



# Leadership Style on Employment Criteria

Biqila Hirpa Bedasa\*

Senior Lecturer at Department of Business Management, Admas University, Ethiopia

## Abstract

Leadership style pursued by managers/supervisors is among underlying factor determining the productivity of employee in public and private organizations in Ethiopia. Using a cross section of data from 265 permanent employees during 2019, this study tried to attest the relationship and effect of democratic, laissez-faire and autocratic leadership styles on the performance of employees at Omo Kuraz I Sugar Factory after controlling for other confounders. Descriptive analysis shows democratic style as the most frequently exhibited leadership style (Mean=3.72; SD=1.09) followed by laissez-faire (Mean=3.62; SD=0.82) and autocratic style (Mean=3.29; SD=1.03). The correlation analysis revealed significant positive correlation of democratic and laissez-faire leadership styles with employee performance while autocratic style were negatively correlated with performance. The result from multiple linear regressions showed democratic and laissez-faire styles have significant positive effect while autocratic style affected employee performance score more adversely. In order to enhance the productivity of their employees more significantly, the study finally recommend the company to execute democratic style. Moreover, longitudinal studies attempted to capture the impact on employee performance due to the changing leadership practice should be left for further research.

**Keywords:** Democratic styles, Autocratic styles, Laissez-faire Style, Employee performance

## Introduction

The concept of leadership has got wider attention by academicians and policy makers since recent times for its importance to the organizations in determining the productivity and hence their competitiveness of in a global economy. Leadership represents the most dynamic effects which by enhancing the knowledge, skill and attitude of employees for the attainment some predetermined goal (Behn, 1995). Effective leader not only inspires subordinates' potential to enhance efficiency but also meets their requirements in the process of achieving a certain predefined objectives (Lee and Chuang, 2009). In addition, leadership have a paramount importance for it has a strong power to create a level playing field for all employees in an organizations there by promoting merit based development path for all its staff members (Alghazo & Al-Anazi, 2016; Hurduzue, 2015 cited in Basit, et al., 2017).

Omo Kuraz I Sugar Development Project is one of Ethiopia's mega project launched during the first phase of Growth and Transformation Plan (GTP) with the aim of fulfilling the ever increasing demand of sugar products for local market and abroad thereby saving enormous amount of foreign currency spent on sugar import. In order to full fill this ambition, the government have allocated significant amount of budget to restructure the existing sugar industries by strengthening its human resources and leadership at different levels. To this end, the a massive reform program were undertaken which among other things include narrowing the existing gap in human resource and transforming the capacity of its management structure in line with the new change management.

However, in spite of such persistent effort made by Omo Kuraz I Sugar Factory [1], the extent to which it has succeeded in establishing an effective leadership and increased employee productivity has been questioned by many others. For instance, employees in Omo Kuraz I blame their immediate supervisors on account of inappropriate treatment. In addition, employees also question the process of getting promotions and career development as it lacks clarity and fairness which according to them disregards ones performance. Most leaders in Ethiopian public organizations were also blamed for their ignorance, high involvement in decision making, and poor communication due to communication barrier emanating from geographic proximity. On the other hand, the management at different levels blames their

employees for their poor productivity, lack of skill, incentive and motivation. Despite the growing confrontations between employees and their leadership, no empirical evidence ever revealed the existence of leadership gap in Omo Kuraz I Sugar Factory, nor does the gap in employee performance. The existing literatures in Ethiopian context were largely on banking sector with no cases studies on manufacturing sectors in general and sugar factories in particular. This fact leads the researcher to investigate the extent to which employee performance problem exists in Omo Kuraz I sugar factory and whether such problem has any relation with the leadership style practiced at different level.

## Objectives of the Study

- To investigate the extent of employee performance and leadership styles perused by the managers/supervisors of Omo Kuraz I Sugar Factory at different levels.
- To assess the relationship and effect of the 3 leadership styles (democratic, autocratic and laissez-faire) on the performance of employees in Omo Kuraz I Sugar Factory.
- To assess the effect of other extraneous factors (marital status, gender of supervisor, total years of experience in the company, experience with current supervisor, level of education, managerial level) on employee perceived performance score.'

## Literature Review

### Leadership Defined

According to Levin (2000), leadership is the process of influencing others to work willingly toward an organizational goal with confidence. Leadership for Koontz, et al. (1985) is the art of influencing people so that they will strive willingly towards the achievement of group goals.

\*Corresponding author: Biqila Hirpa Bedasa, Senior Lecturer at Department of Business Management, Admas University, Ethiopia, Tel: 2522527755; E-mail: [biqhouse3@gmail.com](mailto:biqhouse3@gmail.com)

Received April 17, 2021; Accepted April 22, 2021; Published May 21, 2021

Citation: Bedasa BH (2021) Leadership Style on Employment Criteria. J Civil Legal Sci 10: 269.

Copyright: © 2021 Bedasa BH. This is an open-access article distributed under the terms of the Creative Commons Attribution License, which permits unrestricted use, distribution, and reproduction in any medium, provided the original author and source are credited.

[2] For Veronica (2011), leadership is the incremental influence that a person has beyond his or her formal authority. Generally, leadership can be conceptualized as a process of influencing others towards the achievement of some common goal (North house, 2013).

