

Impact of leadership style on employee performance in the Chinese state owned enterprise

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ABSTRACT

With the rapid development of economy in China, the economy has propelled the development of the enterprise; especially, private companies, they are pillar of labor market in china. Therefore, many Chinese state owned enterprises have also been reform and renewal. Under the new organization management model, the leadership more emphasis on employee's performance, Hence, the leadership styles ought to adapt to improve employee's performance, in this study, a quantitative method was used to design a questionnaire. The five-point Likert scale was used to determine the influence of leadership style on employee performance. SPSS software was used to analyze the questionnaire. Demographic analysis, normality test, reliability test (Cronbach s Alpha), descriptive analysis and regression analysis were presented. the significant relationship between democratic leadership style and employee performance, the positive relation the insignificant relationship between autocratic leadership style and employee performance. When the median value of democratic leadership style corresponds to the highest value of 3.784 and the standard deviation value is 0.8124, the second highest value of laissez-faire leadership style corresponds to 3.416 and the standard deviation value is 0.5858, and the lowest mean value of 3.404 and standard deviation value of 0.7330 corresponds to autocratic leadership style, indicating that autocratic leadership style is not related to employee performance. The regression coefficient analysis shows that

democracy has a significant positive effect on employee performance. the laissez-faire leadership styles is the second, The beta value of autocratic leadership style is -0.168, the significance value is 0.025, and the significance value is higher than 0.01, indicating that autocratic leadership style has a significant negative impact on employee performance. In this study will provide an effective leadership style to improve employee performance in the private company.

Key words: *Democratic leadership style, Autocratic leadership style, Laissez-faire leadership style, employee performance*

1. Introduction

The purpose of this study is mainly to discuss that the impact of leadership styles on employee performance in Chinese state owned enterprise, the leadership is the art of impacting people (Igbaekemen, 2014) so they are willing to achievement of goals, many people who believed that if only they could receive a title or given a position that would make them become a leader (Massi,2012) the leadership play a critical function in creating a positive working environment and culture in an organization, (Massi,2015) believed that effective leadership is able to facility members of an organization showing a good performance , according to (Skoogh(2014) it is exact say, since the dawn of history of human, the leadership has played a vital role in an organization. Many companies strive to seek a great leader who can lead them on the successful road, therefore the researchers always pay an effort to find the excellent leader and who are how to operate, Hence, a lot of leadership theories had been developed over the year. Lewin's Leadership Style discovered three divers of leadership styles, democratic leadership style, autocratic leadership style, and laissez-faire (Billig, 2015).

Hersey and Blanchard (1969) made a kind of leadership theory, now called situational theory, Burns (1978) developed transformational theory, which theory emphasis on measuring the leader how to handle the value of approach power, after then Bass(1985) transformational leadership theory concentrated on the leaders how to influence follower by his /her qualities and skills. the important of leadership has been discovered, which shown on the developed countries and developing countries (Babatunde, 2015) however, Lewin's leadership style is an important problem, In China, similar part of studies have also been conducted (ChenXinLi, 2015). In China, especially employees work on the state owned enterprise (SOE), they are performance always not good, the deficiency flexibility, ineffective, and bureaucracy (Chow,2013).

Leadership is very important for the state owned enterprise, they control the most authority and power, regulations of enterprises are set by the leaders, they are the extremely decision makers. On the many state owned enterprises, employees must obey the order by leaders, the employees are unable to express difference of points, because leader is a decision maker, they only consider how to make orders, less think about this order whether effective or produce good impact on the enterprises or not (ChengHong,2014). Hence, anger and hostility of employees fail to change anything, the worst as many employees are changed by leaders, the employees are willing to depend on the order of leaders, even lost their values and soul. (FongHui,2013).

In this study mainly discuss different leadership styles (autocratic, democratic and laissez-faire) and their how to influence employees performance in an organization, when the study finish, this study will help employees to identify which leadership style is positive for them in terms of job satisfaction and the success of their career path way, while, this study also can help leader to know which leadership is good for employees, and how to motivate employees by right way, it will improve state own enterprises, in China, assisting

company to get excellent leaders that can enhance performance of company rather than autocratic leadership style , the role of leader is not only make order, they ought to know how to promote development of an organization.

