

Impact of Leadership Style on Employee Performance (A Case Study on Private Organization in Lagos State Nigeria)

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Abstract

The purpose of this study is to identify the impact of leadership style on employee performance. A sample size of 50 was used from one private organization in Lagos State, using a simple random sampling technique. The study adopted a questionnaire which was designed by the researcher titled Leadership Style and Employees Performance Questionnaire (LSEPO). A two-point (Yes & No) Likert scale type, the questionnaire was used to determine the impact of leadership style on employee performance. The data collected was analyzed using frequency table and simple percentages. The analysis shows that the most significant value associated with employee performance is democratic leadership style followed by laissez-faire leadership style and autocratic leadership style. It was therefore concluded that democratic leadership style has a significant positive impact on employee performance. This indicates that when democratic approach is applied, performance of employees would increase. Recommendations were also made such as the right leaders with high capability should be identified at all levels of the organization (public or private) and leaders in all organizations (public and private) should encourage team work

Key Words: Leadership; Employee Performance; Democratic Leadership; Autocratic Leadership; Laissez-faire Leadership.

Introduction

Leadership is a special type of influential activity. It may be seen in effect in all kinds of social situations, and it is especially apparent. Where the situation demands that people work together toward common goals. In Organizations, leadership is a managerial activity, the purpose of which is to direct the employees in one immediate chain of command toward the accomplishment of work goals. Leadership represents a combination of behaviours exhibited by one who occupies an elected, appointed, or designated position of



influence in a social system. Leadership behaviour is therefore officially sanctioned either formally or informally and the leader is looked to for guidance and direction by those who recognize in his or her power.

Improvement of productivity is a central issue in present-day organizations. Productivity through job performance stands as a widely researched domain in literature of organizational behavior (OB) and human resource (HR) development Schiemann, (2009). Job performance as in the form of performance assessment and management is an essential part of effective HR management and it is a most sought-after developmental intervention in HR portfolio Bateman & Snell, (2007). The term “employee performance” signifies individual’s work achievement after exerting required effort on the job which is associated through getting a meaningful work, engaged profile, and compassionate colleagues/employers around Karakas, (2010). In order to utilize HR fully and augment organizational success, effective employee performance management system is imperative for a business organization. The performance-driven objective is expected to be aligned with the organizational policies so that the entire process moves away from being event-driven to become more strategic and a people-centric perspective.

To enhance the performance of an employee depends upon the leadership, which is operative, has a definite status. In the same phenomenon, the central role of the leadership along with his credibility becomes most prominent. Actually, the democratic leader is a psychoanalyst, as he/she learns, comprehend and analyze the minds, thoughts, attitudes and desires of the followers/employees to reach the final decision which help in augmenting the employees level of performance (Qaisar & Sara, 2009). The leadership of this category always pursues democratically and believes to solve every issue in the organization according to the popular will of the employees. The diagnostic skills of the leadership, either they are intrinsic or gained are valuable for the resolving the issues related with the individuals and with the organization as a whole (Durga & Prabhu, 2011). The employees’ performance is directly proportional to the effectiveness of the leadership.

Since corporations strive to search great leaders that can lead them to success, endless efforts have been put out by researchers to identify how best leaders operate. Leadership is simply “the art of influencing people so that they will strive willingly towards the achievement of goals” (Igbaekemen, 2014). Leadership plays a crucial role in creating an enthusiastic atmosphere and culture in an organization (Alghazo & Al-Anazi, 2016). Hurduzue (2015) proclaimed that effective leadership style could promote excellence in the development of the members of the organisation.

This research sought to investigate and understand the impact of different leadership styles (autocratic, democratic and laissez-faire) and their effects on employee performance in organization. After completion the study on this topic, this research will be beneficial for employees to identify which leadership style is good for them in terms of work satisfaction and the success of their careers. It can be beneficial for leaders to understand which types of leadership impacts on employee performance and how employees can also be motivated through proper leadership. It is helpful to companies in Nigeria in identifying great leaders that can improve performance of the company and lead the company to great success.

The research objectives is to examine the impact of democratic leadership style on employee performance, to examine the impact of autocratic leadership style on employee performance, to examine the



impact of laissez-faire leadership style on employee performance in Sinbol Nig. Limited Company in Lagos State, Nigeria.