The concept of leadership is an evolving science and most widely studied topics due to its ever changing influence on the productivity and hence profitability of companies. Thus, different theories and approaches have been emerged ranging from the very classic trait theory to the most recent ones, transformational and transaction theories. For instance, the work by Avolio (1993) and Babatunde (2012) advocated the relative importance of transactional leadership style in influencing workers for a better performance while Bass & Avolio (1994) and Kotter (1988) stand in sharp contrast with the above authors dictating transformational leadership style will lead employees and their organization to a better performance. However, this research papers emphasized only on the three styles of leadership described in Levin: democratic, autocratic and laissez-faire leadership style and their respective relationship and effect on employees perceived performance (Billig, 2015).

Kumar (2005) defined laissez-faire as a leadership style where employees independently decide their own matters as the leader gives maximum freedom to their subordinates. For Gastil (1994), laissez-faire leader make low involvement in the activities and decisions making process by leaving matters to their followers. According to Kerns (2004), laissez-faire leadership style is helpful in bridging the gap between the employer and employee by creating a positive work environment and spirit of family hood. Armstrong (1999) on the other hand opposed the above argument stating employees led by laissez fare leaders do not feel responsibility, misuse rules and have no initiatives to perform better.

Autocratic leadership is a style whereby the boss only has decision making rights with no shared vision, little motivation, commitment, creativity and innovation (Khan, et al., 2015). In addition, [3] (Du Brin, 2006) described autocratic leaders as task-oriented, not employee oriented which solely centered on getting tasks accomplished. In fact, most followers of autocratic leaders can be described as biding their time, waiting for the inevitable failure (Michael, 2010). Moreover, Nwankwo (2001) and Enoch (1999) described autocratic style as a leadership style where leaders exclusively emphasized on making things done at the expense of any human consideration (cited in Akor, 2014). However, autocratic leader were also favored by some organizations as a suitable leadership style to meet the desired goal. Jooste (2009) for instance showed the importance of autocratic leadership during crisis times and urgent decision is needed.

According to Gastil (1994), democratic leaders, unlike other leaders believe in group participation and majority rule in the decision making while Daft (2008) describes a democratic leader as one who delegates authority to others, encourages participation, relies on subordinates' knowledge for completion of tasks, and depends on subordinate respect for influence. For Kuczmariski (1995) cited in Ray & Ray (2012), democratic leader is influential, knowledgeable, a good listener, encouraging, respecting and situation centered. Moreover, democratic leadership according to (Jooste, 2009) influences people in a manner consistent with the basic democratic principles and thus leads to increased productivity and job satisfaction.

Performance is considered as an important activity that provides both goals and methods to achieve the organizational objectives and also provide the achievement level in term of output (Ibrahim, 2004). Performance according to Prasetya and Kato (2011) is the attained

outcomes of actions with skills of employees who perform in some situation. In addition, performance is any collaborated effort made by employees which by increasing the productivity and profitability leads to success of an organization (cited in Basit, et al., 2017). According to Pattanayak (2005), employee performance is any effort made by an individual towards the achievement of some goal which can be observed and evaluated.

## Empirical Studies

Despite the clear view on the role of effective leadership in enhancing employee performance, there is no universal consensus on the effect that different leadership styles have on employees performance as empirical studies reveal contrasting figure (Chan, 2010; Howell and Avolio, 1993) [4]. Empirical evidence shows the suitability of a given leadership style to the success of employees and organizations varies across countries and sectors of business (Basit, et al., 2017). This study thus summarized the result from previous empirical literatures on the related issues from global to regional and Ethiopia.

The study by Raja (2015) was an important contribution to the existing empirical studies in investigating the effect of leadership styles on employee performance in public and private sector of India. The analysis result was generated from the sample 199 respondents: 43 middle level managers and 156 subordinates. Using 95 percent confidence interval, the study established negative relationship between laissez-faire style and employee performance. He added, employees supervised by laissez fare leader underperform and their organizations were unable to meet their intended objectives.

Another study was conducted in hotel industry by Ipas (2012) entitled 'The Influence of Leadership Styles on Performance of Employees.' The analysis result showed, autocratic style is the most frequently used style by managers and have positive effect on employee performance. The study added, autocratic style greatly helped employees to achieve the expected outcome and thus employees were in favor of this leadership style. Moreover, the study recommended managers to practice autocratic style in order to boost the performance of their employees and meet the standard required by the organizations.

The study by [5] Sakiru, et al. (2013) tried to analyze the relationship between employee performance, leadership styles and emotional intelligence in Malaysia from the sample of 180 respondents. The study used instruments like Multifactor Leadership Questionnaire, ECP and parastatal performance evaluation process. After checking consistency of questionnaires using Cronbach's alpha coefficient, the result from multiple linear regression analysis concluded employee performance to significantly associate with emotional intelligent and leadership style.

Among of the empirical studies made in the region were the study by Ojokuku et al. (2012) which tried to analyze the impact of leadership style on organizational performance using sample of 60 employees collected from 20 randomly selected banks in Ibadan, Nigeria. The study highlighted the importance of leadership styles as he had shown in the regression analysis to explain around 23 percent of the variation in employee performance. He recommends for the management of banks to utilize both transformational and democratic leadership styles in order to win the existing competitive battle in the banking industry.