Research Objectives

- (1) To examine the impact of Democratic Leadership Style on Employee Performance
- (2) To examine the impact of Autocratic Leadership Style on Employee Performance
- (3) To examine the impact of Laissez-Faire Leadership Style on Employee Performance

2. Literature Review

(cited in Ali, 2012) defined leadership is an interpersonal influence, through the communication process and quality of the leaders to attainment of the goals. According to study the leadership is guide a group of people to complete one goal. (Yukl,2008) defined the leadership is a via relationship, structure and guide to influence the process of a group of people.(Gharibvand,2012) defined leadership is how to build a group communication and contact, the leaders how to encourage and coach subordinates, leadership how to make benefits for the group members. The democratic leadership is influence people in a manner consistent with the basics of democratic principles and processes, they advocate equal, tolerance and self-determination, democratic leaders are willing to motivate people expressing different perspectives, through diverse points to select a best way as their decision (Choi, 2012).

In accordance to Khan, et al. (2015), the autocratic leadership is keep more

authority and power of decision, they are center of an organization or group, they do not allow others with power, and then they refuse any different opinions from employees (Akor, 2014) □ the trait of autocratic leadership is an "I tell" philosophy, autocratic leadership only tell people what to do, (Nwankwo,2001) described autocratic leadership is a leadership style, they even always ignored other's benefits to achievement their own goal, any decisions by them made.

(Deluga,1992) proclaimed that the laissez-faire leadership style is related to the unproductiveness, ineffectiveness. laissez faire leaders are unwilling to make decision, no feedback for their employees (Mister,2012) laissez-faire leadership is a term of inactive form, the character of unwillingness to be involved the group, in fact, the best leaders are from group rather than go away the group (Eeden,2011).defined three classical styles of leadership in decision making: autocratic, democratic and laissez- faire. the democratic leadership believed group participation and majority decisions, the autocratic leadership cannot accept other perspectives, the employees must be obedience, however, Laissez-faire leadership style less make a decision and take part in group activities (Gastil,1994).Situational leadership originally was developed by (Hershey,2011) describe the leadership styles and emphasis the need to connect leadership style to the maturity level of the followers (McCleskey, 2014), the successful leaders ought to alter leadership style basic on the detail of task and the maturity of their group members as well as having a rational understanding of a situation.

(Law,2015) conduct research the effectiveness of department leaders to employee's performance on a domestic company, the sample size used is 200, Survey questionnaires were designed to study the effects of leadership styles on employees performance. 200 respondents were selected from company in Beijing China, via random sampling with Slovin formula with $n =$

$N/(1+N_e2)$. Data were analyzed by using weighted mean, percentages, multiple regression and correlation coefficient. Percentages were used to analysing demographic variables (gender, age, length of service and leadership styles). Weighted mean was used to survey questionnaires on leadership styles, and correlation coefficient and multiple regression were used to study the relationship between variables on leadership style, employees performance. The finding concluded that corporations should constantly improving leadership style which enhances employees performance even there is still spaces for improvements. This research consists of primary and secondary data. Primary data was collected through Multifactor Leadership Questionnaire (MLQ) Secondary data was collected from the office employees of employee performance. Validity and reliability test were used to measure the quality of data. Data was passing the classic assumption tests such as multicollinearity test, normality test, heteroscedasticity test before multiple regression analysis. The result claimed that democratic leadership style has significant relationship with employees' performance.

(Chuang,2014) did research on the relationship of leadership styles and organizational performance among leaders in a state own enterprise in China. The study used correlation methods to measure the relationship between leadership styles and organizational performance. 150 employees were selected as the sample size. The questionnaire prepared in a form of closed-ended questions. Cronbach's alpha is used to test reliability. The result concluded that leadership behaviors are interrelated and have good impact with organizational performance. (Chok,2011) worked on a research titled Interaction between Leaders and employees as an Antecedent of Job Performance: An Empirical Study in China. Sample size used by the researchers is 150. This study used integrates the research literature, pilot study and the actual survey to collect data. Sampling technique was used. SPSS is used to analyses validity and reliability of data.

Based on the variety of studies, in this study adopt several variables to measure employee performance, Democratic leadership has been adopted as an independent variable (Anwar, 2015). Autocratic leadership was also adopted as an independent variable, Laissez- faire leadership was also adopted as an independent variable (Haider, 2015;). Employee performance is dependent variable (Malik, 2014).

