

**IMPACT OF LEADERSHIP STYLES ON EMPLOYEE
PERFORMANCE; CASE STUDY ON A SERVICE BASE
COMPANY**

Dasitha Karunajeewa

(169113C)

Degree of Master of Business Administration in Information Technology

Department of Computer Science and Engineering

University of Moratuwa

Sri Lanka

May 2018

IMPACT OF LEADERSHIP STYLES ON EMPLOYEE PERFORMANCE; CASE STUDY ON A SERVICE BASE COMPANY

Dasitha Karunajeewa

(169113C)

The dissertation was submitted to the Department of Computer Science and Engineering of the University of Moratuwa in partial fulfilment of the requirement for the Degree of Master of Business Administration in Information Technology.

Department of Computer Science and Engineering

University of Moratuwa

Sri Lanka

May, 2018

DECLARATION

I declare that this is my own work and this thesis does not incorporate without acknowledgement any material previously submitted for a Degree or Diploma in any other University or institute of higher learning and to the best of my knowledge and belief it does not contain any material previously published or written by another person except where the acknowledgement is made in the text.

Also, I hereby grant to University of Moratuwa the non-exclusive right to reproduce and distribute my thesis/dissertation, in whole or in part in print, electronic or other medium. I retain the right to use this content in whole or part in future works (such as articles or books).

.....

.....

H.R.D.Karunajeewa

(Signature of the candidate)

Date

The above candidate has carried out research for the Masters thesis under my supervision.

.....

.....

(Dr. Chathura R. De Silva)

Date

Signature of the Supervisor

COPYRIGHT STATEMENT

I hereby grant the University of Moratuwa the right to archive and to make available my thesis or dissertation in whole or part in the University Libraries in all forms of media, subject to the provisions of the current copyright act of Sri Lanka. I retain all proprietary rights, such as patent rights. I also retain the right to use in future works (such as articles or books) all or part of this thesis or dissertation.

Date

ABSTRACT

The topic of the research is impact of leadership styles on employee performance at ABC Company. The main reasons as to why the researcher was guided to conduct a study based on the above problem was low performance of employees, job dissatisfaction among employees, increasing absenteeism and turnover rate and considerable increase of client complaints. As the objectives of this study the below statements can be stated. To understand the current styles of leadership within the organization, to identify the factors affecting employee performance, to identify the most determinant factor for employee performance and to recommend an effective leadership style which can enhance the employee performance of ABC Company.

The sample size of the research was 80 employees where the population was 80 employees which is same as the sample size. Researcher has used two types of data collection methods which are primary and secondary. Furthermore, as the data analysis method the researcher has used qualitative and quantitative methods to analyze the collected data. Finally, the data presentation has done by using linear scales, tables, charts, pie graphs and scatter graphs.

The key findings of the research are as follows. As qualitative findings it proved that the independent variables which are democratic, laissez faire and transformational leadership styles have a positive relationship with the dependent variable which is employee performance and also autocratic and transactional leadership styles have negative relationship with employee performance. As the qualitative analysis also, the findings were proved.

Therefore, in conclusion the researcher was able to find that there is an impact of leadership styles on employee performance at ABC Company.

ACKNOWLEDGEMENT

I would like to express my gratitude to all those who assisted me to complete this research study on “impact of leadership styles on employee performance at ABC company (with special reference to operational staff)”.

My foremost thankfulness is offered to my loving family members who have always backed me up by encouraging and giving support with endless love all the time.

And also, my sincere gratitude and respect goes to my supervisor Dr. Chathura De Silva for his guidance, constant feedbacks and clear and closer supervision which has led me to carry out this research project.

Similarly, I would like to express my gratefulness to the staff members of ABC Company, who have highly supported me by providing information which is essential to carry out this research project.

And I wish to pay my special thanks to all my dearest friends who have always encouraged and uplift my confidence in fulfilling this effort.

