The Influence of Various Leadership Styles on Acceleration of Organizational Performance in Government Bureaus of Benishangul Gumuz Region, Ethiopia

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Abstract  
The main purpose of this research paper is to examine the effect of leadership styles on organizational performance in Benishangul Gumuz Regional State Bureaus. The study covers all employees who working in five regional bureaus and 91 respondents were drawn from all bureaus by using disproportional stratified sampling technique. From the leadership types, three independent variables were identified and it considered being the factors which creates more effect on organizational performance such as laissez-faire leadership styles, transactional leadership style and transformational leadership style. In order to test whether these variables regulate the performance of organizations or not, the multiple regressions was employed which is feasible model when there is more than one independent variable. At last, it was found that all factors are most predominant in the estimate of organizational performance. In general, this research study revealed that the organizational performance of bureaus are good and leaders are using transformational leadership style but on the other hand, leaders are not that much using laissez-faire and transactional leadership styles.

Key words: Organizational Performance, Transformational Leadership, Transactional Leadership, Laissez-faire leadership style, Benishangul Gumuz Regional State (BGRS), Bureaus

Introduction  
Leadership style is one of the important tasks of management. Leadership or management style determines atmosphere, culture, dominant strategies and dominating organization. Leadership style is certainly giving the correct guidance to employees to follow organizational goals. Application of best style of management or leadership will lead to increase performance and efficiency of the staff. Considering these factors, the present study examine the relationship between principals' leadership styles and performance (Jalizadeh, Abbasi & Mohammadi, 2013)

In the present competitive environment, an organization expands all over the world and all of it face a lot of challenges to meet their objectives and pursued to be more successful from others. Leaders are playing vital role in the accomplishment of these goals and encourage employee’s performance by satisfying them with their jobs (Paracha, Qamar, Mirza, Inam-ul-Hassan, & Waqas, 2012). The extent to which members of an organization contribute in connecting the resources of the organization equally depends on how well the managers or leaders of the organization understand and adopt appropriate leadership style in performing their roles as managers and leaders. Thus, efficiency in resources mobilization, allocation, utilization and enhancement of organizational performance depends, to a large extent, on leadership style, among other factors (Timothy, Andy, Victoria, & Idowu, 2011).

The relationship between leadership and organizational performance holds the attention of researchers since many years. Lots of researchers have conducted thesis on this area like Rukmani, Ramesh, & Jayakrishnan (2010), Koech & Namusonge (2012), & Timothy et al.(2011). Yet, as far as the researcher’s knowledge, empirical studies on the relationship of leadership and organizational
performance are lacking especially in our country, Ethiopia. The objective of this study is, therefore, to explore the effect of leadership styles on organizational performance in case of Benishangul Gumuz Regional State Bureaus. In this study dependent and researcher identified independent variables. The independent variables are laissez faire leadership, transactional leadership and transformational leadership, and organizational performance is the dependent variable.

Statement of the Problem
In Ethiopia, there are different sectors which are responsible for serving the society. These organizations use their yearly budget from government. These sector organizations mainly operate not for profit. Benishangul Gumuz Regional State is one Ethiopian region with Bureaus to serve the society at regional level. Of course, bureaus are also there at zonal and Woreda level.

As government employees of this region speak there is discrepancy between the plan of the enterprise and its achievement. It is very understandable from different perspectives that performance of government organizations is underprivileged in this region. Plenty of reasons may cause this low performance but as studies show leadership styles superiors’ are following is the major ones. Here are some of the studies which support this idea; deficiencies are a defect in leadership (Koech & Namusonge, 2012; Pradeep & Prabhu, (2011). However, even if the problem is that much maximum empirical studies about the links between leadership and performance have been lacking quick, 1992 as cited in Koech & Namusonge (2012).

Hence, from the above finding we can understand that leaders are not able to find research pieces on the area especially in our country so that they can enhance their leadership skill. This motivates the researcher to conduct study on the effects of leadership on performance just to find out which leadership style has insignificant, significant and no impact on performance of the organization and hereby to put forward the one that should be followed in the context of government institutions.

Basic Research Questions
In the view of research gap identified, the researcher raised the following basic research questions:-
1. What type of leadership style is being practiced in Benishangul Gumuz Regional State bureaus?
2. What looks like the current status of organizational performance of regional bureaus?
3. Does transformational leadership affects organizational performance?
4. Does transactional leadership affects organizational performance?
5. Does laissez-faire leadership affects organizational performance?
6. Which leadership style dominantly affects organizational performance?

