The Effect Of Participative Leadership Style On The Performance Of COYA Senior Managers In Kenya

George W. Lumbasi
Chandaria School of Business Administration, United States International University- Africa, P.O. Box, 14634-00800, Nairobi, Kenya

Dr. George O. K’Aol
Chandaria School of Business Administration, United States International University- Africa, P.O. Box, 14634-00800, Nairobi, Kenya

Dr. Caren A. Ouma
Chandaria School of Business Administration, United States International University- Africa, P.O. Box, 14634-00800, Nairobi, Kenya
ABSTRACT

A Leadership style is key in determining the level of employee performance in a company. It can either lead to increased or decreased employee performance. The purpose of this study was to investigate the effects of participative leadership style on the performance of senior managers of the Company of the Year Award (COYA) winners in Kenya. It 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. A self-administered questionnaire was 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 a participative leadership style significantly affects the performance of employees positively. The analysis of variance showed that participative leadership style significantly affected employee performance, F (1.065) = 2.406, whereas, the coefficient of determination ($R^2$) showed a strong positive relationship between the two variables. The findings indicate an $R^2$ of .232, which means that participative leadership affects employee performance by 23.2 percent.

Key Words: COYA, Employee, Influence, Leadership, Leadership Styles, Managers, Performance

1. INTRODUCTION

According to Polston-Murdoch (2013), leaders who use the participative style attain better employee performance than those who don’t. Investigation of literature also reveals that path-goal leadership styles can predict subordinates’ commitment and as a result lead to improved employee performance (Aboyassin & Abood, 2013). Dixon and Hart (2010) also found a significant positive correlation between path-goal leadership styles and workgroup effectiveness culminating into superior employee performance. According to Negron (2008), participative leadership style points to an increase in employee performance characterized by high profits. Szilagyi and Sims (2008) supported the path-goal theory's propositions concerning the relationship between a leader initiating structure and subordinate satisfaction, but not leader initiating structure and subordinate performance, the same view is held by Dess & Robinson (2010). Malik (2013) showed that participative leader behavior is effective for attaining high employee performance because the leader consults with subordinates in setting, clarifying and achieving goals and also indicated that there is significant correlation between all the four path-goal leadership styles and employee performance.

According to Mohammed, Olafemi, Sanni, Ifeyinwa, Bature and Kazeem (2014), there exists a significant relationship between participative leadership style and employee performance in an organization. Leadership therefore, has a significant effect on the performance of workers and organization growth in general; Dixon & Hart (2010) also emphasize this correlation. According to Menz (2010), employee performance is impacted by the leadership style applied and affects the ability of employees in achieving corporate goals and objectives. A
leadership style that motivates employees is critical for achieving good performance as noted by Northouse (2014). Sougui, Bon, & Hassan, (2016) established that the four path-goal theory leadership styles namely directive, supportive, participative and achievement-oriented (Daft, 2011) had a significant impact on employees’ performance in Telecom Engineering companies in Chad. In Kenya, Otieno (2015) found out that the Path-goal theory leadership styles led to employee engagement which inturn led to superior employee performance in Kenya’s horticultural sector. Lastly, Wanjala (2014) found out that the leadership style of a manager (path goal leadership styles) affects the employee job performance either negatively or positively.

1.1 STATEMENT OF THE PROBLEM

In a rapidly changing world of work, a notable leadership challenge is how leadership styles can be used to ensure enhanced employee performance (Schein, 2010). According to Cavico and Mujtaba (2008), the problem of poor employee performance has been perceived during the last decades as an important element in leading. These companies faced leadership style related challenges as indicated in the literature. These challenges were mainly identified in the area of policy formulation and implementation. Mumbi (2015) recommends that Britam leadership should continually inform the employees of the benefits of Balanced Score Card (BSC) performance framework in order to ensure consistence in their performance. Mugwe (2012) established that majority of women in Nation Media Group faced gender related challenges that affected their performance thus need for leadership to intervene. Sokoro (2012) identified that the dream of retaining highly motivated and competent employees for the delivery of a world class service in the Kenya wildlife sector has not been fully attained leading to frequent realization of low performance from employees from nearly all the major sections and units of the organization. Juma, (2014) stated that the problem at Mabati rolling company is associated with leadership not involving employees in strategy implementation thus negatively affecting their performance. Nyamemba (2012) found out that Jubilee Insurance company faced challenges in terms of employee performance hence the need for leadership to invest more in Research and Development, innovations and the creation of a learning culture. The study addressed the following gaps; according to House and Aditya’s review (1997), leadership studies focus excessively on superior-subordinate relationships to the exclusion of several other functions that are related to the leader’s way of doing things. The authors recommended that future research be focused on two levels; micro-level research that focuses on the leader in relation to the subordinates and immediate superiors, and macro-level research that focuses on the total organization and its environment. Other scholars have also recommended studies on the subject of how a leadership style influences both their subordinates and organizational outcomes (Tarabishy, Solomon, Fernald, and Sashkin, 2005). Koech and Namusonge (2012) on their part pointed out that the existing literature suggests that there is a significant relationship between leadership styles and performance in an organizational context. However, the literature available especially on Kenyan companies is limited and inconclusive.

