

The Impact of Leadership Styles of Supervisors on Employee Performance of Non-Executive Employees: Special Reference to Tile Industry in Western Province, Sri Lanka

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Abstract

Leadership Style takes place in the way of utilizing employees to achieve a specific goal/s. Performance of employees is determined by many factors and Leadership Style of the supervisor can be considered as one of them. This study aims to identify the impact of leadership styles of supervisors on the employee performance of non-executive employees in Tile Industry in Western Province, Sri Lanka. The data were collected from a randomly selected sample of 80 non-executive employees in two reputed Tile Companies by using a structured questionnaire and data analysis was done through regression analysis and correlation analysis. The researcher found a positive impact of leadership styles on employee performance of non-executive employees in Tile Industry in Western Province, Sri Lanka and findings further confirmed that most effective leadership style was transactional leadership style to enhance employee performance. This study contributes to literature in the fields of Human Resource Management, Business studies, Entrepreneurship and Strategic Business Management.

Keyword: Transformational Leadership, Transactional Leadership, Laissez-Faire Leadership, Employee Performance, Tile Industry

1.INTRODUCTION

Ceramic tiles as a manufacturing segment in the world have shown a significant growth in production. Sri Lanka's ceramic tile industry boasts a history dating back several centuries and nearly 35 years of long history in manufacturing and distribution of tiles over the country as well as exporting many foreign countries in the world. According to annual report of each company, the tile industry shows continuous growth of sales parallel with profit. The main strengths of the tile ceramic industry in Sri Lanka are the availability of local raw materials and the availability of highly skilled labor and literate at reasonable wages.

A business may carry out different functions and Human Resource Management can be taken as a most vital function which supports to all other functions. [1] has defined Human Resource Management as efficient and effective human resource utilization in order to accomplish organizational goals and objectives. [2] said that it is an activity which manages human resources for the purpose of getting the most out of employee performance. It was mentioned that human resources are mainly important and essential organizational assets and usage of such asset effectively is a major function among organizational functions [1]. It was further pointed out that human resources are unique as they are active, thinkable, innovative, arguable and able to influence others and they are essential for an organization than other resources due to the vital necessity of human resources to utilize other resources.

The value of the organization is varied with the Organizational performance [3]. The process of transforming inputs in to outputs to achieve particular result can be defined as the organizational performance [4]. [2] said that employee performance affects to the achievement of organizational performance. Employee performance got influenced by various factors such as leadership style, career movements, remuneration, and performance evaluation [5]. As the leader of the organization, CEO has a responsibility to create a positive work environment to employees through his leadership style to enhance the performance of employees. The perception and the confidence of employees towards the leadership style can affect to the level of employee performance [6]. Researchers have found that leadership styles impact on the level of satisfaction of employees [7]. [8] pointed out that job satisfaction of employees enhances the employee performance. Since the leadership can significantly impact on the performance of employee, this study aimed to identify the impact of leadership styles on the Employee Performance of non-executive employees in Sri Lankan Tile industry.

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2. LITERATURE REVIEW

2.1. Leadership

Leadership can be interpreted in simply as someone who sets directions in an effort and influences people to follow the directions [6]. In other words, leadership can be interpreted in simple terms as 'getting others to follow' or 'getting people to do things willingly'. [9] defined leadership as the process of persuasion and example by which an individual (or leadership team)

induces a group to take an action that is accorded with the leader's purpose or the purpose of all.

The concept of leadership is relevant to any aspect of ensuring effectiveness in organizations [6]. It may also be viewed in terms of the role of the leaders and their ability to achieve effective performance through others. According to [10], leadership is important to group or team achievements. Thus, [6] argued that the success of organizational achievements is due to leadership. And also [5] argued that leadership impacts positively on organizational achievements.

2.2. Leadership Styles

Leadership styles can be identified as the manner and approach of providing direction, influencing, planning and motivating people in an organization [11]. In other words, leaders tend to exhibit various behavioral patterns in what they say and lead, how they relate with subordinates and how they perform tasks [12]. That means, leaders carry out their roles in a wide variety of styles. These many ways of behavioral patterns can be identified as leadership styles.

Recent leadership studies have continued to affirm the impact of leadership on performance at various levels [3, 8, 11, 12].

2.1.1. Transformational Leadership style

[13] defined transformational leadership as in terms of four leadership characteristics: idealized influence or charisma, inspirational motivation, individual consideration and intellectual stimulation. [14] mentioned that transformational leadership style of middle-level managers made a positive impact on the job performance of subordinates mostly in public and rarely in private enterprises. [15] identified the effect of transformational leadership on employee performance. Thus the literature identified a significant positive impact of transformational leadership style on employee performance [2, 13, 15].

H1: There is a positive impact of transformational leadership style of supervisors on employee performance of non-executive employees in Tile Industry in Western Province, Sri Lanka.

2.1.2. Transactional Leadership style

Transactional leadership behaviors are aimed at monitoring and controlling employees through rational or economic means [16] argued that transactional leadership is an exchange process between leaders and followers. This leadership refers to the most common approach, which focuses on the exchanges that occur between leaders and their followers [17]. These leaders exchange things of value with followers to advance their own as well as their followers' agendas.