Conceptual Performance

Figure 1:- Conceptual framework

Adapted from Koech & Namusonge, 2012
Hypothesis

Base on the stated problem, researchers raised the following hypotheses:-

- **H1**: Laissez-faire leadership style is inversely related with organizational performance.
- **H2**: Transactional leadership style has direct relationship with organizational performance.
- **H3**: Transformational leadership style has positive relationship with organization performance.

Objectives of the Study

**General Objective**

The main objective of the study is to examine the effects of leadership styles on organizational Performance in Benishangul Gumuz Regional state bureaus. Besides, this research is aimed to identify problems related to job performance of the organization and leadership styles being used in the organization so that the organization alleviate problems and its performance be enhanced.

**Specific Objectives**

- To look at the current organizational performance of Benishangul Gumuz Regional State.
- To identify the leadership style being practiced by the bureaus.
- To examine the relationship between laissez fair leadership style and organizational performance.
- To investigate the relationship between transactional leadership style and organizational performance.
- To analyze the relationship between transformational leadership style and organizational performance.
- To identify the leadership style that significantly affects organizational performance.

**Model specification**

The model of the study can be demonstrated as:-

\[
OP = \beta_0 + \beta_1 \text{LSLS} + \beta_2 \text{TSLS} + \beta_3 \text{TFLS} + e_1
\]

Whereas, OP is organizational performance

- **LSLS** is laissez faire leadership
- **TSLS** is transactional leadership
- **TFLS** is transformational leadership

- \( \beta_0 \) is constant
- \( \beta \) is coefficient of variables
- \( e_1 \) is error term

**Review of Literature**

- **The concept of organizational Performance**

  According to C. Timothy et al., 2011 et al.(2011) Organizational performance refers to ability of an enterprise to achieve such objectives as high profit, quality product, large market share, good financial results, and survival at pre-determined time using relevant strategy for action. Organizational performance can also be used to view how an enterprise is doing in terms of level of profit, market share and product quality in relation to other enterprises in the same industry. Consequently, it is a reflection of productivity of members of an enterprise measured in terms of revenue, profit, growth, development and expansion of the organization.

- **Transformational leadership**

  Timothy et al. (2011) demonstrated that Transformational leader’s behavior originates in the personal values and beliefs of the leader and motivates subordinates to do more than expected. It describes transformational leadership as a process where, “one or more persons engage with
others in such a way that leaders and followers raise one another to higher levels of motivation and morality”. The transformational leader motivates by making follower more aware of the importance of task outcomes, inducing them to transcend their own self-interest for the sake of the organization or team and activating their higher-order needs.

- **Transactional Leadership**
  Robbins defined the transactional leadership as “Leaders who guide or motivate their followers in the direction of established goals by” (Robbins, 1996).

- **Laissez faire leadership**
  Laissez-faire behaviors are ones that delay decisions and give up responsibility. Laissez-faire leadership is also termed a non-leadership style. In case of this leadership style, leaders have less involvement in performance or have no involvement at all in performing (Pradeep & Prabhu, 2011; & Jones & Rudd, 2007).

  The laissez-faire leadership style is also known as the "hands-off" style. It is one in which the manager provides little or no direction and gives employees as much freedom as possible.

**Research Methodology**

- **Research type**
  The research method employed is explanatory survey method because it enables the researcher to analyze the effect of independent variables on the dependent variables.

- **Source and type of data**
  Primary source of data was used to collect primary data. These primary sources used for this research study used mainly relates to government employees of the region.

- **Sample size and sampling techniques**
  From the regional level bureaus researchers purposely selected five bureaus. To select 91 respondents from each bureau of Benishangul Gumuz regional state, the researchers employed disproportional stratified sampling technique which is probabilistic sampling method. The justification behind employing stratified sampling method is that there are branches under the regional state and it is aimed to disproportionately select employees from each bureau.

- **Instrument of Data Collection**
  Questionnaire is used to collect primary data from the participants because of its appropriateness to obtain the required data about the study under investigation from many people and for its essential characteristics that it provides an opportunity for respondents to express their ideas and opinions positively and freely. Therefore, five point likert-scale type questionnaires consisting of a series of questions was employed to obtain information on the area of present issue under this study.

