

## Leadership style and employee performance in Parastatals: A case of the transport sector.

1. **Chavunduka M. Desderio**, [dchavunduka@gmail.com](mailto:dchavunduka@gmail.com), Chinhoyi University of Technology. P. Bag 7724, Chinhoyi. Zimbabwe. [**Corresponding Author**]
2. **Nyemba Piason**, [pnnyemba@gmail.com](mailto:pnnyemba@gmail.com), Chinhoyi University of Technology. P. Bag 7724, Chinhoyi. Zimbabwe
3. **Thomas Bhebhe**, [tbhebhe@cut.ac.zw](mailto:tbhebhe@cut.ac.zw), Chinhoyi University of Technology. P. Bag 7724, Chinhoyi. Zimbabwe

### ABSTRACT

Performance of most parastatals in Zimbabwe is dismal. Leadership styles used in the running of these parastatals could be a factor causing this poor performance. The purpose of the research was to investigate the relationship between leadership style and employee performance in the transport sector. Data was collected through administering a Multifactor Leadership Questionnaire (MLQ) for the leadership style and analysis of the employee performance appraisal records of the 178 respondents (34 managers and 144 raters/subordinates) in the selected parastatals. The data was analysed using the statistical package SPSS version 20. It was discovered that there were two main styles employed in this sector i.e. transformation and transactional leadership styles. Both styles were positively correlated to employee performance with transactional leadership style having a much stronger correlation. This implies that leadership styles are an important ingredient in the performance of parastatals.

**Key terms:** leadership style, employee performance, transport sector.

## Introduction

As a way of raising revenue and at the same time providing essential service to the general public, the government of Zimbabwe runs several parastatals which include transport sector. The poor performance of parastatals substantiates the need for effective leadership within Zimbabwean parastatals. In an attempt to improve the situation in these parastatals, there have been some leadership changes and some understanding with regards to the parastatals environment, this research focuses on the leadership in Zimbabwean parastatals. The inherent problem in most parastatals is that many of them have attempted several different incentive programmes to improve performance, yet this has not worked for most of these parastatals. Leadership involves defining the direction of a team and communicating it to people, motivating, inspiring and empowering them to contribute to achieving organizational success. This involves influencing people, by means of personal attributes, to achieve a common goal. Messick and Krammer (2005) argued that leadership qualities are influenced by several factors including the situation at hand and the environment. Therefore leadership traits are also dependent upon the character and behaviour of the leader.

The fact of poor performance in the transport sector despite many attempts by government to improve it could be a sign of ineffective leadership in these organizations. Elsewhere the relationship between leadership style and organizational performance has been studied. The findings indicate that leadership style has a considerable relationship with organizational performance. However the contextual factors in the Zimbabwean situation are different given the political influence on these entities. Although associations between leadership styles and employee performance have been recognized in studies done before there have, to date, been no

researches that specifically focus on how leadership styles influences employee performance in parastatals in Zimbabwe.

### 1. Leadership styles

As early as 1939, Kurt Lewin led a group of researchers to identify different styles of leadership (Lewin, Lippitt, White, 1939). This early study has been very influential and established three major leadership styles: (U.S. Army, 1973), namely authoritarian or autocratic, participative or democratic and lastly delegative or laissez-fair. However this section focuses on the newer leadership styles. According to Burns (1978), transformational and transactional leadership styles were identified as the most popular among the various theories of leadership and motivation relating to effective organizational change management. Burns (ibid) differentiates between transactional and transformational leadership and takes the two styles as extreme ends of spectrum. Even if the two have similarities, the transactional leadership theory and the transformational leadership theory are different and have different explicabilities.

Transactional theory, as its name implies, involves a transaction or exchange between a supervisor and a subordinate. The exchange involves promises or commitments guided by respect and trust. Jung (2001) also defines transactional leadership as leader's talent in picking the subordinates' needs and aspirations. The aim of the transactional leader is to ensure that all the stakeholders have a clear understanding of the goals and the potential barriers within the system (Bennis, 2007). The leader focuses on involving stakeholders to take up the responsibilities required for the organization to achieve its desired goals. The employee's

performance is the one that determines the type of the exchange whether a reward or discipline. Transactional leaders exhibit both positive and remedial behaviours.