1.2 PURPOSE OF THE STUDY
The purpose of this study was to investigate the effect of participative leadership style on the performance of COYA senior managers in Kenya.

2. LITERATURE REVIEW

According to House and Mitchell (1974), the participative leader possesses consultative behaviors, such as imploring subordinates for ideas prior to making an ultimate decision, although, they retain final decision authority. The participative leader shares duties with subordinates by encompassing them in the preparation, decision-making, and implementation phases (Negron, 2008). Employees who are motivated become self-directed and produce an inspired team, thereby bestowing a greater consistent team and ownership amongst members (Hersey, & Blanchard, 2010). The participative style is suitable when subordinates show a nonexistence of judgment or when processes have not been followed (Negron, 2008). This style is most effective when subordinates are highly trained and involved in their work (Moorhead & Griffin, 2012). Participative style of leadership has a high degree of consultation between the leader and his or her followers. This is mainly seen when followers are involved in decision making by their leaders (Quick & Nelson, 2013). This involvement is crucial for achieving high employee performance which leads to a high employee commitment as followers feel appreciated and valued (Luthan, 2011).

The main emphasis of this style is on management consultation with followers before making key organizational decisions. When companies enter the decision-making process, the outcomes from the decisions made can greatly affect both the company's stability and that of its employees (Shafritz, 2010). Bringing employees on board when making decisions about the company's future helps strengthen the existing relationship between them and the leadership (Robbins, 2014). Leaders will gain respect from their employees and instill a sense of responsibility in their workforce when they let their employees to voice their opinions (Jones, 2013). The benefits associated with this approach include increased trust in the leaders by their followers (Moshal, 2009). Leaders that make decisions while keeping employees in the dark may lose the trust of their subordinates (Jones, 2013). Some employees may believe that the company is keeping decisions about its future plans secret because those plans include adverse outcomes for employees. This may in turn have a negative impact on employee performance (Gupta, 2012). Involving employees in the company's decision making process enables leaders to bring transparency to the workplace (Sinek, 2014).

Participative leadership also points to employee motivation as a building block to superior employee performance. Employee's motivation plays a crucial role in leadership effectiveness which leads to high productivity. According to Rost (2013), the effectiveness of leadership rests on a process of influence, in this case, employees are motivated to work towards goals, not through intimidation, but through individual inspiration. Motivation can be considered as one of most important factors that can help an organization to
achieve its goals. Motivation is defined as “the extent to which persistent effort is directed toward a goal (Siehl, 2009). Rahim (2012) noted motivated employees typically believe that they are doing something valuable and they hope that their participation is valued. The early motivational theories such as Taylor’s Scientific Management theory view organizations as complex social systems in which an employee’s behaviors should be under strict control and isolated from other factors (Parsons and Broadbridge, 2011).

Leaders of successful, high-growth companies understand that innovation is what drives growth (Bhatia, 2013). They believe that innovation is achieved by awesome people with a shared relentless growth attitude and shared passion for problem solving and for turning ideas into realities. Innovation is founded on a company's ability to recognize market opportunities and as a result, build a sustainable innovation organization from this (Burton & Thakur, 2009). According to Sinek (2014), there is currently a wide consensus on the idea that a participative leadership style is more likely to encourage innovation. Burton and Thakur (2009) argues that participative decision making is the most suitable approach for managers because many people take part in the decision-making process and a large number of employees feel committed to the decision. This can led to the emergence of new ideas and tends to eliminate objections during implementation. Wide participation also ensures that fewer aspects are overlooked and tends to reduce the trauma of major changes. Review of the related literature also indicates that employee involvement and participative decision making is, not only linked to but also, necessary for innovation. Sinek (2014) argues that participative decision making can be considered as a base which shapes and organizes the innovation team.