Nuhu (2010) in his study made in Kampala District Council in Uganda showed transactional, laissez-faire and autocratic style to be among the frequently used leadership style. According to this study, autocratic styles negatively affected the performance of employees while laissez-faire style was positively affected employee performance though to a lesser extent. Thus, the finding highlighted the relative

importance of using transactional style in order to enhance the desired performance of employees used to accomplish the intended objectives of the companies in the District council.

The study made by Gimuguni, et al. (2014) in Mbale local government of Uganda indicated autocratic, laissez-faire and democratic were positively correlated with employee performance. The finding also revealed autocratic styles of leadership have influenced employees to perform their duties while Laissez-faire leadership caused employees delay in meeting deadlines. Despite the domination of autocratic and laissez faire style, the study recommended local government to integrate and use the 3 leadership style.

In Ethiopia, empirical studies on the effect of leadership style on employee performance are not only scarce but also emphasize largely on banking sector. For instance, the study by Tsigu and Rao (2015) on banking sector found transformational leadership style explains the larger variation in performance than transactional leadership style and thus recommend leaders to emphasize more on the dimensions of transformational leadership style [6]. Rao (2005) on the other hand highlighted the better role of transactional style on employee performance. He added, employees with laissez-faire leader were unable to meet the desired output and poorly perform. Finally, he recommended the management to use transactional style than other style which enables their employees to meet the desired outputs.

## Research Gaps

Despite the bulky empirical studies on the effect of leadership styles on employee performance, most of which were concentrated in industries in developed countries and sometimes with contrasting outcomes. For instance, the study by Gimuguni, et al. (2014) established positive correlation of laissez-faire style with employee performance score while Aboushaqah, et al. (2015) and some others have reported negative relationship. In addition, the literature on the effect of leadership styles on employee performance in Ethiopia relays largely on the banking sector with low focus on manufacturing sectors [7] (Tsigu and Rao, 2005). Moreover, effect of leadership styles on employee performance could not be complete unless other confounding variables are controlled, which many previous studies fail to do. This study tried to fill such gaps and thus contribute to the empirical evidence from Ethiopian manufacturing sector.

This research paper as in many studies, tried to investigate the effect of democratic, autocratic and laissez-faire leadership style (independent variables) on the performance of employees (dependent variable) in Omo Kuraz I Sugar Factory (Howell and Avolio,1993; Sakiru, et al.,2013; Jooste, 2009); Kerns, 2004; Ojokuku, et al.,2012). In the process of analyzing the effect of leadership style on employee performance, this study tried to control for the effect of other confounding variables like gender of supervisor, years of experience with current supervisor, level of management, employee salary and promotion. Below figure portrays the conceptual framework of the study.

## Statement of Hypothesis

**Null hypotheisi-1:** Democratic leadership style has no significant correlation with and effect on the performance of employee at Omo Kuraz I sugar factory[8].

**Null hypotheisi-2:** Autocratic leadership style has no significant correlation with and effect on the performance of employees at Omo Kuraz I sugar factory.

**Null hypotheisi-3:** Laissez-faire leadership style has no significant

correlation with and effect on the performance of employees at Omokuraz I sugar factory.

## Research Design and Methodology

### Research Design and Approach

To investigate the effect that different leadership styles have on the performance of employees in the study area, the study employed a cross sectional design using the primary data collected from employees of OmoKuraz I Sugar Factory during 2019. This study design has been chosen due to its ease and inexpensiveness nature. The quantitative data analysis approach then used in order to analyze the variation in employee performance observed across different leadership style using descriptive and inferential data analysis tools.

### Sample Size and Distribution

Among the many alternatives used to compute the number of sample from the finite and known population, this study used the formula by Kothari, C.R. (2004)[9]. Thus, from the total 1086 permanent employees of Omo Kuraz I Sugar Factory and assuming 5 percent margin of error and 95% confidence level, the sample size is calculated as follows.