In other words, transactional leadership encourages subordinates to act in accordance to the leader's expectation so that they are rewarded or promoted. Research also shows that making subordinates well versed with their job obligations and recognized aims is a very crucial aspect of transactional leadership style (Lo, Ramayah & Min, 2009; Janssen & Yperen, 2004) acknowledge that transactional leadership helps the efficiency by attracting innovative job performance and job satisfaction. Their research concluded that transactional leadership has significant impact on employee performance and job satisfaction.

On the other hand, transformational leadership is the leader's ability to influence followers to excel and perform above their own personal goals for the benefit of the organization (Berson & Popper, 2001). Followers of transformational leaders feel admiration, trust, loyalty and respect towards the leader and they are motivated to go an extra mile. Transformational leadership creates a valuable and positive change in its followers. The leader in this case focuses on 'changing' others, helping each other and encouraging them to pay attention towards the entire organization. In their studies, Berson & Popper (2001) indicate that transformational leadership is important for innovation being implemented by the organization in the era of stiff competition. Various studies over a long period of time on this area have strongly supported this position (Wang et al., 2011).

According to Larsson & Lundholm (2010) transformational leadership is moulded through discussions between the leaders and follower. They also highlights that there is not enough

leadership studies focusing on day to day exchanges. According to Conger & Kanungo (1998) and Shamir, House & Arthur (1993) transformational leaders have an influence on their followers on an individual level to the extent that this influence will also affect group and institutional level performance. Transformational leadership style emphasises the personal growth of employees and their needs. Leaders who make use of transformational leadership style focus on the progress of value system of followers, their level of motivational and moral levels with the enlargement of their skills (Ismail et al., 2009). This leadership style acts as a link between managers and employees in the nurturing of latter's values, interests and level of motivation.

## **2. The concept of performance**

Performance is a relative concept defined in terms of some referent employing a complex set of time-based measurements of generating future results. Hence performance appraisal is the logical evaluation of the employees' performance so as to understand their abilities for further growth and developments. It is important to measure employee performance to make sure a company is meeting its goals. It also helps in terms of budgeting, determine effective management strategies, finding areas that need improvement and determining potential areas for collaboration. Without measuring performance, an organization cannot place a value on employee activities and management activities (Mathews, 2010). Thus, employee performance is defined as a motivational state of cognizance influenced by the factors of psychological meaningfulness, availability or readiness and security which are influenced by situational features of the job atmosphere (May, et al , 2004); Macey & Schneider, 2008)

### 3. Theoretical and Conceptual Frameworks

The research is situated within the framework of Fiedler's (1964) contingency theory. This theory argues that the leader's ability to lead is contingent upon several situational factors, including the leaders' preferred style, the capabilities and behaviours of workers that depend heavily on the situational factors. This theory is used to measure the efficiency of a group's performance based on the leadership style and situations. The leadership style is the regular system of exchange that transpires between a leader and a work group. According to the model there are two types of leadership styles, task-motivated and relationship-motivated models. Fiedler upheld the position that leaders have more influence if they maintain good relationships with group members who like, respect and trust them than if they do not. These same factors respect, trust and shared vision are the pillars of the modern transformational leadership style in influencing employee performance.

Another tenet of the framework is known as situational favorableness which is the extent to which a situation enables a leader to exert influence over a group. There are three key situational factors which are namely leader-member, task structure and position power. Leader member refers to the degree to which employees accept the leader while task structure referring to the degree to which the subordinate jobs are described in detail or how clearly goals and procedures are defined. Lastly, position power means the amount of formal authority the leader possesses by virtue of his or her position in the organization or capability of the leader to use reward and punishment to control group members.

The theory also indicated that employees can grow a sense of obligation, according to the norm of reciprocity, an employee might engage in organizational citizenship behaviours or counterproductive work behaviours as a mutual action rewarding past leadership practices, especially those directed at employee improvement and organizational status. The researcher therefore contended that social exchange dynamics and identification processes can interact together to reinforce the impact of leadership styles and actions.