According to Drucker (1999), innovation should be viewed and implemented as an opportunity that results in the creation of a new or different product or service. Furthermore, an innovation can be an idea, practice, process, or product that transforms a new problem solving idea into an application. According to Sinek (2014), innovation can take many forms thus, we can speak of product innovation (that regards the improvement of an old product or the development of a new one) and process innovation (that consist in replacing an old technology with a new one). Incremental innovation refers to adding new characteristics to the products’ existing elements in order to increase their efficiency with the impact on prices. Lastly, radical innovation refers to the effect of an idea materialized in an invention (Krause, Gebert & Kearney, 2007).

In the past decade many scholars have linked participative leadership with innovation. According to Krause, Gebert and Kearney (2007) there is a positive correlation between participative leadership and innovation. Somech (2006) also observed a positive correlation between participative leadership with team innovation. According to Vasishth (2013), quantitative research detected a positive correlation between participative leadership and individual innovation. Gong, Huang and Farh (2009) indicated that participative leadership was positively related to R&D performance.
3. RESEARCH METHODOLOGY

3.1 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.

3.2 DESIGN
The study adopted a descriptive correlational approach which sought to determine the effect of participative 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.

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

4.1 DESCRIPTIVE STATISTICS

Figure 4.1.1: Response Rate

(Source Author, 2016)
4.1.1 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 4.1.2: Classification of Respondents by Gender

(Source Author, 2016)

4.1.2 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 4.1.3: Classification of Respondents by Industry

(Source Author, 2016)

4.2 INFERENTIAL STATISTICS
4.2.1 ANOVA ON PARTICIPATIVE LEADERSHIP ON EMPLOYEE PERFORMANCE
A main effect of effect of participative leadership style on employee performance was found, $F(1.065) = 2.406$. The ANOVA table produced an $f$-statistic of 1.065 while the $p$-value was .035 as shown in Table 1.
Table 4.2.1: ANOVA on Participative Leadership on Employee Performance

<table>
<thead>
<tr>
<th>Model</th>
<th>Sum of Squares</th>
<th>df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regression</td>
<td>3.544</td>
<td>2</td>
<td>1.772</td>
<td>1.065</td>
<td>.035</td>
</tr>
<tr>
<td>Residual</td>
<td>109.789</td>
<td>66</td>
<td>1.663</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>113.333</td>
<td>68</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

a. Predictors: (Constant), Participative leadership style
b. Dependent Variable: Employee performance

(Source Author, 2016)

4.2.2 CHI-SQUARE TESTS ON PARTICIPATIVE LEADERSHIP ON EMPLOYEE PERFORMANCE

A Chi-square test of independence was calculated comparing the frequency of relationship between participative leadership style and employee performance. A significant interaction was found $x^2(3, N=69) =2.231, p< .018$ as shown in Table 2. The results show that supportive leadership style was likely to improve the performance of the employee.

Table 4.2.2: Chi-Square Tests on Directive Leadership on Employee Performance

<table>
<thead>
<tr>
<th></th>
<th>Value</th>
<th>df</th>
<th>Asymp. Sig. (2-sided)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pearson Chi-Square</td>
<td>2.231a</td>
<td>6</td>
<td>.018</td>
</tr>
<tr>
<td>Likelihood Ratio</td>
<td>3.570a</td>
<td>6</td>
<td>.735</td>
</tr>
<tr>
<td>Linear-by-Linear Association</td>
<td>.940</td>
<td>1</td>
<td>.332</td>
</tr>
<tr>
<td>N of Valid Cases</td>
<td>69</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

a. 8 cells (66.7%) have expected count less than 5. The minimum expected count is .10.

(Source Author, 2016)

4.2.3 CORRELATION OF PARTICIPATIVE LEADERSHIP STYLE AND PERFORMANCE OF THE EMPLOYEE

Table 3 shows the relationship between the application participative leadership style and the performance of the employee. The table shows that employees are treated with respect from the leadership was correlated leaders consult employees when facing a problem at (r=0. 323**, p<0.01, N=69), top performing employees are recognised by the leadership at (r=0.499**, p<0.01, N=69), all employees are given opportunities to attend relevant trainings and conferences at (r=0.455**, P<0.01, N=69), all employees enjoy friendly work environment at (r=0.563**, P<0.01, N=69) and employees are well compensated for their work at (r=0.415**, P<0.01, N=69).

