

Impact of Leadership Styles on Employee Performance Case Study of a Non-Profit Organization (NGO) in Cambodia

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ABSTRACT

Purpose: The purpose of this study is to investigate the impact of leadership styles on employee performance in a non-profit organization in Cambodia.

Design/Methodology/approach: In this study, the quantitative research design was employed, in which 169 valid structured questionnaires were obtained after distribution, using convenience sampling. For data analysis, descriptive and inferential statistics were used. Pearson's correlation and regression analysis were utilised to present the inferential statistics of the data obtained to explain both relationships and effects in line with the hypotheses of this research

Findings: The findings from the data obtained suggested how different leadership styles affected employee performance in the organization. It was found that all leadership styles have a significant positive relationship with employee performance except for the authoritative leadership style which has an insignificant negative relationship with employee performance. The findings clearly prove that the recommended leadership styles to manage employees effectively at the workplace are democratic and laissez-faire styles compared to other leadership styles discussed in this research.

Originality/Value: The value of the study is its illustration of how to use effective leadership styles to influence employee performance, and increase the level of employee satisfaction.

KEYWORDS: Leadership, Democratic, Laissez-faire, Authoritative, Employee performance, NGOs

I. INTRODUCTION

Human capital is a crucial factor that needs to be considered in order to accomplish the vision and mission of organizations. Identified goals, such as revenue-generating, consumer satisfaction, environmental awareness, and economic considerations, are some of the reasons businesses and organizations are founded. Leaders are placed at the top of the human component checklist as they are required to influence people to work together willingly to achieve goals and objectives that have been established. Effective leadership begins with the ability to persuade people to complete tasks over time, primarily through inspirational methods Kent, Crotts, and Azziz (2001).

There are numerous challenges in leading the current business environment, as many companies are in precarious and uncertain situations where they are fighting to stay in business in the face of fierce competition. Acquiring skills and practicing appropriate leadership styles are crucial for superiors who are expected to have an impact on subordinates' performance. Understanding corporate goals and boosting workforce efficiency is the driving force. Shafie, Baghersalimi, and Barghi (2013) state that leaders are the most important asset for businesses as they are able to ensure organizational goals are achieved by steering their subordinates in the right direction.

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Leadership styles have been analyzed since the 1800s; however, it remains a topic of interest that intrigues people. The effectiveness of leaders is dependent on how they are able to create motivated followers.

1.1. Problem Statement

Leaders need to have the expertise to create an environment that motivates subordinates to fulfill their potential and be interested in their work. The achievement of organizational goals depends on a company's ability to manage effectively, influence, and increase staff productivity. When improperly completed tasks are combined with ineffective leadership styles, overall employee performance suffers. Non-Profit Organizations, the subject of this study, are particularly affected by inconsistent performance and low labor efficiency, which are related to the organization's chosen leadership ethos. In order to increase employee productivity and performance, good leadership is necessary.

According to Armstrong and Baron (2005), leadership should aspire to achieve effectiveness, specialization, efficient feedback, and positive organizational relationships. Leadership styles served as the study's independent variable (IV). Page and Wong, (2013) define leadership as the capacity to persuade others to pursue a common objective. This expresses the notion that leaders need to have the expertise to work with others to accomplish goals. The main goal of this research is to evaluate the effectiveness of employees' performance and determine whether it is affected by the management style employed by immediate superiors.

1.2. Research Objective:

The objective of this study is to investigate the impact of different leadership styles on employee performance in non-profit organizations in Cambodia.

1.3. Research Questions

Is there a positive impact of autocratic, democratic, and laissez-faire leadership on employee performance?

II. Literature Review:

2.1. Autocratic leadership

Traditional autocratic dictators keep all of the decision-making power for themselves. As they compel their followers to carry out strategies and provide services in a highly constrained manner, they might harm an organization. There is no common goal and little inspiration outside of the force. Autocratic leadership often stifles commitment, creativity, and innovation. Dapper (2019). An autocratic leader is task-oriented and holds most of the authority for themselves and is not concerned with

group members' attitudes toward decisions DuBrin (2022). Such leaders believe in creating a separate relationship with subordinates. These types of leaders hold the theory X view of leadership and also believe in close supervision of subordinates Beakana (2017).