2. Literature review

2.1 Concept of leadership

Leadership is a social influence process that seeks to elicit cooperation and support of individuals towards actualization of some set goals. The process of leadership is a continuously evolving concept that changes with the context and era of its essence. From the core of human existence, family, leadership plays a vital role in assuring stability and harmonious growth. Filtering into the wider scope of human existence, the society thrives on effective leadership as a pilot for cohesiveness among inhabitants. At the helm of leadership processes sits the leader; an individual who influences individuals to win their support and cooperation at achieving some set goals. The quality and effectiveness of leadership processes rely heavily of the systemic embodiment of leadership and the strategic fit of the leader. To fully understand contemporary management thought on differences in leadership styles, it is imperative to review, at least briefly, the theories that have helped to shape our thinking about leadership over the past century (Moran, 1992).

Tannenbaum, (1961) cited in Ali (2012), defined leadership as interpersonal influence exercised in a situation and directed, through the communication process, toward the attainment of the specialized goal or goals. According to Northouse (2004) cited in Packard (2009) leadership is directing a group of people to accomplish designated goal. Yukl (2008) defined leadership as a process where one person exerted influence intentionally to a group of people in an organization through relationship, structure, and guide. Leadership, as defined by Gharibvand (2012) as how the leader communicates in general and relates to people, the way in which the leader motivates and trains the subordinates and the way leaders provides direction to his/her team to execute their tasks. Sharma & Jain (2013) defined leadership as a process of which a person influences other people to accomplish an objective and directing in a way that makes it more cohesive and coherent.

2.2 Leadership and employees performance

The organizational structure is comprised of different departments in which the employees work as the basic units with different capacities. In this regard, the basic responsibility of the leadership is to raise the moral values, working capacity and ultimately the output graph of the organization (Avolio & Bass, 2004). The employees, in the presence of a leadership may not feel isolated from the central authority which keeps them intact and resultantly they work with integrity and utmost commitment. At macroscopic level, leadership is both a research area and a practical skill (King, Johnson & Vugt, 2009). On the part of the researchers, the ongoing research highlights different leadership styles in the different circumstances in diverse spheres of life. On the part of individual level, it encompasses the abilities, leading capacity, skills and experience of a person or group of persons (Tahir, Abdullah, Ali & Daud, 2014). While exercising the authority, the leadership seeks the participation of the employees with all their dedication and sense of ownership through the power of mobilization, motivation and communication in the organization (Chandra & Priyono, 2016).

The term performance is elaborated as the ultimate ability of an individual (employee) to use its knowledge and skills efficiently and effectively. So far, according to the research, the performance of employees

is strictly related with his/her physical and academic profile (Dvir, Eden, Avolio & Shamir, 2002). In this regard, the employees' performance is most significant to bring about the results according to the international standards. The performance of the individuals solely depends upon the policies of the concerned institution about their pay package, rewards, bonuses, yearly increments and other perks and privileges (Bodla & Nawaz, 2010). Still, the academic profile of the employees has the highest standing among all other factors. On the whole, the productivity/output can be enhanced and sustained by the effectiveness of the leadership and an agile response of the employees (Rizwan, Nazar, Nadeem & Abbas, 2016).

On one hand, the leadership style induces emotional strength, motivation, commitment and the working relationship while on the other side, the employees perform with their utmost ability and diligence. The main attributes extracted from the relevant literature are the efficiency, effectiveness, innovativeness, responsiveness. On the other hand, there are some other attributes related with the employees' performance like the work ethics, communication, creativity, development, professionalism and the commitment. All of them contribute to the effective performance on the part of employees.

2.3 The Leadership Styles and Employee's Performance

2.3.1 Democratic leadership and employee's performance

This Leadership encourages innovation, team work, creativity and people are often being engaged in projects that lead to increased performance, job satisfaction and increased productivity (Verba, 2015). Iqbal, et al. (2015) stated that democratic leaders make no suggestions, however they enquire the opinions of others. This leadership promotes all team members to participate to make final decision and develop entire process to reach their goals (Trivisonno & Barling, 2016). One of the major benefit of democratic leadership style is that the process facilitates in development of some additional leaders who can majorly serve the organization and have active involvement on the part of everyone in the team (Armstrong & Taylor, 2014). Democratic leaders encourage and invite team members to play a significant role in the final decision making process but the ultimate power relies in the hands of leaders and he/she guides the team on what to do, how to do, and employees communicate their suggestions, experience and recommendations (Skogstad, 2015). Democratic leadership influences people in a manner consistent with the basics of democratic principles and processes, such as deliberation, equal participation, inclusiveness and self-determination.

