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Leadership styles and Its Impact on Employee Performance with a mediating effect of Organizational Commitment, An empirical study of NHA, Pakistan.

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Abstract

The study was conducted to investigate the relationship between autocratic and democratic leadership on employee performance through the mediation of organizational commitment in National Highway Authority Islamabad head office. The inquiry was conducted in a natural working environment of an organization where respondents are situated/located, that is a filed study. Simple random sampling technique was used to carry out the research using structured questionnaires which were adopted from other researcher's studies. The questionnaires were based on five-point Likert scale measuring autocratic leadership, democratic leadership, Organizational Commitment, and employee performance. 217 questionnaires were distributed among middle-level employees of National Highway Authority out of which all 217 were useable. The data was analyzed using SPSS. The descriptive statistics indicated that autocratic leadership has a negative impact on employee performance but does show the significant effect with that the other variable democratic leadership shows a significant positive impact on employee performance whereas organizational commitment does mediate the relationship between independent variables i-e Autocratic leadership, Democratic leadership and dependent variable i-e Employee Performance. Recommendations to improve employee performance under this study are provided to the organization.

Key Words: Islamabad, National Highway Authority, Autocratic leadership, Democratic leadership, Organizational Commitment, Employee Performance.

Introduction

The survival of the organizations in every sector of the economy is always dependent on the skilled personnel's (Harrison, 2012). In this cutthroat era, it is very much important for enterprises to bring a change and keep pace with the development in order to maintain their position in the economy (Dhaifallah, 2013). According to Allen (2008) In this advancement era, where there are major shifts in technology and production; unfortunately, it is difficult to keep the valued employees on board. Success full change emerges from within the organization if communicated effectively addressing the needs of employees and having strong resources devoted to the change (Arami, 2016). Therefore, it is important to effectively manage all operations of firms, to maintain sustainability, it is of great importance to create a favorable environment for the employees (Bass&Avolio,2017). We have come up to live in an age where leadership is the solution to this problem through which productivity can be increased (Wilson, 2016). According to Bass (2008), leadership is not a transcendental or exquisite phenomenon; rather then it is an observable and learnable set of practices that needs to be performed effectively in an organization. In the present time frame, many enterprises are facing issues like immoral practices, staff resignation rate, and poor financial performance. It is because of the lack of effective leadership. According to Vigoda-Gadot (2012), the main goal of any enterprise is to accomplish its set objectives and to gain a cutthroat edge, to be a competitor in the industry; therefore, it is very important for an organization to have effective leadership for creating a vision, articulating the vision to the employees and for coordinating and motivating the employees. Certainly, leaders make a difference (longe, 2014). The issue of leadership in the government and private sector is a common problem for all the underdeveloped countries (Marcus & Olowu, 2017). According to Drucker (2015), all the successful companies have one major quality that differentiates it from unsuccessful organizations, and that is the efficient leadership of an organization. Furthermore, research shows that the power full and top executives are the most

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fundamental and deficient resource of any enterprises (Malachy, 2016). Leadership is not only restrained to business, but it covers all other sectors: government, education, transport and every other form of organization (Iqbal et al.,2015). For the last few decades, the importance of group effectiveness has been considered as the main aim of many papers (Choudhary,2013). Unfortunately, few companies do not give importance to the leadership style they are adopting due to which the problem arises, and the efficiency and effectiveness of employees are affected (Haris et al.,2007).The several leadership styles used by different organizations are transformational leadership, transactional leadership, autocratic leadership, participative, bureaucratic leadership, charismatic, servant leadership, Hybrid leadership, strategic leadership, identity leadership and many (Haris et al.,2007). Leadership is considered as the foremost and influential factor for an organization to boost the performance of the employees (Pradeep & Prabhu, 2011; Shafie et al., 2013; Torlak & Kuzey, 2019). According to Ebrahim Hassan (2018), it is believed that leaders are there to set smart goals and empower their subordinates to achieve those goals, this is the reason leader plays a vital role in formulating a vision, empowering the employees, managing conflicts and resolving the challenges arisen in a team environment this is why their role is considered as a critical tool in team management. According to Choi (2007), a leader needs to have a great awareness and the competencies that are there in the competitive world that leads to success and help them to make the relevant, timely and correct decision in the leadership of change and leadership of subordinates. Leadership is an enthusiastic environment and culture in the organization (Al-Phasand & Al-Amaze, 2016). According to (Akor) 2014 effective leadership style can encourage and develop excellencies in the growth of employees of the organization. One only focus of early studies was to identify the personality traits that characterize victorious leaders (Mahoney et al., 2007). Trait theories assume that the leaders are born not made, and they have certain inborn attributes which differentiate them from others. However, the difficulty in classifying and verifying those traits leads to the criticism of trait theory approach (Sztitay et al., 2000). A leader is one who influences and motivates the behavior, having a can-do personality and strong leadership skills (Theresa, 2019). According to Bariture (2017) leadership can be seen from two perspectives one is the status symbol of the leader that makes him the standout of the audience that could also be the charisma or the characteristics of the leader. The other perspective is the capabilities of the leader through which he carries out the duty of task-related activities leading towards the realization of achievement of organizational goals. It is believed that up to a large extent, the achievement of an organizational goal depends upon the quality of leadership an organization has (Yulk,2007). Leadership term has been considered as one of the most important aspects in identifying and affecting the organizational performance and effectiveness (Robert,2015)