$$n = \frac{N}{1 + N(e)^2}$$

$$n = \frac{1086}{1 + 1086(0.05)^2}$$

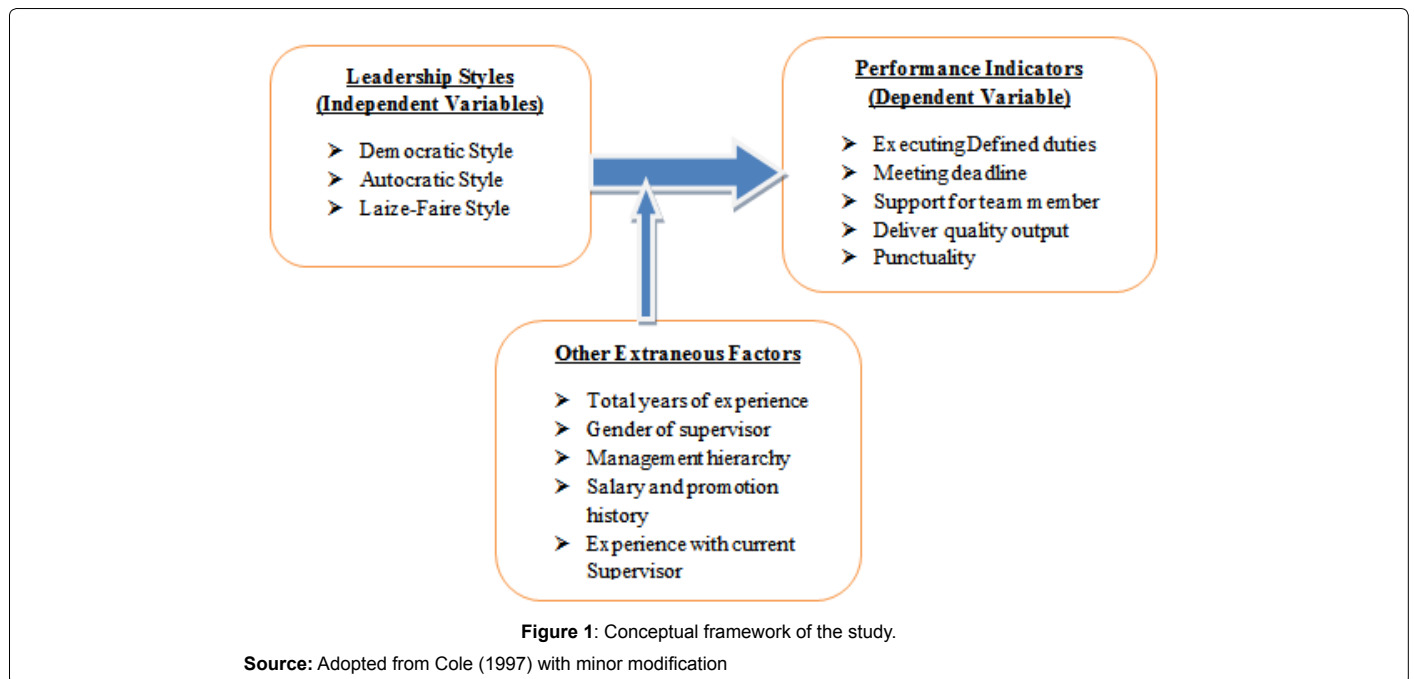
[10] From the total of 292 questionnaires sent to employees of Omo Kuraz I Factory using the convenience sampling techniques (non-probability sampling), only 265 have correctly responded correctly to the questionnaires accounting for 91.7 % response rate. The remaining 27(9.3 %) employees failed to response to the questioner due to many other reasons.

### Accessibility and Ethical Issues

The initial task before any contact with respondent is to come into a consensual agreement with the management and the HR department of Omo Kuraz I Sugar factory in order to avoid any complication. After ensuring the confidentiality of all their personal data they provide, respondents filled the consent form showing their willingness to provide the information without any external pressure. Finally, in order to reduce the non-response rate, appropriate time, break time were chosen to distribute the questionnaires to the respondents.

### Variables and Measurement Procedures

The measurement of variables used in this study was based on a standard format used by previous empirical studies. The measurement for leadership styles used the Multi factor Leadership Questionnaire (MLQ) developed by Avolio and Bass (1995), modified to fit the context of the study. For employee performance, the study scale was adapted from Cole (1997 with some modification (cited in Mwombeki, 2017) [11]. Thus, democratic, autocratic and laissez-faire leadership styles (each with 6 items) and employee performance (5 items) were used with likert scale rating from 1 to 5 (1=strongly disagree; 2= Disagree; 3=Neutral; 4=Agree; and 5=strongly agree). In addition, the score for employee performance was made up of 5 item with liker rating ranging from 1 to 5 (1=Very low; 2= Low; 3=Average; 4=High; and 5=Very high).The detail for measuring leadership and employee performance were found in Figure 1.



## Data Analysis Techniques

The analysis on the association and effect on employee performance of leadership styles and other extraneous factors were made using both descriptive and inferential data analysis techniques using SPSS software version 21. Then, descriptive data analysis techniques like percentage, mean, and standard deviation, were used in an attempt to describe the distribution of our samples. Beside, analysis of variance (ANOVA)[12], Pearson correlation and simple linear regression were finally used in order to assess association and effect of leadership style on employee performance.

## Validity & Reliability of the Instrument

To produce reliable and unbiased parameter estimate, the consistencies of our questionnaires used for each sub scale had to be checked using the value of Cronbach alpha. Thus, the overall value of Cronbach alpha for this study were all higher than the conventional level of 0.7, suggesting each subscale had acceptable internal consistency and hence reliable in measuring what they were designed to measure (cited in Celestine Onyango, 2015).

The value of Cronbach Alpha from Table 1 shows, the questionnaires used to measure democratic leadership style has higher reliability (0.911) in measuring the desired attributes followed by employee performance (0.874) and autocratic style (0.866). Besides, the Cronbach [13] Alpha value for laissez-faire style were relatively lower (0.766) indicating the lower reliability of the data in internal consistency.

