Effect of Democratic Leadership Styles on Corporate Performance

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ABSTRACT

　　　This study investigated the impact of Democratic Leadership Style on employee business development within the private sector. The primary objective is to assess how Democratic Leadership Style influences organizational behavior. This was further divided into two specific objectives: (1) to explore the influence of Democratic Leadership Style on organizational behavior, and (2) to examine the relationship between Democratic Leadership Style and organizational behavior. The main research question is: "What is the effect of Democratic Leadership Style on organizational behavior?" Sub-questions include: "What is the influence of Democratic Leadership Style on organizational behavior?" and "What is the relationship between Democratic Leadership Style and organizational behavior?" The hypothesis posits that Democratic Leadership Style has a positive effect on organizational behavior, with sub-hypotheses suggesting that this style enhances organizational behavior and establishes a positive relationship between the leadership style and organizational behavior. Data was collected through both primary and secondary methods, including 30 distributed questionnaires and information from relevant books, websites, journals, articles, and magazines. Findings indicate that Democratic Leadership Style positively affects employee business development, skills enhancement, productivity, and morale. This style also allows employees to contribute to daily operations, supports work-life balance, and improves employee retention rates.

Keywords- Democratic Leadership Style, Organizational Behavior, Employee Development, Productivity, Leadership Impact.

I. INTRODUCTION

　　　Leadership is a dynamic process of social influence aimed at maximizing the efforts of individuals toward achieving organizational goals (Northouse, 2018). In every organization, whether it be a corporation or a social institution, leadership is crucial. Effective leaders are expected to embody and communicate the core values of their organizations (Robinson, 2018). Leadership skills are essential for managers to operate effectively at a strategic level, as successful leaders must align their personal capabilities with the strategic ambitions of their organizations while managing their own development (Kotter, 2012). According to Drucker (2004), "The only definition of a leader is someone who has followers." This highlights the importance of influence in leadership, though it does not necessarily guarantee integrity. In fact, some of history's most renowned leaders have lacked integrity, adopting values that may not resonate with contemporary standards (Drucker, 2004). Leadership, therefore, involves self-awareness, effective communication of vision, trust-building, and taking decisive actions to realize one's leadership potential (Northouse, 2018). Leadership styles vary and must be adapted to fit different situations. A simplistic view suggests that leadership is merely the art of motivating a group to achieve a common goal (Robinson, 2018). The effectiveness of different leadership styles can significantly impact employee productivity. For example, research has demonstrated a direct relationship between certain leadership styles and employee productivity. An increase in directive branch managers has been linked to a decline in productivity among sales clerks, who reported lower job satisfaction and motivation (Smith, 2020). This study aims to explore the impact of leadership styles on employee

productivity, focusing particularly on how the choice of leadership style can influence organizational outcomes.

II. LITERATURE REVIEW

Eagly and Karau (1991) conducted a meta-analysis of 54 studies examining gender differences in leadership, revealing that female leaders tend to focus on interpersonal and social aspects, while male leaders are often more task-oriented. They argue that if cultural models of effective leadership were to integrate greater emphasis on personal relationships and group maintenance, women might achieve higher representation in leadership roles. However, female leaders often encounter a double standard due to the disparity between traits associated with women and those deemed essential for leadership (Eagly & Karau, 1991).

Ely, Ibarra, and Kolb (2011) discuss the challenges women face in leadership positions, noting that women are frequently judged for being either insufficiently aggressive or overly aggressive. Traits that may be seen as confidence or entrepreneurship in men are often viewed negatively in women, who may be perceived as arrogant or selfish (Ely, Ibarra, & Kolb, 2011).

McEldowney, Smith, and Wong (2009) highlight that effective leadership cannot be solely explained by inherent characteristics. Instead, leadership behaviors, including democratic, autocratic, and laissez-faire styles, can be taught and learned. Their research underscores the strong correlation between transformational leadership and effectiveness, contrasting with transactional leadership, which focuses on exchanges and performance monitoring (McEldowney, Smith, & Wong, 2009).

Eagly (2001) suggests that transformational leaders are distinguished by their high standards for behavior, role modeling, and efforts to gain trust and confidence from followers. Transformational leaders articulate future goals and develop plans to achieve them, while mentoring and empowering followers to reach their full potential. Conversely, transactional leaders manage through clear exchanges with subordinates, focusing on responsibility clarification and performance rewards (Eagly, 2001).