According to Bass (2008), leadership is not a transcendental or exquisite phenomenon; rather then it is an observable and learnable set of practices that needs to be performed effectively in an organization. In the present time frame, many enterprises are facing issues like immoral practices, staff resignation rate, and poor financial performance. It is because of the lack of effective leadership. According to Vigoda-Gadot (2012), the main goal of any enterprise is to accomplish its set objectives and to gain a cutthroat edge, to be a competitor in the industry; therefore, it is very important for an organization to have effective leadership for creating a vision, articulating the vision to the employees and for coordinating and motivating the employees.

Literature Review

The orthodox concept of personnel administration has now been changed to human resource management which required effective leadership at every stage to produce the best outcomes for the organization. This highlights the involvement of effective leadership styles for the efficacious supervision of hired hand for enhancing their performances (Raja, 2011). According to Kenneth(2018); Hersey (2015) an effective leader must be smart enough to identify the best leadership style to meet the demands of the required situation as this would lead to betterment in the production and if the leadership style is not addressed accurately an environment of less productivity will be increased; as a result, employees will start lacking the motivation and absenteeism rate of employees will be increased, and this will lead to a failure of the organization in production aspect as well as in managing employees.

In the previous few studies according to author Oguz (2017), many studies have investigated the employee performance and how the performance was affected by various leadership styles, and it has been found that leaders lack to identify the situation and act accordingly with that situation and implement effective leadership style the main reason is the leaders have to deal with small organizations they showed positive results in implementing the leadership style, but again they lack to identify which style would be best for which situation, it dates back in 17 century where towards the end of this century researchers have started noticing that leaders fail of implementing their

leadership styles in larger organizations. This problem was continuously effecting the employee performance as leaders lack to do the strategic interventions so there was a need to identify an appropriate leadership style that will lead the employees towards the changing environment and the performance improvement. (Arachchi & Oguz,2017). A study was done on Al-Ghazi tractor factory in which the author analyzed that there is a favorable effect of participative style on the productivity of employees, whereas authoritative style has an obstructive effect on people productivity due to which author in his recommendations stated that democratic leadership practice should be increased in Al-Ghazi tractor factor factory whereas autocratic leadership practices should be decreased but due to small sample size the results were not generalized well and all the respondents were from a single service field which also effected the result because their performance could be affected due to its practices and other factors ([Iqbal et al.,2015](#)). One of the important objectives of an organization is to intensify the employee performance so that he can survive in a highly competitive environment. Task execution of team members is a multi-dimensional concept and determines the success and failure of any firm (Prasetya & Kato, 2011). According to Niranjana and Pattanayak (2005), employee execution of duties is the role made by an individual in the achievement of the objectives. Since leadership is one of the important issues, an organization faces and attributes to its success and failure, a wide variety of literature have focused in the past to investigate the leadership styles and their effect on the performance of employees or organizational performance (Basit et al., 2018). Motivation is an important skill a leader should have in order to motivate the employees; without a motivated workplace company could be placed in a very risky situation (Datnow, 2015). Motivation can lead the employees to increase productivity, and this phenomenon allows the organization to achieve a higher level of outputs (William et al., 2012). Productivity is an important aspect of leadership's role because providing more goods and services to employees results in more profits (Lovelace et al., 2019, p.2). As the productivity increases organization turns the production of resources into the revenues. Creativity is an important aspect as leaders have to indulge the employees in order to create a challenging environment for the employees as this will enable them to compete in the competitive world ([Arami, 2016](#)). The feedback loop is considered an important aspect in an organization as this enables the leaders to give and receive the comments which will increase the confidence of employees ([Iqbal et al., 2015](#)).