## Results and Discussions

### Demographic Analysis

The result on gender distribution shows an increased domination by male employees (61.5%) with women accounting 38.5 percent. Such variation in the proportion between male and female ratio is a common phenomenon in most private and public institutions of Ethiopia. Besides, the result revealed male plays a more leadership role as compared to females as 64.5 percent of employees were supervised

Variable	Cronbach Alpha Value	Items
Democratic Leadership Style	0.911	6
Autocratic Leadership Style	0.866	6
Laissez-faire Leadership Style	0.766	6
Employee Performance	0.874	5
Overall	0.742	23

Source: Survey Data, 2019

**Table 1:** Reliability Statistics.

by male. Nearly half of the respondents have bachelor degree while 20.8 and 29.8 percent of them have master's degree and college diploma respectively.

The result in Table 2 shows the majority of employee respondents from where we have collected the data were working as operational staff (61.1%) followed by low level supervisors (25.7%) while the other 13.2 percent were middle level manager. In addition, 29 percent of employee earns more than 10,000 Birr per month while 55.9 percent of them earn between 4000 and 10,000 Birr.

Majority of employees in Omo Kuraz I Sugar Factory were adult with the mean age of nearly 34 years. This is also the case with the age composition of Ethiopian population in general and Omo Kuraz, this is a great opportunity for rising production and productivity of the company. Moreover, respondents have spent on average for 6 years in the company and 2 and half years with their current immediate supervisors. This also shows that employees have got enough time to judge the leadership style of their immediate supervisors.

### Descriptive Analysis

The description for both leadership style and performance score were made from mean score calculated from each sub item of the respective variable. Accordingly, democratic leadership is the most dominant leadership style used by the management of Omo Kuraz I Sugar factory (mean=3.72; SD=1.09) followed by laissez-faire leadership style (mean=3.62; SD=0.82) and autocratic leadership style (mean=3.29; SD=1.03). This result concedes with the study by Basit, et al. (2017) where he found democratic style as the dominant style of



Variable	Category	N (%)	Mean	Std. Deviation	F <sup>1</sup>
Gender	Male	163(61.5)	3.72	0.95	7.37*
	Female	102(38.5)	3.39	1.01	
Gender of Supervisor	Male	171(64.5)	3.68	0.95	3.35
	Female	94(35.5)	3.45	1.04	
Educational Level	High school (TVET)	79(29.8)	2.77	0.97	56.4*
	Diploma / degree	131(49.4)	3.90	0.79	
	Masters and above	55(20.8)	4.05	0.67	
Educational Level of Supervisor	High school (TVET)	51(19.2)	3.23	1.07	6.90*
	Diploma / degree	151(56.9)	3.59	0.97	
	Masters and above	63(23.9)	3.90	0.85	
Salary	Less than 4000	40(15)	3.21	1.15	8.30*
	4001-7000	72(27.2)	3.36	1.02	
	7001-10,000	76(28.8)	3.60	0.88	
	Above 10,000	77(29)	4.01	0.81	
Management Level	Operational staff	162(61.1)	3.27	0.96	36.05*
	Supervisor	68(25.7)	3.89	0.85	
	Middle level	35(13.2)	4.57	0.32	
Variable (n=265)		Mean		Std. Deviation	Pearson Correlation
Age of Employee		33.989		7.25	-.022
Total years of experience		6.047		4.84	.200*
Experience with current supervisor		2.44		1.56	.213*

Source: Field Data,2019 \* for p< 0.01 level (2-tailed).

Table 2: Demographic Analysis.

Variable	Mean	Standard Deviation	Pearson Correlation (n=265)
Democratic Leadership Style	3.72	1.09	.531*
Autocratic Leadership Style	3.29	1.03	-.460*
Laissez-faire Leadership Style	3.62	.82	.370*
Overall Performance	3.60	.99	1

Source: Survey data, 2019 \*Correlation is significant for p<0.01 level (2-tailed).

Table 3: Descriptive Statistics for Leadership Styles and others with Employee Performance.

leadership (mean=3.78) followed by laissez-faire (3.146) and autocratic style (3.40) in his study made on private organizations in Malaysia. Many Organizations used varied measurements tools to gauge the performance of their employees ranging from the objective evaluation using key performance indicator to the subjective measurement by immediate supervisor. This study used a subjective measurement using employee own rating of their performance. Accordingly, the result for employee performance shows a moderate figure (Mean=3.6; SD=0.99).

Table 3 shows the result which is an indication for the lower the performance of employees though most employees have perceived to perform more than average. Despite the absence of any objective measurement, this figure implies the fairness of self-evaluation made by employees at Omo Kuraz I Sugar Factory fairness on their level of performance.

### Correlation Analysis

The correlation analysis shows democratic leadership style had significant positive correlation with employee performance (p<0.01) providing a strong evidence for an increased participation of employees into the decision making process as a correlate for enhanced performance. Pearson correlation coefficient shows a strong association calling the managers of Omo Kuraz I Factory to pursue democratic style in order to boost performance of their employees more significantly. The findings by Celestine Onyango, (2015); Basit, et al. [14]. (2017) and Iqbal, et al. (2015) are also in support of this result. Therefore, the null hypothesis which dictated no significant correlation

between democratic leadership style and employee performance had been rejected.