Autocratic leaders make decisions confidently without considering group members' attitudes toward the decision. Typical autocratic behaviors include telling people what to do, asserting themselves, and serving as a model for team members Daft and Lewin (2008). An autocratic leader tends to centralize authority and derive power from the position, control of rewards, and coercion. Groups with autocratic leaders perform highly in presence of a leader but, they were displeased with the style and felt hostility DuBrin (2022).

2.2. Democratic Leadership

This type of leadership is widespread in contemporary society because it involves a leader's innate capacity to consult widely on a wide range of problems before making any significant decisions. This approach has the benefit of enabling leaders to succeed by letting them base choices on input and suggestions from the team. Golden mentioned Daft and Lewin (2008). The democratic leadership advocates assert that it allows common decision-making to determine the performance of the organization.

Before making a decision, democratic leadership considers all of the suggestions and counsel from the team members. This is because the team's leader first engages them by showing concern, which might result in a high level of dedication. Tannenbaum and Schmidt (2012.) describe democratic leadership as where decision-making is decentralized and shared by subordinates.

One should not undervalue the importance of a collaborative effort. Many management experts think that individual empowerment, which acknowledges people's strengths and what they can and will do when involved, is the future of management and leadership. (Murray n.d.). With shared leadership, an increased sense of "ownership" of plans and ideas by all members exists, and the process becomes more enjoyable.

Many management experts believe that the wave of the future in management and leadership is individual empowerment, which recognizes the abilities individuals possess and what they can and will do when involved Seemiller and Murray (2013) and Murray (2013). With shared leadership, an increased sense of "ownership" of plans and ideas by all members exists, and the process becomes more enjoyable.

Democratic leaders are more likely to develop and maintain personal relationships between themselves and members of their group (followers) by opening up improved channels of communication, providing “psychological strokes,” facilitating change in the behavior of the group, and demonstrating the change in themselves. This leader is more likely to “inspire” change than “impose” change, as Warren Bennis observes Godfrey and Oritsematosan (2015).

2.3. Laissez-Fair Leadership

The leader's ability to lead is contingent upon various situational factors, including the leader's preferred style. Contingency theories to leadership support a great deal of empirical freedom to leadership, (laissez-faire style) Muczyk and Holt 2008; Hudnell et al. (2001).

Many researchers have tested it and have found it to be valid and reliable in explaining how effective leadership can be achieved. It stresses the importance of focusing on interpersonal relationships between the leader's style and the demands of various situations and employees. Under this type of leadership maximum freedom is allowed to subordinates Kumar (2014). They are given a free hand in deciding their policies and methods. Employees are empowered to make independent decisions.

It carries the belief that the most effective leadership style depends on the ability to allow some degree of freedom to employees in administering any method to achieve task completion.

2.4. Employee Performance

Employee performance can be defined as their capacity to complete all of the responsibilities they have been given in accordance with the organization's expectations. No matter how good or ineffective a leader is, their impact on organizational development and personnel performance may be measured. Niranjana and Pattanayak (2005) state that the overall performance of employees can be a consequence of their behavior on the job that can easily be observed as well as assessed. The authors view employee performance as “the contribution of an individual towards the realization of organizational goals and objectives”

Profit margins, productivity, return on investment, finished work quality and market share can all be used to measure an employee's performance objectively. From a subjective perspective, changes in an employee's demeanor, capacity to learn, enthusiasm to grow, and be devoted to an organization, can all be used to gauge their effectiveness Erkutlu (2008). Researchers posit that leadership and organizational effectiveness are a

result of employee performance. The chief aim of an organization is to enhance the overall performance of its employees to the highest point with the aim of succeeding in a naturally competitive market that is unrelenting.