Ultimately, I make this an opportunity to appreciate each and every person who gave their assistance in every mean to achieve successful completion of this research report

TABLE OF CONTENTS

DECLARATION.....	III
COPYRIGHT STATEMENT	IV
ABSTRACT.....	V
ACKNOWLEDGEMENT.....	VI
TABLE OF CONTENTS	VII
LIST OF FIGURES	X
LIST OF TABLES	XI
LIST OF ABBREVIATIONS.....	XII
1. INTRODUCTION	1
1.1. Background	1
1.1.1. Motivation	2
1.1.2. Research Scope	3
1.2. Problem Statement	3
1.2.1. Research Objectives	5
1.2.2. Research Significance	6
2. LITERATURE REVIEW	8
2.1 Introduction to the chapter	8
2.2 Dependent Variable	8
2.2.1 Employee Performance	8
2.3 Independent Variables	11
2.3.1 Leadership	11
2.3.2 Leadership Styles	14
2.3.2.1 Autocratic or authoritarian leadership	14
2.3.2.2 Democratic leadership	15
2.3.2.3 Laissez faire or free rein	16
2.3.2.4 Transformational leadership	17
2.3.2.5 Transactional leadership	18
2.4 General review on literature	19
2.5 Chapter Summary	21
3 RESEARCH METHODOLOGY	22
3.1 Chapter Introduction.....	22
3.2 Conceptual framework	22
3.3 Hypothesis	23
3.4 Operationalization of Variables.....	24
3.5 Research process	25
3.5.1 Research Philosophy	26

3.5.2	Research approach	27
3.5.3	Research Strategy	27
3.5.4	Choices	27
3.5.5	Time Horizon	28
3.6	Research Method	28
3.6.1	Primary data collection	28
3.6.2	Secondary data collection.....	29
3.7	Method of Data Analysis.....	29
3.7.1	Qualitative model	30
3.7.2	Quantitative model	30
3.8	Population and Sample Selection	30
3.8.1	Population	31
3.8.2	Sample size and sampling technique	31
3.9	Process of Data Collection	31
3.10	Method of data presentation	32
3.11	Chapter summary	32
4	DATA ANALYSIS.....	33
4.1	Introduction for data analysis	33
4.2	Overall Measurement of the Entire Data Set.....	33
4.3	Demographic variable Analysis	34
4.4	Reliability of the Research Instrument	37
4.4.1	Autocratic Leadership	37
4.4.2	Democratic Leadership	37
4.4.3	Laissez Faire Leadership	38
4.4.4	Transformational Leadership	38
4.4.5	Transactional Leadership	39
4.4.6	Employee performance	39
4.5	Correlation & Regression Analysis	40
4.5.1	Analysis of autocratic leadership	40
4.5.2	Analysis of Democratic Leadership	45
4.5.3	Analysis of Laissez Faire leadership	51
4.5.4	Analysis of Transformational leadership.....	56
4.5.5	Analysis of Transactional Leadership style.....	61
4.6	Extended correlation analysis (for demographic parameters)	66
4.6.1	Correlation analysis for Male and Female responses	66
4.6.1.1	Analysis for autocratic leadership style	66
4.6.1.2	Analysis for Democratic leadership style	67
4.6.1.3	Analysis for Laissez Fair leadership style	68
4.6.1.4	Analysis for Transformational leadership style	70
4.6.1.5	Analysis for Transactional leadership style	71
4.7	Analysis of each independent variable through the closed ended questions.....	72
4.7.1	Autocratic leadership style	72

4.7.2	Democratic leadership style	73
4.7.3	Laissez Faire leadership style	74
4.7.4	Transformational leadership style	75
4.7.5	Transactional leadership style	75
4.7.6	Employee performance	76
4.8	Qualitative Analysis	77
4.8.1	Qualitative analysis for the open-ended questions	77
4.8.1.1	Autocratic leadership style	77
4.8.1.2	Democratic leadership style	78
4.8.1.3	Laissez Faire leadership style	78
4.8.1.4	Transformational leadership style	79
4.8.1.5	Transactional Leadership style	79
4.8.1.6	Employee performance	80
4.8.2	Qualitative analysis for the interview questions	81
4.8.2.1	Autocratic Leadership style	81
4.8.2.2	Democratic leadership style	81
4.8.2.3	Laissez Fare leadership style	82
4.8.2.4	Transformational leadership	83
4.8.2.5	Transactional leadership style	83
4.8.2.6	Employee Performance	84
4.9	Chapter summary	84
5	RECOMMENDATIONS AND CONCLUSION	85
5.1	Introduction to the Chapter	85
5.2	Conclusion	85
5.3	Recommendation	88
5.4	Scope of the study	91
5.4.1	Cultural and other type of bias	92
5.4.2	Time	92
5.5	Recommendations for future researchers	92
5.6	Chapter summary	93
	REFERENCES	94
	APPENDIX A: QUESTIONNAIRE AND INTERVIEW GUIDE	96

