

# The Effect of Achievement Oriented leadership Style on the Performance of COYA Senior Managers in Kenya

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**Abstract:** The aspect of leadership styles and employee performance has been a subject of discussion for a long time. By the mere fact that many researchers have paid attention to this area, shows how critical leadership styles are to employee performance. The purpose of this study was to investigate the effects of achievement-oriented leadership style on the performance of senior managers of the Company of the Year Award (COYA) winning companies in Kenya and adopted a descriptive correlational design. The population was made up of the 13 companies that won COYA during the years 2010 to 2013. A census was used to survey the 84 senior managers who report directly to the CEOs of the 13 companies. Self-administered questionnaires were used to collect data. Descriptive and inferential techniques were used to analyze data using the statistical program for social sciences (SPSS) version 20 as a tool.

The findings indicated that the application of achievement oriented leadership style has a significant positive effects on employee performance. A Chi-square test to determine this established that the achievement oriented leadership style affected employee performance at  $\chi^2 (3, N=69) = 8.773, p < .045$ . The analysis of variance showed that achievement oriented leadership style significantly affected the performance of employees,  $F (.120) = 2.406$ . On regression, the coefficient of determination ( $R^2$ ) showed a strong positive relationship between achievement oriented leadership style and employee performance. The findings indicate an  $R^2$  of 0.343, which means that this leadership style affects employee performance by 34.3 percent.

**Keywords:** Employees, Influence, Leadership, Leadership Styles, Performance, Managers.

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## 1. INTRODUCTION

According to Malik, Aziz and Hassan (2014), there is a significant relationship between employee acceptance of the leader with the leadership style applied and the situational factors at hand. Northouse (2014) extends on this view by stating that a leadership style affects subordinates' acceptance of a leader and can be used to predict the level of employee performance. There is therefore, a significant relationship between linear combination of the four leadership behaviors (directive, supportive, participative and achievements-oriented) and subordinate's acceptance of leader in line with how it impacts followers' performance. Yiing and Ahmad (2009) revealed that path goal leadership styles are significantly related to organizational commitment, and that organizational culture plays an important role in moderating this relationship hence positive employee performance. On the other front, Zabihi and Hashemzehi (2012) state that there is significant relationship between leadership styles of goal-path theory and employee performance too.

Machuki, Aosa, and Letting' (2012) established that there is strong positive relationship between the style of leadership applied and performance of employees which leads to high productivity. Nderu (2013) noted that today's organizational environment is proving to be very different from that of the past. The author pointed out that global competition, information technology, the quality service revolution, and diversity and ethics are forcing leadership of all types of organizations to totally rethink their style of approach to both operation and human resources aspects. As a result of this paradigm shift, new leadership styles are emerging that are more responsive to both their internal and external environments with the goal of performing better and gaining competitive advantage within their industries (Machuki, 2012). Koech and Namusonge (2012) recommended that managers should discard laissez-faire leadership style and adopt a more involving style in guiding their subordinates; public managers should also formulate and implement effective reward & recognition systems (Nderu 2013).

## 2. STATEMENT OF THE PROBLEM

The problem of poor performance is strongly linked to a leader's style of doing things in a company. This is no exception when it comes to the companies that won the COYA between 2010 and 2013. One would expect that since these companies are high end performers then employee performance should also be at its best all the time. However, literature shows at these companies are faced with employee performance challenges from a leadership perspective. The Insurance industry has been characterized by huge losses due to high rate of turnover of the agents (Omboi & Kubai, 2011). Nairobi Bottlers Company experienced an increasing employee turnover rate in the year 2011 to 2013. The negative effects of this were felt in the performance of the employees which ranged from loss of productivity, diminished morale, strained communication between management and employees and increased costs of hiring and training new employees (Kimuyu, 2014). Blow Plast company needs to acquire competitive strategy for better customer service (Awuor & Manyallah, 2013). Lastly, improvement of the operational performance of smallholder dairy farmers (Githunguri dairy) remains one of the major challenges in Kenya (Nkoidila, 2015). This study addressed gaps in literature as well as policy as follows. Fenwick and Gayle (2008) concluded that despite a hypothesized leadership-performance relationship suggested by some researchers, current findings are inconclusive and difficult to interpret. There is need to realize that much is not known about how a leadership style can be applied effectively to enhance employee performance thus gaps and unanswered questions remain (Mohammed, Yusuf and Sanni, 2014). Another study gap is identified by Schriesheim, Castro, Zhou, and DeChurch (2006) who stated that future research that replicates and further extends the current investigation on the path- goal theory and employee performance appears quite desirable. As a result, this statement became a motivational factor for this study since there are not many studies on COYA winning companies in Kenya using the Path-goal theory.