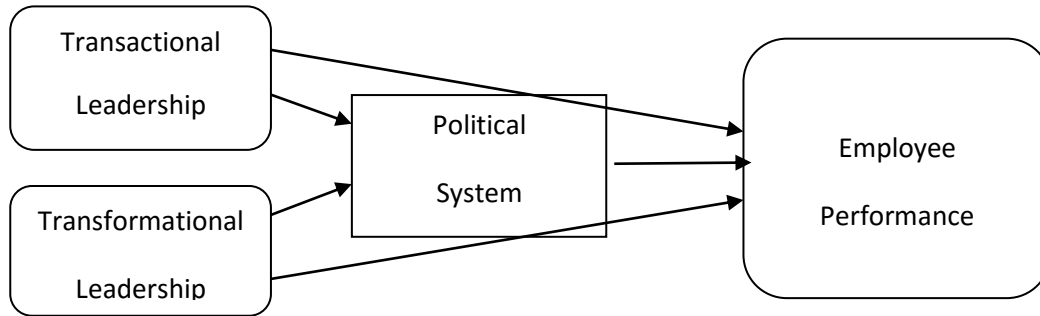
In this study, employee performance is the dependent variable and is considered as the as the execution of work, acts, feats. It can also be taken as the ability of employees to meet institutional tasks, requirements, goals and objectives through planned investment into organizing, executing and accomplishing duties and responsibilities in the shortest possible period (Adair, 2012). As a result, usually performance is identified with effectiveness and efficiency or simply the job related functions expected of an employee and how well those activities were accomplished. The solidity of the two variables performance and leadership must be clear through style and approach by the leaders in order to stimulate effectiveness and efficiency which are results of unique leadership styles to specific performance problems (Bennis, 2007; Wang et al 2010).

According to Levine and Crom (2013) leadership is about giving followers an opportunity to contribute when coming up with resolutions and management of problems. Leadership can be also explained as the skill to use managerial competencies to structure performance processes by stimulating, igniting and motivating staff members to accomplish set organizational goals and objectives. The guideline for leadership was drawn along transactional and transformational

Journal of Business Management Science

leadership styles. The model below suggests a relationship between leadership style, political system and employee performance.

Figure 1: Conceptual relationship between leadership style and employee performance in the context of political interference



Source: creation by authors

The model above examines perceptions of a political system as a mediator in the relationship between leadership and employee performance. The rationale for this model is based on several theories such as the situational factor leader-member exchange theory (Wang et al., 2005) and the social-exchange theory (Blau, 2004). According to these theories, it is the leaders' responsibility to create an organizational atmosphere that is reciprocal, fair, and fulfils the expectations and needs of the individuals and the managerial cadres. The framework above also presupposes that there are two leadership styles practiced in the transport sector which may require different situations to be effective. However, the political system and government bureaucracy can be a huge obstruction to employee performance. The leadership styles, transactional and transformational are influential in according appropriate leadership tools to the supervisors and managers in the execution of duties and responsibilities of the parastatals. These styles are important in stimulating employee performance that would be manifested in the increased execution of duties, meeting deadlines, increasing team chemistry and consequently



achieving departmental goals. However, for the transport sector, it was clear political system affects leadership whereby the management decisions and styles are influenced by politics. This is evident from the structure of the organisation and the office bearers of most influential management positions who are mostly former active political activists or security service personnel.

The study looks into leadership styles being employed by the managers; that is all staff members who hold a supervisory role or staff members with grade C1 and above according to the Paterson Grading system currently used by transport sector on employee performance. This is with the objectives to establish the relationship between the leadership styles and employee performance in the transport sector. The hypothesis for this study is that there is a significant relationship between leadership style and employee performance.

#### **4. Research methodology**

From the 57 managers in the transport sector, 48 (84%) were chosen using stratified random sampling. From the population of 391 raters, a sample size of 175 (45%) was chosen. To measure the leadership style, a Multi Leadership Questionnaire (MLQ) was administered to both managers and the subordinates/raters in the government related transport sector and then perusal of employee's performance appraisal records of each leader's subordinates.

To measure employee performance, the researcher made use of some documentary analysis procedure. This procedure is a performance measurement system called the results based management (RBM) that embraces the transport sector's stated values and seeks to ensure fairness, objectivity and consistency, while allowing sufficient flexibility to create the

appropriate climate for positive interaction, communication and feedback regarding employee performance.