LIST OF FIGURES

Figure 2.1 Measurement of Employee Performance Source; (Mullins, 2009)	08
Figure 2.2 Leadership diagram Source; (Sadler, 2004).....	11
Figure 3.1 The conceptual framework of the research.....	21
Figure 3.2 Research Onion Source; (Saunders et al, 2011).....	25
Figure 4.1 Measurement of Correlation Source: Market Research, 2017.....	39

LIST OF TABLES

Table 3.1 The conceptual framework of the research.....	22
Table 3.2. Operationalization of variables.....	23
Table 3.2 Likert scale structure.....	28
Table 4.1 Reliability of autocratic leadership.....	36
Table 4.2 Reliability of democratic leadership.....	36
Table 4.3 Reliability of laissez faire leadership.....	37
Table 4.4 Reliability of transformational leadership.....	37
Table 4.5 Reliability of transactional leadership.....	38
Table 4.6 Reliability of employee performance.....	39
Table 4.7 Correlation Analysis details for Autocratic Leadership.....	42
Table 4.8 Regression model summary; Autocratic leadership style and Employee Performance.....	43
Table 4.9 ANOVA Table; Autocratic leadership style and Employee performance.....	43
Table 4.10 Coefficients table; Autocratic leadership style and Employee performance.....	43
Table 4.11 Correlation Analysis details for Democratic Leadership.....	47
Table 4.12 Regression model summary; Democratic leadership style and Employee Performance....	48
Table 4.13 ANOVA test; Democratic leadership style and Employee Performance.....	48
Table 4.14 Coefficient; Democratic leadership style and Employee Performance	48
Table 4.15 Correlation Analysis details for Laissez Faire Leadership.....	52
Table 4.16 Regression model summary; Laissez Faire leadership style and employee performance...	53
Table 4.17 ANOVA Table; Laissez Faire leadership style and employee performance.....	53
Table 4.18 Coefficients table; Laissez Faire leadership style and employee performance.....	53
Table 4.19 Correlation Analysis details for Transformational Leadership.....	57
Table 4.20 regression model summary; Transformational and Employee Performance.....	58
Table 4.21 Transformational and Employee Performance.....	58
Table 4.22 coefficients table; Transformational and Employee Performance.....	58
Table 4.23 regression model summary; Transactional Leadership style and Employee Performance...	63
Table 4.24 ANOVA Table; Transactional Leadership style and Employee Performance.....	63
Table 4.25 coefficients table; Transactional Leadership style and Employee Performance.....	63
Table 4.26 coefficients table; Autocratic Leadership style and Employee Performance (Male).....	65
Table 4.27 coefficients table; Autocratic Leadership style and Employee Performance (Female).....	66
Table 4.28 coefficients table; Democratic Leadership style and Employee Performance (Male).....	66
Table 4.29 coefficients table; Democratic Leadership style and Employee Performance (Female).....	67
Table 4.30 coefficients table; Laissez Fair Leadership style and Employee Performance (Male).....	67
Table 4.31 coefficients table; Laissez Fair Leadership style and Employee Performance (Female)....	68
Table 4.32 coefficients table; Transformational Leadership style and Employee Performance (Male).....	69
Table 4.33 coefficients table; Transformational Leadership style and Employee Performance (Female).....	69
Table 4.34 coefficients table; Transactional Leadership style and Employee Performance (Male)	70
Table 4.35 coefficients table; Transactional Leadership style and Employee Performance (Female) ...	70

LIST OF ABBREVIATIONS

IT - Information Technology

HR – Human Resource

SPSS - Statistical Package for the Social Sciences

HOD - Head of department