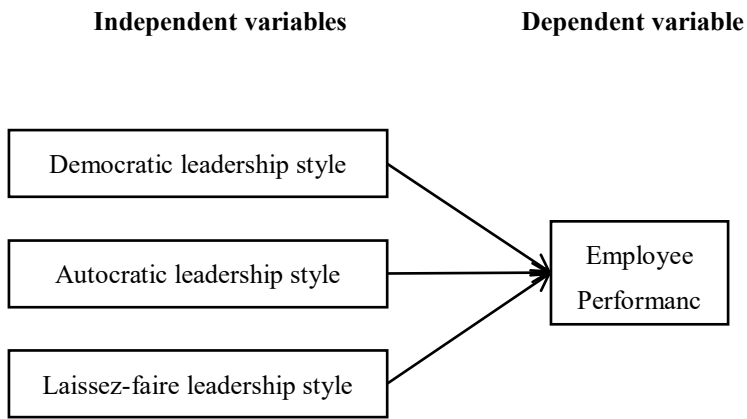


Figure1: Conceptual framework

This is a type of encourage, teamwork and creative which can produce effective job performance and productivity, autocratic leadership do not consider about benefits of the public and employees, they are very selfish, the democratic leadership make no suggestions, but they will enquire the advice of others, they are always open mind and allow different piece of opinions.

(Verba,2015). One of the major benefits of democratic leadership style is that built a whole process to achievement their goal, on the process encourage team members involved and made decision. (Armstrong,2014)

The role of democratic leadership is to motivate and invite group members in the final decision, but the ultimate power relies in the hands of leaders, they are support and guide the team what to do, how to communicate with employees, how to give a good suggestions to their subordinates (Skogstad, 2015).

H1: Autocratic leadership style has positive significant impact on employee performance

Autocratic leadership is that they make the decision without group members agreement, they do not think this is a wrong way, which may result in risks, because the decision maybe not correct, they deficient in more information , while, the employees and team members have few opportunities to express different opinions, though some good advices their leader may also reject (Amanchukwu, et al., 2015). The choice of autocratic leadership on the basis of their judgment and ideas, rarely include the opinion of followers, autocratic leadership control whole group or an organization, when they make orders, who never try to explain reasons to their employees or followers, they are very confidence, because they never responsible for the organization .There is only power in their consciousness (Zareen, et al., 2015).

according to previously researcher claimed that Chinese companies need to change the management of old idea, many companies think that leader is a pillar of the group or organization,, autocratic leadership may not cultivate

more excellent intelligences, because most of good employees are unable to suffer concentration of power of their leaders, thus autocratic leadership may not provide more helps for the groups, this situation is not suitable for the current Chinese companies in this way should oust from organization,(PengZhen,2014)

H2. Democratic leadership style has positive significant impact on employee performance

Democratic leadership try to know the problem of employees and find the problem with employees, they work on solution, after than they will listen the suggestions from the group or followers, when they make ultimate decision usually made together with team members Iqbal, et al. (2015).

H3. Laissez-faire leadership style has positive significant impact on employee performance.

Laissez-faire leadership, most of the time, the employees performance rely on the ability of team members, the team members have chance to make decision, leader allow their subordinates make decision, however, some researcher claimed that the Laissez -faire leadership can improve job satisfaction of employees, but if leader do not involved the team they do not have chance to do encourage subordinates, even they do know the course of the team, which will result in ineffective work or harms for the group interests Eze, H.C. (2010).

3. Research design and methodology

Research Design

In this study need to research the influence of leadership style on employees' performance, the explanatory research design involved formulating the hypothesis and collecting the information on this basis that leads to achievement of the objectives of the research. The researcher needs to measure the performance of different leadership styles, therefore quantitative method is first choice, because quantitative method is suitable for this research and will help researchers to analyze data and determine the impact as per the objectives defined.

Data Collection

The Likert scale follows the format of: 1) Strongly Disagree; 2) Disagree; 3) Neither Agree nor Disagree; 4) Agree; 5) Strongly Agree. The development of the questionnaire was based on the following variables; democratic leadership, autocratic leadership, laissez-faire leadership and employee performance. (McLeod, 2008).

4. Data Analysis

This study conducted data Analysis Quantitative approach; SPSS is the software used in analyzing the collected data to gain meaningful conclusions. SPSS will help to analysis data analysis, normality test, reliability test, descriptive analysis and regression analysis determine the impact of leadership styles on employee performance.

Reliability Test

The criteria of Cronbach s alpha for establishing the internal consistency

reliability is: Excellent ($\alpha > 0.9$), Good ($0.7 < \alpha < 0.9$), Acceptable ($0.6 < \alpha < 0.7$), Poor ($0.5 < \alpha < 0.6$), Unacceptable ($\alpha < 0.5$).