Using this RBM key result areas or measurement units are clearly spelt and weight is allocated to each unit. With the RBM performance is measured in terms of three factors namely: Quality, Quantity and Timeliness. The actual performance is indicated against each performance target and score. In the transport sector the assessment is normally done quarterly and the rating being used ranges from 1 up to 6, 1 representing nothing accomplished, 2 representing performance below standards and 6 representing performance clearly exceeding target.

The data from the two were then captured and inspected using descriptive statistics and frequency tables. This was followed by testing the hypothesis and analysis and discussion of the data.

## **5. Results and discussion**

The study aims at analyzing the influence of leadership styles on employee performance in parastatals in the transport sector. For the leader questionnaire version, 48 questionnaires were distributed to the managers in the sample population. The questionnaires returned were 34 giving a response rate of 71%. For the 'Rater' version, 175 questionnaires were distributed to the raters in the sample population, 144 questionnaires were returned giving a response rate of 82%. In total, the response rate was 80% as shown in Table 3 below

**Table 4: Response Rate**

	<b>Managers</b>	<b>Raters</b>	<b>Total</b>
Population	57	391	448
Sample chosen	48	175	223
Returned questionnaires	34	144	178
Response Rate	71%	82%	80%

Each question in the (MLQ) questionnaire has the five optional answers: 0. Strongly disagree, 1. Disagree, 2. Neutral, 3. Agree, 4. strongly agree, this is called the Likert scale. The various questions were categorized into transformational, transactional or laissez-faire leadership style, depending on the direction of the question. For the employee performance rating, the performance descriptions are as follows: 1. nothing was accomplished, 2. Performance below set targets – below variance, 3. Performance below set targets – but within variance, 4. Met all agreed set targets, 5. Performance above set targets – but within variance, 6. Clearly exceeds set targets – beyond variance.

The data received from the respondents were processed by means of statistical analysis to test the research hypothesis and the possible relationships between the research variables. The research package SPSS (SPSS version 20) was used to process the data in this study. Tests were carried for correlation through the use of Pearson Coefficient correlation or association to test whether the hypothesis generated can be accepted or rejected.

**6. Descriptive statistics for the independent variables**

Journal of Business Management Science

The first step in analysing the data was to calculate Multifactor Leadership Questionnaire scores for each participant and all the respondents, i.e. the Mean, Standard Deviation, Minimum and Maximum as shown in Table below.

**Descriptive Statistics for MLQ Subscales**

Leadership Factor	N	Mean	Stan Dev	Min	Max
Idealised Attributes	178	2.5955	0.6628	1.25	4.00
Idealised Behaviour	178	2.9115	0.4528	2.00	3.75
Inspirational Motivation	178	3.0126	0.5065	2.25	4.00
Intellectual Stimulation	178	2.6503	0.4628	1.75	3.75
Individual Consideration	178	2.1236	0.6429	0.5	3.25
<b>Transformational</b>	<b>178</b>	<b>2.6587</b>	<b>0.3035</b>	<b>1.90</b>	<b>3.45</b>
Contingent Reward	178	2.8048	0.6532	1.25	4.00
Mgmt By Exception – Active	178	1.7416	1.0157	0.00	4.00
Mgmt By Exception – Passive	178	0.8879	0.5070	0.00	2.00
<b>Transactional</b>	<b>178</b>	<b>1.8113</b>	<b>0.4670</b>	<b>1.00</b>	<b>3.00</b>

The midpoint of the scale used on the MLQ is 1.5, any scores above 1.5 indicates a positive attitude to this style while a score below 1.5 would indicate a negative attitude to the style.

Average scores of greater or equal to 3.00 for all transformational leadership factors were suggested by Bass and Avolio (2003) for effective leadership. This research produced average score of 2.6587 for transformational leadership style which is less than what Bass and Avolio (2003) suggested. This can mean that leaders at transport sector are not exhibiting levels of Individualised Consideration, Intellectual Stimulation, Idealised Behaviour and Idealised Attributed except Inspirational Motivation that has a score of 3.0126 which is above the suggested 3.