- **Methods of Data Analysis**
  After the data collection, process descriptive (frequency and percentage) and inferential statistics were used to summarize data generated by the structured questionnaire and to infer the result in to the whole population based on the data generated from the sample population. More clearly, the data obtained via self-administered questionnaire was explained by descriptive statistics and then it was inferred to the total population. A multiple regression model used to determine the extent to which the identified factors affect organizational performance.
Result and Discussion

Table - 1
Table showing the demographic characteristics of respondents

<table>
<thead>
<tr>
<th>No.</th>
<th>Variables</th>
<th>Category</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Sex</td>
<td>Male</td>
<td>60</td>
<td>66</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Female</td>
<td>31</td>
<td>34</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Total</td>
<td>91</td>
<td>100</td>
</tr>
<tr>
<td>2.</td>
<td>Age</td>
<td>Below 24</td>
<td>10</td>
<td>11.0</td>
</tr>
<tr>
<td></td>
<td></td>
<td>25-34</td>
<td>40</td>
<td>44.0</td>
</tr>
<tr>
<td></td>
<td></td>
<td>35-44</td>
<td>25</td>
<td>27.5</td>
</tr>
<tr>
<td></td>
<td></td>
<td>45-54</td>
<td>14</td>
<td>15.4</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Above 55</td>
<td>2</td>
<td>2.2</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Total</td>
<td>91</td>
<td>100</td>
</tr>
<tr>
<td>3.</td>
<td>Bureaus</td>
<td>Education</td>
<td>18</td>
<td>20</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Health</td>
<td>20</td>
<td>22</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Culture and tourism</td>
<td>23</td>
<td>25</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Water</td>
<td>20</td>
<td>22</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Regional Council</td>
<td>10</td>
<td>11</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Total</td>
<td>91</td>
<td>100</td>
</tr>
<tr>
<td>4.</td>
<td>Education</td>
<td>Diploma</td>
<td>33</td>
<td>36</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Degree</td>
<td>44</td>
<td>48</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Masters and above</td>
<td>14</td>
<td>15</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Total</td>
<td>91</td>
<td>100</td>
</tr>
<tr>
<td>5.</td>
<td>Experience</td>
<td>Below 3 years</td>
<td>20</td>
<td>22</td>
</tr>
<tr>
<td></td>
<td></td>
<td>3-5 years</td>
<td>33</td>
<td>36</td>
</tr>
<tr>
<td></td>
<td></td>
<td>6-8 years</td>
<td>14</td>
<td>15</td>
</tr>
<tr>
<td></td>
<td></td>
<td>9-10</td>
<td>6</td>
<td>7</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Above 10 years</td>
<td>18</td>
<td>20</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Total</td>
<td>91</td>
<td>100</td>
</tr>
</tbody>
</table>

Source: Primary data

The above table shows that there are 66% of male respondents and 34% female respondents. It also shows that 11% of the respondents are lies between the age of 24 years, 44% of the respondents are between the age of 25 to 34 years, 27.5% of the respondents are between the age of 35 to 44 years, 15.4% of the respondents are between the age of 45 to 54 years and 2.2% of the respondents are aged 55 and above years. This implies that the majority of respondents are youngsters.

Also the table shows that 20% respondents are from the education bureau, 22% respondents are from health bureau, 25% of the sample is from culture and tourism, 22% of the sample populations are from water, mineral and energy resource development bureau material office and 11% of the respondents are employees of court bureau.

The Educational Background of the respondents shows that 36%, 48% and 15% of the selected sample employees are diploma, degree and masters holders respectively. Concerning experience of the respondents; 22%, 36%, 15%, 7% and 20% of government employees who replies for the survey have below 3 years, from 3 to 5 years, from 6 to 8 years, from 9 to 10 years and above 10 years practical experience in their particular bureaus respectively.

Therefore, demographic feature reveals that the majority of government employees of the region are male, youth, educated and more experienced which is basic for the public service to go faster.
Table - 2
Table showing the Correlation - Relationship among Independent Variables

<table>
<thead>
<tr>
<th>Leadership Styles</th>
<th>Laissez faire Leadership</th>
<th>Transactional Leadership</th>
<th>Transformational leadership</th>
<th>Organizational performance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Organizationa l performance</td>
<td>Pearson Correlation</td>
<td>0.195</td>
<td>0.482**</td>
<td>0.642**</td>
</tr>
<tr>
<td>Sig. (2-tailed)</td>
<td>0.063</td>
<td>0.000</td>
<td>0.000</td>
<td></td>
</tr>
<tr>
<td>N</td>
<td>91</td>
<td>91</td>
<td>91</td>
<td>91</td>
</tr>
</tbody>
</table>

**. Correlation is significant at the 0.01 level (2-tailed).

Source: Computed

The above table shows the result of correlation analysis of organizational performance with all the three leadership styles. Results indicate that every variable is perfectly related with itself that is why r=1 diagonally along with the table. Laissez-faire leadership style is not significantly correlated with organizational performance (P>0.05). Transactional leadership style is positively and significantly related with organizational performance (P<0.05). Transformational leadership is also positively and significantly related with organizational performance (p<0.05). Actually, transformational and transactional leadership styles are not only positively related but also the relationship is more than that (more and more related as P<0.01).