Table 1: Cronbach's Alpha

Variables	Number of items	Cronbach's Alpha
Overall	18	0.809
Democratic leadership	4	0.900
Autocratic leadership	4	0.578
Laissez-faire leadership	4	0.542
Employees performance	6	0.820

Based on the table, the overall Cronbach s alpha value is 0.809. This shows that data have a significant reliability in internal consistency. Democratic has the highest value in Cronbach s alpha (0.900). This shows the highest reliability in internal consistency of 4 questions. Autocratic has poor Cronbach s alpha value (0.578) which means that the data is ineffective reliable. Laissez-faire has the lowest Cronbach s alpha value (0.542) which shows the data has also poor reliability. The employee performance in Cronbach s alpha value is 0.874 which means that data is highly reliability in internal consistency.

Table 2: Summary of hypothesis

Hypothesis	Beta Value	Sig.	Result
<i>H1: Democratic leadership style has a positive significant impact on employee performance.</i>	0.581	0,000	Accepted
<i>H2: Autocratic leadership style has a positive significant impact on employee performance.</i>	-0.168	0.025	Rejected
<i>H3: Laissez-faire leadership style has a positive significant impact on employee performance.</i>	0.241	0.003	Accepted

5. Conclusion

Based on the results, democratic leadership style can sharpen employee's wit, it also can banish employee's shyness, it will enhance their timing and the democratic leadership would build a good relationship with subordinates, making their attitude will go in a positive direction and this is pivotal in employee's performance. The democratic leadership has significant positive impacts on the employee's performance. This indicates that when adopt to democratic leadership, the employees performance would improve. Thus, Chinese leaders are encouraged to adopt a democratic leadership style and manage employees and organizations, inviting and motivating employees involve the process of decision, providing more opportunities of learning for employees, the performance of employees is the best under this style of leadership. Chinese leaders ought to incite employee's innovation, team work and creativity, building a platform for employees to show their ability. That

leads to job satisfaction, increased their productivity and subsequently increased employees performance.

Autocratic leadership is a fail way of the management, the essence of business management is to get good work result by other people, rather than only one leader, however, autocratic leadership does nothing to satisfy this condition and they do not allow different points, which may not help Chinese company to get good performance in the future. Autocratic leadership style has been exist long time in China, but now most of employees no longer like to this style of leaders, moreover, autocratic leadership style maybe refused by employees, because the ability of employees would cover under the autocratic leadership, even occurring unfair and discomfort, Let's face it, autocratic leadership style may not produce more productivity, it dilute employees' talent, even it distracts leader from their purpose, And it distracts from leader's best efforts, Hence, Actually, autocratic leadership style both negative influence in employees 'performance and leader's behaviours, because they always ignored ideas of employees, this relationship between leader and employee may sap leader's energy all the time, In the long run, a negative management cannot influence employees performance in a positive direction.

Laissez-faire leadership style has good impact on employee performance, Laissez-faire leadership styles considered as moderate leadership style, Laissez-faire leadership needs its employees to be responsible, knowledgeable, skilled and time management, Laissez-faire leadership may suitable for the team, however, in China, this style of leadership may not suitable for employees development, many employees in Chinese company they more need to coach, practice on their workplaces.

6. Recommendation

Organizations need to have highly capable leaders to lead their employees in daily operation and accomplish the organizational goals. Based on this research, democratic leadership style has significant good impact than laissez-faire leadership and autocratic styles in terms of employee performance. Importantly, democratic leadership style is a positive relationship between leaders and employees, they tender with employees, whilst, they be good at seek benefits of employees and emphasis on development of employees by real tasks. In order to stay in the competitive business environment, we recommended that the right leader with high capability be managed at all kinds of levels of the organization, especially Chinese state owned enterprise, are pivotal role in China. Thus, the organization ought to use the right leadership style. Organizations in China should adopt democratic leadership instead of autocratic leadership style. It should be known that employees are the most important asset in the organization; employee competence and performance highly or not which depend on the leadership style. Organizations with good leadership capability will further improve performance, the good leaders who know how to encourage employees via the real way, how to test employees, and how to find the gap of employees, the next step is how to remedy the gap, in fact, through the former articles of research, employees performance up or down which related to relationship between leader and employee. Democratic leadership may more produce positive relationship, whereas, autocratic leadership style could not perception of leader effectiveness, Hence, the democratic leadership style would further improve employees performance in Chinese companies.

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