Research by Eagly and Johnson (1990) shows that women tend to adopt more democratic and participative leadership styles and that transformational leadership is associated with female characteristics. Women leaders are often perceived as friendlier, more socially sensitive, and expressive than their male counterparts (Eagly & Johnson, 1990). Bass (1997) further supports this, finding that transformational leaders often achieve better financial outcomes compared to transactional leaders (Bass, 1997).

Bass and Avolio (1994) argue that women are more likely than men to engage in participative leadership, enhancing followers' self-worth and encouraging self-sacrifice for organizational goals. This perspective suggests that women's tendencies towards transformational leadership may contribute to their effectiveness as leaders (Bass & Avolio, 1994). Similarly, Eagly and Johannesen-Schmidt (2001) emphasize that transformational leadership focuses on individual consideration, which aligns with the supportive and mentoring aspects often attributed to female leaders (Eagly & Johannesen-Schmidt, 2001).

Despite advancements, gender disparities persist, with societal perceptions often valuing leadership traits associated with men over those linked with women (Judge, Ilies, Bono, & Gerhardt, 2002). Research indicates that women are often viewed as caring and nurturing but also indecisive and insecure, whereas men are seen as decisive and assertive. These perceptions contribute to ongoing barriers for women in leadership roles (Judge, Ilies, Bono, & Gerhardt, 2002).

III. RESEARCH METHODOLOGY

This study utilizes a combination of primary and secondary data collection methods. Primary data were obtained through the administration of 30 questionnaires to employees at Alokozai Group of Companies.

Secondary data were collected from a range of sources, including academic journals, books, and reputable websites. This dual approach ensures a comprehensive analysis of the impact of democratic leadership style on corporate performance.

Data analysis tool

SPSS descriptive statistics (Frequency and percentage) (Jamali, A. et al (2023).

IV. RESULTS AND DISCUSSION

Table 1: The Effect of Good Leadership Style on Skill Development of Employees

Response	Frequency	Percent	Valid Percent	Cumulative Percent
Strongly Agree	5	16.7	16.7	16.7
Agree	17	56.7	56.7	73.3
Disagree	4	13.3	13.3	86.7
Strongly Disagree	4	13.3	13.3	100.0
Total	30	100.0	100.0	

Analysis:

The table 1 showed that 73.4% of respondents agree or strongly agree that good leadership style positively affects skill development in employees, while 26.6% disagree or strongly disagree.

Table 2: The Effect of Leadership Styles on Productivity Enhancement

Response	Frequency	Percent	Valid Percent	Cumulative Percent
Strongly Agree	7	23.3	23.3	23.3
Agree	14	46.7	46.7	70.0
Disagree	5	16.7	16.7	86.7
Strongly Disagree	4	13.3	13.3	100.0
Total	30	100.0	100.0	

Tabel 2 described that a significant majority, 70% of respondents, agree or strongly agree that leadership styles positively enhance productivity, while 30% disagree or strongly disagree.

Table 3: The Impact of Autocratic Leadership Style on Corporate Productivity

Response	Frequency	Percent	Valid Percent	Cumulative Percent
Strongly Agree	4	13.3	13.3	13.3
Agree	17	56.7	56.7	70.0
Disagree	5	16.7	16.7	86.7
Strongly Disagree	4	13.3	13.3	100.0
Total	30	100.0	100.0	

Table 3 indicated that 70% of respondents agree or strongly agree that autocratic leadership increases corporate productivity, while 30% disagree or strongly disagree.

Table 4: The Role of Leadership Style in New Product Introduction and Corporate Profit

Response	Frequency	Percent	Valid Percent	Cumulative Percent
Strongly Agree	5	16.7	16.7	16.7
Agree	17	56.7	56.7	73.3
Disagree	4	13.3	13.3	86.7
Strongly Disagree	4	13.3	13.3	100.0
Total	30	100.0	100.0	

Table 4 showed: The majority of respondents, 73.4%, agree or strongly agree that leadership style plays a significant role in new product introduction and increases corporate profit, while 26.6% disagree or strongly disagree.