As for the transactional leadership scores, Bass and Avolio (2003) suggested an average score of 2 for contingent reward but this research produced a higher score of 2.8048, for management-by-exception (active) was 1.0 to 2.0 and the mean score obtained from this research was 1.74, which

is slightly above the midpoint of the range. They also suggested score 1.00 for management-by-exception- passive and research produced 0.8879 score.

### 7. The influence of leadership styles on employee performance

In order to establish whether there is any linear relationship between transformational leadership, transactional leadership and employee performance the Person correlation coefficient was used and this is usually denoted by (r). The table below shows the correlations and associated p-values based on the employee performance ratings.

Correlations between employee performance and the two leadership styles

Marked correlations are significant at the 5% level of significance. N = 178 (Casewise deletion of missing data)		
	Transformational Leadership	Transactional Leadership
Employee Performance	0.6 *p = 0.424	0.83 *p = 0.271

From Table 14 above, correlation analysis shows clearly that there is a strong, positive linear relationship between employee performance and transformational leadership ( $r = 0.6$ ,  $p = 0.424$ ), however the relationship is weaker compared to the one for employee performance and transactional leadership which is a very strong positive linear relationship ( $r = 0.83$ ,  $p = 0.271$ ).

### 8. Hypothesis Testing

The hypothesis in this study is that there is no relationship between leadership (transformational and transactional) styles on employee performance in transport sector. To test this hypothesis and come up with a conclusion Chi-square tests were done on the employee performance and transformational leadership data using SPSS, the findings are presented on the table below:

Journal of Business Management Science

Chi-Square Tests for Employee performance and Transformational Leadership

	Value	Df	Asymp. Sig. (2-sided)
Pearson Chi-Square	170.828 <sup>a</sup>	69	.000
N of Valid Cases	178		

The table above shows that the significance level is 0.000 which is less than 0.05. Therefore, the researcher rejects the null hypothesis (Ho) and concludes that there is sufficient evidence that at the 5% level of significance, there is a significant relationship between transformational leadership and employee performance. These findings imply that the aspects of transformational leadership are important for employee performance. This data also implies that employees believe that they would want leaders who instil pride in them, display sense of power and confidence, talk optimistically about the future and enthusiastically about what need to be accomplished.

For the transactional leadership, the findings are presented on the table below:

Chi-Square Tests Employee performance and Transactional leadership

	Value	Df	Asymp. Sig. (2-sided)
Pearson Chi-Square	104.730 <sup>a</sup>	21	.000
N of Valid Cases	178		

As shown in the table above Pearson Chi-square significance level is 0.000 which is less than 0.05. Therefore, the researcher rejects the null hypothesis (Ho) and concludes that there is sufficient evidence that at the 5% level of significance, there is a significant relationship between transactional leadership and employee performance. This means that transactional leadership

factors just like transformational factors also important factors in influencing employee performance.

The results of this research indicate that transactional leadership style has significant positive effect on employee performance supported by a high correlation coefficient of 0.83, the effect of transformational leadership style on performance is positive but less significant due to a low correlation coefficient of 0.6. A possible reason for this is that the employees of transport sector are mostly less educated, skilled and experienced professionals (46% of the workforce has secondary education only and no any other qualification). These results are also consistent with the study carried out by Koh et al. (1995) that there is a significant relationship between transformational and transactional leadership and employee performance. They are also in line with research by Sundi (2013) that concluded that there is a positive and significant effect of both transformational and transactional leadership style on job satisfaction of employees.

These findings are in support of the idea that transactional and transformational leadership styles cannot be strictly separated and both are not conflicting leadership styles (Bass and Avolio, 2003). The two leadership styles transformational and transactional are important and needed for the success of transport sector. Parastatals need vision, encouragement, and commitment spearheaded by transformational leaders. But parastatals also require having transactional leaders to provide direction to focus on and reward work done properly. Neither transactional leadership style alone can be applied nor transformational leadership can replace the transactional leadership style. The findings of this research can also mean that transactional factors such as contingent reward and management by exception compared to transformational factors such as

inspirational motivation and intellectual stimulation and individual consideration could be more appropriate leadership factors in order to induce high employee perform.