[18] explained that employee performance of teachers was highly affected by of transactional leadership style rather by transformational leadership style. [15] mentioned that transactional leadership style of middle-level managers made a positive impact on the job performance of subordinates in both public and private enterprises [11, 17].

H2: There is a positive impact of transactional leadership style of supervisors on employee performance of non-executive employees in Tile Industry in Western Province, Sri Lanka.

2.1.3. Laissez-faire Leadership style

This is the other end of the single continuum of transformational and transactional leadership model [19]. In this leadership, the leader minimizes exchange with followers and allows them to do their own things to achieve outcomes with minimal intervention, feedback and support. This leadership involves managers setting objectives and followers being relatively free to do whatever it takes to accomplish those objectives [20]. Laissez-faire represents a non transaction [21].

[21] were able to find a negative effect of laissez-faire leadership style on employee performance. [12] found that a negative impact of Principals' laissez-faire style on Student Academic Performance. [19] have mentioned that employees' adaptive performance is negatively affected by the laissez-faire leadership.

H3: There is a negative impact of Laissez-faire leadership style of supervisors on employee performance of non-executive employees in Tile Industry in Western Province, Sri Lanka.

[21] found that transactional leadership is the effective leadership of platoon leaders and makes a positive impact to successful performance. Transactional leaders

positively contribute to enhancing the performance of the platoons [23, 24] Indicated that there is a dominance of the transactional leadership style over transformational and laissez faire styles. [23] conducted his research on association between leader-member exchange, transactional and transformational leadership in forecasting employee's performance and concluded that transactional leadership style is a positive predictor of follower's performance.

H4: Transactional leadership style of supervisors is the most effective leadership style on the employee performance of non-executive employees in Tile Industry in Western Province, Sri Lanka.

Relevant conceptual framework is shown in figure 1. Transformational leadership style, transactional leadership style and Laissez-faire leadership style of supervisors are labeled as independent variables while Employee Performance of non-executive employees is considered as dependent variable.

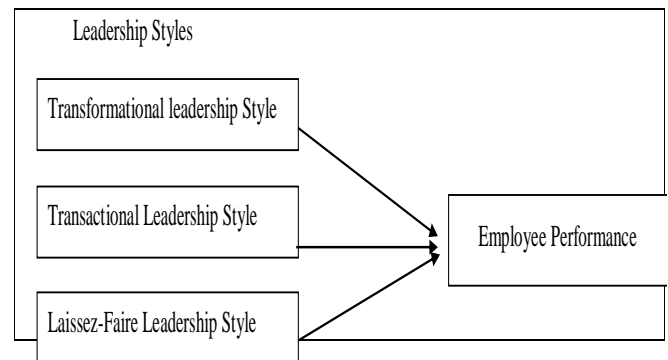


Figure 1: Conceptual Framework (Author Developed)

3. STUDY DESIGN

The objective of the study was to identify the impact of leadership styles of supervisors on the employee performance of non-executive employees in Tile Industry in Western Province, Sri Lanka. The study was done to establish a cause-and-effect relationship. Relevant dimensions and indicators under dependent and independent variable were identified in order to find out cause-and-effect kind of relationship. Therefore, the type of investigation of this study was experimental as well as this was a correlation study as well as a field study. Because no any factors were controlled or manipulated in this study, non-contrived settings were used to conduct this study where events were naturally occurred with minimum researcher interference. In this

study data were gathered once through a questionnaire in a specific period of time (three weeks). Therefore, this study was a cross sectional study. In this study the unit of analysis was individual: non-executive employees in Tile Industry in western province, Sri Lanka. Data was gathered from each individual and treat each employee's response as an individual data source.

4.MEASURES

The variables in the research model: transformational leadership style, transactional leadership style, laissez-faire leadership style and employee performance were measured through five point scales which were completed by respondents themselves approximately s they have experienced. The independent variables of the research model were, transformational leadership, transactional leadership, laissez-faire which was measured by an instrument consisting of 30 questions which was originally developed by [25].The dependent variable of the research model was employee performance was measured by an instrument which was consisting of 9 questions which were originally developed [26].

5.VALIDITY AND RELIABILITY

In this study, data was collected by distributing 30 questionnaires to execute the reliability analysis in the SPSS Data Analyzing Package. Table 5.1 indicates the results of reliability analysis.

	Instrument	Cronbach's Alpha
1	Transformational Leadership style	0.740
2	Transactional Leadership Style	0.839
3	Laissez-Faire Leadership Style	0.809
4	Employee Performance	0.869

Table 1. Cronbach's Alpha Coefficients

According to Cronbach's Alpha, an acceptable level of reliability of a variable should be 0.7.

In this study, reliability of all variables is in the acceptable level as reliability of all dimensions of independent variables and dependent variable are fallen between .6 and .8 as well as more are highly reliable as they exceed .8 of reliability.

The content validity of each instrument was checked in the process of conceptualization and operationalization of variables on literature while it was indicated directly by the high internal consistency reliability of the instruments.