Table 5: Leadership Style and Its Effect on Corporate Reputation and Goodwill

Response	Frequency	Percent	Valid Percent	Cumulative Percent
Strongly Agree	5	16.7	16.7	16.7
Agree	16	53.3	53.3	70.0
Disagree	5	16.7	16.7	86.7
Strongly Disagree	4	13.3	13.3	100.0
Total	30	100.0	100.0	

Table 5 discussed that 70% of respondents strongly agree that leadership style and good management enhance corporate reputation and goodwill, while 30% disagree or strongly disagree.

Table 6: Good Leadership Style and Employee Sense of Ownership

Response	Frequency	Percent	Valid Percent	Cumulative Percent
Strongly Agree	6	20.0	20.0	20.0
Agree	16	53.3	53.3	73.3
Disagree	5	16.7	16.7	90.0
Strongly Disagree	3	10.0	10.0	100.0
Total	30	100.0	100.0	

Tabel 6 indicated that 73.3% of respondents agree or strongly agree that a good leadership style gives employees a sense of ownership in their daily roles, while 26.7% disagree or strongly disagree.

Table 7: Good Leadership Style and Employee Input in Daily Operations

Response	Frequency	Percent	Valid Percent	Cumulative Percent
Strongly Agree	5	16.7	16.7	16.7
Agree	16	53.3	53.3	70.0
Disagree	5	16.7	16.7	86.7
Strongly Disagree	4	13.3	13.3	100.0
Total	30	100.0	100.0	

Table 7 showed that 70% of respondents agree or strongly agree that good leadership style allows employees to feel their input is valued in daily operations, while 30% disagree or strongly disagree.

Table 8: Good Leadership and Its Impact on Efficiency and Effectiveness

Response	Frequency	Percent	Valid Percent	Cumulative Percent
Strongly Agree	5	16.7	16.7	16.7
Agree	17	56.7	56.7	73.3
Disagree	5	16.7	16.7	90.0
Strongly Disagree	3	10.0	10.0	100.0
Total	30	100.0	100.0	

Table 8 described: A substantial majority, 73.4%, agree or strongly agree that good leadership increases organizational efficiency and effectiveness, while 26.6% disagree or strongly disagree.

Table 9: Good Leadership Style and Openness to New Ideas and Innovation

Response	Frequency	Percent	Valid Percent	Cumulative Percent
Strongly Agree	11	36.7	36.7	36.7
Agree	13	43.3	43.3	80.0
Disagree	3	10.0	10.0	90.0
Strongly Disagree	3	10.0	10.0	100.0
Total	30	100.0	100.0	

Table 9 indicated that 80% of respondents agree or strongly agree that good leadership creates an environment open to new ideas and innovation, while 20% disagree or strongly disagree.

Table 10: Leadership Style and Its Role in Increasing Corporate Goodwill

Response	Frequency	Percent	Valid Percent	Cumulative Percent
Strongly Agree	5	16.7	16.7	16.7
Agree	18	60.0	60.0	76.7
Disagree	4	13.3	13.3	90.0

Table 10 indicated that out of 30 respondents, 76.7% (23 respondents) agree or strongly agree that leadership style is instrumental in increasing corporate goodwill. Conversely, 23.3% (7 respondents) disagree or strongly disagree with the statement.

V. CONCLUSION

The study concludes that leadership style significantly impacts corporate performance. Democratic leadership enhances company profitability and facilitates the introduction of new products, thereby boosting market performance. Conversely, autocratic leadership improves productivity. Effective leadership also contributes to a company's reputation, supports market expansion, and increases production efficiency and sales volume. Furthermore, leadership style positively affects product and service quality and enhances organizational goodwill.

RECOMMENDATIONS

- **Understand the Business:** Conduct a thorough assessment of the company's strengths, weaknesses, and unique features to enhance leadership effectiveness.
- **Analyze Competitors:** Gain insight into competitors' market positions to inform strategic decisions.
- **Develop a Unique Selling Proposition:** Craft a distinct value proposition based on the company's strengths and competitive landscape.
- **Create a Consistent Theme:** Implement a memorable advertising theme that reflects the unique selling proposition and use it consistently across all marketing efforts.
- **Identify Target Audience:** Clearly define the target audience in terms of demographics and geographic location to tailor products and services effectively.

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