### *Purpose of the Study*

The purpose of this study was to investigate the effect of achievement oriented leadership style on the performance of COYA senior managers in Kenya.

## 3. LITERATURE REVIEW

According to Negrón (2008), achievement-oriented leadership style mainly talks about managers setting challenging goals for the subordinates. As the high goals are set, there is expectation that they will lead to high level of employee performance. Based on this discussion, it becomes evident that the path-goal theory looks at how fluid the four identified styles are. This means that not one style may necessarily operate independently but any can be applied depending on the situation that the leader is facing (Northouse, 2013).

Achievement oriented leadership style is characterized by leadership developing goals that are highly challenging for the followers. Leaders do this because they expect the followers to perform at their best levels. It is most effective in professional work environments, such as technical, scientific; or in achievement environments, such as sales (Luthan, 2011). In setting challenging goals, both in work and in self-improvement (and often together), high standards are demonstrated and expected (Phillips & Gully, 2012). By setting challenging targets for the followers, the employees feel that their leader has confidence in them even when the situation is complex and not so easy to comprehend (Moorhead &

Griffin, 2012). This style mainly talks about leaders setting challenging goals for the subordinates. The requirements for effective goal setting are discussed below.

Experience has demonstrated that initiative and inspiration are key factors for goal setting. Understanding forecasting, coordination, and controlling functions in an organization are all vital preconditions for successful accomplishing of organizational objectives, mission, and vision (Hersey & Blanchard, 2010). It is viewed that spurred and fulfilled people can guarantee the survival, the development of an organization in a profoundly indeterminate environment in view of the solid impact leadership has on employees (Hellriegel & Slocum, 2012). High or superior employee performance is therefore, related to the leadership style applied in meeting the followers' needs. This has led to numerous studies which have attempted to give an answer as to which leadership style is the most appropriate. This mission has brought about critical initiative speculations and suggestions as to how best leadership can bring about effective goal setting.

In summary, the concepts of leadership styles and quality management practices are very critical in organizations. The application of these concepts often determines how organizations achieve their goals and objectives (Khan, 2011). Even though these concepts are related to a greater extent, they also differ in terms of their meaning and application in the organizations. It is important to point out that in as much as they may be different concepts, the success of each of these approaches in the organization depends on the working of the other; that is, when applied in a given organization, the two are rarely separable because they are intertwined (Goetsch & Davis, 2013).

According to Robbins (2014) achievement oriented style brings about organizational commitment which refers to the degree of identification and participation that employees have with their organization's mission, values and goals. Organizational commitment is a multidimensional concept that consists of affective commitment, normative commitment and endurance commitment. Allen and Meyer (2007) define affective commitment as the employee's emotional affection to, identify with, and involve self in the organization. Continuance component is defined as commitment that is based on the costs that the employee associates with leaving the organization, while normative component is defined as the employee's feelings of obligation to remain with the organization (Chhabra, 2013).

In order to meet the needs of the highly competitive markets, firms must continually increase profitability (Arslan & Staub 2013). Prior literature suggests that role of leadership is critically important for achieving good employee performance in their organizations (Boal & Hooijberg 2010; Peterson, Smith, Martorana & Owens 2013). However, the findings of prior studies about the role of leadership in increasing performance are mixed. According to Cannella, Finkelstein and Hambrick (2008), the role of leadership is crucially significant for a company to achieve a high level of employee performance. However, some other studies suggest that role of leadership is not so vital in accomplishing the performance.

#### **4. RESEARCH METHODOLOGY**

##### ***Participants***

The study population was made up of the 13 companies that won COYA during the years 2010 to 2013. These companies were; Crown Paints, Blow Plast, Nation Media Group, Mabati Rolling Mills, Barclays Bank Ltd, Gulf Bank, Githunguri Dairy, Toyota East Africa, Kenya Wildlife Services, Nairobi Bottlers, Pan Africa Life, BRITAM and Jubilee Insurance. A census was used to survey the 84 senior managers who report directly to the CEOs of the 13 companies.