Autocratic Leadership

Swarup (2013) argued that this style is a very organized; in which the higher authority has all the powers, all the authorities, decision making is with the higher authority, and they are considered the primary decision-makers. This style is built on the transmitted belief that leaders are considered as good managers, and they give directions to their people, monitor their activities and control their actions (Gordon, 2013). According to Mullins (2016), the autocratic leadership style is considered as the best and appropriate leadership style in a situation where organizations are facing different crises. Employees give attention to their leaders and work effectively when they have an assumption that the leader is adopting a certain style to regulate the vision. According to Dubrin et al. (2013) autocratic leadership style is considered as task-oriented leadership style and is useful when there is a task that needs to be accomplished by the employee. The autocratic leadership style is characterized by an "I tell" philosophy where the leaders lead their employees by setting directions, articulating the vision to employees, making strategies to achieve the objectives and tell their employees what to do to, how to breakdown the tasks into annual objectives and meeting goals. Discipline, preparation and victory are the three pillars of autocratic leadership style. It is very much important in a workplace environment.

Democratic Leadership

Democratic leaders act as those leaders who value their employees, they value the commitment of employees through participation and listening to both the bad news as well as the good news ([Lewin et al. 2015](#)). Smith (2009) stated that democratic leaders have a better affinity with employees which results in high effectiveness and functioning of employees in terms of producing quality products increased due to which they feel more motivated and enthusiastic towards achieving their tasks. Anderson (2000) describes democratic leaders as the ones who share the decision making with the employees due to which he believe that democratic leadership is committed with higher team spirit. Daft (2014) argued that democratic leaders have the power to encourage their employees to make their own decision due to which they only rely on subordinate's awareness to compete with the tasks. In the mid-1990s the competitors of apple were Microsoft, Gateway but eventually in the pathway of competition all other companies disappeared but apple survived because Steve Jobs adopted autocratic leadership style because of that reason the board of directors asked for his

resignation when he returned after 10 years he learned how to adapt, he adapted the democratic leadership style which helped him to gain the competitive edge, and he regained its vision and survived.

Employee Performance

Idrees, Habib & Khurram (2010) stated that since the time globalization has started the expertise of managers when implemented effectively to achieve the goals can increase the performance of employees. Hartnell & Walumbwa (2011) argued that there is a good association between leadership styles and employee performance furthermore he uses the word performance to explain it as a key determinant for attaining the organizational objectives and can be used as a determinant to measure how well an employee is working. Few of the recent studies outlined by Harris & Ogbonna (2017) stated that more consideration and importance should be given to measure the relationship between leadership styles and employee performance. Gadot, (2006) stated that organizations are mainly concerned with the improvement of employees, and they consider this as the main target to be followed up in organizations. Howell, Merenda (2007) Goodwin, (2009) explained that many researchers have explained in their research that to achieve the organizational goals, objectives and to work on increasing employee performance autocratic leadership plays a significant role for increasing job satisfaction as well. Walumba, Avolio & Zhu (2008) stated that Democratic leadership has a great influence on the subordinate's abilities and can impact their behaviors in increasing the satisfaction and performance of their employees. Democratic leaders generally provide different training programs for their employees, and they also receive feedback from their subordinates which increases the performance of employees, and it is added as one of the main assets of any organization.