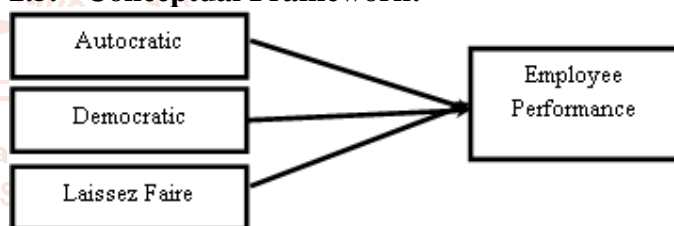
Previous studies suggest that autocratic leadership, democratic leadership, and laissez-faire leadership, have an impact on the organization (2.1, 2.2, 2.3-literature review) therefore the hypothesis has been advanced as below:

H1.The autocratic leadership style has a significant effect on employee performance in non-profit organizations in Cambodia.

H2: The democratic leadership style has a significant effect on employee performance in non-profit organizations in Cambodia.

H3: The laissez-faire leadership style has a significant effect on employee performance in non-profit organizations in Cambodia.

2.5. Conceptual Framework:



III. Research Methods:

The study adopted a survey research design. This design was quantitative to allow for descriptive and inferential analysis. Convenience sampling of respondents was used to ensure that those employees found at their workplaces were the ones used for the study.

Leaders, managers, officers, and workers at different non-profit organizations in Cambodia were asked to take part in the study. The actual population is unknown. A researcher adapted a well-constructed and validated questionnaire from (Avolio & Bass 1995, Alfred Hitchcock & Thomas Aquinas 2000, and Yousef 2000) to acquire information on the age of respondents, their gender, age, academic levels, income, and position in the company which was useful in finding out the respondent's demographics. The independent variables are autocratic, democratic, and laissez-faire leadership styles.

The scale implemented to ascertain leadership styles was the multifactor leadership questionnaire designed by Avolio and Bass (1995), Alfred Hitchcock (2000), and Thomas Aquinas (2000) which had been modified to fit the context of the study. The other key variable assessed in the study was the dependent variable which was the overall performance of the

employees. This was assessed before distributing the questionnaire. The Human Resources personnel and executives, in each organization, have been advised via a teleconference meeting using a scale designed by Yousef (2000).

Studying the whole population was impossible. For this reason, the researcher used a convenience random sampling method. The rule of thumb was used to determine the sample size, and the rule suggested a sample size 10 times the number of items in the instrument Roscoe (1975). Therefore, the targeted number of respondents for this study was 160 employees. The actual number of respondents who participated was 169. According to Cronbach 1988) and Marcoulides and Heck (1993), the larger sample more accurately represents the characteristics of the population from which they are derived.

The reliability of the study was ensured by conducting a pilot test. All variables have Cronbach's alpha values over 0.7, which is considered acceptable Field (2005) and Pallant (2020).

IV. Findings:

4.1. Analysis of employee performance

Table 4.1 describes the results of the analysis of employee performance. Productivity was rated well above the average with a mean of 3.63 and S.D of 0.68, indicating average employees rate their quality of performance on the job above average and the responses of employees are also low in variation. The quality of the performance was rated with a mean of 3.56 and an S.D of 0.634. The researcher observed that the average employee rated productivity on the job above average. In addition, the rate performance of peers at the jobs compared with a mean of 3.46 and S.D 0.636 which the researchers observed the performance rate on the job above average, and the job performance of themselves at job compared with peers doing the same kind of work with mean 3.53 and S.D of 0.673 which the employee rate the quality work above average.

Table 4.1: Descriptive Statistics on Employee Performance (Field Data, 2022)

	N	Min	Max	Mean	SD
How do you rate the quality of your performance?	169	1	5	3.56	0.634
How do you rate your productivity on the job?	169	1	5	3.62	0.68
How do you rate the performance of your peers at their jobs compared with yourself doing the same kind of work?	169	1	5	3.46	0.636
How do you rate your performance of yourself at your job compared with your peer doing the same kinds of work?	169	1	5	3.53	0.673
Valid N(list wise)	169				

4.2. Multiple Regression Analysis

This table presents us with figures which describe the way leadership style predicts employee performance. In order to interpret this table, the researcher is concerned with the standardized Beta coefficient which is 0.346 (given $p < 0.05$) and this figure suggests that with every increase of one standard deviation in democratic leadership, employees will have their performance increased by 34.6%. The laissez-faire leadership style has a standardized Beta coefficient of 0.195 ($p < 0.05$) which suggests that for every unit increase in the standard deviation of laissez-faire leadership, employees will have their performance increased by 19.5%. The autocratic leadership style, has a standardized Beta coefficient of 0.033 ($p > 0.05$) which suggests that for every unit of the standard deviation of an autocratic style of leadership, employee performance will has a decrease of 33%.