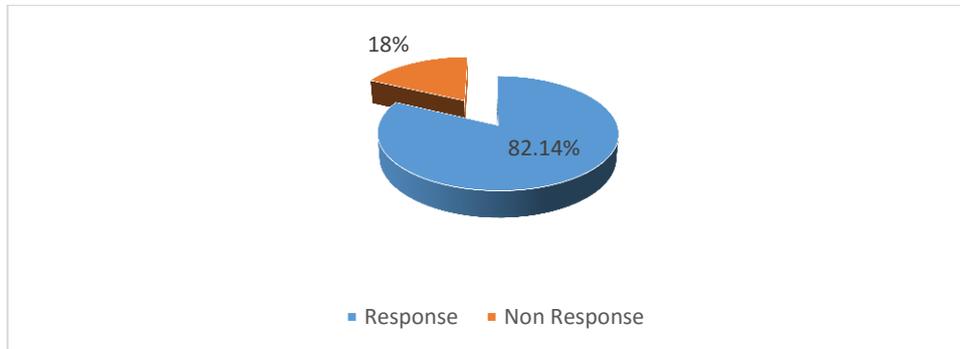
##### ***Design***

The study adopted a descriptive correlational approach which sought to determine the effect of achievement oriented leadership style on the performance among senior managers of the COYA winners. Self-administered questionnaires were used to collect data. Descriptive and inferential statistical techniques were used to analyze the collected data. The data was then presented in the form of frequency distributions, means and charts for descriptive statistics whereas tables and figures were used to present inferential statistics. The statistical program for social sciences (SPSS) was used as a tool in data analysis.

**Results**

Of the 84 questionnaires distributed, only 69 were filled and returned representing 82.14% response rate as illustrated in figure 1.

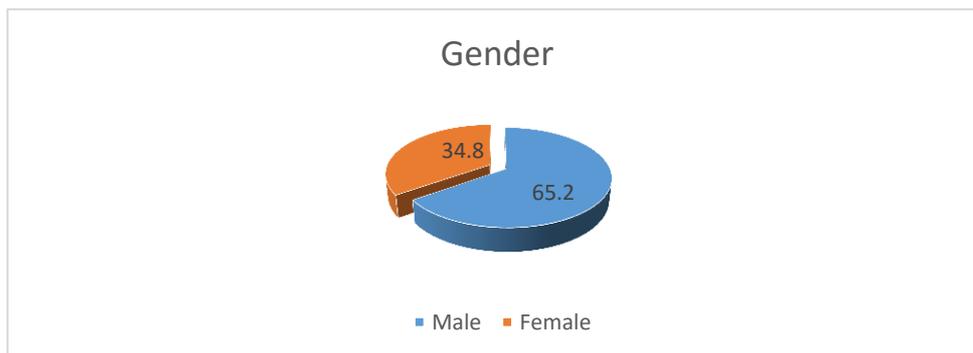
**Descriptive Statistics**



**Figure 1: Response Rate**

**Classification of Respondents by Gender**

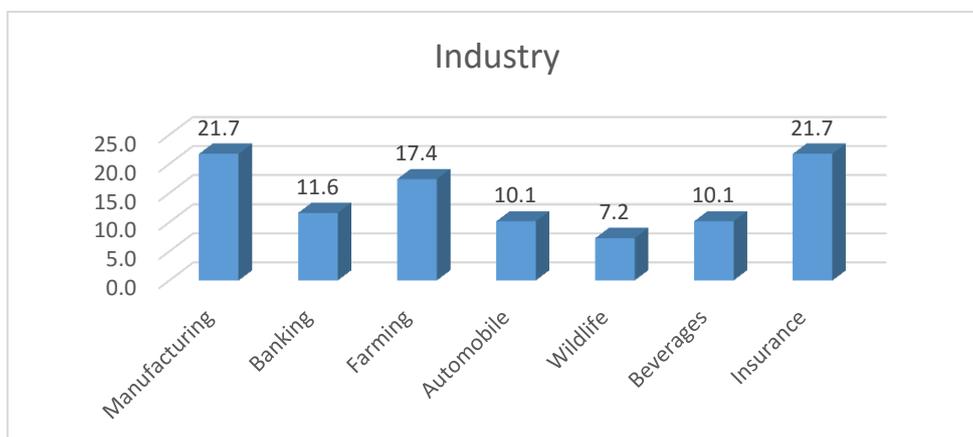
The gender distribution of this study shows that 65.2% of the respondents were male whereas female accounted for 34.8%. This indicates that majority of the senior managers in the 13 COYA winners were male as illustrated in figure 2.