Table 4.2.3: Correlation of Participative Leadership Style and Employee Performance

<table>
<thead>
<tr>
<th></th>
<th>Pearson Correlation</th>
<th>Sig. (2-tailed)</th>
<th>N</th>
</tr>
</thead>
<tbody>
<tr>
<td>Leaders consult</td>
<td>.323**</td>
<td>0.001</td>
<td>69</td>
</tr>
<tr>
<td>employees when facing a problem</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Top performing</td>
<td>.499**</td>
<td>0</td>
<td>69</td>
</tr>
<tr>
<td>employees are recognised by the leadership.</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
All employees are given opportunities to attend relevant trainings and conferences. .455** 0 69
All employees enjoy friendly work environment .563** 0 69
employees are well compensated for their work .415** 0 69

**. Correlation is significant at the 0.01 level (2-tailed).
*. Correlation is significant at the 0.05 level (2-tailed).

(Source Author, 2016)

4.2.4 REGRESSION OF PARTICIPATIVE LEADERSHIP STYLE AND PERFORMANCE OF THE EMPLOYEE

The information sought in this section was whether the employee performance has a linear dependence on participative leadership style. Multiple regression analysis was used to test if the employee performance has a linear dependence on the choice of a leadership style (Participative leadership style). The results of the regression show an R-square value of 0.232 and adjusted to 0.033. The coefficient of determination established that application of participative leadership style brought about 3.3% variations in the performance of the employee. The coefficient of determination (R²) showed a strong positive relationship as the value of R² was equal to 0.1 (R² < 0.1). Therefore, the model summary explains the strength of the relationship (r= .482) and prediction of 23.2% employee performance was based on participative leadership style while the remaining 76.8% of performance are caused by other variables as shown in Table 3.

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
<th>Change Statistics</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>.482*</td>
<td>.232</td>
<td>.033</td>
<td>2.218</td>
<td>1.119</td>
</tr>
</tbody>
</table>

a. Predictors: (Constant), Participative Leadership Style
b. Predictors: (Constant), Employee performance

(Source Author, 2016)

Table 4.2.5: Coefficients on Participative Leadership Style on Employee Performance

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>T</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>(Constant)</td>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
</tr>
<tr>
<td>Participative leadership</td>
<td>.429</td>
<td>.293</td>
<td>.269</td>
<td>1.449</td>
</tr>
</tbody>
</table>

a. Dependent Variable: performance

(Source Author, 2016)

In the regression coefficients model, the analysis shows participative leadership style statistically predict value of employee performance (Beta = .269, t(68) = 1.449, p=.004< .005). The beta weight gauges the importance of explanatory variable across the model and is positive on the participative leadership style, Beta of .348 and
This study sought to establish the effect of participative leadership style on employee performance. And sought to get information on the analysis of how participative leadership style affects the performance of employees in an organization. The study sought to establish the coefficient between participative leadership style and employee performance, the correlation as well as regression between participative style and employee performance. When asked what they felt about whether leaders consult employees when facing a problem, 76.8% of the respondents agreed or strongly agreed. On the other hand, 82.6% of the respondents felt that by management involving employees in decision making has resulted in high quality decisions. 86.9% of the respondents agreed and strongly agreed that the use of Participative leadership style has improved the quality of goods/services offered by employees and finally, 88.4% agreed and strongly agreed that the application of participative leadership style increased innovation among employees. Next, this study analyzed the coefficients of participative 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 a constant of 4.239. The analysis shows participative leadership style statistically predict value of employee performance (Beta = .269, t(68) = 1.449, p=.004< .005). The beta weight gauges the importance of explanatory variable across the model and is positive on the participative leadership style, Beta of .348 and statistically significant at p<.05. The study also did ANOVA on the main effect of participative leadership style on employee performance and obtained an F (1.065) = 2.406 p=0.035 which illustrated that application of participative leadership style leads to high employee performance. The regression analysis tested the relationship between the application of participative leadership style and the employee performance. The regression analysis findings were F (.785) = 0.482, p < 0.008 with an R square of 0.232 with indicated that the 23.2% employee performance was based on participative leadership style while the remaining 76.8% of performance are caused by other variables.

5.1 CONCLUSION
On the effect of participative leadership style on employee performance, the vast majority of respondents agreed that leaders are respected and trusted more when they involve employees in decision making and that this leads
to better decisions. The study established a significant positive effect between application of participative leadership style and the performance of the employee. Based on this, the study concludes that high employee performance is achieved when leaders involve employee’s decision making through constant consultation.

5.2 RECOMMENDATIONS FOR IMPROVEMENT
The emphasis of this type of leadership style is on employee’s involvement in the company’s decision making. The findings also show that there is a significant effect of participative leadership style on employee performance. Based on this, the study recommends that leaders in company settings and other areas should apply this style frequently. They should purpose to get employee input when making decisions that affect the employees and the company in general.

5.3 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.

6. REFERENCES