6.RESULTS

According to the responses given by the non-executive employees, univariate analysis was done to investigate the frequency distribution of collected data and results are given in the table 1.

	Transformational Leadership Style	Transactional Leadership Style	Laissez-Faire Leadership Style	Employee Performance
Mean	3.90	3.93	3.89	3.88
Median	3.97	4.00	4.00	.066
Mode	4	4	4	4
Std. Deviation	.534	.653	.733	.723
Variance	.285	.426	.538	.537
Skewness	-1.918	-1.972	-1.882	-1.982
Std. Error of Skewness	.212	.212	.212	.212
Kurtosis	7.607	5.945	4.013	5.834
Std. Error of Kurtosis	.422	.422	.422	.422

Table 2. Statistics of the Distribution of variables

According to the table 1, mean value of each variable was greater than 3 ($M > 3$) as the mean value of Transformational Leadership Style is 3.9, mean value of Transactional Leadership Style is 3.93, mean value of Laissez-Faire Leadership Style is 3.89 and mean value of Employee Performance is 3.88. According to the mean values of leadership styles (Transformational Leadership Style, Transactional Leadership Style and Laissez-faire Leadership Style), it can be statically proved that respondents of the sample was perceiving triple leadership styles from their supervisors. According to the mean value of employee performance, it could be statistically proved that employee performance of respondents (non-executive level employees) was good.

According to the presented data for the standard deviation of Transformational Leadership Style, Transactional Leadership Style and Laissez-faire Leadership Style and Employee Performance, standard deviation of Transformational Leadership Style was .534 and the dispersion was in a moderately-spread distribution. Standard deviation of Transactional Leadership Style, Laissez-Faire Leadership Style and Employee Performance is 0.653, 0.733 and 0.723 respectively and the dispersions were in a widely-spread distribution.

6.1. Demographic Characteristics of the Respondents

48males (36.9 %) and 82females (63.1%) respondents participated in the survey. 50.8 % of non-executive employees were fallen under the range of 30-40 and who were in 20-30 age were the respondents had the lowest percentage of data distribution of age of the sample. In case of education distribution of the sample, most non-executive employees were having professional qualifications with a 46.2 % percentage and diploma or higher diploma holders were 40 % out of total 130 respondents which was close to employees having professional qualifications. Employees after Advanced Level and degree holders took minor percentages as 4.6 % and 9.2 % respectively. Most of non-executive level employees, 52 in the sample were having working experiences under 1-5 years while minority of 52 respondents with 16 years and above which was 40% and 7.7.% of the total respectively.

6.2. Correlation analysis

Leadership Style	Pearson's Correlation Coefficient	Sig. Value
Transformational Leadership Style	0.602	0.00
Transactional Leadership Style	0.745	0.00
Laissez-Faire Leadership Style	0.179	0.04

Table 3. The relationship between leadership styles and employee performance

According to the table 2, Pearson correlation between the employee performance of non-executive employees and transformational leadership style and transactional leadership style of supervisors is 0.602, 0.745, which are positive and statistically significant at 1% (Significant=0.000) laissez-faire leadership style 0.179 which is positively significant at 5% (Significant=0.041).

6.3. Regression analysis

The results of sample regression analysis of the three independent variables (transformational leadership style, transactional leadership style and laissez-faire leadership style)

Leadership	R Square	F value	Sig.val ue	B (consta nt)	b val ue
Transformat ional leadership style	.363	72.90 1	.000	5.026	3.2 50
Transaction al leadership style	.555	159.5 64	.000	6.069	3.1 22
Laissez-faire leadership style	.179	4.255	.041	17.302	.45 2

Table 4. Impact of leadership styles on employee performance

According to the table 3, 36%, 55%, 18% total variance of employee performance is explained by transformational leadership style, transactional leadership style and laissez-faire leadership of supervisors respectively. Transformational leadership style and transactional leadership style were statistically significant at 1% (sig.value= 0.000) and laissez-faire leadership was significant at 5% (sig.value=0.041). Further based on the b value we can conclude that when Transformational leadership style, Transactional leadership style and Laissez-faire leadership are increased by one unit employee performance of non-

executive employees is increased by 3.250, 3.122 and 0.452 respectively. Thus the transformational leadership style has the highest impact on employee performance of non-executive employees in Tile manufacturing industry.

7.DISCUSION AND CONCLUSION

In this study, transformational leadership style of supervisors was reported a positive impact on the performance of non-executive employees in Tile manufacturing companies which is private sector organizations. Literature was supported to that finding [2, 6, 10, 15]. In this study, transactional leadership style of supervisors was reported a positive impact on the performance of non-executive employees in Tile manufacturing companies which is private sector organizations. Literature was supported to that finding [10, 20, 21]. In this study, laissez-faire leadership style of supervisors was reported a positive impact on the performance of non-executive employees in Tile manufacturing companies which is private sector organizations. Literature was supported to that finding [2, 21, 23].

The researcher also found that transactional leadership is the most effective leadership style that supervisors of Tile Industry in Sri Lankan context should apply for a higher employee performance comparing to both transformational and laissez-faire leadership styles. Literature was supported to that finding [14, 21, 23, 24].

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