**Figure 2: Classification of Respondents by Gender**

**Classification of the Respondents by Industry**

The results showed that majority of the responses came from the manufacturing and insurance sectors which accounted for 21.7% each, farming had 17.4% and banking 11.6% as illustrated in figure 3.



**Figure 3: Classification of Respondents by Industry**

5. INFERENCE STATISTICS

*ANOVA on Achievement Oriented Leadership on Employee Performance*

A main effect of effect of achievement oriented style on employee performance was found,  $F (.120) = 2.406$ . The ANOVA table produced an f- statistic of .083 while the p-value was .021 as shown in Table 1.

**Table 1: ANOVA on Achievement Oriented Leadership and Employee Performance**

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	.120	2	.060	.083	.021
	Residual	47.706	66	.723		
	Total	47.826	68			
a. Predictors: (Constant), Achievement oriented leadership style						
b. Dependent Variable: Employee performance						

*Chi-Square Tests on Achievement Oriented Leadership on Employee Performance*

A Chi-square test of independence was calculated comparing the frequency of relationship between achievements oriented leadership style and employee performance. A significant interaction was found  $\chi^2(3, N=69) = 8.773$ ,  $p < .045$  as shown in Table 2. The results show that achievement oriented leadership style was likely to improve the performance of the employee.

**Table 2: Chi-Square Tests on Achievement Oriented Leadership on Employee Performance**

Chi-Square Tests			
	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	8.773 <sup>a</sup>	9	.045
Likelihood Ratio	7.759	9	.559
Linear-by-Linear Association	.440	1	.507
N of Valid Cases	69		
a. 8 cells (66.7%) have expected count less than 5. The minimum expected count is .10.			

*Correlation of Achievement- Oriented leadership style and Employee performance*

Table 3 shows the relationship between achievement- oriented leadership style and performance of the employees. The table shows that employees are given constant feedback on their goal performance was correlated to the employee goals set by the leadership are specific and clear at ( $r=0.435^{**}$ ,  $p<0.01$ ,  $N=69$ ), the goals assigned to the employees are in line with the company strategic plan at ( $r=0.456^{**}$ ,  $p<0.01$ ,  $N=69$ ), employees design their own strategies for accomplishing the given goals at ( $r=0.239^*$ ,  $P<0.01$ ,  $N=69$ ), there is a reward system in place for employees who attain the given goals at ( $r=0.531^{**}$ ,  $P<0.01$ ,  $N=69$ ) and allocated goals are always accomplished within timelines at ( $r=0.407^{**}$ ,  $P<0.01$ ,  $N=69$ ).

**Table 3: Correlation of Achievement-Oriented leadership and Employee performance**

	Employees are given constant feedback on their goal performance		
	Pearson Correlation	Sig. (2-tailed)	N
The employee goals set by the leadership are specific and clear	.435**	0	69
The goals assigned to the employees are in line with the company strategic plan	.456**	0	69
Employees design their own strategies for accomplishing the given goals	.239*	0.048	69
There is a reward system in place for those who attain the given goals	.531**	0	69
Allocated goals are always accomplished within timelines	.407**	0.001	69
**. Correlation is significant at the 0.01 level (2-tailed).			
*. Correlation is significant at the 0.05 level (2-tailed).			

**Regression of Achievement-Oriented Leadership Style and Performance of the Employee**

The information sought in this section was whether the employee performance has a linear dependence on achievement-oriented leadership style. Multiple regression analysis was used to test if the employee performance has a linear dependence on the choice of a leadership style (achievement-oriented leadership style). The results of the regression show an R-square value of 0.343 and adjusted to 0.141. The coefficient of determination established that application of achievement-oriented leadership style brought about 14.1% variations in the performance of the employee. The coefficient of determination ( $R^2$ ) showed a strong positive relationship as the value of  $R^2$  was equal to 0.1 ( $R^2 > 0.1$ ). Therefore, the model summary explains the strength of the relationship ( $r=.586$ ) and prediction of 34.3% employee performance was based on achievement oriented leadership style while the remaining 65.7% of performance are caused by other variables as shown in Table 4.