## 9. Conclusions and recommendations

On the basis of the findings of this research, it can be concluded that leadership style effects employee performance. The study found that transactional leadership style plays a greater role in influencing employee performance in comparison to the transformational leadership style.

To ensure long-term organisational survival and high employee performance the transport sector, employees need to be motivated to go beyond ordinary expectations by appealing to their higher order needs and moral values. Involving subordinates in decision making especially if the decisions affect them creates a sense of ownership for the decision made making implementation easier. In addition, two way communication affect employee performance, communication with feedback enables the organisation to effectively tackle challenges before they get out of control.

The findings indicated that both transactional and transformational leadership styles have a positive relationship with employee performance. Although transactional leadership has a stronger relationship compared to transformational leadership style, transport sector leaders would need to blend the two styles in execution of duties instead of using only one. Leaders at all levels must be given an opportunity for further training have an appreciation of the management area and learn how to effectively manage people.



REFERENCES

1. Adair, J. (2012). Action centred leadership. Australian Tour.
2. Bass, B. M., Avolio, B. J., & Jung, D. I. (2003). Re-examining the components of transformational and transactional leadership. *Psychology Journal*, 72, 441-462.
3. Bennis, W., (2007). *Leaders: The Strategy for Taking Charge*. New York: Harper and Row Publishers.
4. Berson, Y. and Popper, M. (2001). The relationship between vision strength, leadership style, and context. *The Leadership Quarterly*, 12, 53-73.
5. Blau, P. (2004). *Exchange and power in social life*. New York: Wiley.
6. Conger, J.A and Kanungo, M.A. (1998). The empowerment process: Integrating theory and practice. *Academy of Management Review* 13: 471-483
7. Fiedler, F. E. (1994). *Leadership Experience and Leadership Performance*, Alexandria, VA: US Army
8. Ismail A, Halim F. A, Munna D. N, Abdullah A, Shminan A. S, Muda A. L. (2009). The mediating effect of empowerment in the relationship between transformational leadership and service quality. *J. Bus. Manage.*, 4(4), 3-12.
9. Janssen, O., & Yperen, N. W. (2004). Employees' goal orientations, the quality of Leader-member exchange, and the outcomes of job satisfaction and job performance. *Academy of Management Journal*, 47(3) , 368–384.
10. Koh, W. L., Steers, R. M., & Terborg, J. R. (1995). The effects of transformational leadership on teacher attitudes and student performance in Singapore. *Journal of organizational behavior*, 16(4), 319-333.
11. Larsson, M., & Lundholm, S. E. (2010). Leadership as work-embedded influence: A micro-discursive analysis of an everyday interaction in a bank. *Leadership*, 6(2), 159-184.
12. Levine, S.R., & Crom, M.A. (2013). *The leadership in you*. New York: Pocket books.
13. Lo, M. C., Ramayah, T., & Min, H. W. (2009). Leadership styles and organizational commitment. *African Journal of Marketing Management*, 1(6), 133-139.
14. Macey, W. H., & Schneider, B. (2008). The meaning of employee engagement. *Industrial and organizational Psychology*, 1(1), 3-30.

15. Mathews, W. (2010). Just like starting over. *Communication World*, 27, 16-21. *Psychological Methods*, 12, 23-44. doi:10.1037/1082-989X.12.1.23
16. May, D. R., Gilson, R. L., & Harter, L. M. (2004). The psychological conditions of meaningfulness, safety and availability and the engagement of the human spirit at work. *Journal of Occupational and Organizational Psychology*, 77, 11-37.
17. Sundi, K. (2013). Effect of Transformational Leadership and Transactional Leadership on Employee Performance of Konawe Education Department at Southeast Sulawesi. *International Journal of Business and Management Invention*.
18. Shamir, B., House, R. J., & Arthur, M. B. (1993). The motivational effects of charismatic leadership: A self-concept based theory. *Organization science*, 4(4), 577-594.
19. Wang, H., Law, K. S., Hackett, R. D., & Chen, Z. (2005). Leader-member exchange as a mediator of the relationship between transformational leadership and followers' performance and organizational citizenship behavior. *Academy of Management Journal*, 48, 420-432.