For autocratic leadership style, significant negative correlation were observed with employee performance score (r= -0.46; p<0.01) [15]. This is because the increased involvement of managers in decision making process is adversely associated with employee performance through draining employee self-confidence and belongingness. Even though such style is used by the management of Omo Kuraz I Factory to a lesser extent, the strength of association for autocratic style manifests the danger of using such leadership style on the performance employees. The result of this study is also consistent with the finding by Mwombeki, (2017). Thus, the null hypothesis depicting insignificant relationship between autocratic leadership styles with employee performance were rejected.

Laissez -faire leadership style on the other hand have significant positive correlation with employees perceived performance (r=0.37; p<0.01). As managers in the study area ensures the increased involvement of their employees on the decision making process, their motivation, belongingness and hence performance significantly increases. Except the study by Gimuguni, et al. (2014), which is in support of this finding, many of the empirical finding from Ethiopia and others shows either negative or no significant association of laissez-faire style with employee performance. [16] For instance, Rao (2005) found negative correlation while the study by Mohamed Esse (2016) shows no significant correlation [17]. Therefore, the null hypothesis which dictated no significant relationship between laissez-faire leadership styles and employee performance had been rejected [18].

### Regression Analysis

The subsequent steps after correlation analysis were to investigate whether the three leadership styles have on employee performance. [19] Therefore a stepwise multiple linear regressions were made in order to show the distinct effect on performance of the three leadership style [20]. In the first step, all extraneous variables were entered into

the regression model while in second step; the three leadership styles were added to check the improvement in the model fitness. [21] To this end, the value of adjusted R square has shown a steady improvement from step 1 to step 2 by nearly 15 percent (from 40.3% to 55.1%) [22]. Generally, the leadership styles and other extraneous factors together explain around 55.1 percent of the variation in employee performance (see Table 4). Besides, the analysis of variance using F statistics shows the fitness of our model in correctly predicting employee performance. Out of the 13 independent variables entered into the model in 2 steps, only 6 of them have significantly predicted employee performance in Omo Kuraz I Sugar Factory.

Controlling the effect of other factors, democratic leadership style had significantly predicted employee performance at Omo Kuraz I Sugar Factory ( $p < 0.001$ ). As managers or supervisors increase the practice of democratic leadership style, the performance of their employees will improve by 22.8 percent. The result of this study and the findings by Iqbal et al. (2015) enables us to reject the null hypothesis which stated insignificant effect of democratic leadership style employee performance [23].

Autocratic leadership style had an adverse effect on employees perceived performance score indicating increased involvement of supervisors in the decision making process as a significant threat to employees performance ( $p < 0.01$ ). That is, the more centralized is the decision making process by managers, the more marginalized and the less motivated would be their subordinate.

Therefore, we reject the null hypothesis which depicts no significant effect of autocratic leadership on employee performance in Omo Kuraz I Factory.

Laissez-faire leadership style were observed to positively predict employee performance showing the importance of loose control by the manager of Omo Kuraz I Sugar Factory in boosting employee self-esteem, own initiative and hence productivity. Despite the studies by Aboushqa, [19] et al. (2015) and Nuhu (2004) which dictate the negative association between laissez-faire style and employee performance, the

finding is consistent with our hypothesis and the findings by many other studies (Gimuguni et al., 2014 and Chaudhry and Javid, 2012).

Several other variables other than leadership were also observed to have significant effect on the employees performance score. [24] For instance, employees shift to the higher level of management have also significantly predicted their performance score because with the shift in higher management level, employee motivation and interest and productivity will also changes more significantly. Levels of education have also significant effect on employee performance score because education enables them to boost knowledge, skills and attitude which enhance them to accomplish their duties more efficiently. The longer stay with supervisor have positive impact on the performance of employees in Omo Kuraz I Factory because longer stay improves the communication between employees and their immediate supervisors there by facilitating the transfer of knowledge and skill to be used for better performance [25].

### Discussion

The finding by this and many other studies reveals the positive effect of laissez-faire leadership style on the performance of employees. The descriptive analysis also shows the majority of employees in Omo Kuraz I Sugar Factory were young and professional which do not like close involvement or strict supervision. In support of this argument, Basit, et al. (2017) indicated laissez-faire style can best suit for employees which have higher analytical skills and can easily discharge their responsibilities without any interference. [26] Sougui, et al. (2016) also stands in favor of laissez-faire leader stating employees with laissez-faire leader have no leadership barrier and can execute their job with freedom. Gimuguni, et al. (2014) on the other hand indicated employees supervised by laissez-faire leader were unable to meet the deadline in accomplishing their duties. In addition, the study by Raja (2015) employees under laissez-faire leader usually fails to meet their intended objectives because their employees were unable to perform better.