**Table 4: Regression between Achievement-Oriented Leadership style and Employee Performance (Model Summary)**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					Beta	F Change	df1	df2	Sig. F Change
1	.586 <sup>a</sup>	0.343	0.14	2.09	2.142	.757	1	62	.018
a. Predictors: (Constant), Achievement Oriented Leadership Style									
b. Predictors: (Constant), Employee performance									

**Table 5: Coefficients on Achievement-Oriented Leadership style and Employee Performance**

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	4.239	2.421		1.751	.001
	Achievement oriented leadership	.133	.224	.112	.593	.002
a. Dependent Variable: performance						

In the regression coefficients model, the analysis shows that achievement oriented leadership style statistically predict value of employee performance (Beta = .112,  $t(68) = .593$ ,  $p=.001 < .002$ ). The beta weight gauges the importance of explanatory variable across the model and is positive on the achievement oriented leadership style, Beta of .112 and statistically significant at  $p<.05$ . This means, one unit of increase in achievement oriented leadership style increases the unit of employee performance by .133 with the influence of moderating variable.

**Regression Equation:**

$$y = \beta_0 + \beta_1x_i + \epsilon$$

$$Y= 4.239 + 0.112X + 0.224$$

**6. DISCUSSIONS**

This study sought to establish the effect of achievement oriented leadership style on employee performance. And sought to get information on the analysis of how achievement oriented leadership style affect the performance of employees in an organization. The study sought to establish the coefficient between achievements oriented leadership style and employee performance, the correlation as well as regression between achievement oriented style and employee performance. When asked what they felt about whether leaders having confidence in the ability of employees to successfully accomplish allocated tasks 85.5% of the respondents agreed or strongly agreed. On the other hand 94.3% of the respondents felt that the application of achievement- oriented leadership style brought about customer satisfaction. 88.4% of the respondents agreed and strongly agreed that the use of achievement- oriented leadership style has improved the quality of goods/service offered by employees and finally 81% agreed and strongly agreed that leaders inform employees that high level performance is expected of them. Next the study analyzed the coefficient of achievement oriented leadership style

on employee performance. The coefficient table obtained a degree of relationship between the variables that represented measures of employee performance. The table obtained a constant of 4.239. The analysis shows achievement oriented leadership style statistically predict value of employee performance (Beta = .112,  $t(68) = .593$ ,  $p = .001 < .002$ ). The beta weight gauges the importance of explanatory variable across the model and is positive on the achievement oriented leadership style, Beta of .112 and statistically significant at  $p < .05$ . The study also did ANOVA on the main effect of achievement oriented style on employee performance and obtained an  $F(.120) = 2.406$   $p = 0.083$  which illustrated that application of achievement oriented leadership style leads to high employee performance. The regression analysis tested the relationship between the application of achievement oriented leadership style and the employee performance. The regression analysis findings were  $F(.757) = 0.586$ ,  $p < 0.018$  with an R square of 0.343 with indicated that the 34.3% employee performance was based on achievement oriented leadership style while the remaining 65.7% of performance are caused by other variables.

## 7. CONCLUSION

On the effect of achievement - oriented leadership style on employee performance, the vast majority of respondents overwhelm agreed that goals assigned to the employees are in line with the company strategic plan. There is a reward system in place for those who attain the given goals and employees design their own strategies for accomplishing the given goals were the highly significant factors. The study established a significant positive effect of applying achievement-oriented leadership style and the performance of the employee, though the study established that there was no auto correlation between the two factors. The study concludes that well set rewards systems and employees independence lead to high employee performance.

### *Recommendations for Improvement*

Based on the findings, the study strongly recommends the application of this style. Leaders should go an extra mile to create working reward systems with clear benefits for the employees who effectively attain the set goals. Companies should also create an environment that supports employees in designing their own strategies for accomplishing the given goals.

### *Recommendation for Further Studies*

This study recommends that further research be carried out on the same topic but focusing on companies from a specific industry. This study also recommends that further research may also be carried out on how leadership styles impact employee performance, not only among winners of the COYA, but among all the companies that participated in the exercise including the ones that did not win any award. Lastly, the study recommends that future research looks at leadership and employee performance using other leadership theories apart from the path- goal theory.

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