Table - 3
Table showing the Descriptive Statistics for Various Leadership Style

<table>
<thead>
<tr>
<th>Variables</th>
<th>Mean</th>
<th>Std. Deviation</th>
<th>N</th>
</tr>
</thead>
<tbody>
<tr>
<td>Organizational Performance</td>
<td>3.2772</td>
<td>0.69020</td>
<td>91</td>
</tr>
<tr>
<td>laissez-faire leadership style</td>
<td>2.6401</td>
<td>0.60462</td>
<td>91</td>
</tr>
<tr>
<td>Transactional leadership style</td>
<td>2.9368</td>
<td>0.35188</td>
<td>91</td>
</tr>
<tr>
<td>Transformational leadership style</td>
<td>3.2978</td>
<td>0.69370</td>
<td>91</td>
</tr>
</tbody>
</table>

Source: Computed

The above table shows the MEANS of organizational performance and transformational leadership styles are above average which explains good status. Therefore, bureaus are performing well while it is not far from average. The existing leadership style which leaders are more exercising is transformational leadership style. On the contrary, the other two independent variables are being applied in least among leaders.

Model Summary of Regression Analysis

Entire method used to identify statistically determinant variables in predicting the dependent variable. The value of multiple correlation coefficients between the predictor and the outcome is indicated by R. R value is found 0.662 shows correlation between leadership factors and Organizational performance. In this study, adjusted R² is found 0.419. This value indicates that leadership factors contribute 41.9% of the variation in organizational performance of Benishangul Gumuz Regional State bureaus while the rest 58.1% is predicted by other variables.

Coefficients of Independent Variables

As the result of this relationship shows there is positive relationship between laissez-faire and organizational performance (B=-0.024). So, the first hypothesis is rejected. It means that, the Benishangul Gumuz Regional state bureau leaders exercise laissez-faire leadership style more, they give more freedom to their employees; it leads to raise organizational performance to the larger extent.
Also, the coefficient of transactional leadership style is 0.370, the second hypothesis is accepted again as the relationship between transactional leadership style and organizational performance is positive. In Benishangul Gumuz Regional State bureaus, if leaders guide employees towards established goals, the performance of the organization will be enhanced. Hence, the second hypothesis is accepted.

The last hypothesis is acceptable here again as there exist positive relationship between transformational and organizational performance (B=0.545). The indication is while leaders of Benishangul Gumuz Regional State bureaus use more of transformational leadership, that is, motivating and informing employees to do jobs, the performance of the organization will be improved.

Conclusions and Recommendations

Based on the findings of this study, principals are practicing more of transformational leadership styles in Benishangul Gumuz Regional State Bureaus. It means; the way they use to lead employees working under them is more of showing the established goal of the organization. By doing so, they are positively contributing for the organizational performance because transformational leadership positively affects organizational performance.

However, Leaders are not significantly exercising Laissez-faire and transactional leadership styles. The implication is that leaders do not make employees to be free to do things in their absence and leaders are not directing their employees by using what is appropriate to motivate employees. However, leaders are making employees to do better performance of bureaus because transformational leadership has positive effect on organizational performance.

The three leadership styles found and positive and it has positive influence on performance of the government bureaus. In fact, this study revealed that transformational leadership style has relatively more effect on organizational performance of Benishangul Gumuz Regional State bureaus. Based on the findings of this study, the following recommendations are given as follows:

- Leaders of bureaus should apply the mix of the three leadership styles but with due consideration to the situation and nature of task assigned to employees/followers. By doing it, the leaders will enable to integrate successfully and maximize the available resource within the internal and external environment for the improvement of organizational performance.

- Though all independent variables are positively affecting organizational performance, transformational leadership is having more impact. Hence, leaders has to apply it with due importance.

- Since it is confirmed that leadership is the main influencing factor for organizational performance, leaders should prepare for continues trainings and discussions at all levels. The leadership style surely helps to equip them on the need to be positive and responsive to today’s dynamic work environment for better performance.

- Organizational leaders as well as scholars or researchers shall attempt to study holistically the sub-variables of the laissez-faire, transformational and transactional leadership styles which may enhance or delay organizational performance and subsequently, adopt creative applicability of appropriate leadership style sub variables or components.

- It would also be beneficial to replicate this research study by using the same type of organizations but with different performance measures. Subsequently the limitation of the present study is that it relied on only government bureaus, larger domain of study/different organization would certainly be needful to throw more light on the various dimensions studied. This same research can also be carried out in Ethiopia so that a broad comparison of the concepts of leadership styles as it relate and impact on organizational performance can be made.
References


