comply with their organizational function is referred to as performance, a tangible behavior everyone demonstrates. Building rapport and fostering clear communication between subordinates and employees are critical components of project delivery. Work that closely aligns with the organization's strategic goals that need to be controlled produces performance. A company's human resources have a significant impact on its performance. The performance would be considerably more outstanding if the human resources were also highly motivated, imaginative, and knowledgeable about developing innovation (Iskamto, Karim, et al. 2020). Because human resource capabilities are a process' outcome, it is crucial to make efforts to improve others.

2.0 Literature Review

Leaders' passion and leadership spirit can shake and reach their goals in the desired direction (Ghazali, Syed Jaaffar, et al., 2019; Ibrahim and Daniel, 2019). According to Handoko (2011), to achieve peak performance, companies can facilitate and allow individuals to develop and improve their skills and competencies to the maximum. Leadership is part of the equation that influences employee performance. Company performance explains in a whole range of possible ways the profitability of the company and the potential prospects it can achieve (Amoa, 2021). The shortcoming of this study is that many previous studies have had a different focus (Abdour and Tarawneh, 2014). Numerous research have been done on the connection between leadership style and productivity. However, many focus theoretically on the impact of a particular leadership style on the organization, compared to the scarcity of literature that discusses multiple leadership types. Managers should recognize that employees are synonymous with the organization and be fully motivated to enable them to perform at their best and ensure high performance.

According to Fujianti (2018), several elements relating to internal conditions, innovations, and culture, and external conditions, like the nation's social and economic standing, dominate the current research on firm success. The most important business task is leadership. Strong leadership may help a company increase its competitiveness, according to past research on company size in Irbid conducted by Abualoush, Alrowwad, and Masa'deh (2019). Chen, Jia, Mei, et al. (2018) also backed up authentic leadership or management behavior. They claim that since leaders directly impact follower behaviors, they can have a greater willingness and better decision-making and help align contractors, resources, and timing to achieve organizational goals. The results of Andriana, Bruce, and Yalabik (2018) in Jordan indicate that workers are the

most critical factors influencing a firm's success since people compete internally and externally in their task positions, which have a broader effect on the organization as a whole. In addition, according to Al-Salameh, Khalaf, Masa'deh, and colleagues (2018), many studies confirm the link between managerial behavior, employee happiness, and company profits because it demonstrates a cause-and-effect relationship in obtaining high performance, which is important for the organisation to face globalization and maintain competitiveness. Therefore, the entire firm's performance reveals the degree to which a company can satisfy the demands of its stakeholders while also meeting its survival requirements (or lack thereof) (Bonsu, Issac, & Neema, 2019).

Similarly, because of the country's unemployment situation, most organizations' leadership behaviors assume that workers will get what they want, which usually leads to low productivity. Poor management and leadership practices are expensive and often result in lower productivity and longer cycle time because they diminish employee morale and weaken workers' commitment to the organization's goals. Management may be unable to come up with fresh approaches and answers due to weak leadership. More research into the relationship between leadership style and performance is therefore crucial as it can bring a different perspective to the field of knowledge, fill in gaps in past research findings, and better understand how leadership affects company performance.

2.1 Significance of the study

This study builds on the existing literature to provide further evidence on the relationship between leadership style and follower behavior. Therefore, the findings of this study help to add to the literature on the impact of leadership styles on job motivation and job satisfaction in the service industry. A better understanding and appreciation of different leadership styles and how different leadership styles play an essential role in firm performance across the service industry. Further research could assess other mediating factors contributing to this impact and the benefits, challenges, and financial implications of developing innovative leadership styles (Purwanto, Asbari, and Santoso, 2019).

The success of Chinese service organizations and their leadership philosophies are the main topics of this study. The results of this study can be used to inform better policymakers who want to address employee retention issues. It also provides theories on how service companies can improve their operational performance and colleague motivation, job satisfaction, and encourage teamwork based on these leadership styles and other factors that affect the performance of the service industry in China (Santoso et al., 2020).

3.0 Discussion and Finding

3.1 Regression ANOVA

According to Field (2017), the F-test p-value must be lower than than 0.05 at a 95% probability value in order to evaluate whether the data is significantly fitted to the model. The regression model and two independent factors have a combined Fvalue of 37.142, as shown in Table 27. Table 27's P-value of 0.000 demonstrates that the value corresponds with the general rule of thumb, which calls for a value of less than 0.05. As a conclusion, the model is adequate and the study's independent variables are deemed appropriate.

Coefficients						
Model		Standardized Coefficients			Collinearity Statistics	
		Beta	t	Sig.	Tolerance	VIF
1	(Constant)		1.821	0.069		
	Transformational Leadership Style	0.225	4.644	0.000	0.853	1.173
	Transactional Leadership Style	0.207	4.382	0.000	0.894	1.119
	Ethical Leadership Style	0.215	4.387	0.000	0.830	1.205

a. Dependent Variable: Company Performance

A multiple regression was performed and the result was $R^2 = 0.222$ (Table 26), which is how well the model fit. Thus, the three independent variables used in this study explain approximately 22.2% of the Variance in firm performance. According to Sekaran & Bougie, (2016), if R^2 is close to 1, it means that the change in the dependent variable can be explained by the regression model, and if R^2 is close to 0, it means that most of the data changes cannot be explained by the regression model. Therefore, the remaining 77.8% of the variation can be explained by other factors not considered in this study. Based on the results, we may claim that the study's model represents a moderately favorable link between the three distinct variables used and firm performance. The three independent factors and performance have a positive, moderate association.

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0.471 ^a	0.222	0.216	0.79493

a. Predictors: (Constant), Ethical Leadership Style, Transactional Leadership Style , Transformational Leadership Style

4.0 Conclusion

Determining how authentic leadership or management behaviors are also supported by Chen, Jia, Mei, et al. (2018). They assert that because leaders directly influence their followers' behavior, they can have a greater willingness to make better decisions and help align contractors, resources, and time to achieve organizational goals. Observing changes in the market and adapting one's business plan to these changes are two critical activities of a successful company. The company will then begin to generate revenue and meet the needs of its various stakeholders.

The transactional leadership style ensures that employees receive sustained material and intangible benefits and therefore helps to create and maintain an environment in which corporate and human talents are maximized. Transactional leadership has a beneficial effect on organizational performance. The transactional leadership style, based on a small number of academics (Al-Khajeh, 2018; Berraies and Bchini, 2018; Hashim, 2019; and Hoxha, 2019), is detrimental to the performance of the organization. Compared to transformational leadership, the transactional leadership style focuses on the low-level needs due to followers or employees. In contrast, the transformational leadership style focuses on improving the morale of employees and focuses on the high-level requirements of employees.

There is a motivational relationship not only for subordinates but also for the leaders themselves; this is helpful in times of crisis as it promotes innovation and the application of team skills (Lin & Sun, 2018). Furthermore, Fan and Zhou (2018) suggested a significant association between transformational leadership and the personal quality achievement of the ensuing followers. Moreover, the findings suggest a strong relationship between transformational leadership and the institutional success of teamwork. Aarons (2018) describes the performance as a function of an individual's skills, abilities, knowledge, and motivation, centered on desired actions.

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