The result from multiple linear regressions shows an increased

Variable	Unstandardized Coefficients		Standardized Coefficients	t- value	95.0% Confidence Interval for B	
	B	Std. Error	Beta		Lower Bound	Upper Bound
(Constant)	1.466	.499		-1.35	.484	2.45
Age	-.009	.007	-.068	-1.32	-.023	.004
Gender	-.119	.090	-.059	-.174	-.297	.058
Marital Status	-.015	.088	-.008	-.878	-.190	.159
Gender of Supervisor	-.076	.087	-.037	.697	-.248	.095
Total Years of Experience	.008	.011	.039	2.19	-.014	.030
Experience with current Supervisor	.069	.031	.109**	6.64	.007	.131
Managerial Level	.399	.060	.291**	-1.59	.281	.518
Salary	-.080	.050	-.085	5.704	-.180	.019
Employee Level of Education	.424	.074	.304**	-.177	.277	.570
Educational Level of Supervisor	-.012	.068	-.008	-.035	-.146	.122
Incentive/promotion	-.002	.051	-.001	4.08	-.102	.099
Democratic Leadership Style	.206	.050	.228**	-3.44	.107	.305
Autocratic Leadership Style	-.178	.052	-.187**	3.78	-.280	-.076
Laissez-faire Leadership Style	.209	.055	.173**	2.94	.100	.318
N	= 265					
F	= 24.1 (increased from 17.2 in step 1)					
Adjusted R Square	= 55.1% (increased from 40.3 % in step 1)					
VIF	= 1.41					

Source: Survey data, 2019 \*\* Coefficient is significant for  $p < 0.05$  level

Table 4: Multiple Linear Regression Result.

use of autocratic leadership style had negatively contributed for the performance of employees in Omo Kuraz I Sugar Factory. Despite the limited use of this style by the management of the factory, the consequence were observed to be severe in terms of lowering employee motivation, self-confidence and hence their performance. According to Basit, et al. (2017), employees working in such a globalized world are getting more knowledgeable, independent and competent enough so that any attempt to practice autocratic leadership by Malaysian leaders would end up in further deteriorating their performance. Beside, Jayasingam [27] and Cheng (2009) highlighted increased interference of autocratic leaders resulted in decreased innovativeness, creativity and hence performance. However, the findings by Babatunde (2009) and Ipas (2012) were in sharp contrast with this result dictating the positive effect of autocratic leadership styles on employees' performance.

Unlike the case with other leadership styles, the effect of democratic leadership style is more or less consistent with significant positive effect on performance. The standardized coefficient of beta indicates the more sensitivity democratic style to employee performance as compared to other styles of leadership ( $\beta=22.8\%$ ). This is because [28] employees interaction with their peers and supervisors paves the ways for the transfer of skill and knowledge to the larger extent which resulted in increased performance. The result from this and many other studies supports the positive effect of democratic style on employee performance (Iqbal, et al., 2015; Bhatti, et al., 2012). In addition, as in the finding by Ojokuku, et al. [29] (2012) showed the increased practice of democratic style have the power to build strong synergy between employees and their management and thus recommend banks to use democratic leadership style in order to boost their performance.

## Conclusion and Recommendation

The finding from this study reveals democratic style have significant positive effect on the performance of employees in Omo Kuraz Sugar Factory manifesting the effect on employee productivity of creating a strong synergy among employees by involving them in the decision making process. Besides, the platform created by a democratic leader paves a greater ways for learning, collaboration and team spirit which enhance performance. [30] In addition, though to a lesser extent, the positive effect of laissez-faire style on employee performance in Omo Kuraz Sugar factory indicates the more freedom a supervisor gives to the employees under his supervision, the more will be their self-confidence, esteem and thus, the higher is their work performance.

The significant negative effect of autocratic leadership style on employee performance shows the ineffectiveness of this leadership style on the productivity of employees. Employees in Omo Kuraz Sugar factory were mostly young professionals and have clear view of their right and responsibilities and thus less likely cooperate with autocratic leader. Thus, any attempt to execute this leadership style will end up in lowering the motivation, [31] belongingness and hence performance of employees in the study area.

In order to enhance the performance of their employees, the management of Omo Kuraz I Sugar factory at different level should execute more of the democratic style and avoid using autocratic style. Besides, the study also highlights the importance of using laissez-faire leadership style whenever appropriate. [32] In addition, they should also refrain from exercising autocratic style and rather incorporate the views and perspectives of their subordinates and ensure their maximal input. Management should also work hard to build positive attitude among employees under their supervision in line with the very objectives and motives of their organization.

## Limitation and the Way Forward

This research paper tried to overcome the problem of low sample and limited use of variables which is prevalent in most previous studies. However, this study fails short of using many other extraneous factors explaining employee's performance score. For instance, the effect of organizational culture,[33] training and employee's personality issue performance is missing in this study. Thus, future studies should bridge such gap through the holistic use of all other confounding variables in an attempt to explain the larger variation in employee performance.

Across the passage of time, some push and pull factors might enforce managers to adjust the leadership style they pursue with their subordinates. For instance, exposure to higher level of education, training and the new change process that organizations might undergo are among those factors which pushes them to adjust their existing leadership style.

Thus, longitudinal studies aimed at examining the extent to which employee performance responds to such changes in such leadership style should be the area that needs to be emphasized by future studies [34].