Table 4.2: Descriptive Statistics on Employee Performance (Field Data, 2022)

Coefficients							
Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
	B	Std. Error	Beta			Tolerance	VIF
(Constant)	8.032	.968		8.298	.000		
Autocratic	.027	.062	.033	.435	.664	.821	1.218
Democratic	.251	.055	.346	4.584	.000	.829	1.207
Laissez	.155	.061	.195	2.527	.012	.792	1.263

a. Dependent Variable: Employee Performance

V. Discussion & Conclusion:

In conclusion, multiple regression analysis revealed that democratic leadership is the best predictor for

employee performance. If supervisors exhibit more democratic leadership, the employees will have better performance. As predicted, this result supported

hypothesis 2. Democratic leadership positively affects employee performance, and hypothesis 3. Laissez-fair leadership also positively affects employee performance.

Authoritative leadership was found to have a negative effect on employees' performance. This suggests that the study's first hypothesis that "the Autocratic leadership style positively affects employee performance in NGOs in Cambodia" is not supported.

From the findings of this study, it can be concluded that supervisors who are driven by the desire to achieve better performance from employees should try and exhibit more of a democratic leadership style and less of the rest of the styles.

VI. Recommendations

NGOs expect employees to perform and leaders expect their followers to do the same. According to the results, some strategies for improving supervisors' leadership and employee performance could be suggested. There is a clear indication that democratic leadership behavior would lead to higher employee performance.

Leaders should:

- be aware of what is important for their subordinates and the organization as a whole.
- encourage employees to see the opportunities and challenges around them creatively.
- have their own visions and development plans which should be achieved by championing teamwork spirit.
- have a sense of innovation and also encourage employees to seek more opportunities and possibilities.
- inspire employees to perform to the best of their abilities and beyond meeting expectations of superiors.
- act to promote faith in subordinates, understand the value of subordinates and try to build their unit's business strategies, plans, processes, and practices that will improve their well-being.
- connect with working groups without having any self-interest.
- develop a sense of confidence and power regarding the workload delegated to employees.
- avoid practicing the authoritative leadership style.
- set standards and communicate expectations clearly.
- monitor employee performance on a regular basis.

- respond to urgent questions and make decisions promptly and precisely.
- involve employees in decision-making and leadership improvement by providing training and teamwork facilitation.
- design policies and practices related to rewards and feedback systems in organizations according to employees' needs in order to improve employee performance.

In summary, the results of correlation analysis indicates that democratic leadership, laissez-faire leadership, and autocratic leadership all have significant correlations with employee performance. Democratic leadership has strong and positive correlations with employee productivity, quality, and overall performance. The group of specific behavior factors of laissez-faire leadership positively correlates with employee performance. Therefore, as mentioned before, leaders should be aware of the importance of the democratic leadership style and attempt to put it into practice. However, authoritative leadership has a negative correlation with employee performance. Leaders should try to avoid practicing this style as it is clear that authoritative leadership is not effective in managing employees..

Based on the results of the current study, leadership development programs can help leaders understand the relationship between effective leadership styles and employee performance. Organizations need to develop suitable training programs, and assign experienced professionals as mentors for leaders. Professionals and trainers should use the results from the current study to develop training programs that support leadership development.

Leadership training programs must be designed based on the needs of employees, and also the organization, in order to achieve the best outcomes. In addition to that, psychological intervention is needed to improve employees' relationship with leaders, and provide a better understanding of the impact of leadership styles on the loyalty of employees. Whenever problems arise, leaders should have the ability to intervene and provide solutions as soon as possible. They should not wait until the problems become more serious and then take action.

Leaders must have the ability to transform their visions into a language which is accepted and implemented by employees. It is essential that leaders enrich their knowledge about the perceptions of leaders' behaviors and how these behaviors relate to employee performance.

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