2.3.2 Autocratic leadership and employee's productivity

In accordance to Khan, et al. (2015), autocratic leadership is where manager retains as much power and decision-making authorisation as possible. Melling & Little (2004) stated that autocratic leaders are high-handed leaders and are the centre of every activity that goes on in the establishment and all authority emanated from them and ends with them (cited in Akor, 2014). Autocratic leadership represents all those leaders who makes decision without the consent of team members and is usually applied when quick decision is taken and team agreement is not important for acquisition of successful results (Boehm, et al., 2015). Little opportunity is given to staff and team members to make suggestions, even if it is in the best interest of the team or organization (Amanchukwu, et al., 2015). An autocratic leader mostly makes selection on the basis of their own judgments

and ideas that rarely include follower's advice and these leaders have absolute control over the group. According to Iqbal, et al. (2015), autocratic leaders give orders without explaining the reasons or future intentions.

2.3.3 Laissez-faire leadership and employee's productivity

Deluga (1992) cited in Koech & Namusonge, (2012) proclaimed that laissez-faire leadership style is associated with unproductiveness, ineffectiveness and dissatisfaction. Laissez-faire leaders avoid making decisions, the provision of rewards and the provision of positive/negative feedback to subordinates. Jones & Rudd (2007) described laissez-faire leadership as leadership in an inactive form characterized by unwillingness to be actively involved and a view that the best leadership comes from disassociation from activities. In this style the performance of workforce entirely relies on team member's ability, skills and capabilities (Adler & Reid, 2008). Team members are free to take decision in their own way and leaders provide complete freedom to subordinates to work as per their own way and take major decisions (Coyle-Shapiro, 2013). Some renowned researchers have stated that Laissez-Faire style had led to increased job satisfaction and better performance of employees, but could be damaging if team does not manage their time well or if they are not self-motivated to do their work efficiently (Martin, 2013). Laissez-Faire leadership style usually leads to increased chaos in the organization as every individual believe him or her as own leader (Monzani, 2015).

1. Methodology

The descriptive survey research design was adopted for the study. This method was used because the study is based on leadership styles and employee performance in private organization in Lagos state. The population of the study consist of 5 managerial staff which includes the general manager and 45 employees' in the organization. The sample consists of all 50 staff in Sinbol Nig. Limited Company. The sample size was determined by adapting the recommendations of Nwana in Nwagu (2013) that sample sizes for specific population could be at least 40% for a population of few hundreds, 20% for many hundreds, 10% for few thousands and at most 5% for several thousands. Therefore the total population will be considered as sample size. The research instrument used in gathering data for the study was a questionnaire constructed by the researcher titled Leadership Style and Employees Performance Questionnaire (LSEPQ). The items were formulated in order to elicit the respondents' perception on the issue covered in the research topic. The data collected were analyzed using frequency distribution and percentages.

2. Result

Research question one

The impact of democratic leadership style on employees' performance.

Table 1: Responses on democratic leadership style on employees performance

S/N	ITEMS	Yes	%	No	%	RANK
1	When motivated, I perform better	50	100	-	-	Accept

2	I am allowed to come up with innovative ideas for better performance	35	70	15	30	Accept
3	I am always forced to work	10	20	40	80	Reject
4	I am always part of decision making process in the organization	50	100	-	-	Accept
5	I am always encouraged at my job.	42	84	8	16	Accept

50% - above = Accept
50%-below = Reject

From table 1 above, it was observed that when workers are motivated, they perform better and respondents are also allowed to come up with innovative ideas to boost their performance in their work place. But note that this is only possible with the democratic leadership style. Employees working with democratic leaders are not forced to work or perform their task as seen on the table above and employees' are always part of the decision making process in the organization and encouraged to work. If heads and superiors in organization and companies use this style of leadership it will go a long way to bring about productivity in the organization.

Research question two

The impact of autocratic leadership style on employees' performance.