## References

1. Aboshaiqah A. Professional accountability for effective leadership on nursing practice.
2. Akor PU (2014) Influence of autocratic leadership style on the job performance of academic librarians in Benue State. *JESR* 4(7):148.
3. Zhu W, Riggio RE, Avolio BJ, Sosik JJ (2011) The effect of leadership on follower moral identity: Does transformational/transactional style make a difference? *J Leadersh Organ Stud* 18(2):150-163.
4. Idowu A, Babatunde MA (2012) Effect of financial reforms on capital market development in Nigeria. *Asian Int J Bus Manag Sci* 8:44-52.
5. Bedasa BH. Effect of Leadership Style on Employees Performance in Ethiopia: The Case of Omo Kuraz Sugar Factory.
6. Bass BM, Avolio BJ (1990) The implications of transactional and transformational leadership for individual, team, and organizational development. *Research in ODC* 4(1):231-272.
7. Behn RD (1995) The big questions of public management. *Public administration review* 313-24.
8. Billig M (2015) Kurt Lewin's Leadership Studies and His Legacy to Social Psychology: Is There Nothing as Practical as a Good Theory? *J Theory Soc Behav* 45(4):440-460.
9. Anyango CA. Effects of leadership styles on employee performance at Boa Kenya limited.
10. Chaudhry AQ, Javed H (2012) Impact of transactional and laissez faire leadership style on motivation. *IJBSS* 3(7).
11. Daft RL (2020) Organization theory & design. Cengage learning.
12. Khoza N, Chetty N, Karodia AM (2016) Impact of Leadership Style on Employee Performance in the Forensic Science Laboratory of the South African Police Service in Amanzimtoti. *Kuwait Chapter of AJBMR* 6(1):50.
13. Ejere EI, Ugochukwu DA (2013) Impact of transactional and transformational leadership styles on organisational performance: Empirical evidence from Nigeria. *J Commer* 5(1):30.
14. Gastil J (1994) A definition and illustration of democratic leadership. *Human relations* 47(8):953-975.
15. Nandutu J, Magolo A, Gimuguni L. Effect of Leadership Styles on Performance of Local Governments in Uganda. A Case of Mbale District.
16. Ibrahim NM (2004) Organizational climate and its relation to job performance, survey study on Security forces officers in Riyadh. Naief Arabian University of Security Sciences, Faculty of High Studies, Department of Administrative Sciences 8.

17. Al Khajeh EH (2018) Impact of leadership styles on organizational performance. *J Human Res Manag Res* 2018:1-0.
18. Ispas A, Babaita C (2012) The effects of leadership style on the employees' job satisfaction and organizational commitment from the hotel industry. *Approaches in Organizational Management* 15(16):254-262.
19. Jooste K, Hamani M (2017) The motivational needs of primary health care nurses to acquire power as leaders in a mine clinic setting. *Health SA Gesondheid* 22:43-51.
20. Islam M, Rahman M, Siddiqui K (2018) Leadership Styles Navigate Employee Job Performance. *The Comilla University J Bus* 5(1).
21. Kerns CD (2004) Strengthening values centered leadership. *Graziadio Business Report* 7(2).
22. Kothari CR (2004) *Research methods: methods and techniques*. 2nd revised edition. New Delhi: New Age International(P)Limited.
23. Appelbaum SH, Habashy S, Malo JL, Shafiq H (2012) Back to the future: revisiting Kotter's 1996 change model. *J Manag Dev*.
24. Majia P. *The Influence of Transformational Leadership on Employees' Performance in Local Government Authorities in Tanzania: The Case of Tunduma Town Council* (Doctoral dissertation, The Open-University-of-Tanzania).
25. Northouse PG. *Leadership: Theory and practice*. SAGE Publications, Incorporated; 2021.
26. Nuhu K (2010) *Effect of leadership styles on employee performance in Kampala district council*. An Unpublished Research Dissertation submitted to the school of Post graduate studies in partial Fulfilment for the award of a Masers of Science degree from the department of Human Resource Management in Education, Makerere University, Uganda.
27. Ojokuku RM, Odetayo TA, Sajuyigbe AS (2012) Impact of leadership style on organizational performance: a case study of Nigerian banks. *Am J Bus* 1(4):202-207.
28. Ray JS, Pattanayak SK, Pande K (2005) Rapid emplacement of the Kerguelen plume-related Sylhet Traps, eastern India: Evidence from <sup>40</sup>Ar-<sup>39</sup>Ar geochronology. *Geophysical Research Letters* 32(10).
29. Meijaard E, Buchori D, Hadiprakarsa Y, Utami-Atmoko SS, Nurcahyo A, et al. (2011) Quantifying killing of orangutans and human-orangutan conflict in Kalimantan, Indonesia. *PLoS one* 6(11):e27491.
30. Meijaard E, Buchori D, Hadiprakarsa Y, Utami-Atmoko SS, Nurcahyo A, et al. Quantifying killing of orangutans and human-orangutan conflict in Kalimantan, Indonesia. *PLoS one*. 2011; 6(11):e27491.
31. Raja IR, Raj RA (2017) The Essence of community Cohesion through religious tolerance. *Conflicts, religion and culture in tourism* 44-54.
32. Rao V (2005) Symbolic public goods and the coordination of collective action: a comparison of local development in India and Indonesia. *The World Bank*.
33. Ray S, Ray IA (2012) Understanding democratic leadership: some key issues and perception with reference to india's freedom movement. *AAJOSS* 3(3.1):1-26.
34. Tsigu GT, Rao DP (2015) Leadership styles: their impact on job outcomes in Ethiopian banking industry. *Zenith Ijebmr* 5(2):41-52.