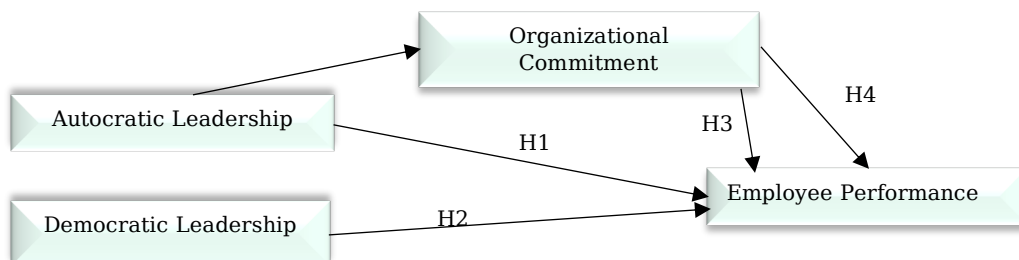
Organizational Commitment

According to Walumbwa & Lawler (2012), no organization in the cutthroat time period can have higher level result if every individual show commitment towards their organization and their tasks he explained that enterprise loyalty means an emotional condition where he shows his readiness of doing a job, A situation where is feel motivated and satisfied to perform a job and a situation where the turnover rate is very low in an organization. Organizational commitment can be defined as workers inner devotion, his recognition and collaboration in the firm. Given this one can say that organizational commitment is the employee's loyalty and it is a continuous process where employee shows his interest in performing the tasks of the organization and deciding whether to leave the organization or stay in the organization (Boehman, 2015). Muchinsky (2012) added that the organizational commitment concept pertains to the dimensions for an employee to feel a sense of loyalty, adherence and obedient to his employer organization. Werner (2014) stated that an employee who is engaged in the organization is personally, emotionally and cognitively committed to his organization. Biswas (2019) in his research argued that organizational commitment on behalf of the employee plays an important role and it acts as an approach where any organization make sure that their employees are feeling motivated and satisfied in performing their tasks, and they are showing hard work and a keen interest towards their duties and responsibilities that need to be performed effectively.

Hypothesis

- H1: Autocratic leadership is positively associated with employee performance.
- H2: Democratic leadership is positively associated with employee performance.
- H3: OC mediates the connection between autocratic leadership and employee performance.
- H4: OC mediates the connection between democratic leadership and employee performance.

Theoretical Framework



Methodology

Measures

Autocratic leadership is measured by using a scale (Morine, 2016) which consist of 9 items. Democratic leadership is measured by using a scale (Marcus, 2017) which consist of 9 items. To measure the organizational commitment scale of (Allen and Mayer, 1990) is used which consist of 7 items and the employee performance is measured using a scale developed by (Baritur, 2017) which consist of 8 items. Questionnaires consist of a total of 33 items.

Sampling

The sample size for this study was selected according to the table of Krejcie and Morgan (1970) to get more accuracy. As the population of this study was 1750; as per the table of Krejcie and Morgan (1970), it falls under the slab of 217 sample size.

Research Results

Table 1. Descriptive Statistics

	Mean	Skewness	Kurtosis
TAL	4.1413	-2.641	-0.853
TDL	1.8387	1.740	1.885
TOC	2.1290	0.736	0.628
TEP	1.7730	1.111	1.965

Table 2. Reliability and Validity Analysis

Variables	Cronbach's Alpha
Autocratic Leadership	0.713
Democratic Leadership	0.793
Organizational Commitment	0.729
Employee Performance	0.747

Table 3. Descriptive Statistics

	Range	Min	Max	Mean	Std. Deviation	Variance
TAL	3.67	1.33	5.00	4.1413	.38019	.145
TDL	3.11	1.00	4.11	1.8387	.48924	.239
TOC	3.43	1.00	4.43	2.1290	.62399	.389
TEP	2.25	1.00	3.25	1.7730	.45139	.204

Table 4. Correlation

Correlations		TAL	TDL	TOC	TEP
TAL	Pearson Correlation	1	-.126	-.109	-.146*
		217	.064	.110	.031
		217	217	217	217
TDL	Pearson Correlation	-.126	1	.373**	.523**
		.064	.000	.000	.000
		217	217	217	217
TOC	Pearson Correlation	-.109	.373**	1	.435**
		.110	.000	.000	.000
		217	217	217	217
TEP	Pearson Correlation	-.146*	.523**	.435**	1
		.031	.000	.000	.000
		217	217	217	217

Table 5. Regression

Model	R	R Square	Adjusted R Square
1	.146 ^a	.021	.017

Table 6.

Model		Mean Square	F	Sig.
1	Regression	.939	4.688	.000 ^b
	Residual	.200		
	Total			

Table 7.

Standardized Coefficients				
		Beta	T	Sig.
TAL			7.479	.000
		-.146	-2.165	.000

Table 8.

	R	R Square
	.523 ^a	.273

Table 9.

Model		Mean Square	F	Sig.
1	Regression	12.036	80.934	.000 ^b
	Residual	.149		
	Total			

Table 10.

Standardized Coefficients				
		Beta	T	Sig.
TDL			8.682	.000
		.523	8.996	.000

Table 11.

	R	R Square	Adjusted R Square
	.109 ^a	.012	.007

Table 12.