Table 2: Responses on autocratic leadership style on employees' performance

S/N	ITEMS	Yes	%	No	%	RANK
1	I am not always motivated to work	50	100	-	-	Accept
2	My ideas are not needed in my performance	45	90	5	10	Accept
3	I am always forced to work	48	96	2	4	Accept
4	I am not part of decision making process in the organization	50	100	-	-	Accept
5	I am always encouraged at my job.	5	10	45	90	Reject

50% - above = Accept
50%-below = Reject

From table 2 above, it is observed that the autocratic leader does not motivate workers towards performance and productivity as 50% of the respondents are of the view, likewise their involvement in decision making in the organization. 48 % and 45% of the respondents are of the view that they are always forced to work and their ideas are not needed in their performance and productivity. In the autocratic leadership style, it was observed that employees' are not encouraged at the job as they are always expected to be productive at all times.

Research question three

The impact of Laissez-faire leadership style on employees' performance.

Table 3: Responses on Laissez-faire leadership style on employees' performance

S/N	ITEMS	Yes	%	No	%	RANK
1	I am always reluctant at work	50	100	-	-	Accept
2	I always believe I am my own leader	45	90	5	10	Accept
3	I am not forced to work	50	100	-	-	Accept



4	I can make decision on my own	50	100	-	-	Accept
5	I am non-challant about my performance	40	80	10	20	Accept

50% - above = Accept
50%-below = Reject

From table 3 above, it was observed that all respondent accepted all items on the questionnaire as regards the laissez-faire leadership style. The first item on the table shows that all respondents representing a 100% are of the view that they are always reluctant at work, 45% of the respondents on the second item are of the view that they always believe they are their own leader, all respondents also agree that they are not forced to work. On the other hand, the fourth and fifth item on the table representing 100% and 80% of the respondents are of the view that they make their own decision and are non-challant about their performance in the organization.

3. Discussion of findings

The results indicate that democratic leadership has a positive significant impact on employee performance. This supports Iqbal, et al. (2015) that stated under the influence of democratic leadership employees to some extent has discretionary power to do work that leads to a better performance. Therefore, democratic leadership produces more motivated employees that eventually lead to an increased performance. From table one it was observed that all responses from the respondents are on the positive than the negative, which indicates that the respondents accepted the democratic leadership style has the best approach to their performance.

The results on table two shows that autocratic leadership has a negative significant impact on employee performance. This supports Jayasingam & Cheng (2009) that stated autocratic leaders dominates all actions and decisions all the while restricting the innovativeness and creativity of employees. Therefore, autocratic leaders tend to limit the performance of employees. As seen on the questionnaire items, employees' are not motivated to work, their ideas are usually not needed in performance and they are also not encouraged when they perform better.

Finally, the result on table 3 shows that laissez-faire leadership has a positive significant impact on employee performance. This supports Sougui, et al. (2016) that stated laissez-faire leaders allow freedom on how employees do their work and employees perform with no leadership barriers. Therefore, employee's performance is better as employees enjoy working with less authority from leaders. The respondents were of the view that they do not work under pressure, they are their own leaders and they can also come up with innovative ideas to increase productivity.

5.1 Conclusion

Based on the results, democratic leadership style has a significant positive impact on employee performance. This indicates that when democratic approach is applied, performance of employees would increase. Therefore, leaders in organizations (government and private) are encouraged to adopt democratic leadership style and involve team members in the decision making process since it is confirmed that

performance of employees is the best under this style of leadership. Leaders should encourage innovation, team work and creativity that lead to job satisfaction, increased productivity and subsequently increased performance.

Autocratic leadership style, however, shows a significant negative impact on employee performance. This indicates that performance of employees would not increase when autocratic approach is applied. Even though leaders prefer and are most known to lead through autocratic leadership style, in the view of globalization, autocratic leadership style may no longer be accepted by employees who are now becoming more knowledgeable, independent and competent.

Laissez-faire leadership style has positive impact on employee performance, which indicates that employee performance would increase when laissez-faire leadership style is applied. Laissez-faire leadership style is considered as moderate leadership style. This technique is being suited when employees understand their responsibilities well and possess strong analytical skills. This approach can be used when leaders are very much confident on team members and in any condition should not blame each other for mistakes.

5.2 Recommendations

Based on the findings, the following recommendations were made.

1. The right leader with high capability should be identified at all levels of the organization (public or private).
2. Leaders in all organizations (public and private) should encourage team work.
3. Leaders should also adapt the democratic leadership style for better employee performance.
4. The autocratic and laissez-faire leadership style should also be adapted in some situations, after observing employees' attitude at work place.
5. Leaders should stimulate employees' efforts to become innovative & creative, and pay attention to their individual need for achievement and growth.

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