	Mean Square	F	Sig.
Regression	.996	2.576	.000 ^b
Residual	.387		

Table 13.

Model		Standardized Coefficients		
		Beta	T	Sig.
1	(Constant)		6.200	.000
	TAL	-.109	-1.605	.000

Table 14.

Model	R	R Square	Adjusted R Square
1	.373 ^a	.139	.135

Table 15.

Model		Sum of Squares	Mean Square	F	Sig.
1	Regression	11.716	11.716	34.799	.000 ^b
	Residual	72.385	.337		
	Total	84.101			

Table 16.

Standardized Coefficients			
	Beta	T	Sig.
TDL	.373	8.167	.000
		5.899	.000

Table 17.

R	R Square	Adjusted R Square
.435 ^a	.189	.185

Table 18.

	Sum of Squares	Mean Square	F	Sig.
Regression	8.315	8.315	50.083	.000 ^b
Residual	35.695	.166		
Total	44.010			

Table 19.

Standardized Coefficients			
	Beta	T	Sig.
(Constant)		11.198	.000
TOC	.435	7.077	.000

Table 20. Mediation through process Macro by Preacher and Hayes

Outcome Variable						
TEP						
Model	coeff	se	t	p	LLCI	ULCI
Constant	1.6119	.3280	4.9142	.0000	.4653	.5584
TAL	.1187	.0731	1.6241	.0000	.2627	.3524
TOC	.3066	.0445	6.8849	.0000	.2188	.3943
Direct effect						
	Effect	se	t	p	LLCI	ULCI
	.1187	.0731	1.6241	.0000	.2627	.4254
Indirect effect						
TOC	Effect	BootSE	BootLLCI	BootULCI		
	.0548	.0505	.1661	.2304		

Table 21.

Outcome Variable						
TEP						
Model Summary						
R	R-sq	MSE	F	df1	df2	p
.5832	.3401	.1357	55.1497	2.0000	214.0000	.0000
Model	Coeff	se	t	p	LLCI	ULCI
Constant	.6335	.1116	5.6786	.0000	.4136	.8534
TDL	.3867	.0552	7.0021	.0000	.2778	.4955
TOC	.2013	.0433	4.6485	.0000	.1159	.2866
Direct effect						
	Effect	se	t	p	LLCI	ULCI
	.3867	.0552	7.0021	.0000	.2778	.4955
Indirect effect						
TOC	Effect	BootSE	BootLLCI	BootULCI		
	.0958	.0325	.0397	.1641		

Conclusion

As per the results of the analysis in the study, it is analyzed that authoritative style has a negative impact on employee productivity, the participative style has favorable effect on people achievement, organizational commitment partially mediates the relationship between autocratic leadership and employee performance, and lastly, organizational commitment partially mediates the relationship

between democratic leadership and employee performance. As per our findings, we came to know that in our 4 hypotheses, the first hypothesis is rejected and the other three are accepted as per assumed.

Since the analysis of the study proved that participative leadership has favorable effect on people productivity and the mediator partially mediates the relationship, therefore, there should be more involvement of democratic leadership in organizations, and it should be strengthened to have effective employee performance, but the result was found that autocratic leadership has a negative impact on employee performance but does show a significant impact and organizational commitment does have a partial mediation on them therefore as discussed earlier in literature review it works under certain situations which analyzed that the practices of autocratic leadership should be reduced in order to increase the employee performance and this organization should adopt democratic leadership.

Limitations

Despite our contribution, the current research has few constraints in terms of time and finance. Although a sufficient number of middle-level employees were selected for this work, this study only focuses on the transport sector which is indulged in construction and maintenance, and only head office of NHA (National Highway Authority) which is located in Islamabad was taken for a study that restricts this study to generalize in other offices in Pakistan. One more limitation is the cross-sectional design of the study. This study only focuses on middle-level employees.

Future Research Directions

Under the results of the analysis, some recommendations are given for further studies. Future Research can be conducted with different employees of NHA like higher-level employees as this research was done in the context of middle-level employees; it can be done on higher-level employees with the same framework. The same framework can conduct in the same sector of different cities of Pakistan. Large sample size can be selected for more precision of results. The same framework can apply to the different industry with different in nature like banking, manufacturing, education, tourism, insurance, etc. The longitudinal approach can be used up to the availability of time and financial resources. In the last qualitative research, this method can be used for further work.

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